HKEX
香港交易所

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# Chapter 1

# GENERAL

## INTERPRETATION

For the avoidance of doubt, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited apply only to matters related to those securities and issuers with securities listed on the stock market operated by the Exchange other than GEM. This stock market is defined as the "Main Board" in the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). All matters related to GEM and securities and issuers with securities listed on GEM are governed by the GEM Listing Rules.

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

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| **"Accounting and Financial Reporting Council" or "AFRC"** | the Accounting and Financial Reporting Council continued under section 6 of the Accounting and Financial Reporting Council Ordinance |
| **"Accounting and Financial Reporting Council Ordinance" or "AFRCO"** | the Accounting and Financial Reporting Council Ordinance (Cap. 588) as amended from time to time |
| **"accounts"** | has the same meaning as "financial statements" and vice-versa |
| **"actionable corporate communication"** | any corporate communication that seeks instructions from an issuer's securities holders on how they wish to exercise their rights or make an election as the issuer's securities holders |
| **"AFRC Transaction Levy"** | means the levy payable to the Accounting and Financial Reporting Council pursuant to the provisions of section 50A of the AFRCO |
| **"announcement"** | announcement published under rule 2.07C and "announce" means make an announcement |

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| **"Application Proof"** | in the case of a new applicant, a draft listing document that is required to be substantially complete and is submitted to the Exchange together with a listing application form for listing its equity securities under Chapter 9 of the Exchange Listing Rules; in the case of a new CIS applicant with a listing agent appointed which is required to discharge the functions equivalent to those of a sponsor, a draft listing document that is submitted to the Commission together with an application for authorisation of the CIS for the purpose of listing its interests on the Exchange |
| **"approved share registrar"** | a share registrar who is a member of an association of persons approved under section 12 of the Securities and Futures (Stock Market Listing) Rules |
| **"Articles"** | the Articles of Association of the Exchange |
| **"asset-backed securities"** | debt securities backed by financial assets which, at the time of the relevant issues, are evidenced by agreements and intended to produce funds to be applied towards interest payments due on the securities and repayment of principal on maturity, except those debt securities which are directly secured, in whole or in part, on real property or other tangible assets |
| **"associate"** | has the meaning in rule 14A.06(2) |
| **"authorised representative"** | a person appointed as an authorised representative by a listed issuer under rule 3.05 |
| **"Bad Weather Signal"** | means a No. 8 typhoon warning signal or above, a black rainstorm warning signal and/or "extreme conditions" as announced by the Hong Kong Government |

*Note: According to the "Code of Practice in Times of Adverse Weather and 'Extreme Conditions'", the Hong Kong Government may issue an announcement on "extreme conditions" in the case where a Super Typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period. When "extreme conditions" are in force, the Hong Kong Government will review the situation and will announce whether to extend the "extreme conditions" prior to the expiry of the specified period.*

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| **"balance sheet"** | has the same meaning as "statement of financial position" and vice-versa |
| **"bank"** | a bank licensed under the Banking Ordinance or a bank incorporated or otherwise established outside Hong Kong which is, in the opinion of the Commissioner of Banking, adequately supervised by an appropriate recognised banking supervisory authority in the place where it is incorporated or otherwise established |
| **"bearer securities"** | securities transferable to bearer |
| **"Board"** | the Directors of the Exchange elected or appointed in accordance with the Articles and, where the context so permits, any committee or sub-committee thereof |
| **"business day"** | any day on which the Exchange is open for the business of dealing in securities |
| **"capital market intermediary" or "CMI"** | any corporation or authorised financial institution, licensed or registered under the Securities and Futures Ordinance that engages in specified activities under paragraph 21.1.1 of the Code of Conduct, including, without limitation, a capital market intermediary appointed pursuant to rule 3A.33. An overall coordinator is also a capital market intermediary |
| **"CCASS"** | means the Central Clearing and Settlement System established and operated by HKSCC |
| **"centre of gravity in Greater China"** | the following are some of the non-exhaustive factors that the Exchange will consider in determining whether an overseas issuer has its centre of gravity in Greater China:<br>(a) whether the issuer has a listing in Greater China;<br>(b) the issuer's history;<br>(c) where the issuer is incorporated;<br>(d) where the issuer is headquartered;<br>(e) the issuer's place of central management and control;<br>(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

**"chief executive"** a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of a listed issuer

**"China Accounting Standards for Business Enterprises" or "CASBE"** financial reporting standards and interpretations for business enterprises issued by the China Accounting Standards Committee of the China Ministry of Finance

**"China Auditing Standards" or "CAS"** standards and interpretations issued by the China Auditing Standards Board of the China Ministry of Finance

**"CIS Disclosure Document"** the same meaning as in Chapter 20

**"CIS Operator"** the entity which operates or manages the CIS

**"CIS" or "Collective Investment Scheme"** the same meaning as in Part I of Schedule 1 to the Securities and Futures Ordinance and includes unit trusts, mutual funds, investment companies and any form of collective investment arrangement

**"close associate"** (a) in relation to an individual means:—

(i) his spouse;

(ii) any child or step-child, natural or adopted, under the age of 18 years of the individual or of his spouse (together with (a)(i) above, the "family interests");

(iii) the trustees, acting in their capacity as trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object; and

(iv) [Repealed 3 June 2010]

(v) any company in the equity capital of which he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or any amount specified in the Takeovers Code as the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this company; and

(b) in relation to a company means:—

(i) its subsidiary or holding company or a fellow subsidiary of its holding company;

(ii) the trustees, acting in their capacity as trustees, of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to the company's knowledge) a discretionary object; and

(iii) [Repealed 3 June 2010]

(iv) any other company in the equity capital of which the company, its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or any amount specified in the Takeovers Code as the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this other company;

(c) a depositary acting in its capacity as a depositary for depositary receipts, is not treated as a close associate of holders of the depositary receipts for the purposes of (a) and (b) merely because it is holding the shares of the issuer for the benefit of the holders of the depositary receipts.

*Note: For a PRC issuer, its directors, supervisors, chief executive and substantial shareholders, the definition has the same meaning as in rule 19A.04.*

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| **"Code of Conduct"** | Code of Conduct for Persons Licensed by or Registered with the Commission |
| **"Code on Share Buy-backs" or "Share Buy-backs Code"** | the Code on Share 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 established under section 3 of the Securities and Futures Commission Ordinance and continuing in existence under section 3 of the Securities and Futures Ordinance |
| **"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"** | a body corporate wherever incorporated or otherwise established |
| **"Company Information Sheet"** | the document required to be published under rule 19.60 or 19C.24 for publication on the Exchange's website and the overseas issuer's website |
| **"Company Law"** | the same meaning as in rule 19A.04 |
| **"Compliance Adviser"** | the same meaning as in 3A.01 |

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| **"connected person"** | has the meaning in rule 14A.06(7)<br><br>*Note: The definition includes a person deemed to be connected by the Exchange under rule 14A.07(6) only for the purpose of Chapter 14A.* |
| **"Considered Reasons and Explanation"** | has the meaning defined in Appendix C1 |
| **"controlled by corporate WVR beneficiaries"** | means a single corporate WVR beneficiary (or a group of corporate WVR beneficiaries acting in concert) holds the largest share of the voting power in the listed issuer, which must amount to at least 30% of shareholders' votes carried by the issuer's share capital |
| **"controlling shareholder"** | any person (including a holder of depositary receipts) who is or group of persons (including any holder of depositary receipts) who are together entitled to exercise or control the exercise of 30% (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 issuer *(Note)* or who is or are in a position to control the composition of a majority of the board of directors of the issuer; or in the case of a PRC issuer, the meaning ascribed to that phrase by rule 19A.14<br><br>provided always that a depositary shall not be a controlling shareholder merely by reason of the fact that it is holding shares of the issuer for the benefit of the holders of depositary receipts<br><br>*Note: Voting rights attaching to treasury shares are excluded.* |
| **"convertible debt securities"** | debt securities convertible into or exchangeable for equity securities or other property, and debt securities with non-detachable options, warrants or similar rights to subscribe or purchase equity securities or other property attached |
| **"convertible equity securities"** | equity securities convertible into or exchangeable for shares and shares with non-detachable options, warrants or similar rights to subscribe or purchase shares attached |

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| **"core connected person"** | (a) for a company other than a PRC issuer, or any subsidiary of a PRC issuer, means a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them; and<br><br>(b) for a PRC issuer means a director, supervisor, chief executive or substantial shareholder of the PRC issuer or any of its subsidiaries or close associate of any of them |
| **"Cornerstone Investor"** | an investor in the initial public offering of a new applicant's equity securities to whom the equity securities for which listing is sought are preferentially placed, with a guaranteed allocation, irrespective of the final offer price |
| **"corporate communication"** | any document issued or to be issued by an issuer for the information or action of holders of any of its securities or the investing public, including but not limited to:—<br><br>(a) the directors' report, its annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report;<br><br>(b) the interim report and, where applicable, its summary interim report;<br><br>(c) a notice of meeting;<br><br>(d) a listing document;<br><br>(e) a circular;<br><br>(f) a proxy form;<br><br>(g) an Application Proof; and<br><br>(h) a Post Hearing Information Pack or PHIP |
| **"debt issuance programmes"** | issues of debt securities where only part of the maximum principal amount or aggregate number of securities under the issue is issued initially and a further tranche or tranches may be issued subsequently |

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| **"debt securities"** | debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities |
| **"depositary"** | the entity appointed and authorised by an issuer to issue or cancel depositary receipts representing the shares of the issuer deposited with that entity |
| **"depositary receipts"** | instruments issued by a depositary on behalf or at the request of an issuer which are listed or are the subject of an application for listing on the Exchange and which evidence the interests and rights in shares of the issuer as provided by the deposit agreement executed between the depositary and the issuer |
| **"director"** | includes any person who occupies the position of a director, by whatever name called |
| **"dual primary listing"** | a primary listing on the Exchange where the issuer either: (i) also has a primary listing on one or more overseas stock exchange(s); or (ii) is simultaneously applying to list on the Exchange and one or more overseas stock exchange(s) |
| **"Eligible Security"** | means an issue of securities which is from time to time accepted as eligible by HKSCC for deposit, clearance and settlement in CCASS, in accordance with the General Rules of HKSCC, and where the context so requires shall include any particular security or securities of such an issue |
| **"equity securities"** | shares (including preference shares, depositary receipts and treasury shares), convertible equity securities and options, warrants or similar rights to subscribe or purchase shares or convertible equity securities, but excluding interests in a Collective Investment Scheme |
| **"EU- IFRS"** | IFRS as adopted by the European Union |
| **"Exchange"** | The Stock Exchange of Hong Kong Limited |

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| "**Exchange Listing Rules" or "Listing Rules**" or "**Rules**" | the rules governing the listing of securities made by the Exchange from time to time, their appendices, Regulatory Forms and Fees Rules published on the Exchange's website that are indicated as being part of the Listing Rules, any contractual arrangement entered into with any party under them, and rulings of the Exchange made under them |
| **"Exchange Participant"** | a person: (a) who, in accordance with the Rules of the Exchange, may trade on or through the Exchange; and (b) whose name is entered in a list, register or roll kept by the Exchange as a person who may trade on or through the Exchange |
| **"Exchange's website"** | the official website of Hong Kong Exchanges and Clearing Limited and/or the website "HKEXnews" which is used for publishing issuers' regulatory information |
| **"Executive Director – Listing"** | the person occupying the position of Head of the Listing Division from time to time by whatever name such position is called |
| **"expert"** | includes engineer, valuer, accountant and any other person whose profession gives authority to a statement made by him |
| **"family interests"** | the same meaning as in (a)(ii) of the definition of "close associate" |
| **"Fees Rules"** | the rules governing listing or issue fees, and levies, trading fees, brokerage and other charges relating to transactions of securities listed or to be listed on the Exchange as published in the "Fees Rules" section of the Exchange's website from time to time. The Fees Rules form part of the Listing Rules |
| **"financial statements"** | has the same meaning as "accounts" and vice-versa |
| **"financial year"** | the period in respect of which any profit and loss account of a company laid or to be laid before it in general meeting is made up, whether that period is a year or not |

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| **"FINI"** | "Fast Interface for New Issuance", an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all New Listings |
| **"formal notice"** | a formal notice required to be published under rules 12.02, 12.03 or 25.16 |
| **"Grandfathered Greater China Issuer"** | a Greater China Issuer that was: (a) primary listed on a Qualifying Exchange on or before 15 December 2017; or (b) primary listed on a Qualifying Exchange after 15 December 2017, but on or before 30 October 2020 and controlled by corporate WVR beneficiaries as at 30 October 2020 |
| **"Greater China Issuer"** | a Qualifying Issuer with its centre of gravity in Greater China |
| **"group"** | the issuer or guarantor and its subsidiaries, if any |
| **"H Shares"** | the same meaning as in rule 19A.04 |
| **"HKEC"** | Hong Kong Exchanges and Clearing Limited |
| **"HKEx-EPS"** | means the Exchange's electronic publication system by whatever name such system is called |
| **"HKSCC"** | means the Hong Kong Securities Clearing Company Limited including, where the context so requires, its agents, nominees, representatives, officers and employees |
| **"holding company"** | in relation to a company, means another company of which it is a subsidiary |
| **"Hong Kong Financial Reporting Standards" or "HKFRS"** | financial reporting standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They comprise (i) Hong Kong Financial Reporting Standards, (ii) Hong Kong Accounting Standards and (iii) Interpretations |
| **"Hong Kong issuer"** | an issuer incorporated or otherwise established in Hong Kong |

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| **"Hong Kong register"** | the same meaning as in rule 19A.04 |
| **"IFA group"** | (a) the independent financial adviser;<br>(b) its holding company;<br>(c) any subsidiary of its holding company;<br>(d) any controlling shareholder of:<br>(i) the independent financial adviser; or<br>(ii) its holding company; and<br>(e) any close associate of any controlling shareholder referred to in paragraph (d) |
| **"income statement"** | has the same meaning as "statement of profit or loss and other comprehensive income" and vice-versa |
| **"inside information"** | has the meaning defined in the Securities and Futures Ordinance as amended from time to time<br>*Note: Where the Exchange interprets whether a piece of information is inside information in the context of enforcing the Rules, e.g. rules 10.06(2) and 17.05, it will be guided by decisions of the Market Misconduct Tribunal and published guidelines of the Commission.* |
| **"Inside Information Provisions"** | Part XIVA of the Securities and Futures Ordinance |
| **"International Financial Reporting Standards" or "IFRS"** | financial reporting standards and interpretations approved by the International Accounting Standards Board ("IASB"), and includes all International Accounting Standards ("IAS") and interpretations issued under the former International Accounting Standards Committee ("IASC") from time to time |
| **"International Standards on Auditing" or "ISA"** | standards and interpretations issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants |

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| **"IOSCO"** | International Organization of Securities Commissions |
| **"IOSCO MMOU"** | IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information |
| **"issue"** | includes circulate, distribute and publish |
| **"issuer"** | any company or other legal person any of whose equity or debt securities are the subject of an application for listing or some of whose equity or debt securities are already listed, including a company whose shares are represented by depositary receipts that are listed or are the subject of an application for listing but not including the depositary |
| **"listed issuer"** | (a) in the case of equity securities means any company or other legal person some of whose equity securities are already listed, and with respect to listed depositary receipts, the listed issuer is the company whose shares are represented by the listed depositary receipts but not the depositary; and<br><br>(b) in the case of debt securities means a company or other legal person some of whose equity or debt securities are already listed |
| **"listing"** | the grant of a listing of and permission to deal in securities on the Exchange and "listed" shall be construed accordingly |
| **"Listing Committee"** | the listing sub-committee of the Board |
| **"Listing Division"** | the Listing Division of the Exchange |
| **"listing document"** | 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 an issuer (where applicable) |
| **"Listing Nominating Committee"** | the listing nominating sub-committee of the Board |

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| **"Listing Review Committee"** | the listing review sub-committee of the Board |
| **"market capitalisation"** | the market value of the entire size of an issuer, which shall include all classes of securities (excluding treasury shares) of the issuer, irrespective of whether any of such class(es) of securities are unlisted, or listed on other regulated market(s) |
| **"modified opinion"** | an opinion in an accountants' or auditors' report which is modified (a qualified opinion, an adverse opinion or a disclaimer of opinion on the financial statements) |
| **"modified report"** | an accountants' or auditors' report:–<br><br>(a) in which the opinion is a modified opinion; and/or<br><br>(b) which contains any of the following without modifying the opinion:–<br><br>(i) an emphasis of matter paragraph; and<br><br>(ii) a material uncertainty related to going concern |
| **"mutual fund"** | any corporation which is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or any other property whatsoever, and which is offering for sale or has outstanding any redeemable shares of which it is the issuer |
| **"new applicant"** | in the case of equity securities means an applicant for listing none of whose equity securities are already listed and in the case of debt securities means an applicant for listing none of whose equity or debt securities are already listed; it also includes a GEM transfer applicant applying to transfer the listing of its securities from GEM to the Main Board |

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| **"New Listing"** | means a new listing of equity securities or interests (including equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) issued by a new applicant, irrespective of whether there is an offering of equity securities or interests<br><br>For the avoidance of doubt, "New Listing" includes a reverse takeover of a listed issuer which is a deemed new listing under rule 14.54 and a transfer of listing of equity securities or interests from GEM to Main Board under Chapter 9A or 9B, but does not include any other new listing of equity securities or interests issued by an issuer whose equity securities or interests are already listed on a stock market operated by the Exchange |
| **"Non-Grandfathered Greater China Issuer"** | a Greater China Issuer that is not a Grandfathered Greater China Issuer |
| **"Non-Greater China Issuer"** | a Qualifying Issuer that is not a Greater China Issuer |
| **"notifiable transaction"** | one of the transactions specified in rules 14.06, 14.06B or 14.06C |
| **"OC Announcement"** | an announcement setting out the name(s) of the overall coordinator(s) appointed by a new applicant effecting a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, including any subsequent related announcement(s), for example, an announcement on the termination of the engagement of an overall coordinator |
| **"overall coordinator"** | a capital market intermediary that engages in specified activities under paragraphs 21.1.1 and 21.2.3 of the Code of Conduct, including, without limitation, an overall coordinator appointed pursuant to rule 3A.35. A sponsor-overall coordinator is also an overall coordinator |
| **"overseas issuer"** | an issuer that is neither a Hong Kong issuer nor a PRC issuer |

**"PIE Auditor"** has the same meaning as in section 3A of the AFRCO, that is:

(a) a Registered PIE Auditor; or

(b) a Recognised PIE Auditor

*Note: Under the AFRCO, only an issuer incorporated outside Hong Kong is permitted to appoint a Recognised PIE Auditor for a PIE Engagement. A Mainland auditor recognised under section 20ZT of the AFRCO can only carry out a PIE engagement for a PRC issuer.*

**"PIE Engagement"** has the same meaning as an engagement specified in Part 1 of Schedule 1A of the AFRCO, that is any of the following types of engagement carried out by an auditor or a reporting accountant:

(a) an auditors' report on a PIE's annual financial statements required by the Companies Ordinance, the Listing Rules or any relevant code issued by the Commission;

(b) a specified report required to be included in (i) a listing document for the listing of the shares or stocks of a corporation seeking to be listed or a listed corporation; or (ii) a listing document of a Collective Investment Scheme seeking to be listed or a listed Collective Investment Scheme; and

(c) an accountants' report required under the Listing Rules to be included in a circular issued by a PIE for a reverse takeover or a very substantial acquisition

**"place of central management and control"** the Exchange will consider the following factors to determine an 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;

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| | (b) the location of the issuer's principal books and records; and<br><br>(c) the location of the issuer's business operations or assets |
| **"Post Hearing Information Pack" or "PHIP"** | in the case of a listing of the equity securities of a new applicant, a near-final draft listing document for the listing of equity securities published on the Exchange's website; in the case of a listing of interests in a CIS with a listing agent appointed which is required to discharge the functions equivalent to those of a sponsor, a near-final draft listing document for the listing of interests in the CIS published on the Exchange's website |
| **"practising accountant"** | an individual, firm or company that is not prohibited from holding any appointment as an auditor or reporting accountant of a company |
| **"PRC"** | the same meaning as in rule 19A.04 |
| **"PRC issuer"** | the same meaning as in rule 19A.04 |
| **"PRC law"** | the same meaning as in rule 19A.04 |
| **"PRC stock exchange"** | the same meaning as in rule 19A.04 |
| **"professional accountant"** | a person registered as a certified public accountant under the Professional Accountants Ordinance |
| **"Professional Accountants Ordinance" or "PAO"** | the Professional Accountants Ordinance (Cap. 50) as amended from time to time |
| **"profit and loss account"** | has the same meaning as "statement of profit or loss and other comprehensive income" and vice-versa |
| **"promoter"** | the same meaning as in rule 19A.04 |
| **"prospectus"** | the same meaning as in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance |
| **"public"** | the meaning ascribed to that phrase by rule 8.24 and "in public hands" shall be construed accordingly |

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| **"public float"** | shares in the hands of the public |
| **"Public Interest Entity" or "PIE"** | has the same meaning as in section 3(1) of the AFRCO, that is a listed corporation with listed shares or stocks or a listed Collective Investment Scheme in Hong Kong<br><br>*Note: A listed corporation with listed debt securities but no listed shares or stocks is not a PIE.* |
| **"published in the newspapers"** | 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 162 to 169 of the Companies Ordinance, and "publish in the newspapers" shall be construed accordingly |
| **"published on the Exchange's website"** | published in English and Chinese on the Exchange's website and "publish on the Exchange's website" and "publication on the Exchange's website" shall be construed accordingly |
| **"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 overseas issuer primary listed on a Qualifying Exchange |
| **"Recognised PIE Auditor"** | an overseas auditor recognised under Division 3 of Part 3 of the AFRCO, including a Mainland auditor recognised under section 20ZT of the AFRCO |
| **"Recognised Stock Exchange"** | the main market of a stock exchange that is included in a list of Recognised Stock Exchanges published on the Exchange's website as updated from time to time. The Qualifying Exchanges are also Recognised Stock Exchanges |

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| **"Registered PIE Auditor"** | a practice unit registered under Division 2 of Part 3 of the AFRCO |
| **"Regulatory Forms"** | listing application forms, formal applications, marketing statements and declarations required to be made by sponsors, overall coordinators and issuers and other forms published in the "Regulatory Forms" section of the Exchange's website from time to time. The Regulatory Forms form part of the Listing Rules |
| **"REIT"** | real estate investment trust authorised by the Commission under the Code on Real Estate Investment Trusts |
| **"reporting accountant"** | the practising accountant who is responsible for the preparation of the accountants' report included in a listing document or circular in accordance with Chapter 4 |
| **"Securities and Futures Ordinance" or "SFO"** | the Securities and Futures Ordinance (Cap. 571) as amended from time to time |
| **"SFC Sponsor Provisions"** | paragraph 17 of the Code of Conduct |
| **"SFC Transaction Levy"** | means the levy payable to the Commission pursuant to the provisions of section 394 of the SFO |
| **"SPAC Promoter"** | a person who establishes a SPAC and/or beneficially owns Promoter Shares issued by a SPAC |
| **"special purpose acquisition company" or "SPAC"** | an issuer that has no operating business and is established for the sole purpose of conducting a transaction in respect of an acquisition of, or a business combination with, a target, within a pre-defined time period, to achieve the listing of the target |
| **"sponsor"** | any corporation or authorised financial institution, licensed or registered under the Securities and Futures Ordinance for Type 6 regulated activity and permitted under its licence or certificate of registration to undertake work as a sponsor and, as applicable, which is appointed as a sponsor pursuant to rule 3A.02 |

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| **"Sponsors Guidelines"** | Additional Fit and Proper Guidelines for Corporations and Authorized Financial Institutions applying or continuing to act as Sponsors and Compliance Advisers |
| **"sponsor-overall coordinator"** | an overall coordinator that fulfills the criteria specified in rule 3A.43 |
| **"State"** | includes any agency, authority, central bank, department, government, legislature, minister, ministry, official or public or statutory person of, or of the government of, a state or any regional or local authority thereof |
| **"State corporation"** | any company or other legal person which is directly or indirectly controlled or more than 50% of whose issued equity share capital (or equivalent) is beneficially owned by, and/or by any one or more agencies of, a State or all of whose liabilities are guaranteed by a State or which is specified as such from time to time by the Exchange |
| **"Statutory Rules"** | the Securities and Futures (Stock Market Listing) Rules (Cap. 571V) as amended from time to time |
| **"structured product"** | has the meaning defined in the Securities and Futures Ordinance as amended from time to time |
| **"subsidiary"** | includes:<br>(a) a "subsidiary undertaking" as defined in schedule 1 to the Companies Ordinance;<br>(b) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards; and<br>(c) any entity which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards |

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| **"substantial shareholder"** | in relation to a company means a person (including a holder of depositary receipts) who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the company *(Note 2)*, provided always that a depositary shall not be a substantial shareholder merely by reason of the fact that it is holding shares of the issuer for the benefit of the holders of depositary receipts<br><br>*Notes: (1) This definition is modified in the case of Chapter 14A by the provisions of rule 14A.29.*<br><br>*(2) Voting rights attaching to treasury shares are excluded.* |
| **"summary financial report"** | a summary financial report of a company, which complies with sections 437 to 446 of the Companies Ordinance |
| **"Supranational"** | any institution or organisation which is specified as a multilateral agency in Part 4 of Schedule 1 to the Securities and Futures Ordinance as amended from time to time or which is specified as a Supranational from time to time by the Exchange |
| **"supervisor"** | the same meaning as in rule 19A.04 |
| **"syndicate CMI"** | a capital market intermediary (which includes the overall coordinator) engaged by the issuer to conduct specified activities under paragraphs 21.1.1 and/or 21.2.3 of the Code of Conduct |
| **"syndicate member"** | include a syndicate CMI and any other distributor engaged by the issuer to conduct bookbuilding, placing and/or related activities in respect of an offering of equity securities or interests (including equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) |
| **"tap issues"** | issues of debt securities where the subscription thereof may continue or further tranches thereof may be issued after listing has been granted |
| **"temporary documents of title"** | allotment letters, letters of allocation, split receipts, letters of acceptance, letters of rights, renounceable share certificates and any other temporary documents of title |

**"trading halt"** an interruption of trading in an issuer's securities requested or directed pending disclosure of information under the Rules and extending for no more than two trading days

*Note: Where a trading halt exceeds two trading days, it will automatically become a trading suspension.*

**"treasury shares"** shares repurchased and held by an issuer in treasury, as authorised by the laws of the issuer's place of incorporation and its articles of association or equivalent constitutional documents which, for the purpose of the Rules, include shares repurchased by an issuer and held or deposited in CCASS for sale on the Exchange

*Notes: (1) For the purpose of the Rules, a holder of treasury shares shall abstain from voting on matters that require shareholders' approval under the Rules.*

*(2) Treasury shares may be held by an issuer's subsidiary or an agent or nominee on behalf of the issuer or its subsidiary, if it is permitted by the laws of the issuer's place of incorporation and its articles of association or equivalent constitutional documents. References to sales or transfers of treasury shares include sales or transfers by agents or nominees on behalf of the issuer or subsidiary of the issuer, as the case may be.*

**"treasury units"** units repurchased and held by a REIT in treasury, as authorised by the constitutive documents or governing laws of the REIT which, for the purpose of the Rules, include units repurchased by a REIT and held or deposited in CCASS for sale on the Exchange

*Notes: (1) For the purpose of the Rules, a holder of treasury units shall abstain from voting on matters that require holders' approval under the Rules or the Code on Real Estate Investment Trusts issued by the Commission.*

*(2) Treasury units may be held by a REIT's subsidiary or its trustee or an agent or nominee on behalf of the REIT or its subsidiary, if it is permitted by the constitutive documents or governing laws of the REIT. References to sales or transfers of treasury units include sales or transfers by agents or nominees on behalf of the REIT issuer or its trustee or its functional equivalents, as the case may be.*

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| **"unit trust"** | any arrangement made for the purpose, or having the effect, of providing facilities for the participation by persons, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property whatsoever |
| **"US GAAP"** | Generally Accepted Accounting Principles in the United States of America |
| **"UT Code"** | Code on Unit Trusts and Mutual Funds administered by the Commission as set out in Section II of the Commis-sion's Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products |

1.02 In these Exchange Listing Rules, references to a document being certified shall mean certified to be a true copy or extract (as the case may be) by a director, the secretary or other authorised officer of the issuer (or by a member of its governing body in the case of an overseas issuer) or by a member of the issuer's auditors or solicitors or by a notary and references to a translation being certified shall mean certified to be a correct translation by a professional translator.

1.02A In these Exchange Listing Rules, references to a document being signed/ executed shall mean a document duly and validly executed or, where the document is signed/ executed by or on behalf of an entity, a document duly and validly executed by or on behalf of that entity under all applicable laws and regulations of its place of incorporation and its constitutional documents.

1.03 Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.

1.04 Where definitions in these Exchange Listing Rules are wider than or the obligations and requirements imposed by these Exchange Listing Rules are more onerous than the provisions of any ordinance, regulation or other statutory provision from time to time in force in Hong Kong, the provisions of these Exchange Listing Rules shall prevail provided that where any provision of these Exchange Listing Rules is in conflict with the provisions of any such ordinance, regulation or other statutory provision, the provisions of such ordinance, regulation or other statutory provision shall prevail.

1.05 Where, for the purposes of these Exchange Listing Rules, it is necessary to determine whether an issuer's primary listing is or is to be on the Exchange or another stock exchange, such determination shall be made by the Exchange.

1.06 These Exchange Listing Rules shall be interpreted, administered and enforced by the Exchange. The decisions of the Exchange shall be conclusive and binding on an issuer. The Exchange may issue practice notes, guidance notes, and other guidance materials on the Exchange's website, including guidance letters, listing decisions and other publications on the Exchange's website from time to time, to assist issuers and guarantors, in the case of a guaranteed issue, or their advisers in interpreting and complying with these Exchange Listing Rules.

1.07 These Exchange Listing Rules have been issued in the English language with a separate Chinese language translation. If there is any conflict in the Exchange Listing Rules between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.

# Chapter 2

# GENERAL

## INTRODUCTION

### Preliminary

2.01 The principal function of the Exchange is to provide a fair, orderly and efficient market for the trading of securities. In furtherance of this, the Exchange has made the Exchange Listing Rules under section 23 of the Securities and Futures Ordinance prescribing the requirements for the listing of securities on the Exchange. These comprise both requirements which have to be met before securities may be listed and also continuing obligations with which an issuer and, where applicable, a guarantor must comply once listing has been granted. The Exchange Listing Rules have been approved by the Commission pursuant to section 24 of that Ordinance.

2.02 The purpose of this book is to set out and explain those requirements.

2.02A The Exchange Listing Rules shall not apply to Options Contracts traded through the Options System as defined in the Options Trading Rules of the Exchange and the Clearing Rules of The SEHK Options Clearing House Limited. The Traded Options Committee of the Exchange is primarily responsible for the supervision and regulation of the options market. Interested parties are directed to the Options Trading Rules of the Exchange and the Clearing Rules of The SEHK Options Clearing House Limited, as from time to time in effect.

### General Principles

2.03 The Listing Rules reflect currently acceptable standards in the market place and are designed to ensure that investors have and can maintain confidence in the market and in particular that:—

(1) applicants are suitable for listing;

(2) the issue and marketing of securities is conducted in a fair and orderly manner and that potential investors are given sufficient information to enable them to make a properly informed assessment of an issuer and, in the case of a guaranteed issue, the guarantor and of the securities for which listing is sought;

(3) investors and the public are kept fully informed by listed issuers and, in the case of a guaranteed issue, the guarantors of material factors which might affect their interests;

(4) all holders of listed securities are treated fairly and equally;

(5) directors of a listed issuer act in the interests of its shareholders as a whole — particularly where the public represents only a minority of the shareholders; and

(6) all new issues of equity securities, or sales or transfers of treasury shares, by a listed issuer are first offered to the existing shareholders by way of rights unless they have agreed otherwise.

In these last four respects, the rules seek to secure for holders of securities, other than controlling interests, certain assurances and equality of treatment which their legal position might not otherwise provide.

2.04 It is emphasised that the Exchange Listing Rules are not exhaustive and that the Exchange may impose additional requirements or make listing subject to special conditions whenever it considers it appropriate. Conversely, the Exchange may waive, modify or not require compliance with the Exchange Listing Rules in individual cases (to suit the circumstances of a particular case), as a variety of circumstances may exist which require it to make ad hoc decisions. However, any waiver or modification of, or decision not to require compliance with, a rule, which is intended to have general effect (i.e. to affect more than one issuer and its subsidiaries at the same time) may only be granted with the prior consent of the Commission. The Exchange will not grant an individual waiver or modification of a rule, or agree not to require compliance with a rule, on a regularly recurring basis so as to create the same result as a general waiver. Consequently, both new applicants and listed issuers and, in the case of a guaranteed issue, guarantors are encouraged to seek informal and confidential guidance from the Exchange at all times.

*Note: Issuers must fully disclose details of any waivers or modifications granted (including the conditions thereof) in the relevant listing document (or in other announcement or circular as the Exchange considers appropriate). The Exchange reserves the right to revoke or modify any waivers or modifications granted if there are any material changes in the information provided or circumstances thereunder.*

2.05 These Exchange Listing Rules may be amended by the Exchange from time to time, subject to the approval of the Commission under section 24 of the Securities and Futures Ordinance.

2.06 Suitability for listing depends on many factors. Applicants for listing should appreciate that compliance with the Exchange Listing Rules may not of itself ensure an applicant's suitability for listing. The Exchange retains a discretion to accept or reject applications and in reaching their decision will pay particular regard to the general principles outlined in rule 2.03. Prospective issuers (including listed issuers) are therefore encouraged to contact the Exchange to seek informal and confidential guidance as to the eligibility of a proposed application for listing at the earliest possible opportunity.

**Delivery of Information and Documents**

2.07 (1) The procedures regarding the delivery of information and documents under the Exchange Listing Rules shall be determined by the Exchange from time to time and promulgated by way of a practice note to the Exchange Listing Rules.

*Note: See Practice Note 1*

(1A) [Repealed 31 December 2023]

(2) The Exchange may publish, release or present on the Exchange's website or in any other form or context and to whomsoever the Exchange deems necessary or appropriate for the purposes specified below any information provided by or on behalf of any listed issuer or new applicant to the Exchange, whether pursuant to any obligation of such listed issuer or new applicant under the Exchange Listing Rules to publish such information or otherwise, and without liability on the part of the Exchange. In addition, the Exchange may impose a fee for access to or use of such public information so published, released or presented, and such listed issuer or new applicant shall be deemed to have waived any right to receive any fee or other remuneration from the Exchange in respect of such access or use. The purposes for which the Exchange may so publish, release or present such information are as follows:—

a) to provide a means of easy access by the investing public to such information;

b) for the promotion of the Exchange;

c) in connection with the compilation of statistical and other information on listed issuers and new applicants;

d) investor awareness and education; or

e) to preserve the general integrity and reputation of the market.

(3) For the avoidance of doubt, nothing in the Exchange Listing Rules shall be construed as imposing upon the Exchange an obligation to publish on the Exchange's website any document or communication other than as expressly provided in these Exchange Listing Rules.

(3A) Unless otherwise stated in the Exchange Listing Rules or required by the Exchange, documents required to be sent or submitted to the Exchange shall be provided to the Exchange only by electronic means in such manner, and in accordance with such terms and conditions and requirements, as the Exchange may prescribe from time to time.

*Note: In respect of documents submitted to the Exchange under rules 9.11(33) and 9.22(2) for the purpose of authorisation of registration of a prospectus, they shall be submitted in the manner and via the means prescribed by the Companies (Winding Up and Miscellaneous Provisions) Ordinance and any related guidance materials published from time to time.*

**Use of Electronic Means**

2.07A (1) Subject to the provisions set out in rule 2.07A(4), any requirement in these Exchange Listing Rules for a listed issuer to send, mail, dispatch, issue, publish or otherwise make available any corporate communication must, to the extent permitted under all applicable laws and regulations, be satisfied by the listed issuer (i) sending or otherwise making available the corporate communication to the relevant holders of its securities using electronic means or (ii) making the corporate communication available on its website and the Exchange's website. The issuer must set out on its website the manner in which (i) and/or (ii) above is adopted for the dissemination of its corporate communications.

(2) [Repealed 31 December 2023]

(2A) [Repealed 31 December 2023]

(3) [Repealed 31 December 2023]

(4) Notwithstanding rule 2.07A(1),

(a) a listed issuer must send, mail, dispatch, issue, publish or otherwise make available corporate communications in printed form free of charge to a holder of its securities promptly upon the request of that holder and must disclose, on its website, the relevant arrangements for holders to request corporate communications in printed form; and

(b) a listed issuer must send actionable corporate communications to holders of its securities individually and cannot comply with a rule requirement to send, mail, dispatch, issue, publish or otherwise make available an actionable corporate communication, by making it available only on its website and the Exchange's website.

*Notes:*

*1. It is the sole responsibility of the listed issuer to ensure that any proposed arrangement is permitted under, and that the listed issuer will at all times comply with, all applicable laws and regulations and the listed issuer's own constitutional documents.*

*2. For the purpose of rule 2.07A(1), an issuer of debt securities may specify the manner in which corporate communications shall be disseminated in the terms and conditions of the relevant debt securities instead of disclosing such information on its website. Issuers of debt securities are not subject to rule 2.07A(4).*

*3. A listed issuer may, to the extent permitted by the laws and regulations comply with rule 2.07A(4)(b), by sending an actionable corporate communication to holders of its securities individually in electronic form. Notwithstanding rule 2.07A(1), where the listed issuer is unable to do so because it does not possess functional electronic contact details of a holder, the listed issuer must send the actionable corporate communication in printed form that includes a request for the holder's functional electronic contact details for the purpose of the listed issuer's future compliance with the rule.*

*4. Transitional arrangements for issuers listed on the Exchange before 31 December 2023 are as follows:*

*(i) for issuers who are not prohibited by applicable laws and regulations from complying with the requirements set out in this rule 2.07A, they would have until their first annual general meetings following 31 December 2023 to make amendments (if necessary) to their constitutional documents to facilitate their compliance with requirements set out in this rule 2.07A; and*

*(ii) for issuers who are unable to comply with the requirements set out in this rule 2.07A due to any restriction under any applicable laws and regulations: in the event that the relevant restrictions are removed from the applicable laws and regulations, such issuers would have until their first annual general meetings following the removal of such restrictions to make necessary amendments (if any) to their constitutional documents to facilitate their compliance with requirements set out in this rule 2.07A.*

2.07B (1) Any requirement in these Exchange Listing Rules for a listed issuer to send, mail, dispatch, issue, publish or otherwise make available any corporate communication in both English and Chinese may, where the listed issuer has made adequate arrangements to ascertain whether or not a holder of its securities wishes to receive the English language version only or the Chinese language version only and to the extent permitted under applicable laws and regulations and the listed issuer's own constitutional documents, be satisfied by the listed issuer sending the English language version only or the Chinese language version only (in accordance with the holder's stated wish) to the holder concerned. Any arrangement by the listed issuer to ascertain a holder's wish must afford the holder the choice of receiving the English language version only, the Chinese language version only or both the English language version and the Chinese language version.

(2) A listed issuer which, availing itself of this rule 2.07B, sends the English language version only or the Chinese language version only of a corporate communication to holders of its securities must afford holders the right at any time by reasonable notice in writing served on the listed issuer to change their choice as to whether they wish to receive the English language version only, the Chinese language version only or both the English language version and the Chinese language version. The listed issuer must set out in each such corporate communication the steps for notifying the listed issuer of any such change together with a statement expressly informing holders that they may at any time choose to receive the English language version only, the Chinese language version only or both the English language version and the Chinese language version notwithstanding any wish to the contrary previously conveyed to the listed issuer.

2.07C (1) (a) (i) A listed issuer or a new applicant which is obliged to publish any announcement or notice under the Exchange Listing Rules must submit through HKEx-EPS a ready-to-publish electronic copy of the document to the Exchange for publication on the Exchange's website.

(ii) [Repealed 31 December 2023]

(iii) All announcements or notices which are published in the newspapers by an issuer pursuant to these Exchange Listing Rules must be clearly presented, use legible font size and paragraph spacing and state that it is available for viewing on the Exchange's website and the issuer's own website giving details as to where on these websites it is to be found (to the fullest extent known at the time of publication of the announcement or notice).

(iv) Where a listed issuer requests a trading halt or suspension of trading in its securities and the trading halt or suspension has been effected, the listed issuer must immediately submit through HKEx-EPS to the Exchange for publication on the Exchange's website a ready-to-publish electronic copy of an announcement informing that trading in the securities of the listed issuer has been halted or suspended and setting out briefly the reason for the trading halt or suspension.

(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). The electronic copy must be received

by the Exchange and published on the Exchange's website not later than the time when it is sent or otherwise made available to holders of the securities by the listed issuer or distributed to the public in the case of a new applicant.

(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. The copies must be submitted to the Exchange at the same time as they are sent to shareholders by the listed issuer or, in the case of a new applicant, their distribution to the public commences. 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.

*Notes:*

*1 Regard must be had to the operating hours of HKEx-EPS from time to time.*

*2 Issuers must accordingly bear in mind the time required to comment on and clear the form of any document so as to be able to submit the ready-to-publish electronic copy to the Exchange by the stipulated deadline.*

*3 An issuer must ensure that any document submitted for publication has been duly authorised by the issuer and is the same as (where the document is required to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance) the version registered with the Companies Registry, or (where the document is required to be cleared by the Exchange prior to publication under the Exchange Listing Rules) the version cleared by the Exchange.*

(2) All electronic copies of documents submitted by an issuer through HKEx-EPS to the Exchange for publication on the Exchange's website must be virus-free with all words being text-searchable and the document printable. The layout and contents of each page on the electronic copy of the documents submitted to the Exchange for publication on the Exchange's website must be the same as the layout and contents of the corresponding page of the document as published by the issuer (whether in the newspapers, on its own website, as sent to shareholders or otherwise).

(3) When submitting a document through HKEx-EPS for publication on the Exchange's website, the issuer must select all such headlines as may be appropriate from the list of headlines set out in the "Headline Categories" published on the Exchange's website (which is also displayed in HKEx-EPS) and input into the designated free-text field in HKEx-EPS the same title as appears in the document. The Listing Committee has delegated to the Executive Director – Listing the power to approve such amendments to the "Headline Categories" as he may consider necessary or desirable.

(4) (a) Announcement or notice must not be published on the Exchange's website:

– between 8:30 a.m. and 12:00 noon and between 12:30 p.m. and 4:30 p.m. on a business day; and

– between 8:30 a.m. and 12:30 p.m. on the eves of Christmas, New Year and the Lunar New Year when there is no afternoon session,

except for:

(i) [Repealed 10 March 2008];

(ii) announcements made solely under rule 2.07C(1)(a)(iv);

(iii) announcements made solely under rule 13.10B or 37.48(b), or paragraph 1(2) of Appendix E4 or paragraph 1(2) of Appendix E5; or

(iv) announcements made in response to the Exchange's enquiries of the issuer under rule 13.10 or 37.46A, paragraph 15 of Appendix E3, or paragraph 27 of Appendix E4 or paragraph 26 of Appendix E5 if in the announcement the issuer only provides the negative confirmations required under rule 13.10(2) or 37.46A(b), or paragraph 15 of Appendix E3, or paragraph 27(2) of Appendix E4, or paragraph 26(2) of Appendix E5, or refers to its previously published information;

(v) announcements made in response to media news or reports under rule 13.09(1) or 37.47(b), paragraph 6(3) of Appendix E3 or paragraph 1(1)(a) of Appendix E4 or paragraph 1(1)(a) of Appendix E5 if in the announcement the issuer only denies the accuracy of such news or reports and/or clarifies that only its previously published information should be relied upon; and

(vi) [Repealed 27 June 2025]

(vii) announcements made under paragraph 5A(2)(b) or 12A(3) of Appendix E5.

*Note: The Exchange may consider an application for a waiver from strict compliance with rule 2.07C(4)(a) for issuers with, or seeking, a dual primary listing or a secondary listing, subject to the conditions that:-*

*(a) the issuer discloses in the listing document a clear indication of the impact of the waiver on potential investors;*

*(b) the issuer shall inform the Exchange, in the first instance, in the event of any material change being made to the overseas regime on the disclosure of inside/ price sensitive information;*

*(c) there is a minimal overlap between Hong Kong market hours and that of the overseas exchange(s) on which the issuer's securities are also traded;*

*(d) the issuer notifies the Exchange of a pending announcement and the expected time of release (of both English and Chinese versions) at least ten minutes before the release; and*

*(e) the announcement shall be in relation to inside/ price sensitive information and the issuer is required, for reasons not within its control, under the overseas regime to publish such announcement within the period prohibited under rule 2.07C(4)(a).*

(b) Any publication by an issuer pursuant to this rule 2.07C must be made in both the English and Chinese language unless otherwise stated.

*Note: This paragraph does not apply to documents to be published on the Exchange's website and the issuer's own website pursuant to rule 4.14, rule 5.01B(1)(b), rule 5.02B(2)(b), rule 17.02(2), rule 19.10(5)(e), rule 19.10(6), rule 19C.10B(3), rule 19A.27(4), rule 19A.50, rule 29.09, rule 36.08(3), paragraph 53 of Appendix D1A, paragraph 43 of Appendix D1B, paragraph 54 of Appendix D1C, paragraph 27(1) of Appendix D1D, paragraph 76 of Appendix D1E, paragraph 66 of Appendix D1F and paragraph 9(b)(i) of Appendix A2.*

(c) Subject to rule 2.07C(4)(d), where a document is required to be published in both the English and Chinese language, the issuer must submit the ready-to-publish electronic copy of both the English and Chinese versions of that document together to the Exchange for publication on the Exchange's website.

(d) In the case of the English and Chinese versions of a listing document or annual report submitted by an issuer to the Exchange for publication on the Exchange's website, the issuer must submit the ready-to-publish electronic copy of one version immediately after submission of the other version.

(5) Issuers must comply with such requirements as the Exchange may from time to time determine and promulgate with regard to format, timing, procedure or otherwise for publication and submission of documents to the Exchange.

*Notes:*

*(1) The Exchange accepts no responsibility for any defects in the content or format of any document submitted for publication on the Exchange's website and accepts no responsibility for any delay or failure in publication. It is the sole responsibility of the issuer to ensure that all material submitted by it or on its behalf for publication on the Exchange's website is accurate.*

*(2) Where the Exchange Listing Rules require submission of a document or information electronically the Exchange consents to the receipt of such document or information in the form of an electronic record.*

*(3) By making a submission required under the Rules to the Exchange, the submitter (whether acting in its own capacity or on behalf of a person) would be deemed to have represented and warranted to the Exchange that the submission has been duly authorised and, if so required by the Rules, also duly and validly executed (whether by itself or by the person on behalf of which the submission is made). Where the submission is made by electronic means, the submitter would also be deemed to have represented and warranted to the Exchange that the submission is not prohibited from being made to the Exchange and/or the Commission by electronic means under all applicable laws and regulations of the place of incorporation, or the constitutional documents, of the person on behalf of which the submission is made.*

(6) (a) Every issuer must have its own website on which it must publish any announcement, notice or other document published under rule 2.07C on the Exchange's website. The publication should be at the same time as publication of the electronic copy of the document on the Exchange's website. A new applicant is not required to publish an Application Proof, OC Announcement or Post Hearing Information Pack on its own website. In any event:

(i) where the electronic copy of the document is published after 7:00 p.m. on the Exchange's website, publication on the issuer's own website must not be later than 8:30 a.m. on the business day next following such publication; and

(ii) where the electronic copy of the document is published at any other time on the Exchange's website, publication on the issuer's own website must not be later than 1 hour after such publication.

*Note: The issuer's website does not need to be hosted on a domain owned or maintained by the issuer. The issuer's website may be hosted on a third-party domain so long as the website is assigned a dedicated location on the Worldwide Web and the issuer's website may be managed by a third-party on behalf of the issuer.*

(b) The issuer must ensure that any document published on its website pursuant to these Exchange Listing Rules remains available on its website on a continuous basis for at least 5 years from the date of first publication. The public must be able to access these documents on the website free of charge.

(c) [Repealed 1 January 2013]

**Structure**

2.08 The Exchange Listing Rules fall into four main parts: Chapters 1 — 6 set out matters of general application; Chapters 7 — 19C set out the requirements applicable to the issue of equity securities; Chapters 20 and 21 set out the requirements applicable to unit trusts, mutual funds and other investment companies; and Chapters 22 — 37 set out the requirements applicable to the issue of debt securities.

**Sponsors**

2.09 A new application for listing, in the case of equity securities, must be sponsored as more fully explained in Chapter 3A.

2.10 In the first instance, all matters concerning an application for listing by a new applicant must be dealt with between the Exchange and the new applicant and its sponsor.

**Authorised Representatives**

2.11 Every listed issuer must appoint and retain at all times two authorised representatives as more fully explained in Chapter 3.

**Listing Fees and Other Charges**

2.12 The details of the initial listing fee, annual listing fee, subsequent issue fee and other charges together with details of the brokerage charge, levies and trading fees on new issues are set out in the Fees Rules.

**Information Gathering**

2.12A An issuer must provide to the Exchange or the Commission as soon as possible, or otherwise in accordance with time limits imposed by the Exchange or the Commission:

(1) any information that the Exchange or the Commission reasonably considers appropriate to protect investors or ensure the smooth operation of the market; and

(2) any other information or explanation that the Exchange or the Commission may reasonably require for the purpose of investigating a suspected breach of or verifying compliance with the Exchange Listing Rules or the Securities and Futures Ordinance.

2.12B In responding to enquiries or investigations by the Exchange or the Commission, a party subject to the enquiries or investigations must provide to the Exchange or the Commission information or explanation which is accurate, complete and up-to-date.

**Presentation of Information**

2.13 Without prejudice to any specific requirements of the Exchange Listing Rules as to content or responsibility for the document in question, any announcement or corporate communication required pursuant to the Exchange Listing Rules must be prepared having regard to the following general principles:

(1) the information contained in the document must be clearly presented and in the plain language format specified or recommended by the Exchange and/or the Commission from time to time; and

(2) the information contained in the document must be accurate and complete in all material respects and not be misleading or deceptive. In complying with this requirement, the issuer must not, among other things:—

(a) omit material facts of an unfavourable nature or fail to accord them with appropriate significance;

(b) present favourable possibilities as certain or as more probable than is likely to be the case;

(c) present projections without sufficient qualification or explanation; or

(d) present risk factors in a misleading way.

2.14 Any listing document, circular or announcement issued by an issuer pursuant to the Exchange Listing Rules must disclose the name of each director as at the date of the relevant listing document, circular or announcement.

**Material interest in a transaction**

2.15 Where a transaction or arrangement of an issuer is subject to shareholders' approval under the provisions of the Exchange Listing Rules, any shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting.

*Note: For the avoidance of doubt, any provision in the Exchange Listing Rules requiring any other person to abstain from voting on a transaction or arrangement of an issuer which is subject to shareholders' approval shall be construed as being in addition to the requirement set out in rule 2.15.*

2.16 For the purpose of determining whether a shareholder has a material interest, relevant factors include:

(1) whether the shareholder is a party to the transaction or arrangement or a close associate of such a party; and

(2) whether the transaction or arrangement confers upon the shareholder or his close associate a benefit (whether economic or otherwise) not available to the other shareholders of the issuer.

There is no benchmark for materiality of an interest nor may it necessarily be defined in monetary or financial terms. The materiality of an interest is to be determined on a case by case basis, having regard to all the particular circumstances of the transaction concerned.

*Note: The references to "close associate" shall be changed to "associate" where the transaction or arrangement is a connected transaction under Chapter 14A.*

2.17 The issuer must, to the extent that it is aware having made all reasonable enquiries, include in the listing document or circular:

(1) a statement as at the date by reference to which disclosure of the shareholding is made in the listing document or circular as to whether and to what extent any shareholder who is required to abstain from voting under the Exchange Listing Rules controls or is entitled to exercise control over the voting right in respect of his shares in the issuer;

(2) particulars of:

(a) any voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any such shareholder; and

(b) any obligation or entitlement of any such shareholder as at the date by reference to which disclosure of the shareholding of any such shareholder is made in the listing document or circular,

whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his shares in the issuer to a third party, either generally or on a case-by-case basis;

(3) a detailed explanation of any discrepancy between any such shareholder's beneficial shareholding interest in the issuer as disclosed in the listing document or circular and the number of shares in the issuer in respect of which he will control or will be entitled to exercise control over the voting right at the relevant meeting; and

(4) steps undertaken by the shareholder (if any) to ensure shares being the subject of the discrepancy referred to in rule 2.17(3) are not voted.

2.17A [Repealed 1 January 2013]

2.18 The provisions of this Chapter (with the exception of rule 2.14) shall also apply to issuers of listed structured products where applicable. For this purpose, "listed issuer" or "issuer" shall mean issuers of listed structured products and "holders of a listed issuer's securities" shall mean holders of listed structured products.

# Chapter 2A

# GENERAL

## COMPOSITION, POWERS, FUNCTIONS AND PROCEDURES OF THE LISTING COMMITTEE, THE LISTING REVIEW COMMITTEE AND THE LISTING DIVISION

### General

2A.01 The Board has arranged for all of its powers and functions in respect of all listing matters to be discharged by the Listing Committee and/or its delegates, subject to the review procedures set out in this Chapter and Chapter 2B. Any function which under the Listing Rules may be performed by the Exchange or any power which under the Listing Rules may be exercised by the Exchange may, therefore, be performed or exercised by the Listing Committee and/or its delegates. Accordingly, the Listing Committee and, in relation to certain powers of review, the Listing Review Committee have sole power and authority to act in relation to all listing matters to the exclusion of the Board, unless and until the Board revokes these arrangements.

2A.02 The Listing Committee has arranged for most of these powers and functions to be discharged by the Listing Division and the Chief Executive of the Exchange, subject to the reservations and review procedures set out in this Chapter and Chapter 2B. In the first instance, therefore, all matters concerning the Listing Rules will be dealt with by the Listing Division. The Listing Division will also interpret, administer and enforce the Listing Rules subject to the review procedures set out in this Chapter and Chapter 2B.

2A.03 In discharging their respective functions and powers the Listing Review Committee, the Listing Committee, the Listing Division and the Chief Executive of the Exchange are required to administer the Listing Rules, and otherwise to act, in the best interest of the market as a whole and in the public interest.

2A.04 All references in Chapters 2A and 2B to decisions and rulings of the "Listing Division" include decisions and rulings made by the Chief Executive of the Exchange.

## Application Procedures

### New Applicants

2A.05 Subject to rule 2A.05A and rule 2A.05B, every application for listing by a new applicant should be submitted to the Listing Division which may reject it or recommend the Listing Committee to approve or reject it. However, the Listing Committee has reserved for itself the power to approve all applications for listing from a new applicant and this means that even if such an application is recommended by the Executive Director – Listing or the Chief Executive of the Exchange, it must still be approved by the Listing Committee. The Listing Committee may at the request of the Listing Division give an "in principle" approval, that a particular issuer or its business, or a particular type of security is suitable for listing, at an early stage in the application process (but will again consider the full application after the Listing Division has processed it). Otherwise the Listing Committee will not consider an application from a new applicant until the Listing Division has processed the application. If the Listing Committee approves a listing the Listing Division will normally issue a notification of approval in principle, and then issue a formal approval letter, in due course.

2A.05A The Listing Committee has delegated to the Executive Director – Listing the power to approve any application for listing of debt securities under Chapter 37 (debt issues to professional investors only) and any application issued or guaranteed (in the case of guaranteed issues) by the following issuers or (in the case of guaranteed issues) guarantors:—

i) States;

ii) Supranationals;

iii) State corporations;

iv) banks and corporations having an investment grade credit rating; and

v) issuers whose equity securities are listed on the Exchange and which have a market capitalization, at the time of the application, of not less than HK$5,000,000,000.

2A.05B The Listing Committee has delegated to the Executive Director - Listing the power to approve an application for listing of interests in any Collective Investment Scheme which has been authorised by the Commission pursuant to the Securities and Futures Ordinance and the respective codes applicable to Collective Investment Schemes issued by the Commission from time to time.

**Listed Issuers**

2A.06 Applications for listing by a listed issuer will be dealt with by the Listing Division and it is the Executive Director – Listing who will normally approve the listing and issue the formal approval letter, in due course. However, the Listing Committee may determine the matter in the first instance at the request of the Listing Division where it considers it appropriate to do so.

**Guidance**

2A.07 Prospective issuers, and in particular new applicants, are encouraged to contact the Listing Division to seek informal and confidential guidance as to the eligibility of a proposed application for listing at the earliest possible opportunity.

**Cancellation Procedures**

2A.08 The Listing Committee has reserved to itself the power to cancel the listing of a listed issuer. This means that a listed issuer will not have its listing cancelled unless the Listing Committee has considered the matter.

**Disciplinary Jurisdiction and Sanctions**

2A.09 (1) The Exchange may bring disciplinary actions and impose or issue the sanctions in rule 2A.10 against any of the following:

(a) a listed issuer or any of its subsidiaries;

(b) any director of a listed issuer or any of its subsidiaries (or any alternate of such director);

(c) any member of the senior management of a listed issuer or any of its subsidiaries;

(d) any substantial shareholder of a listed issuer;

(dd) any SPAC Promoter;

(e) any professional adviser of a listed issuer or any of its subsidiaries;

(f) any employee of a professional adviser of a listed issuer or any of its subsidiaries;

(g) any authorised representative of a listed issuer;

(h) any supervisor of a PRC issuer;

(i) any guarantor in the case of a guaranteed issue of debt securities or structured products;

(j) any person falling within rule 18C.14; and

(k) any other party who gives an undertaking to or enters into an agreement with the Exchange.

(2) For the purposes of this rule:

(a) "listed issuer" includes an issuer of listed structured products;

(b) "professional adviser" includes any financial adviser, independent financial adviser, lawyer, accountant, property valuer or any other person retained by an issuer to provide professional advice in relation to a matter governed by the Listing Rules. It does not include sponsors, capital market intermediaries or Compliance Advisers; and

(c) "senior management" includes:

(i) any person occupying the position of chief executive, supervisor, company secretary, chief operating officer or chief financial officer, by whatever name called;

(ii) any person who performs managerial functions under the directors' immediate authority; or

(iii) any person referred to as senior management in the listed issuer's corporate communication or any other publications on the Exchange's website or on the listed issuer's website.

(3) The scope of any disciplinary action taken against a professional adviser under rules 2A.09, 2A.10 and 2A.10B, including any ban imposed on a professional adviser under rule 2A.10(9), shall be limited to matters governed by or arising out of the Listing Rules.

(4) Professional advisers, when acting in connection with Listing Rule matters on which they are instructed to advise, shall use all reasonable efforts to ensure that their clients understand and are advised as to the scope of and their obligations under the Listing Rules. They must not knowingly provide any information to the Exchange which is false or misleading in a material particular.

2A.10 If the Listing Committee finds there has been a breach of the Listing Rules by any of the parties named in rule 2A.09, it may: –

(1) issue a private reprimand;

(2) issue a public statement involving criticism;

(3) issue a public censure;

(4) state publicly that in the Exchange's opinion the occupying of the position of director or senior management of a named listed issuer or any of its subsidiaries by an individual may cause prejudice to the interests of investors;

(5) in the case of serious or repeated failure by a director to discharge his responsibilities under the Listing Rules, state publicly that in the Exchange's opinion the director is unsuitable to occupy a position as director or within senior management of a named listed issuer or any of its subsidiaries;

(6) deny the facilities of the market to a listed issuer for a specified period and/or until fulfilment of specified conditions and prohibit dealers and financial advisers from acting or continuing to act for that issuer;

(7) suspend trading in the listed issuer's securities or any class of its securities;

(8) cancel the listing of the listed issuer's securities or any class of its securities;

(9) ban a professional adviser or a named individual employed by a professional adviser from representing any or a specified party in relation to a stipulated matter or matters coming before the Listing Division or the Listing Committee for a stated period;

(10) recommend reporting the conduct of the party in breach to the Commission or another regulatory authority, whether in Hong Kong or overseas (for example, the Financial Secretary or any professional body);

(11) order rectification or other remedial action to be taken within a stipulated period; and

(12) take, or refrain from taking, such other action as it thinks fit, including making public any action taken.

*Notes:*

1. *Any reference to the Listing Committee in rules 2A.10, 2A.10A and 2A.10B includes both the Listing Committee and the Listing Review Committee.*

2. *Where the Listing Committee or the Listing Review Committee (as the case may be, after the decision has become final), issues:*

   *(i) a public sanction under rule 2A.10, such sanction will be published with reasons; or*

   *(ii) a private reprimand, the substance of such sanction may be published with reasons without disclosing the identities of the parties involved.*

*3. In exercising its powers of sanction the Exchange will recognise the differing roles and levels of responsibility of the persons against whom sanctions may lie under rule 2A.09.*

*4. For the purposes of this rule and rule 2A.10A(2) below, denying "facilities of the market" is not intended to mean cancellation of listing. It is meant to include withholding approval of any matters that require approval from the Exchange, including the issuance of shares.*

2A.10A (1) If a statement under rule 2A.10(4) with follow-on actions in sub-rule (2) below, or rule 2A.10(5), has been made against an individual, the listed issuer:

(a) named in the statement; or

(b) in respect of which any of its subsidiaries is named in the statement

must include in all of its announcements and corporate communications to be published a reference to the sanction made under rule 2A.10(4) or 2A.10(5), unless and until that individual ceases to be a director or senior management, as the case may be, of the named listed issuer and/or its subsidiaries.

(2) If an individual against whom a statement has been made under rule 2A.10(4) or 2A.10(5) occupies the position of director or senior management, as the case may be, of the named listed issuer or subsidiary, as the case may be, after a date to be determined and specified by the Listing Committee, the Listing Committee may, at any time in its sole discretion, impose the follow-on actions below:

(a) order that the facilities of the market be denied to that issuer for a specified period; and/or

(b) suspend or cancel the listing of that issuer's securities or any class of its securities.

(3) The Listing Committee may make public any follow-on action imposed under rule 2A.10A(2).

2A.10B In addition to imposing the sanctions in rule 2A.10 when a party has failed to discharge obligations or responsibilities expressly imposed on that party by a specific Listing Rule, the Listing Committee may impose the sanctions in rule 2A.10 on any of the parties named in rule 2A.09 above, if it finds the party has:

(1) failed to comply with a requirement imposed by the Listing Division or the Listing Committee;

(2) contravened an undertaking given to or breached an agreement with the Exchange in relation to a listing matter; or

(3) caused by action or omission or knowingly participated in a contravention of the Listing Rules or a requirement referred to in (1) above.

*Note: In respect of parties covered by section 23(8) of the SFO, a sanction may be imposed under rule 2A.10B(3) in and only in the circumstances prescribed for disciplinary action in the arrangements agreed from time to time between the Exchange and the relevant professional regulatory body; and, in considering whether a party covered by section 23(8) of the SFO has breached rule 2A.10B(3), the Exchange will take into account, among other things, whether such party has knowingly or recklessly facilitated or participated in a breach of the Listing Rules or any undertaking given to or any agreement with the Exchange.*

2A.11 The Listing Committee will, if requested by any party to be reprimanded, criticised, censured or otherwise sanctioned in pursuance of the powers contained in rules 2A.09, 2A.10, 2A.10A and 2A.10B (a "review applicant"), give its reasons in writing for the decision made against that review applicant pursuant to rules 2A.09, 2A.10, 2A.10A and 2A.10B and that review applicant shall have the right to have the decision against him referred to the Listing Review Committee for a further and final review. The Listing Review Committee may endorse, overturn, modify or vary the ruling of the earlier meeting. Subject to rule 2A.16A, the decision of the Listing Review Committee on review shall be conclusive and binding on the review applicant. If requested by the review applicant, the Listing Review Committee will give reasons in writing for its decision on review.

2A.12 A request for a review of any decision of the Listing Committee made pursuant to rule 2A.11 must be served on the Secretary within seven business days of the issue of the Listing Committee's decision unless written reasons for a decision are requested, in which case a request for a review of that decision must be notified within seven business days of the issue of the written reasons.

2A.13 Any request for the Listing Committee or the Listing Review Committee to give its reasons in writing for its decision shall be made within three business days of the issue of its decision. Where requested, written reasons for a decision will be provided to all parties to the proceedings by the Listing Committee or the Listing Review Committee (as the case may be) as soon as possible and, in any event, within 14 business days of the receipt of the request.

2A.14 Any person, other than an issuer, its sponsor and authorised representatives, who is aggrieved by a decision of the Listing Division or the Listing Committee may express his views, in writing, to the Chairman of the Listing Committee. The Listing Committee may, in its sole discretion, decide to fully review the matter, having regard to the rights of any third party which may have been created in reliance upon the earlier decision.

2A.15 The Listing Committee and the Listing Review Committee may from time to time prescribe such procedures and regulations for any review meetings or hearings of the respective Committee as they may think fit, including procedures for appointing from time to time the Chairman for any review hearing, procedures governing members' conflict of interest and the publication of decisions and reasons.

**Rights of Parties to be Heard**

2A.16 In any disciplinary proceedings of the Listing Committee and on any further and final review of the decision resulting from those proceedings by the Listing Review Committee, the party the subject of such proceedings shall have the right to attend the meeting, to make submissions and to be accompanied by its professional advisers. In all disciplinary proceedings the Listing Division will provide the parties with copies of any papers to be presented by it at the meeting, in advance of the meeting.

**Disciplinary Reviews Initiated by the Commission**

2A.16A (1) The Commission shall have the right to request in writing a review of any disciplinary decision of the Listing Committee by the Listing Review Committee under this rule.

(2) In reviewing a matter, the Listing Review Committee shall have due regard to the rights and interests of all third parties who would be directly affected by the further review of the matter.

(3) The Commission may request written reasons for a decision of the Listing Committee or the Listing Review Committee if no written reasons were provided in the decision of the relevant Committee and if the relevant party does not request written reasons under rule 2A.13. The Commission will make such a request within seven days of the expiry of the time stipulated for request of written reasons under rule 2A.13. Where the relevant party requests written reasons, the written reasons provided to the relevant party will be provided to the Commission and the Listing Division. Similarly, written reasons provided to the Commission pursuant to the Commission's request will also be provided to the relevant party and the Listing Division.

(4) If the Commission decides to request a review of a matter, it will do so within seven business days after receipt of the relevant decision or, if either the Commission or the relevant party requests written reasons for the decision, those written reasons.

(5) The Listing Review Committee and/or its Chairman may prescribe the procedures for reviewing a matter under this rule as they may think fit.

(6) The relevant party, the Listing Division and the Commission will have the right to make written submissions to the Listing Review Committee, and the Listing Review Committee shall take into account all such written submissions when reaching its decision. This applies to both a review requested by the Commission and any further and final review requested by the relevant party pursuant to rule 2A.16A(7).

(7) Where the Listing Review Committee overturns, modifies or varies the decision subject to review, the relevant party shall have a further and final right to seek a review of the decision by a second Listing Review Committee. Subject to the facts and circumstances arising in the earlier meeting(s) in each case and subject further to the absolute discretion of the proposed Chairman of the Listing Review Committee, all of the members present at the further and final review shall be persons who were not present at the earlier review hearing of the Listing Review Committee. In the event there are insufficient persons available to make up the required quorum for the Listing Review Committee, the proposed Chairman of the Listing Review Committee shall direct the Secretary to select sufficient additional members to make up the required quorum by such method as the proposed Chairman considers appropriate in the proposed Chairman's absolute discretion.

**Composition of the Listing Committee**

2A.17 Subject to casual vacancies from time to time the Listing Committee shall consist of 28 members or such greater number of members as the Board may from time to time agree, comprising:—

(1) at least eight individuals who the Listing Nominating Committee considers will represent the interests of investors;

(2) nineteen individuals who the Listing Nominating Committee considers will be a suitable balance of representatives of listed issuers and market practitioners including lawyers, accountants, corporate finance advisers and Exchange Participants or officers of Exchange Participants; and

(3) the Chief Executive of HKEC acting as ex officio non-voting member.

2A.18 [Repealed May 2006]

**Appointment and Removal of Members of the Listing Committee**

2A.19 [Repealed 1 January 2016]

2A.20 Members of the Listing Committee shall be appointed by the Board. The Board may appoint only persons nominated in accordance with rule 2A.21.

2A.21 The persons eligible for appointment or re-appointment in each year as members of the Listing Committee shall be nominated by a Listing Nominating Committee comprising three non-executive members of the board of HKEC and the Chairman and two Executive Directors of the Commission. In their deliberations the Listing Nominating Committee shall seek the views of the current Chairman and Deputy Chairmen of the Listing Committee.

2A.22 The Chairman and the Deputy Chairmen of the Listing Committee shall be nominated by the Listing Nominating Committee and appointed by the Board. The Listing Nominating Committee may choose to nominate one or more than one Deputy Chairman and the Board may choose to appoint one or more than one Deputy Chairman. The Chief Executive of HKEC may not be elected as either Chairman or Deputy Chairman of the Listing Committee.

2A.22A Members of the Listing Committee shall normally be appointed for a term of approximately twelve months.

2A.23 All members of the Listing Committee shall vacate office at the end of their term unless they are re-appointed by the Board for a further full term or such shorter period as the Board may stipulate at the time of re-appointment. Subject to rule 2A.25, all members of the Listing Committee are eligible for re-appointment.

2A.24 The Board may fill any casual vacancies that may occur in the Listing Committee by reason of resignation, retirement or otherwise. A person eligible for appointment to fill any such casual vacancy shall be nominated by the Listing Nominating Committee and shall be a person who is eligible within the same category of rule 2A.17 as the member who has vacated office. The term of a member appointed to fill a casual vacancy in an office shall end on the same date as the term of the member whose vacation from that office created the casual vacancy.

2A.25 Members of the Listing Committee may only remain in office for a maximum of six consecutive years in addition to any period of appointment pursuant to rule 2A.24 for the purpose of filling a casual vacancy. A member who has served for the maximum period permitted by this rule may be eligible for re-appointment after the lapse of two years from the date on which he last vacates office. Notwithstanding the foregoing, in exceptional circumstances, the Listing Nominating Committee shall have the discretion to nominate a person for re-appointment at any time before the lapse of two years from the date such person vacates office and the Board shall have the power to appoint such person.

2A.26 The office of a member of the Listing Committee shall be vacated if any one of the following events occurs:—

(1) if a receiving order is made against him or he makes any arrangement or composition with his creditors;

(2) if he becomes insane or is found to be of unsound mind within the meaning of the Mental Health Ordinance (Cap. 136);

(3) if by notice in writing to the Board and the Listing Committee, he resigns from his office; or

(4) if by reason of serious misconduct he is removed by the Board and a written statement setting out the reasons for his removal has been delivered to the Commission,

provided that the acts of such member shall nevertheless be treated as valid and effectual in all respects up to and until an entry of the vacation of office shall be entered in the minutes of the Listing Committee.

**Functions and Powers of the Listing Committee**

2A.27 The Listing Committee shall exercise all the powers and functions of the Board in relation to all listing matters. The Listing Committee's exercise of such powers and functions is only subject to the powers of review in the Listing Review Committee.

**Conduct of Meetings of the Listing Committee**

2A.28 The Listing Committee shall meet for the despatch of business, adjourn and otherwise regulate its meetings in accordance with the provisions of the rules made by the Board for this purpose, including rules governing members' conflicts of interest, subject to the provisions of this rule 2A.28. The quorum necessary for the transaction of any business by the Listing Committee shall be five members. The Chief Executive of HKEC will not attend meetings of the Listing Committee at which the Listing Committee is determining a matter in the first instance or on review.

2A.29 [Repealed 6 July 2019]

2A.30 [Repealed 6 July 2019]

2A.31 [Repealed 6 July 2019]

2A.32 [Repealed 6 July 2019]

2A.33 [Repealed 6 July 2019]

2A.34 [Repealed 6 July 2019]

2A.35 [Repealed 6 July 2019]

2A.36 [Repealed 6 July 2019]

2A.37 [Repealed 6 July 2019]

**Composition of the Listing Review Committee**

2A.37A Subject to casual vacancies from time to time the Listing Review Committee shall consist of 20 members or such greater number of members as the Board may from time to time agree. An individual who was a member of the Listing Committee may be eligible for appointment as a member of the Listing Review Committee after the lapse of two years from the date on which he last vacates office of the Listing Committee.

2A.37B The Listing Review Committee shall comprise:

(1) at least six individuals who the Listing Nominating Committee considers will represent the interest of investors; and

(2) the remaining members who the Listing Nominating Committee considers will represent a suitable balance of representatives of listed issuers and market practitioners, including lawyers, accountants, corporate finance advisers and Exchange Participants (or their officers), and who have experience and expertise in Listing Rule matters, or are familiar with the work of the Listing Committee.

No current Listing Committee members or representatives of the Commission or the HKEC shall be members of the Listing Review Committee.

**Appointment and Removal of Members of the Listing Review Committee**

2A.37C Members of the Listing Review Committee shall be appointed by the Board. The Board may appoint only persons nominated in accordance with rule 2A.37D.

2A.37D The persons eligible for appointment or re-appointment in each year as members of the Listing Review Committee shall be nominated by the Listing Nominating Committee.

2A.37E Members of the chairmen pool of the Listing Review Committee shall be nominated by the Listing Nominating Committee and appointed by the Board. The chairmen pool shall comprise at least four members of the Listing Review Committee.

2A.37F Members of the Listing Review Committee shall normally be appointed for a term of approximately twelve months.

2A.37G All members of the Listing Review Committee shall vacate office at the end of their term unless they are re-appointed by the Board for a further full term or such shorter period as the Board may stipulate at the time of re-appointment. Subject to rule 2A.37I, all members of the Listing Review Committee are eligible for re-appointment.

2A.37H The Board may fill any casual vacancies that may occur in the Listing Review Committee by reason of resignation, retirement or otherwise. A person eligible for appointment to fill any such casual vacancy shall be nominated by the Listing Nominating Committee and shall be a person who is eligible within the same category of rule 2A.37B as the member who has vacated office. The term of a member appointed to fill a casual vacancy in an office shall end on the same date as the term of the member whose vacation from that office created the casual vacancy.

2A.37I Members of the Listing Review Committee may only remain in office for a maximum of six consecutive years in addition to any period of appointment pursuant to rule 2A.37H for the purpose of filling a casual vacancy. A member who has served for the maximum period permitted by this rule may be eligible for re-appointment after the lapse of two years from the date on which he last vacates office. Notwithstanding the foregoing, in exceptional circumstances, the Listing Nominating Committee shall have the discretion to nominate a person for re-appointment at any time before the lapse of two years from the date such person vacates office and the Board shall have the power to appoint such person.

2A.37J The office of a member of the Listing Review Committee shall be vacated if any one of the following events occurs:—

(1) if a receiving order is made against him or he makes any arrangement or composition with his creditors;

(2) if he becomes insane or is found to be of unsound mind within the meaning of the Mental Health Ordinance (Cap. 136);

(3) if by notice in writing to the Board and the Listing Review Committee, he resigns from his office; or

(4) if by reason of serious misconduct he is removed by the Board and a written statement setting out the reasons for his removal has been delivered to the Commission,

provided that the acts of such member shall nevertheless be treated as valid and effectual in all respects up to and until an entry of the vacation of office shall be entered in the minutes of the Listing Review Committee.

**Functions and Powers of the Listing Review Committee**

2A.37K The Listing Review Committee shall be the review body in respect of any decision of the Listing Committee and, where the Commission had requested a review by the Listing Review Committee of a decision made by the Listing Committee, the further and final review body for decisions of the Listing Review Committee as provided in rules 2A.16A(7) and 2B.16(7).

**Conduct of Meetings of the Listing Review Committee**

2A.37L The Listing Review Committee shall meet for the despatch of business, adjourn and otherwise regulate its meetings in accordance with the provisions of the rules made by the Board for this purpose, including rules governing members' conflicts of interest, subject to the provisions of this rule 2A.37L. The quorum necessary for the transaction of any business of the Listing Review Committee shall be five members. All review hearings shall be heard *de novo*. The Listing Review Committee will rehear the case and decide it afresh, after considering all the relevant evidence and arguments made at the earlier hearings and any additional evidence or information which may be adduced in accordance with the procedures and regulations for review hearings and any directions made by the Listing Review Committee. The Listing Review Committee will consider the decision of the previous decision making body and state the reasons for its own decision. The Listing Review Committee will also address the prior decision (and the basis therefor) in its own decision, whether it is upholding or overturning that prior decision.

**Bona Fide Acts of Committee Members**

2A.38 All bona fide acts of a member of the Listing Committee or any member of the Listing Review Committee pursuant to the resolutions passed at any meeting of those Committees shall, as regards all persons dealing in good faith with the Exchange, notwithstanding that it be subsequently discovered that there was some defect in the appointment of any such member or that such member was for some reason ineligible for appointment, be deemed to be valid as if every member had been duly appointed and was qualified to be a member of the relevant Committee.

**Transitional**

2A.39 All disciplinary review hearings for disciplinary proceedings commenced before the implementation of the new rules will be conducted under Chapters 2A and 2B of the Listing Rules in force as at the time of commencement of disciplinary proceedings. The Committees in existence before the implementation of the new rules will continue in existence until all such proceedings have been concluded and the rules and procedures then in force will continue to apply for the purpose of the conduct of these matters.

*Note: (1) Disciplinary proceedings are commenced upon the Listing Division submitting a report to the Secretary setting out its case and all material facts and submissions upon which it intends to rely.*

*(2) For the purpose of this rule, the reference to "new rules" refers to the amendments to this Chapter and Chapter 2B which came into effect on 6 July 2019.*

# Chapter 2B

# GENERAL



## REVIEW PROCEDURE

### General

2B.01 The Listing Committee has retained the role of oversight of the Listing Division and the Chief Executive of the Exchange to ensure that they exercise those powers and carry out their day-to-day functions in a professional and impartial manner. This oversight role does not mean, however, that the Listing Committee will be involved in the day-to-day administration of the Listing Rules but the Listing Committee will act as an independent review body and has retained the right to review at any time, on its own volition, any decision of the Chief Executive of the Exchange, the Executive Director of the Listing Division or any member of the staff of the Listing Division which is made under any of the powers delegated by the Listing Committee and to endorse, modify, vary or reverse any such decision. In addition, the Listing Committee has the power to impose directions, regulations or restrictions on the Chief Executive of the Exchange, the Executive Director of the Listing Division and the staff of the Listing Division in respect of the way in which they are to carry out their delegated authority.

### Definitions and Interpretation

2B.01A In this Chapter:

(1) Where this Chapter provides a time limit for performing any act within a specified number of business days of receipt of the relevant document, the act is to be performed within the specified number of business days after, but not including, the date of receipt of the relevant document.

(2) "Return Decision" means the Listing Division's decision to return a new applicant's listing application and all related documents to its sponsor (except for the retention of a copy of these documents for the Exchange's record) on the ground that the information in the listing application form, Application Proof, or any other related documents under rule 9.10A(1) is not substantially complete under rule 9.03(3). A Return Decision does not include a rejection decision under rule 2B.05(1).

(3) "Review Request" means a written request by the relevant party for a review of the decision of the Listing Division, Listing Committee or the Listing Review Committee (as the case may be) under rules 2B.05, 2B.06, 2B.06A and 2B.16(7) which must be served on the Secretary of the Listing Committee or the Secretary of the Listing Review Committee (hereinafter referred to as the "Secretary"), as the case may be.

2B.02 The Listing Committee may at any time conduct a hearing in relation to any matter relating to or arising out of the Listing Rules and it may require the attendance at such hearing of such persons and the production to such hearing of such documents as it deems appropriate. As provided in this Chapter, certain decisions of the Listing Division may be referred to the Listing Committee for review; and certain decisions of the Listing Committee may be referred to the Listing Review Committee for a further and final review.

2B.02A This Chapter sets out the mechanism, procedures and related provisions for the review of non-disciplinary decisions by the Listing Committee and the Listing Review Committee.

2B.03 The Listing Committee and the Listing Review Committee may from time to time prescribe such procedures and regulations for any review hearings of the respective Committee as they may think fit, including procedures for appointing from time to time the Chairman for any review hearing, procedures governing members' conflict of interest and the publication of decisions and reasons.

2B.04 (1) Notwithstanding rule 2B.03 and provisions in respect of Form A1, a listed issuer or new applicant shall submit to the Listing Committee, information for an application for listing pursuant to each Form A1 no more than two times subject always to:-

(a) the Listing Committee to permit otherwise if it considers necessary; and

(b) only one right of review by the listed issuer or new applicant against the latest decision made by the Listing Committee as at the date of the Review Request pursuant to rule 2B.08.

(c) [Repealed 6 July 2019]

(2) The Listing Committee shall only consider a revised application for listing if the listed issuer or the new applicant, as the case may be, provides new information for the consideration by the Listing Committee.

(3) Subject to rule 2B.04(1), the listed issuer or the new applicant may if it considers necessary, submit a new listing application form again for the consideration by the Listing Committee.

**Review cases of a new applicant to be considered by the Listing Committee and the Listing Review Committee**

2B.05 (1) (a) Where the Listing Division rejects an application for listing by a new applicant, the new applicant has the right to have the decision referred to the Listing Committee for a review.

(b) Where the Listing Committee rejects an application for listing by the new applicant or endorses, modifies or varies the Listing Division's decision to reject an application, the new applicant has the right to have the decision referred to the Listing Review Committee for a further and final review.

(c) Subject to rule 2B.16, the decision of the Listing Review Committee on the review is conclusive and binding on the new applicant.

*Note: A rejection decision under rule 2B.05(1) does not include a Return Decision.*

(2) (a) A new applicant and/or its sponsor have the right to have a Return Decision reviewed by the Listing Committee.

(b) Where the Listing Committee endorses the Return Decision, the new applicant and/or the sponsor have the right to have the Return Decision referred to the Listing Review Committee for a further and final review. Subject to rule 2B.16, the decision of the Listing Review Committee on the review is conclusive and binding on the new applicant and the sponsor.

**Review cases of a listed issuer to be considered by the Listing Committee and the Listing Review Committee**

2B.06 (1) Where the Listing Division makes a decision on the listed issuer, the listed issuer may request the decision be referred to the Listing Committee for a review by the Listing Committee.

(2) Subject to rule 2B.04, where the Listing Committee endorses, modifies or varies the Listing Division's decision or makes its own decision, the listed issuer may request the decision be referred to the Listing Review Committee for a further and final review.

(3) Subject to rule 2B.16, the decision of the Listing Division or the Listing Committee, as the case may be, shall be conclusive and binding on the listed issuer if the listed issuer does not seek review of the decision of the Listing Division or the Listing Committee, as the case may be; otherwise, the decision of the Listing Review Committee shall be conclusive and binding on the listed issuer.

**Review cases of an authorised representative to be considered by the Listing Committee and the Listing Review Committee**

2B.06A(1) Where the Listing Division decides that the role of an authorised representative appointed under rule 3.05 be terminated, that authorised representative shall have the right to have that decision referred to the Listing Committee for review.

(2) Where the Listing Committee endorses, modifies or varies the Listing Division's decision, the authorised representative shall have the right to have that decision reviewed by the Listing Review Committee, whose decision shall be conclusive and binding on both the listed issuer and the authorised representative.

2B.07 [Repealed 6 July 2019]

**Time for application**

2B.08 (1) Subject to (3) below, a Review Request for reviewing any decision of the Listing Division, the Listing Committee or the Listing Review Committee (as the case may be) under rules 2B.05(1), 2B.06, 2B.06A and 2B.16(7) must be served on the Secretary within seven business days of the issue of either the relevant decision, or if the relevant party requests written reasons under rule 2B.13(1), those written reasons.

(2) A Review Request for reviewing a Return Decision or a Listing Committee's decision to endorse a Return Decision must include the grounds for the review together with reasons and be served on the Secretary within five business days of the issue of the written decision under rule 2B.13(2).

(3) A Review Request made under rule 2B.06 for reviewing a decision of the Listing Division to direct the resumption of trading or, if such decision has been referred to the Listing Committee for review, the Listing Committee's decision on such review, must include the grounds for the review together with reasons and be served on the Secretary within five business days of the issue of the written decision under rule 2B.13(3).

**Notice of review hearing**

2B.09 Upon the receipt of a Review Request, the Listing Committee or the Listing Review Committee, as the case may be, will convene a hearing to review the matter in accordance with the procedures as prescribed by the Secretary; provided that when the Listing Committee or the Listing Review Committee considers that it is necessary to resolve an issue urgently, it may stipulate such time as may be necessary within which the relevant party should be informed as to the date for the review hearing.

**Prehearing procedures**

2B.10 In all review cases, the Listing Division and the relevant parties will provide each other and the Listing Committee or the Listing Review Committee, as the case may be, through the Secretary of the relevant Committee with any papers to be presented by it at the hearing, in advance of the review hearing.

**Conduct of review hearing**

2B.11 (1) The Listing Committee or the Listing Review Committee shall meet for the despatch of business, adjourn and otherwise regulate its hearings in accordance with the provisions of the rules made by the Board for this purpose, including rules governing members' conflicts of interest, subject to the provisions of this rule. All review hearings under this Chapter shall be heard *de novo*. The Listing Committee and the Listing Review Committee (as the case may be) will rehear the case and decide it afresh, after considering all the relevant evidence and arguments made at the earlier hearings and any additional evidence or information which may be adduced in accordance with the procedures and regulations for review hearings and any directions made by the Listing Committee or the Listing Review Committee. The Listing Review Committee will consider the decision of the previous decision making body and state the reasons for its own decision. The Listing Review Committee will also address the prior decision (and the basis therefor) in its own decision, whether it is upholding or overturning that prior decision.

(2) The quorum necessary for the transaction of any business by the Listing Committee or the Listing Review Committee shall be five members.

(3) The Chief Executive of HKEC will not attend meetings of the Listing Committee at which the Listing Committee is determining a matter in the first instance or attend review hearings of the Listing Committee.

(4) [Repealed 6 July 2019]

(5) (a) [Repealed 6 July 2019]

(b) [Repealed 6 July 2019]

(c) [Repealed 6 July 2019]

(d) In a review of a Return Decision or a Listing Committee's decision to endorse a Return Decision, any materials submitted to the Listing Committee or the Listing Review Committee must be based on the original materials submitted to the Listing Division when the new applicant first filed its listing application.

(6) Where the Listing Committee is considering an application for listing from a new applicant, the Listing Division will normally invite the new applicant and its directors to make itself available to attend the Listing Committee hearing. The new applicant, including its directors and its sponsor shall be prepared to answer questions raised by the Listing Committee, but they will normally only be invited into the Listing Committee hearing if the Listing Committee wishes to directly question the new applicant. If the new applicant is invited to make itself available to attend, the new applicant may be accompanied by its directors, sponsor and/or proposed authorised representatives.

(7) At a review hearing before the Listing Committee or the Listing Review Committee, the directors of the new applicant or the listed issuer (as the case may be) have the right to attend the hearing, to make submissions and to be accompanied by one representative of each of the sponsor, authorised representatives, proposed or otherwise, the financial adviser, the legal adviser and auditors of the new applicant or the listed issuer (as the case may be); an authorised representative may be accompanied by his legal adviser.

(8) In the case of a review hearing sought by an authorised representative under rule 2B.06A, the authorised representative has the right to attend the review hearing, to make submissions and may be accompanied by his legal adviser.

(9) Sub-rules (6) and (7) do not apply to a review relating to a Return Decision. In a review hearing of a Return Decision by the Listing Committee or the Listing Review Committee, the directors of the new applicant and/or one representative of each sponsor have the right to attend the hearing, to make submissions and to be accompanied, in the case of the directors of the new applicant, by one representative of each of the new applicant's financial adviser, legal adviser and auditors; and in the case of each sponsor, by its legal adviser. If all the parties seeking a review decide not to attend the hearing, the hearing will proceed based on the documents submitted for hearing. For the avoidance of doubt, if a party seeking a review decides not to attend the hearing, the hearing will proceed in his absence.

**Role of Secretary**

2B.12 (1) The Secretary shall be responsible for overseeing and co-ordinating the operation of the review procedures.

(2) Any notices, notifications and all other documents required to be submitted to the Listing Committee or the Listing Review Committee must be served upon the Secretary who will ensure that such documents are provided to the other parties and members of the Listing Committee or the Listing Review Committee, as appropriate.

(3) The Secretary shall advise the Listing Committee or the Listing Review Committee on procedural matters, but all decisions on such matters shall be made only by the Listing Committee or the Listing Review Committee, as the case may be; and the Secretary shall carry out such duties as may from time to time be authorised by the Listing Committee or the Listing Review Committee.

(4) The Secretary shall be the point of contact for all parties, including the representatives of the Listing Division and the relevant party seeking for a review, in respect of any administrative matter arising out of the review procedures.

(5) The Secretary shall refer any pre-review hearing enquiries or matter, procedural or otherwise, to the Chairman proposed for any of the Listing Committee or the Listing Review Committee, as the case may be, for confirmation or decision or if the proposed Chairman so directs, the Secretary shall refer the same to the Listing Committee or the Listing Review Committee, as the case may be, for its decision.

**Request for written reasons**

2B.13 (1) Except for a review relating to a Return Decision or a decision to direct the resumption of trading, any request for the Listing Division, the Listing Committee or the Listing Review Committee (as the case may be) to give written reasons for its decision shall be made by a relevant party within three business days of the issue of the decision. The Listing Division, the Listing Committee or the Listing Review Committee (as the case may be) will provide written reasons within 14 business days of the receipt of the request. Such written reasons will be provided to all parties to the review.

(2) The Listing Division, the Listing Committee or the Listing Review Committee (as the case may be) will provide written reasons for its Return Decision or decision to endorse a Return Decision.

(3) The Listing Division, the Listing Committee or the Listing Review Committee (as the case may be) will provide written reasons for its decision to direct the resumption of trading under rule 6.07 or decision to endorse such a decision.

**Publication of decisions**

2B.13A The conclusive and binding decisions of the Listing Review Committee under this Chapter shall be published on the Exchange's website unless otherwise directed by the review body. In the event of a further and final review under rule 2B.16(7), the decision of the Listing Review Committee which heard the review initiated by the Commission and the decision of the Listing Review Committee which heard the further and final review shall both be published.

**Costs**

2B.14 Upon submission of a Review Request pursuant to Rule 2B.08, a non-refundable fee of HK$60,000 is payable to the Exchange, for each review, by any party seeking to review a decision of the Listing Division, the Listing Committee or (in relation to a review under rule 2B.16(7)) the Listing Review Committee, as the case may be, pursuant to this Chapter 2B.

**Aggrieved Party**

2B.15 Any person, other than a listed issuer, its sponsor and authorised representatives, who is aggrieved by a decision of the Listing Division or the Listing Committee may express his views, in writing, to the Chairman of the Listing Committee. The Listing Committee may, in its sole discretion, decide to fully review the matter, having regard to the rights of any third party which may have been created in reliance upon the earlier decision.

**Non-disciplinary reviews initiated by the Commission**

2B.16 (1) The Commission shall have the right to request in writing a review of any non-disciplinary matter, including a decision of the Listing Committee by the Listing Review Committee under this rule.

(2) In reviewing a matter, the review body shall have due regard to the rights and interests of all third parties who would be directly affected by the further review of the matter.

(3) The Commission may request written reasons for a decision of the Listing Committee or the Listing Review Committee if no written reasons were provided in the decision of the relevant Committee and if the relevant party does not request written reasons under rule 2B.13(1). The Commission will make such a request within seven days of the expiry of the time stipulated for request of written reasons under rule 2B.13(1). Where the relevant party requests written reasons, the written reasons provided to the relevant party will be provided to the Commission and the Listing Division. Similarly, written reasons provided to the Commission pursuant to the Commission's request will also be provided to the relevant party and the Listing Division.

(4) If the Commission decides to request a review of a matter, it will do so within seven business days after receipt of the relevant decision or, if either the Commission or the relevant party requests written reasons for the decision, those written reasons.

(5) The review body and/or its Chairman may prescribe the procedures for reviewing a matter under this rule as they may think fit.

(6) The relevant party, the Listing Division and the Commission will have the right to make written submissions to the review body, and the review body shall take into account all such written submissions when reaching its decision. This applies to both a review requested by the Commission and any further and final review requested by the relevant party pursuant to rule 2B.16(7).

(7) Where the review body overturns, modifies or varies the decision subject to review, the relevant party shall have a further and final right to seek a review of the decision by the Listing Review Committee. Subject to the facts and circumstances arising in the earlier meeting(s) in each case and subject further to the absolute discretion of the proposed Chairman of the Listing Review Committee, all of the members present at the further and final review shall be persons who were not present at the earlier review hearing of the Listing Review Committee (if any). In the event there are insufficient persons available to make up the required quorum for the Listing Review Committee, the proposed Chairman of the Listing Review Committee shall direct the Secretary to select sufficient additional members to make up the required quorum by such method as the proposed Chairman considers appropriate in the proposed Chairman's absolute discretion.

**Transitional**

2B.17 (1) All non-disciplinary review hearings in respect of the following decisions will be conducted under Chapters 2A and 2B of the Listing Rules in force immediately before the implementation of the new rules:

(a) subject to (b) and (c) below, any first instance non-disciplinary decision made before the implementation of the new rules;

(b) any decision made under Practice Note 17;

(c) any decision made under rule 6.10(1) before the implementation of the new rules and any follow on or further decision made in relation to those decisions (including a decision to cancel the listing if an issuer fails to remedy the specified matters within the specified period); and

(d) any review decision of the decisions referred to in (a), (b) or (c) above.

(2) The Committees in existence before the implementation of the new rules will continue in existence until all relevant review proceedings have been concluded and the rules and procedures then in force will continue to apply for the purpose of the conduct of the above matters.

*Note: For the purpose of this rule, the reference to "new rules" refers to the amendments to this Chapter and Chapter 2A which came into effect on 6 July 2019.*

# Chapter 3

# GENERAL

## AUTHORISED REPRESENTATIVES, DIRECTORS, BOARD COMMITTEES AND COMPANY SECRETARY

3.01 [Repealed 1 January 2005]

3.02 [Repealed 1 January 2005]

3.03 [Repealed 1 January 2005]

3.04 [Repealed 1 January 2005]

### Authorised Representatives

3.05 Every listed issuer shall appoint two authorised representatives who shall act at all times as the listed issuer's principal channel of communication with the Exchange. The two authorised representatives must be either two directors or a director and the listed issuer's company secretary unless the Exchange, in exceptional circumstances, agrees otherwise.

3.06 The responsibilities of an authorised representative are:—

(1) at all times (particularly before commencement of trading in the morning) to be the principal channel of communication between the Exchange and the issuer and to supply the Exchange with details in writing of how to contact him including home, office, mobile and other telephone numbers, email address and correspondence address (if the authorised representative is not based at the registered office), facsimile numbers if available, and any other contact details prescribed by the Exchange from time to time;

(2) to ensure that whenever he is outside Hong Kong suitable alternates are appointed, available and known to the Exchange and to supply the Exchange with details in writing of how such alternates may be contacted including their home and office telephone numbers and, where available, facsimile numbers;

(3) the authorised representative should only terminate his role as authorised representative after first notifying the Exchange of such proposed termination and the reasons therefor; and

(4) except in exceptional circumstances, the listed issuer should not terminate the role of an authorised representative until it has appointed a replacement. Where the authorised representative's role is terminated by the listed issuer, both the listed issuer and the former authorised representative should immediately notify the Exchange of such termination in each case stating the reason why such appointment was terminated and the listed issuer and the new authorised representative should immediately notify the Exchange of the new authorised representative's appointment.

3.07 If the Exchange is not satisfied that the authorised representative is fulfilling his responsibilities adequately, it may require the listed issuer to terminate his appointment and appoint a replacement as soon as possible. The listed issuer and the new authorised representative should immediately notify the Exchange of the new authorised representative's appointment.

**Directors**

3.08 The board of directors of an issuer is collectively responsible for its management and operations. The Exchange expects the directors, both collectively and individually, to fulfil fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standard established by Hong Kong law. This means that every director must, in the performance of his duties as a director:—

(a) act honestly and in good faith in the interests of the company as a whole;

(b) act for proper purpose;

(c) be answerable to the issuer for the application or misapplication of its assets;

(d) avoid actual and potential conflicts of interest and duty;

(e) disclose fully and fairly his interests in contracts with the issuer; and

(f) apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding his office within the issuer.

Directors must satisfy the required levels of skill, care and diligence. Delegating their functions is permissible but does not absolve them from their responsibilities or from applying the required levels of skill, care and diligence. Directors do not satisfy these required levels if they pay attention to the issuer's affairs only at formal meetings. At a minimum, they must take an active interest in the issuer's affairs and obtain a general understanding of its business. They must follow up anything untoward that comes to their attention.

Directors are reminded that if they fail to discharge their duties and responsibilities, they may be disciplined by the Exchange and may attract civil and/or criminal liabilities under Hong Kong law or the laws of other jurisdictions.

*Note: These duties are summarised in "A Guide on Directors' Duties" issued by the Companies Registry. In addition, directors are generally expected by the Exchange to be guided by the Guidelines for Directors and the Guide for Independent Non-executive Directors published by the Hong Kong Institute of Directors (www.hkiod.com). In determining whether a director has met the expected standard of care, skill and diligence, courts will generally consider a number of factors. These include the functions that are to be performed by the director concerned, whether he is a full-time executive director or a part-time non-executive director and his professional skills and knowledge.*

3.09 Directors of a listed issuer must have the character, experience and integrity and be able to demonstrate a standard of competence commensurate with their position as directors of a listed issuer. The Exchange may request further information regarding the background, experience, other business interests or character of any director or proposed director of a listed issuer.

3.09A Directors, in accepting to be directors of a listed issuer, shall be considered as having:

(1) irrevocably appointed the listed issuer as their agent, for so long as they remain directors of the issuer, for receiving on their behalf any correspondence from and/or service of notices and other documents by the Exchange or the Commission; and

(2) authorised the Executive Director – Listing, or any person authorised by the Executive Director – Listing, to disclose any of their personal particulars given by them to members of the Listing Committee or the Commission and, with the approval of the Chairman or a Deputy Chairman of the Exchange, to such other persons, as the Executive Director – Listing may from time to time think fit.

3.09B Every director of a listed issuer must, in the exercise of his powers and duties as a director of the issuer:

(1) comply to the best of his ability with the Listing Rules;

(2) use his best endeavours to procure the issuer and, in the case of depositary receipts, the depositary, to comply with the Listing Rules;

(3) use his best endeavours to procure any alternate of his to comply with the Listing Rules; and

(4) comply to the best of his ability, and use his best endeavours to procure the issuer to comply, with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFO, the Takeovers Code, and the Share Buy-backs Code and all other securities laws and regulations from time to time in force in Hong Kong.

3.09C Every director of a listed issuer, whether when he is a director of the issuer or after ceasing to be so, shall:

(1) provide to the Exchange and the Commission as soon as possible, or otherwise in accordance with time limits imposed by the Exchange or the Commission:

(a) any information and documents that the Exchange or the Commission reasonably considers appropriate to protect investors or ensure the smooth operation of the market; and

(b) any other information and documents or explanation that the Exchange may reasonably require for the purpose of verifying compliance with the Listing Rules or as requested by the Commission; and

(2) cooperate in any investigation conducted by the Listing Division and/or the Listing Committee or the Commission, including answering promptly and openly any questions addressed to the director, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the director is requested to appear.

3.09D Every director of a listed issuer must obtain legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Exchange Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Exchange.

*Notes:*

*1. A new applicant shall ensure that each of its directors as at listing has obtained the legal advice referred to in this rule before commencement of dealings of its securities on the Exchange, and must disclose in its listing document (i) the date on which each of its directors obtained the legal advice referred to in this rule and; (ii) that each director has confirmed he understood his obligations as a director of a listed issuer.*

*2. A listed issuer shall ensure that each of its proposed directors has obtained the legal advice referred to in this rule before his appointment becomes effective, and must disclose in the next published annual report following the directors' appointment (i) the date on which each of its proposed directors obtained the legal advice referred to in this rule and; (ii) that each proposed director has confirmed he understood his obligations as a director of a listed issuer.*

3.09E For issuers of debt securities, references to "directors" in rules 3.09B to 3.09D should be read as references to members of the issuer's governing body where applicable.

3.09F Every director of a listed issuer must receive continuous professional development in each financial year of the issuer.

3.09G The continuous professional development required by rule 3.09F must at least cover each of the following topics:

(1) the roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness;

(2) issuers' obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties;

(3) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the issuer and its business);

(4) risk management and internal controls; and

(5) updates on industry-specific developments, business trends and strategies relevant to the issuer.

3.09H First-time directors must complete no less than 24 hours of the continuous professional development required by rule 3.09F within 18 months of the date of their appointment. First-time directors who have served as a director of an issuer listed on an exchange other than the Main Board or GEM within the three years prior to their appointment must complete no less than 12 hours of the continuous professional development required by rule 3.09F within 18 months of the date of their appointment.

*Notes:*

1. *For the purpose of this rule, "first-time directors" means individuals who: (i) are appointed as a director of an issuer listed on the Main Board or GEM for the first time (i.e. have no prior experience as a director of an issuer listed on the Main Board and GEM); or (ii) have not served as a director of an issuer listed on the Main Board or GEM within the three years prior to their appointment.*

2. *If a first-time director ceases to be a director of an issuer listed on the Main Board or GEM prior to the completion of the required number of hours of continuous professional development in rule 3.09H, and is subsequently appointed as a director of an issuer listed on the Main Board or GEM within three years of the conclusion of the first appointment, that individual would have to complete the remaining training hours within 18 months from the subsequent appointment.*

3.10 Every board of directors of a listed issuer must include:

(1) at least three independent non-executive directors; and

(2) at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.

*Note: With regard to "appropriate accounting or related financial management expertise", the Exchange would expect the person to have, through experience as a public accountant or auditor or as a chief financial officer, controller or principal accounting officer of a public company or through performance of similar functions, experience with internal controls and in preparing or auditing comparable financial statements or experience reviewing or analysing audited financial statements of public companies. It is the responsibility of the board to determine on a case-by-case basis whether the candidate is suitable for the position. In making its decision, the board must evaluate the totality of the individual's education and experience.*

3.10A An issuer must appoint independent non-executive directors representing at least one-third of the board.

*Note: The issuer must comply with this rule by 31 December 2012.*

3.11 An issuer shall immediately inform the Exchange and publish an announcement containing the relevant details and reasons if, at any time, the number of its independent non-executive directors falls below:

(1) the minimum number required under rule 3.10(1) or at any time it has been unable to meet the requirement set out in rule 3.10(2) regarding qualification of the independent non-executive directors; or

(2) one-third of the board as required under rule 3.10A.

The issuer shall use all reasonable endeavours to appoint a sufficient number of independent non-executive directors to meet the minimum number required under rule 3.10(1) or 3.10A or appoint an independent non-executive director to meet the requirement set out in rule 3.10(2) on a timely basis, and in any case within three months after being unable to meet the requirement(s).

3.12 In addition to fulfilling the requirements and continuing obligations of rules 3.08, 3.09, 3.12A, 3.13 and 3.13A, every independent non-executive director must have the character, integrity, independence and experience to fulfil his role effectively. The Exchange may stipulate a minimum number of independent non-executive directors which is higher than three if, in the opinion of the Exchange, the size of the board or other circumstances of the listed issuer justify it.

3.12A An independent non-executive director must not concurrently hold more than six directorships of issuers listed on the Main Board or GEM.

*Note: As a transitional arrangement, an independent non-executive director who concurrently holds more than six directorships of issuers listed on the Main Board or GEM as at 30 June 2028 must comply with this rule by the conclusion of the earliest annual general meeting held on or after 1 July 2028 by any of these issuers.*

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 number of issued shares (excluding treasury shares) 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 demonstrate, 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) has received an interest in any securities of the listed issuer as a gift, or by means of other financial assistance, from a core connected person or the listed issuer itself. However, subject to Note 1 to rule 3.13(1), the director will still be considered independent if he receives shares or interests in securities from the listed issuer or its subsidiaries (but not from core connected persons) as part of his director's fee or pursuant to share schemes established in accordance with Chapter 17;

(3) is or was a director, partner or principal of a professional adviser which currently provides or has within two years immediately prior to the date of his proposed appointment provided services, or is or was an employee of such professional adviser who is or has been involved in providing such services during the same period, to:

(a) the listed issuer, its holding company or any of their respective subsidiaries or core connected persons; or

(b) any person who was a controlling shareholder or, where there was no controlling shareholder, any person who was the chief executive or a director (other than an independent non-executive director), of the listed issuer within two years immediately prior to the date of the proposed appointment, or any of their close associates;

(4) currently, or within one year immediately prior to the date of the person's proposed appointment, has or had a material interest in any principal business activity of or is or was involved in any material business dealings with the listed issuer, its holding company or their respective subsidiaries or with any core connected persons of the listed issuer;

(5) is on the board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole;

(6) is or was connected with a director, the chief executive or a substantial shareholder of the listed issuer within two years immediately prior to the date of his proposed appointment;

*Note: Without prejudice to the generality of the foregoing, any person cohabiting as a spouse with, and any child, step-child, parent, step-parent, brother, sister, step-brother and step-sister of, a director, the chief executive or a substantial shareholder of the listed issuer is, for the purpose of rule 3.13(6), considered to be connected with that director, chief executive or substantial shareholder. A father-in-law, mother-in-law, son-in-law, daughter-in-law, grandparent, grandchild, uncle, aunt, cousin, brother-in-law, sister-in-law, nephew and niece of a director, the chief executive or a substantial shareholder of the listed issuer may in some circumstances also be considered to be so connected. In such cases, the listed issuer will need to provide the Exchange with all relevant information to enable the Exchange to make a determination.*

(7) is, or has at any time during the two years immediately prior to the date of his proposed appointment been, an executive or director (other than an independent non-executive director) of the listed issuer, of its holding company or of any of their respective subsidiaries or of any core connected persons of the listed issuer; and

*Note: An "executive" includes any person who has any management function in the company and any person who acts as a company secretary of the company.*

(8) is financially dependent on the listed issuer, its holding company or any of their respective subsidiaries or core connected persons of the listed issuer.

The independent non-executive director must confirm to the issuer or the new applicant (as the case maybe), and the issuer must confirm in the announcement on the appointment of such independent non-executive director, and in the case of new applicant, in the Application Proof, each draft listing document subsequently submitted to the Exchange and the listing document, that the director has confirmed:

(a) his independence as regards each of the factors referred to in rule 3.13(1) to (8);

(b) his past or present financial or other interest in the business of the issuer or its subsidiaries or any connection with any core connected person (as such term is defined in the Exchange Listing Rules) of the issuer, if any; and

(c) that there are no other factors that may affect the independent non-executive director's independence at the time of his appointment.

Each independent non-executive director shall inform the issuer and the Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his independence. The listed issuer must confirm in each of its annual reports whether it still considers the independent non-executive director to be independent.

*Notes: 1. The factors set out in rule 3.13 are included for guidance only and are not intended to be exhaustive. The Exchange may take account of other factors relevant to a particular case in assessing independence.*

*2. When determining the independence of a director under rule 3.13, the same factors should also apply to the director's immediate family members. "Immediate family member" is defined under rule 14A.12(1)(a).*

3.13A An issuer's board must not include an independent non-executive director who has served on the board as an independent non-executive director for a period of nine years or more, as at the conclusion of the issuer's annual general meeting that follows the end of the director's nine-year tenure.

*Notes: 1. As a transitional arrangement, an issuer's board must not:*

*(i) as at the conclusion of its first annual general meeting held on or after 1 July 2028, have independent non-executive directors who have served for a period of nine years or more representing a majority of its independent non-executive directors; and*

*(ii) as at the conclusion of its first annual general meeting held on or after 1 July 2031, include any independent non-executive director who has served for a period of nine years or more.*

*2. For the purpose of this rule, a "period of nine years" will be counted from the date of appointment of an independent non-executive director or (where the appointment occurs before listing) the listing date of the issuer. Where the individual ceases to be an independent non-executive director of the issuer for a period(s) of less than three years (prior to serving as an independent non-executive director for a period of nine years), such period(s) will be counted towards the calculation of the tenure.*

*3. The Exchange will permit an individual who has previously served as an independent non-executive director on the board of a listed issuer for nine years or more to be subsequently re-appointed as an independent non-executive director of the same issuer, provided that such individual: (i) satisfies the independence guidelines set out in rule 3.13; and (ii) has not, at any time during the three years immediately prior to the date of their proposed re-appointment, been a director of the listed issuer, of its holding company or of any of their respective subsidiaries or of any core connected persons of the listed issuer.*

3.14 Where a proposed independent non-executive director fails to meet any of the independence guidelines set out in rule 3.13, the listed issuer must demonstrate, prior to the proposed appointment, that the person is independent. The listed issuer must also disclose the reasons why such person is considered to be independent in the announcement of his appointment as well as in the next annual report published after his appointment. In cases of doubt, the listed issuer must consult the Exchange at an early stage.

3.15 [Repealed 1 October 2020]

3.16 A listed issuer must ensure that its directors accept full responsibility, collectively and individually, for the listed issuer's compliance with the Exchange Listing Rules.

3.17 Every director shall comply with the Model Code set out in Appendix C3 or the listed issuer's own code on no less exacting terms. The Model Code sets out the required standard which the Exchange requires all listed issuers and their directors to meet and any breach of such required standard will be regarded as a breach of the Exchange Listing Rules. A listed issuer may adopt its own code on terms no less exacting than those set out in the Model Code. Any breach of its own code will not be regarded as a breach of the Exchange Listing Rules provided that the required standard under the Model Code is met.

3.18 [Repealed 1 January 2005]

3.19 [Repealed 1 October 2020]

3.20 Directors of a listed issuer shall inform the Exchange (in the manner prescribed by the Exchange from time to time):

(1) as soon as reasonably practicable after their appointment, their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address, contact address (if different from the residential address) for correspondence from and service of notices and other documents by the Exchange or the Commission and other personal particulars as may be prescribed from time to time by the Exchange;

*Note: For issuers of debt securites, references to "directors" in rule 3.20 should be read as references to members of the issuer's governing body where applicable.*

(2) for so long as they remain as directors of the issuer, any change to the contact information as described in sub-rule (1) as soon as reasonably practicable and in any event within 28 days of such change; and

(3) for a period of 3 years from the date on which they cease to be directors of the issuer, any change to the contact information as described in sub-rule (1) as soon as reasonably practicable and in any event within 28 days of such change.

Any correspondence from and/or service of notices and other documents by the Exchange or the Commission to the directors when they are directors of the listed issuer or after they cease to be so, for whatever purposes (including but not limited to the service of notice of disciplinary proceedings) shall be deemed to have been validly and adequately served on them when the document or notice is served personally or is sent by post, facsimile or email to the address or number they provide to the Exchange. It is the responsibility of directors and former directors to keep the Exchange informed of their up-to-date contact details. If directors or former directors fail to provide the Exchange with their up-to-date contact details or arrange for notices, documents or correspondence to be forwarded to them, they may not be alerted to any proceedings commenced against them by the Exchange or the Commission.

3.20A [Repealed 1 March 2019]

**Audit Committee**

3.21 Every listed issuer must establish an audit committee comprising non-executive directors only. The audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2). The majority of the audit committee members must be independent non-executive directors of the listed issuer. The audit committee must be chaired by an independent non-executive director.

*Notes: 1. [Repealed 1 October 2020]*

*2. For further guidance on establishing an audit committee, listed issuers may refer to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in February 2002. Listed issuers may adopt the terms of reference set out in that guide, or they may adopt any other comparable terms of reference for the establishment of an audit committee.*

*3. Please see also the note to rule 3.10(2).*

3.22 The board of directors of the listed issuer must approve and provide written terms of reference for the audit committee which clearly establish the committee's authority and duties.

3.23 A listed issuer shall immediately inform the Exchange and publish an announcement in accordance with rule 2.07C containing the relevant details and reasons if the listed issuer is unable to set up an audit committee or at any time has been unable to meet any of the other requirements set out in rules 3.21 and 3.22 regarding the audit committee. The issuer must use all reasonable endeavours to set up an audit committee with written terms of reference and/or appoint appropriate members to the audit committee to meet the requirement(s) on a timely basis, and in any case within three months after being unable to meet such requirement(s).

3.24 [Repealed 1 January 2009]

**Remuneration Committee**

3.25 An issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors.

3.26 The board of directors must approve and provide written terms of reference for the remuneration committee which clearly establish its authority and duties.

3.27 If the issuer is unable to set up a remuneration committee or at any time has been unable to meet any of the other requirements in rules 3.25 and 3.26, it must immediately publish an announcement containing the relevant details and reasons. The issuer must use all reasonable endeavours to set up a remuneration committee with written terms of reference and/or appoint appropriate members to it to meet the requirement(s) on a timely basis, and in any case within three months after being unable to meet such requirement(s).

**Nomination Committee**

3.27A An issuer must establish a nomination committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors.

3.27B The board of directors must approve and provide written terms of reference for the nomination committee which clearly establish its authority and duties.

3.27C If the issuer is unable to set up a nomination committee or at any time has been unable to meet any of the other requirements in rules 3.27A and 3.27B, it must immediately publish an announcement containing the relevant details and reasons. The issuer must use all reasonable endeavours to set up a nomination committee with written terms of reference and/or appoint appropriate members to it to meet the requirement(s) on a timely basis, and in any case within three months after being unable to meet such requirement(s).

**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 The Exchange considers the following academic or professional qualifications to be acceptable:*

*(a) a Member of The Hong Kong Chartered Governance Institute;*

*(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance);and*

*(c) a certified public accountant (as defined in the Professional Accountants Ordinance).*

*2 In assessing "relevant experience," the Exchange will consider the individual's:*

*(a) length of employment with the issuer and other issuers and the roles he played;*

*(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;*

*(c) relevant training taken and/or to be taken in addition to the minimum requirement under rule 3.29; and*

*(d) professional qualifications in other jurisdictions.*

3.29 In each financial year an issuer's company secretary must take no less than 15 hours of relevant professional training.

# Chapter 3A

# GENERAL

## SPONSORS, COMPLIANCE ADVISERS, OVERALL COORDINATORS AND OTHER CAPITAL MARKET INTERMEDIARIES

### Definitions and Interpretation

3A.01 In this Chapter:

(1) "Compliance Adviser" means any corporation or authorised financial institution licensed or registered under the Securities and Futures Ordinance for Type 6 regulated activity and permitted under its licence or certificate of registration to undertake work as a sponsor and, as applicable, which is appointed under rule 3A.19 or rule 3A.20 to undertake work as a Compliance Adviser;

(2) "expert" includes every accountant, engineer, or appraiser, or any person whose profession gives authority to a statement made by him;

(3) "expert section" means, in relation to the listing document, any part of the listing document purporting to be made on the authority of an expert or purporting to be a copy of or extract from a report, opinion, statement or valuation of an expert where the expert gives consent for the inclusion in the listing document of the copy or extract and the listing document includes a statement that he has given and has not withdrawn such consent;

*Note: Retaining an expert to advise or assist a new applicant or sponsor on any non-expert section of the listing document does of itself not make such section an expert section.*

(4) "Fixed Period" means the period for which a listed issuer must retain a Compliance Adviser under rule 3A.19;

(5) "initial application for listing", "initial listing" and "initial public offering" include deemed new listings of equity securities under rule 14.54;

(6) "listed issuer" for the purposes of this Chapter, has the same meaning as in rule 1.01 but excludes an issuer of debt securities only;

(7) "new applicant" for the purposes of this Chapter, has the same meaning as in rule 1.01, modified for the purpose of this Chapter 3A to:

(a) include issuers who undergo a deemed listing of equity securities under rule 14.54; and

(b) exclude applicants seeking listing of debt securities only;

(8) "non-expert sections" means, in relation to the listing document, any part of the listing document that is not part of any expert section;

(9) "sponsor group" means:

(a) a sponsor;

(b) its holding company;

(c) any subsidiary of its holding company;

(d) any controlling shareholder of:

(i) the sponsor; or

(ii) its holding company; and

(e) any close associate of any controlling shareholder referred to in paragraph (d) above;

(10) "ultimate holding company" means a holding company that itself does not have a holding company; and

(11) "group of companies" has the same meaning as defined under section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance.

**Appointment of a sponsor**

3A.02 A new applicant must appoint a sponsor under a written engagement agreement to assist it with its initial application for listing.

*Note: In the case of a new applicant effecting a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, a sponsor should, before accepting an appointment by the new applicant as a sponsor, either:*

*(a) be independent of the new applicant and must ensure that it (or one of the companies within its group of companies) is appointed at the same time as an overall coordinator in accordance with rule 3A.43; or*

*(b) obtain a written confirmation from the new applicant that at least one sponsor-overall coordinator has been appointed in accordance with rule 3A.43.*

3A.02A (1) A sponsor, once appointed, must notify the Exchange in writing of its appointment as soon as practicable, regardless of whether a listing application has been submitted.

*Note: As a means of notification, a sponsor must provide a copy of its engagement letter to the Exchange as soon as it is formally appointed.*

(2) If a sponsor ceases to act for a new applicant at any time after its appointment (regardless of whether a listing application has been submitted), the sponsor must inform the Exchange in writing, as soon as practicable, of its reasons for ceasing to act.

3A.02B (1) A listing application must not be submitted by or on behalf of a new applicant less than 2 months from the date of the sponsor's formal appointment.

(2) Where more than one sponsor is appointed in respect of a listing application, the listing application can only be submitted not less than 2 months from the date the last sponsor is formally appointed.

3A.03 [Repealed 31 December 2023]

(1) [Repealed 1 October 2013]

(2) [Repealed 1 October 2013]

3A.04 [Repealed 1 October 2013]

**Obligations of a new applicant and its directors to assist the sponsor**

3A.05 A new applicant and its directors must assist the sponsor to perform its role and must ensure that its substantial shareholders and associates also assist the sponsor. To facilitate the sponsor to meet its obligations and responsibilities under the Exchange Listing Rules and the Code of Conduct, the written engagement agreement referred to in rule 3A.02 must contain at least the following obligations for the applicant and its directors:

(1) to fully assist the sponsor to perform its due diligence work;

(2) to procure all relevant parties engaged by the new applicant in connection with its listing application (including financial advisers, experts and other third parties) to cooperate fully with the sponsor to facilitate the sponsor's performance of its duties;

(3) to give each sponsor every assistance, to meet its obligations and responsibilities under the Exchange Listing Rules and the Code of Conduct to provide information to the regulators including without limitation, notifying the regulators of reasons when the sponsor ceases to act;

(4) to enable the sponsor to gain access to all relevant records in connection with the listing application. In particular, terms of engagement with experts retained to perform services related to the listing application, whether or not retained in respect of an expert section, should contain clauses entitling every sponsor appointed by the new applicant access to:

(a) any such expert;

(b) the expert's reports, draft reports (both written and oral), and terms of engagement;

(c) information provided to or relied on by the expert;

(d) information provided by the expert to the Exchange or Commission; and

(e) all correspondence exchanged (i) between the new applicant or its agents and the expert; and (ii) between the expert and the Exchange or Commission;

*Note: The Exchange expects that access to documents for the purposes of this rule would include the right to take copies of the documents without charge.*

(5) to keep the sponsor informed of any material change to:

(a) any information previously given to the sponsor under paragraph (3) above; and

(b) any information previously accessed by the sponsor under paragraph (4) above;

(6) to provide to or procure for the sponsor all necessary consents to the provision of the information referred to in paragraphs (1) to (5) above to the sponsor; and

(7) to procure the entering into of such supplements to the engagement letters with experts referred to in rule 3A.05(4) as is necessary for such engagements of experts to comply with that rule.

**Impartiality and independence of sponsors**

3A.06 A sponsor must perform its duties with impartiality.

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 give a statement as to independence to the Exchange as set out in the Form A1 (published in Regulatory Forms).

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 (excluding treasury shares) of the new applicant, except where that holding arises as a result of an underwriting obligation;

(2) the fair value of the direct or indirect current or prospective shareholding of the sponsor group in the new applicant exceeds or will exceed 15% of the net equity shown in the latest consolidated financial statements of the sponsor's ultimate holding company or, where there is no ultimate holding company, the sponsor;

(3) any member of the sponsor group or any director or close associate of a director of the sponsor is a close associate or core connected person of the new applicant;

(3A) the sponsor is a connected person of the new applicant;

(4) 15% or more of the proceeds raised from the initial public offering of the new applicant are to be applied directly or indirectly to settle debts due to the sponsor group, except where those debts are on account of fees payable to the sponsor group under its engagement for sponsorship services;

(5) the aggregate of:

(a) amounts due to the sponsor group from the new applicant and its subsidiaries; and

(b) all guarantees given by the sponsor group on behalf of the new applicant and its subsidiaries,

exceeds 30% of the total assets of the new applicant;

(6) the aggregate of:

(a) amounts due to the sponsor group from:

(i) the new applicant;

(ii) its subsidiaries;

(iii) its controlling shareholder; and

(iv) any close associates of its controlling shareholder; and

(b) all guarantees given by the sponsor group on behalf of:

(i) the new applicant;

(ii) its subsidiaries;

(iii) its controlling shareholder; and

(iv) any close associates of its controlling shareholder,

exceeds 10% of the total assets shown in the latest consolidated financial statements of the sponsor's ultimate holding company or, where there is no ultimate holding company, the sponsor;

(7) the fair value of the direct or indirect shareholding of:

(a) a director of the sponsor;

(b) a director of its holding company;

(c) a close associate of a director of the sponsor; or

(d) a close associate of a director of its holding company

in the new applicant exceeds HKD 5 million;

(8) an employee or director of the sponsor who is directly engaged in providing the sponsorship services to the new applicant, or his close associate, holds or will hold shares in the new applicant or has or will have a beneficial interest in shares in it;

(9) any of the following has a current business relationship with the new applicant or a director, subsidiary, holding company or substantial shareholder of the new applicant, which would be reasonably considered to affect the sponsor's

independence in performing its duties as set out in this Chapter, or might reasonably give rise to a perception that the sponsor's independence would be so affected, except where that relationship arises under the sponsor's engagement to provide sponsorship services:

(a) any member of the sponsor group;

(b) an employee of the sponsor who is directly engaged in providing the sponsorship services to the new applicant;

(c) a close associate of an employee of the sponsor who is directly engaged in providing the sponsorship services to the new applicant;

(d) a director of any member of the sponsor group; or

(e) a close associate of a director of any member of the sponsor group;

(10) the sponsor or a member of the sponsor group is the auditor or reporting accountant of the new applicant.

*Notes: 1. In addition to being a breach of the Exchange Listing Rules, if it comes to the Exchange's attention that a sponsor is not independent but is required to be (for example, where the sponsor is the sole sponsor appointed), the Exchange will not accept documents produced by that sponsor in support of the subject application for listing or a request for approval or vetting of any document required under the Exchange Listing Rules in relation to the subject listing application.*

*2. Sub-paragraphs (1) to (3) will not apply where the circumstance occurs because of an interest:*

*(a) held by an investment entity on behalf of its discretionary clients;*

*(b) held by a fund manager on a non-discretionary basis such as a managed account or managed fund;*

*(c) held in a market-making capacity; or*

*(d) held in a custodial capacity.*

*3. In calculating the percentage figure of shares that it holds, or will hold, for the purposes of this rule, a sponsor group is not required to include an interest in shares that would be disregarded for the purposes of Divisions 2 to 4 of Part XV of the Securities and Futures Ordinance under section 323 of that Ordinance.*

*4. For the purposes of this rule, references to a "new applicant" include references to the new applicant once it is listed, that is, the newly listed issuer, as applicable.*

3A.08 [Repealed 1 October 2013]

3A.09 Where a sponsor or the new applicant becomes aware of a change in the circumstances set out in the sponsor's statement as to independence in the Form A1 (published in Regulatory Forms) during the period the sponsor is engaged by the new applicant, the sponsor and the new applicant must notify the Exchange as soon as possible upon that change occurring.

**Additional sponsors**

3A.10 Where a new applicant has more than one sponsor:

(1) the Exchange must be advised as to which of the sponsors is designated as the sponsor who would be the primary channel of communication with the Exchange concerning matters involving the listing application;

(2) the listing document must disclose whether each sponsor satisfies the independence test at rule 3A.07 and, if not, how the lack of independence arises; and

(3) each of the sponsors has responsibility for ensuring that the obligations and responsibilities in this Chapter are fully discharged.

*Note: The Exchange would normally expect the sponsor acting as the primary channel of information to be independent from the new applicant.*

**Sponsor's role**

3A.11 A sponsor must:

(1) be closely involved in the preparation of the new applicant's listing documents;

(2) discharge the obligations under Appendix E1 at all applicable times; and

(3) ensure the requirements in rules 9.03 and 9.05 to 9.08 are complied with.

(4) [Repealed 31 December 2023]

(5) [Repealed 31 December 2023]

(6) [Repealed 31 December 2023]

3A.12 In determining the reasonable due diligence inquiries a sponsor must make for the purposes of rule 3A.11(2), a sponsor must have regard to the due diligence practice note at Practice Note 21 and the SFC Sponsor Provisions.

3A.13 [Repealed 31 December 2023]

3A.14 [Repealed 1 October 2013]

3A.15 [Repealed 1 October 2013]

3A.16 [Repealed 1 October 2013]

**Termination of a sponsor's role**

3A.17 In the case of resignation by, or termination of, the sponsor during the processing of the initial listing application:

(1) the new applicant must immediately notify the Exchange of the resignation or termination and the sponsor must notify the Exchange of its resignation or termination together with reasons in accordance with rule 3A.02A(2); and

(2) if the departing sponsor was the sole independent sponsor, the replacement sponsor must notify the Exchange of its appointment in accordance with rule 3A.02A(1) and re-submit, on behalf of the new applicant, a listing application not less than 2 months from the date of its formal appointment detailing a revised timetable together with a further initial listing fee in accordance with Chapter 9 and the declaration and undertaking required by this Chapter.

*Note: Any initial listing fee already paid will, in such circumstances, be forfeited.*

3A.18 For the avoidance of doubt, a replacement sponsor shall not be regarded as having satisfied any of the obligations of a sponsor by virtue of work performed by a predecessor sponsor.

**Appointment of a Compliance Adviser**

3A.19 A listed issuer must appoint a Compliance Adviser for the period commencing on the date of initial listing of the listed issuer's equity securities and ending on the date on which the listed issuer complies with rule 13.46 in respect of its financial results for the first full financial year commencing after the date of its initial listing.

3A.20 At any time after the Fixed Period, the Exchange may direct a listed issuer to appoint a Compliance Adviser for such period and to undertake such role as may be specified by the Exchange. In the event of such an appointment the Exchange will specify the circumstances in which the listed issuer must consult the Compliance Adviser and the responsibilities the Compliance Adviser must discharge. The Compliance Adviser must discharge those responsibilities with due care and skill. For the purpose of this rule, a listed issuer may appoint a different Compliance Adviser to that it appointed under rule 3A.19.

*Note: The Exchange will normally consider directing the appointment of a Compliance Adviser when a listed issuer has been held to have breached the Exchange Listing Rules, particularly when the breaches are persistent or serious or give rise to concerns about the adequacy of compliance arrangements or the directors' understanding of, and their obligations to comply with the Exchange Listing Rules. It is also open to the Exchange to direct the appointment in other appropriate circumstances. It is the responsibility of the listed issuer to pay the reasonable fees of the Compliance Adviser.*

**Compliance Adviser's obligations**

3A.21 [Repealed 31 December 2023]

3A.22 Each Compliance Adviser must:

(1) comply with the Exchange Listing Rules applicable to Compliance Advisers; and

(2) cooperate in any investigation conducted by the Listing Division and/or the Listing Committee of the Exchange, including answering promptly and openly any questions addressed to the Compliance Adviser, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the Compliance Adviser is requested to appear.

*Note: A Compliance Adviser's obligations under rule 3A.22 shall, in relation to its appointment as a Compliance Adviser by an issuer pursuant to rule 3A.19 or rule 3A.20, commence from the earlier of:*

*(1) the time immediately after the Compliance Adviser executes its engagement letter with the issuer; and*

*(2) the Compliance Adviser commencing work for the issuer.*

3A.23 During the Fixed Period, a listed issuer must consult with and, if necessary, seek advice from its Compliance Adviser on a timely basis in the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues, sales or transfers of treasury shares and share repurchases;

(3) where the listed issuer proposes to use the proceeds of the initial public offering in a manner different from that detailed in the listing document or where the business activities, developments or results of the listed issuer deviate from any forecast, estimate, or other information in the listing document; and

(4) where the Exchange makes an inquiry of the listed issuer under rule 13.10.

*Note: The listed issuer must ensure that the Compliance Adviser has access at all times to its directors, authorised representatives and other officers and should procure that such persons provide promptly to the Compliance Adviser such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set out in this chapter. The listed issuer must also ensure that there are adequate and efficient means of communications between itself, its directors, authorised representatives and other officers and the Compliance Adviser and should keep the Compliance Adviser fully informed of all communications and dealings between it and the Exchange.*

3A.24 When a Compliance Adviser is consulted by a listed issuer in the circumstances set out in rule 3A.23 above it must discharge the following responsibilities with due care and skill:

(1) ensure the listed issuer is properly guided and advised as to compliance with the Exchange Listing Rules and all other applicable laws, rules, codes and guidelines;

*Note: The Compliance Adviser must inform the listed issuer on a timely basis of any amendment or supplement to the Exchange Listing Rules and any new or amended laws and regulations in Hong Kong applicable to such issuer.*

(2) accompany the listed issuer to any meetings with the Exchange, unless otherwise requested by the Exchange;

(3) no less frequently than at the time of reviewing the financial reporting of the listed issuer under rule 3A.23(1) above and upon the listed issuer notifying the Compliance Adviser of a proposed change in the use of proceeds of the initial public offering under rule 3A.23(3) above, discuss with the listed issuer:

(a) the listed issuer's operating performance and financial condition by reference to the listed issuer's business objectives and use of issue proceeds as stated in its listing document;

(b) compliance with the terms and conditions of any waivers granted from the Exchange Listing Rules;

(c) whether any profit forecast or estimate in the listing document will be or has been met by the listed issuer and advise the listed issuer to notify the Exchange and inform the public in a timely and appropriate manner; and

(d) compliance with any undertakings provided by the listed issuer and its directors at the time of listing, and, in the event of non-compliance, discuss the issue with the listed issuer's board of directors and make recommendations to the board regarding appropriate remedial steps;

(4) if required by the Exchange, deal with the Exchange in respect of any or all matters listed in rule 3A.23;

(5) in relation to an application by the listed issuer for a waiver from any of the requirements in Chapter 14A, advise the listed issuer on its obligations and in particular the requirement to appoint an independent financial adviser; and

(6) assess the understanding of all new appointees to the board of the listed issuer regarding the nature of their responsibilities and fiduciary duties as a director of a listed issuer, and, to the extent the Compliance Adviser forms an opinion that the new appointees' understanding is inadequate, discuss the inadequacies with the board and make recommendations to the board regarding appropriate remedial steps such as training.

**Impartiality of Compliance Advisers**

3A.25 A Compliance Adviser must perform its duties with impartiality.

**Termination of a Compliance Adviser's role**

3A.26 A listed issuer may terminate a Compliance Adviser's role only if the Compliance Adviser's work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable by the listed issuer to the Compliance Adviser.

3A.27 In the case of resignation by, or termination of, a Compliance Adviser, a replacement Compliance Adviser must be appointed by the listed issuer within 3 months of the effective date of resignation or termination (as the case may be).

**Application of other rules and regulations**

3A.28 To the extent that any matters under the Exchange Listing Rules, the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct, the Takeovers Code, the Share Buy-backs Code and all other relevant codes and guidelines overlap, in respect of sponsors, Compliance Advisers, overall coordinators or other capital market intermediaries (as the case may be), the more onerous standard of conduct shall prevail.

*Notes: 1. The Exchange notes that paragraph 4.4 of the Corporate Finance Adviser Code of Conduct requires that all requirements applicable to sponsors as set out in the Exchange Listing Rules be satisfied.*

*2. The Exchange reminds sponsors, overall coordinators, other capital market intermediaries and Compliance Advisers of their other statutory obligations including but not limited to those under the Securities and Futures Ordinance.*

**Miscellaneous**

3A.29 If a Compliance Adviser resigns or its engagement is terminated, a listed issuer must, as soon as practicable, publish an announcement, in accordance with rule 13.51(6), and make arrangements to replace the Compliance Adviser under rule 3A.27. Immediately after a replacement Compliance Adviser has been appointed, the listed issuer must inform the Exchange and publish a further announcement.

*Note: Refer to rules 3A.26 and 3A.27 regarding circumstances in which the termination or resignation of a Compliance Adviser is permitted.*

3A.30 If the licence or registration of a sponsor, a Compliance Adviser or an overall coordinator is revoked, suspended, varied or restricted such that it is no longer permitted to undertake its respective regulated work, it must immediately inform each of the issuers which it acts for.

3A.31 [Repealed 1 October 2013]

## CAPITAL MARKET INTERMEDIARIES

3A.32 (1) Rules 3A.33 to 3A.36 and rules 3A.38, 3A.41(1) and 3A.42 are applicable to the following types of offering involving bookbuilding activities (as defined under the Code of Conduct):

(a) a placing of equity securities or interests to be listed on the Exchange, including:

(i) a placing in connection with a New Listing (whether by way of a primary listing or secondary listing); and

(ii) a placing of equity securities or interests of a class new to listing or new equity securities or interests of a class already listed under a general or specific mandate in accordance with rule 7.12A or other relevant codes and guidelines; and

(b) a placing of listed equity securities or interests by an existing holder of equity securities or interests if it is accompanied by a top-up subscription by the existing holder of equity securities or interests for new equity securities or interests in the issuer.

(2) Note to rule 3A.02 and rules 3A.37, 3A.40, 3A.41(2) and 3A.43 to 3A.46 are additional requirements applicable only to placings of equity securities or interests that fall under rule 3A.32(1)(a)(i) above.

*Notes:*

*(1) For the purpose of rule 3A.32, "equity securities or interests" shall include equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01).*

*(2) For the avoidance of doubt, requirements under rule 3A.32 are not applicable to:*

*(a) bilateral agreements or arrangements between the issuer and the investors (also referred to as "club deals");*

*(b) transactions where only one or several investors are involved and the terms of the offering are negotiated and agreed directly between the issuer and the investors (also referred to as "private placements"); and*

*(c) transactions where equity securities or interests are allocated to investors on a pre-determined basis at a pre-determined price.*

**Appointment of a capital market intermediary**

3A.33 The appointment by an issuer of a capital market intermediary must be made under a written engagement agreement before the capital market intermediary conducts any specified activities under paragraph 21.1.1 of the Code of Conduct.

3A.34 The written engagement agreement of a capital market intermediary pursuant to rule 3A.33 must at least specify the following:

(1) the roles and responsibilities of the capital market intermediary;

(2) the fee arrangement (including the fixed fees to be paid to the capital market intermediary as a percentage of the total fees to be paid to all syndicate CMIs);

(3) the time schedule for payment of the fees to the capital market intermediary; and

(4) (for placing in connection with a New Listing) the obligations of the new applicant and its directors to provide the assistance specified in rule 3A.46.

*Note: The total fees in this rule, also commonly referred to as "underwriting fees", include fixed and discretionary fees for providing one or more of the following services to the issuer: providing advice, marketing, bookbuilding, making pricing and allocation recommendations and placing the equity securities or interests (including equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) with investors.*

**Appointment of an overall coordinator**

3A.35 The appointment by an issuer of an overall coordinator must be made under a written engagement agreement before the overall coordinator conducts any specified activities under paragraph 21.2.3 of the Code of Conduct.

3A.36 The written engagement agreement of an overall coordinator pursuant to rule 3A.35 must at least specify the following:

(1) the roles and responsibilities of the overall coordinator;

(2) the fee arrangement (including the fixed fees to be paid to the overall coordinator as a percentage of the total fees to be paid to all syndicate CMIs);

(3) the time schedule for payment of the fees to the overall coordinator;

(4) (for a sponsor-overall coordinator only) the obligation of the new applicant and its directors to provide the information in rule 9.11(23a) to the sponsor-overall coordinator for its submission to the Exchange within the required timeframe; and

(5) (for placing in connection with a New Listing) the obligations of the new applicant and its directors to provide the assistance specified in rule 3A.46.

*Note: The total fees in this rule, also commonly referred to as "underwriting fees", include fixed and discretionary fees for providing one or more of the following services to the issuer: providing advice, marketing, bookbuilding, making pricing and allocation recommendations and placing the equity securities or interests (including equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) with investors.*

3A.37 In the case of a new applicant effecting a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, subject to the additional requirement on appointment of sponsor-overall coordinators in rule 3A.43 (and, where applicable, rule 3A.44), all overall coordinator(s) must be appointed in accordance with rule 3A.35 no later than 2 weeks following the date of the submission (or re-filing, as the case may be) of the listing application, and an OC Announcement on the appointment (which shall also disclose the name(s) of all overall coordinator(s) appointed as at the date of the announcement) must be published in accordance with rule 2.07C and Practice Note 22.

**Provision of information**

3A.38 An overall coordinator is liable for ensuring that the information provided by it to the Exchange is accurate and complete and will be provided to the Exchange within the required timeframe. Where more than one overall coordinator is appointed, all overall coordinators are jointly and severally liable for ensuring the same.

3A.39 In the case of a placing involving bookbuilding activities (as defined under the Code of Conduct) other than in connection with a New Listing, where a new applicant has appointed more than one overall coordinator, arrangements should be made for one designated overall coordinator to provide the required information to the Exchange (except the documents required to be submitted to the Exchange under rule 9.23(2), which shall be submitted by each of the overall coordinators and other relevant parties mentioned in rule 9.23(2)(a)).

### Overall coordinator's declaration

3A.40 As soon as practicable after the issue of the listing document but before dealings commence, each overall coordinator must submit to the Exchange the declaration substantially as in Form E (published in Regulatory Forms).

### Termination of the overall coordinator's role

3A.41 (1) In the case of termination of the engagement of an overall coordinator, the issuer and the overall coordinator must notify the Exchange in writing, as soon as practicable, of the termination together with (i) the reasons therefor and (ii) a confirmation on whether it had any disagreement with the issuer.

(2) In the case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, where the appointment of the outgoing overall coordinator was previously disclosed in an OC Announcement, an OC Announcement on the termination of its engagement as an overall coordinator must be published in accordance with rule 2.07C and Practice Note 22.

3A.42 For the avoidance of doubt, a replacement overall coordinator shall not be regarded as having satisfied any of the obligations of an overall coordinator by virtue of work performed by a predecessor overall coordinator.

## SPONSOR-OVERALL COORDINATOR

### Appointment of a sponsor-overall coordinator

3A.43 A new applicant must ensure that at least one overall coordinator it appoints in connection with a placing involving bookbuilding activities (as defined under the Code of Conduct) of a New Listing fulfils the following criteria:

(1) it (or one of the companies within its group of companies) is also appointed as a sponsor independent of the new applicant, in accordance with rules 3A.02 and 3A.07; and

(2) both appointments are made at the same time and no less than 2 months before the submission (or re-filing, as the case may be) of the listing application to the Exchange.

*Note: For the avoidance of doubt, where the term of the engagement of a sponsor-overall coordinator by a new applicant is renewed immediately after expiry upon or after the lapse of a listing application, the new applicant may re-file its listing application with the Exchange notwithstanding that the renewal takes place less than 2 months before the re-filing of the listing application, provided that such sponsor-overall coordinator was appointed by the new applicant at least 2 months before the submission of its initial listing application.*

**Additional sponsor-overall coordinators**

3A.44 Where a new applicant intends to appoint more than one sponsor-overall coordinator, arrangements should be made for one designated sponsor-overall coordinator to provide the required information (for example, information under rules 9.11(23a) and 9.11A and paragraph 19 of Appendix F1, where applicable) to the Exchange (except the documents required to be submitted to the Exchange under rule 9.11(35), which shall be submitted by each of the overall coordinators and other relevant parties mentioned in rule 9.11(35)(a)).

**Termination of the sponsor-overall coordinator's role**

3A.45 In the case of termination of the engagement of a sponsor-overall coordinator as an overall coordinator and/or a sponsor-overall coordinator to a new applicant after the submission of a listing application (in the case where only its role as an overall coordinator is terminated, regardless of whether it (or one of the companies within its group of companies) remains as a sponsor to the new applicant), if the sponsor-overall coordinator was the sole sponsor-overall coordinator that fulfills the criteria specified under rule 3A.43, the new applicant shall file a new listing application not less than 2 months from the date of the formal appointment of a replacement sponsor-overall coordinator that fulfills the criteria specified under rule 3A.43, detailing a revised timetable together with an initial listing fee in accordance with Chapter 9, if it intends to continue with the listing application process.

*Note: Any initial listing fee already paid will, in such circumstances, be forfeited.*

**Obligations of a new applicant and its directors to assist the syndicate members**

3A.46 To facilitate each syndicate member in a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing to identify investors to whom the allocation of equity securities or interests (including equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) would be subject to restrictions or require prior consent from the Exchange under the Exchange Listing Rules, and for each syndicate CMI to meet its obligations and responsibilities under the Code of Conduct, the written engagement agreement with each syndicate member must contain at least the following obligations of the new applicant and its directors:

(1) to provide the syndicate member with a list of the directors and existing shareholders of the new applicant, their respective close associates and any persons who is engaged by or will act as a nominee for any of the foregoing persons to subscribe for, or purchase, equity securities or interests (which include equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) in connection with the New Listing; and such information should be provided to the syndicate member as soon as practicable and in any event at least 4 clear business days before the date of the Listing Committee's hearing on the listing application;

(2) to keep the syndicate member informed of any material changes to information provided under sub-paragraph (1) above as soon as it becomes known to the new applicant and its directors; and

(3) to provide to, or procure for, the syndicate member all necessary consents for its provision of the information referred to in sub-paragraphs (1) to (2) above to any distributor other than a syndicate member for the same purpose as set out in this rule above.

# 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:—

(1) a listing document issued by a new applicant (paragraph 37 of Appendix D1A) but subject to rule 11.09(7);

(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

(3) a circular issued in connection with a reverse takeover (see rule 14.69), an extreme transaction (see rule 14.69), a very substantial acquisition (see rule 14.69) or a major transaction (see rule 14.67) (unless the company being acquired is itself a listed company on the Main Board or GEM).

4.02 These requirements do not apply in the case of an issue of debt securities by a State or Supranational.

### Scope

4.02A For the purpose of rules 4.04(2), 4.04(4), 4.05A and 4.28:—

(1) "acquisitions of business" include acquisitions of associates and any equity interest in another company. The rules generally do not apply to acquisitions of assets, but the Exchange may consider such transactions to be acquisitions of business based on specific facts and circumstances. For example, the Exchange may consider the substance of the transaction and guidance under relevant accounting standards;

(2) "trading record period" refers to the three financial years immediately preceding the issue of the listing document and any stub period reported on by the reporting accountants in conformity with rule 8.06; and

(3) "proposed to be acquired" refers to a proposal to acquire a specific subsidiary or business, even if there are no legally binding agreements. Examples include a memorandum of understanding entered into by a new applicant, and a tender that a new applicant has submitted, or will submit, for the acquisition of any business or subsidiary in the case of an open bid/ tender invitation.

**Reporting Accountants**

4.03 Reporting accountants must be independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants or the International Federation of Accountants. Subject to rules 4.03(1) and 4.03(2), accountants' reports must normally be prepared by practising accountants who are registered and not prohibited under the AFRCO from holding any appointment as auditors of a company.

(1) Where the preparation of an accountants' report constitutes a PIE Engagement under the AFRCO, the issuer must normally appoint a firm of practising accountants that is a Registered PIE Auditor under the AFRCO. In the case of such a PIE Engagement that is a reverse takeover or a very substantial acquisition circular issued by a listed issuer incorporated outside Hong Kong relating to the acquisition of an overseas company, the Exchange may be prepared to accept the appointment of an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the AFRCO.

*Notes:*

*1. The preparation of an accountants' report included in (a) a listing document for the listing of the shares or stocks of a corporation seeking to be listed or a listed corporation; or (b) a circular issued by a PIE for a reverse takeover or a very substantial acquisition is a PIE Engagement under the AFRCO.*

*2. In relation to an application for the recognition of an overseas firm of practising accountants under the AFRCO, on a request made by an issuer incorporated outside Hong Kong, the Exchange may provide a statement of no objection to that issuer appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the AFRCO. Such firm must normally:*

*(a) have an international name and reputation;*

*(b) be a member of a recognised body of accountants; and*

*(c) be subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO MMOU. It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.*

*That issuer must provide the specific reasons supporting its request for a statement of no objection, for example:*

– *such firm has a geographical proximity and familiarity with the businesses of that issuer or the target;*

– *that issuer or the target is listed on a Recognised Stock Exchange, and such firm is the auditor of that issuer or the target; and*

– *such firm is the statutory auditor of that issuer or the target.*

*If applicable, this statement of no objection is also subject to the Commission granting a certificate of exemption from strict compliance with the relevant requirement concerning the qualification of the reporting accountants under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.*

*The Exchange retains a discretion to accept or reject an application for a statement of no objection, and reserves the right to withdraw the statement of no objection pursuant to section 20ZF(2)(a) of the AFRCO.*

(2) In the case of an extreme transaction or a major transaction circular issued by a listed issuer in connection with the acquisition of an overseas company, the Exchange may be prepared to permit the accountants' report to be prepared by a firm of practising accountants that is not registered under the AFRCO but which is acceptable to the Exchange. Such a firm must normally:

(a) have an international name and reputation;

(b) be a member of a recognised body of accountants; and

(c) be subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO MMOU. It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.

**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**

(1) the results of the issuer or, if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Exchange (see rules 8.05A, 8.05B and 23.06);

(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 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);

**Statement of financial position**

(3) (a) the statement of financial position of the issuer and, if the issuer is itself a holding company, the consolidated 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 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 statement of financial position of the issuer and its subsidiaries;

(b) in the case of banking companies, the 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 Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

(4) (a) the 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 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 financial statements of such business or subsidiary (as the case may be) have been made up;

(b) in the case of banking companies, the 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 Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

*Notes: For the purpose of rules 4.04(2) and 4.04(4):—*

*(1) if a new applicant has entered into a legally binding acquisition agreement after the trading record period but the acquisition will not be completed upon listing, the completion of the acquisition after the new applicant's listing will not be subject to the notification, disclosure and shareholders' approval requirements under Chapters 14 and 14A (where applicable), only if the new applicant has disclosed all information as required under rules 4.04(2) and 4.04(4) in its listing document and there have been no material changes to the acquisition and information disclosed;*

*(2) the financial information on the business or subsidiary acquired, agreed to be acquired or proposed to be acquired must normally be drawn up in conformity with accounting policies adopted by the new applicant and be disclosed in the form of a note to the accountants' report or in a separate accountants' report;*

*(3) where an acquisition of business or subsidiary is subject to the relevant requirements under the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance because the listing proceeds, or any part thereof, are or is to be applied directly or indirectly for the acquisition, the financial information of the acquisition target has to be disclosed in a separate accountants' report; and*

*(4) the Exchange may consider an application for a waiver from strict compliance with rules 4.04(2) and 4.04(4) taking into account the following:—*

*(i) that all the percentage ratios (as defined under rule 14.04(9)) are less than 5% by reference to the most recent audited financial year of the new applicant's trading record period;*

*(ii) if the acquisition will be financed by the proceeds raised from a public offer, the new applicant has obtained a certificate of exemption from the Commission in respect of the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and*

*(iii) (a) where a new applicant's principal activities involve the acquisition of equity securities (the Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which rules 4.04(2) and 4.04(4) relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, "control" means the ability to exercise or control the exercise of 30% (or any amount specified in the Takeovers Code as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or*

*(b) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (a) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under rules 14.58 and 14.60 on each acquisition. In this regard, "unduly burdensome" will be assessed based on each new applicant's specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target's books and records for the purpose of complying with the disclosure requirements under rules 4.04(2) and 4.04(4)).*

**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 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 financial statements of the issuer have been made up;

(7) [Repealed 31 December 2015]

**Other**

(8) the earnings per share and the basis of computation in respect of each of the financial years referred to in rules 4.04(1) and 4.04(2) except that the accountants' report need not include this information if, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the accountants' report or if combined results are presented in accordance with rule 4.09 or if the accountants' report relates to an issue of debt securities;

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

(a) consolidation or acquisition (i.e. the write off of goodwill/establishment of a capital reserve);

(b) the revaluation of assets;

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

(d) the redemption or repurchase of shares of the issuer,

if those movements are not reflected in the results in respect of each of the financial years referred to in rules 4.04(1) and 4.04(2);

(10) a statement of the indebtedness as at the end of the period reported on showing, as regards bank loans and overdrafts and separately as regards other borrowings of the issuer (or of the issuer and its subsidiaries, including any company which will become a subsidiary by reason of any acquisition falling within rules 4.04(2) and (4)), 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;

(11) the details of the principal accounting policies which have been applied in respect of the period reported on;

(12) a statement of any significant subsequent events which have occurred to any business or company or within any group covered by the accountants' report since the end of the period reported on or, if there are no such events, a statement of that fact; and

(13) any other matters which appear to the reporting accountants to be relevant having regard to the purpose of the accountants' report.

**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) Statement of profit or loss and other comprehensive income

(a) profit (or loss) on sale of properties;

(b) profit (or loss) before taxation, including the share of the profit (or loss) of associates and joint ventures, with separate disclosure of any items included therein which are exceptional because of size, nature and incidence; and

(c) taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation, with separate disclosure of the taxation on share of associates' and joint ventures' profits;

(2) Statement of financial position information as follows, if applicable:

(a) ageing analysis of accounts receivable; and

(b) ageing analysis of accounts payable;

*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

(4) 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 rule 4.05(1) and rule 4.05(2).

**Additional disclosure of pre-acquisition financial information for a Listing Document**

4.05A Where a new applicant acquires any material subsidiary or business during the trading record period (see rule 4.04(1)) and such an acquisition if made by a listed issuer would have been classified at the date of application as a major transaction (see rule 14.06(3)) or a very substantial acquisition (see rule 14.06(5)), it must disclose pre-acquisition financial information (which should include the full financial statements with information required under rules 4.04 and 4.05) on that material subsidiary or business from the commencement of the trading record period (or if the material subsidiary or business commenced its business after the commencement of the trading record period, then from the date of the commencing of its business) to the date of acquisition. Pre-acquisition financial information on the material subsidiary or business must normally be drawn up in conformity with accounting policies adopted by the new applicant and be disclosed in the form of a note to the accountants' report or in a separate accountants' report.

*Notes: (1) For the purpose of determining whether an acquisition is material and falls within the classification of a major transaction or a very substantial acquisition, reference shall be made to total assets, profits or revenue (as the case may be) for the most recent financial year of the trading record period of the acquired business or subsidiary and this shall be compared to the total assets, profits or revenue (as the case may be) of the new applicant for the same financial year. If the financial year of the acquired business or subsidiary is not coterminous with that of the new applicant, the total assets, profits or revenue (as the case may be) for the most recent financial year of the acquired business or subsidiary should be compared to those of the new applicant for the most recent financial year of its trading record period. For example, if a new applicant's trading record period covers year 1, year 2 and year 3 and it acquired a subsidiary during year 2, the total assets, profits or revenue of the acquired subsidiary for year 3 should be compared to those of the new applicant for year 3; and*

*(2) If a new applicant which is allowed a shorter trading record period under rule 8.05A or 8.05B acquires any material subsidiary or business during its trading record period, it must disclose pre-acquisition financial information of that material subsidiary or business for the period from the three financial years immediately preceding the issue of the listing document (or if such material subsidiary or business commenced its business less than three financial years ago, then from the commencement date of its business) to the date of the acquisition.*

**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 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) in the case of a reverse takeover, each of the three financial years of the business or company immediately preceding the issue of the circular and where applicable a stub period;*

*(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 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) such shorter period as may be acceptable to the Exchange*

*provided that the relevant period must have ended 6 months or less before the issue of the circular. If the business or company has been in existence for less than the period set out in (1) or (2) above (as the case may be), the relevant period commences on the commencement of the business or the incorporation or establishment of the company.*

(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 Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

**Statement of financial position**

(2) (a) the statement of financial position of the business which, or of the company (and, if that company is itself a holding company, the consolidated 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 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 financial statements of such business or company (as the case may be) have been made up;

(b) in the case of banking companies, the 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 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 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 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 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 financial statements of such business or company (as the case may be) have been made up;

(5) [Repealed 31 December 2015]

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

(a) consolidation or acquisition (i.e. the write off of goodwill/establishment of a capital reserve);

(b) the revaluation of assets;

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

(d) the redemption or repurchase of shares of the issuer,

if those movements are not reflected in the results in respect of each of the financial years referred to in rule 4.06(1);

(7) a statement of the indebtedness as at the end of the period reported on showing, as regards bank loans and overdrafts and separately as regards other borrowings of the business or company or company and its subsidiaries covered by the accountants' report, 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,

except that such an analysis of debt repayments need not be included in the case of a major transaction (see rule 14.67);

(8) the details of the principal accounting policies which have been applied in respect of the period reported on;

(9) a statement of any significant subsequent events which have occurred to any business or company or company and its subsidiaries covered by the accountants' report since the end of the period reported on or, if there are no such events, a statement of that fact; and

(10) any other matters which appear to the reporting accountants to be relevant having regard to the purpose of the accountants' report.

4.06A [Repealed 3 June 2010]

4.07 The report on results and financial position under rules 4.06(1) and 4.06(2) must disclose separately the information referred to in rule 4.05.

**Requirements Applicable in All Cases**

4.08 In all cases:—

(1) the accountants' report must include a statement of:

(a) whether or not the financial statements for the period reported on have been audited and, if so, by whom; and

(b) whether or not any audited 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 statement of financial position as at the end of each of the period reported on;

(3) the accountants' report must state that it has been prepared in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements 200 – Accountants' Reports on Historical Financial Information in Investment Circulars (HKSIR 200) issued by the Hong Kong Institute of Certified Public Accountants;

(4) the reporting accountants must be named in the accountants' report; and

(5) the accountants' report must be dated.

**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 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 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 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 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 Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority ("Guideline").

*Note: If a new applicant is a banking company organised outside Hong Kong and primarily regulated by a regulator which has functions similar to the Hong Kong Monetary Authority and provides adequate supervision to the applicant, the Exchange may consider an application for a waiver from strict compliance with the disclosure requirement in relation to the Guideline. The applicant must provide alternative disclosure in its listing document, including disclosure on capital adequacy, loan quality, loan provisioning, and guarantees, contingencies and other commitments, that is sufficient for potential investors to make a fully informed investment decision.*

**Accounting Standards**

4.11 The financial history of results and the 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.*

4.12 Any significant departure from such accounting standards must be disclosed and explained and, to the extent practicable, the financial effects of such departure quantified.

4.13 The relevant standards will normally be those current in relation to the last financial year reported on and, wherever possible, appropriate adjustments must be made to show profits for all periods in accordance with such standards.

**Statement of Adjustments**

4.14 In preparing the accountants' report, the reporting accountants must make such adjustments (if any) as are in their opinion appropriate for the purposes of the accountants' report and state therein that all adjustments considered necessary have been made, or (where appropriate) that no adjustments were considered necessary. Where adjustments are made, a written statement (the statement of adjustments) is required to be published on the Exchange's website and the issuer's own website, and must be signed by the reporting accountants (see paragraph 53 of Appendix D1A and paragraph 43 of Appendix D1B).

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 financial statements and must give the reasons therefor.

4.16 Where an accountants' report is set out in a listing document the statement of adjustments relating to that report must be submitted to the Exchange in the draft form prescribed in rules 9.11(3c), 9.19(2) and 24.10(7) and in such form in accordance with rule 9.11(28a). In every other case, the statement of adjustments must be submitted to the Exchange at the same time as the proofs of the circular containing the accountants' report are submitted.

**Reference to Other Reports**

4.17 Where the reporting accountants refer to reports, confirmations or opinions of valuers, accountants or other experts, the names, addresses and professional qualifications of such other persons or firms must be stated in the report. In any case, the listing document or circular will be required to include a statement that such other persons or firms have given and have not withdrawn their written consent to its issue with the inclusion of such references in the form and context in which they are included.

**Modified Reports**

4.18 Where the reporting accountants issue a modified report, they must refer to all material matters about which they have reservations. All reasons for the modification must be given and its effect quantified if this is both relevant and practical. A modified report issued by the reporting accountants in respect of a new applicant may not be acceptable where the modification relates to a matter of significance to investors.

4.19 Where the accountants' report relates to a very substantial disposal or an acquisition which is a reverse takeover, a very substantial acquisition or a major transaction and the report is expected to include a modified opinion, the Exchange must be consulted at an early stage.

**Overseas Issuers and PRC Issuers**

4.20 Overseas issuers and PRC issuers must also comply with the requirements set out in Chapters 19, 19A, 19C and 36.

**Debt Securities of State Corporations and Banks**

4.21 These requirements are modified in the case of an issue of debt securities by State corporations and banks as set out in rules 33.03 and 34.06.

### Additional Matters for Disclosure

4.22 Where the business of the issuer necessitates extra disclosure to the members in its annual financial statements by virtue of special legislation, the equivalent disclosure must be made in the report.

### General

4.23 [Repealed 31 December 2015]

4.24 It is emphasised that these requirements are not exhaustive and that further information may be required, or the required information varied, by the Exchange where it considers it necessary. In cases of doubt or difficulty, the reporting accountants must consult the Exchange through the issuer's authorised representative or financial adviser, in the case of a listed issuer, or the issuer's sponsor, in the case of a new applicant.

### 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 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, an extreme transaction or a very substantial acquisition, the pro forma financial information required under rule 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 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.

4.27 For a circular in connection with a very substantial disposal, the pro forma financial information required under rules 14.68(2)(a)(ii) or 14.68(2)(b)(ii) on the remaining group must include the information referred to in rule 4.29 in respect of the remaining 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 financial statements of the issuer have been made up, it must include as an appendix to 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 financial statements of the issuer have been made up) and the pro forma financial information must be reported on by the reporting accountants as required under rule 4.29(7).

*Notes: (1) For the purpose of rule 4.28, all acquisitions or proposed acquisitions since the date to which the latest audited 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.*

*(2) Where any of the percentage ratios calculated in accordance with (1) above is 5% or more but is less than 100%, the issuer should disclose, as a minimum, a pro forma statement of assets and liabilities of the enlarged group. Where any of the percentage ratios is 100% or more, the issuer should disclose, as a minimum, a pro forma balance sheet, a pro forma income statement and a pro forma cash flow statement of the enlarged group.*

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 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 statement of financial position or net asset statement, at the date reported on.

(2) The information must clearly state:

(a) the purpose for which it has been prepared;

(b) that it is prepared for illustrative purposes only; and

(c) that because of its nature, it may not give a true picture of the issuer's financial position or results.

(3) The information must be presented in columnar format showing separately the unadjusted financial information, the pro forma adjustments and the pro forma financial information. The pro forma financial information must be prepared in a manner consistent with both the format and accounting policies adopted by the issuer in its financial statements and must identify:

(a) the basis upon which it is prepared; and

(b) the source of each item of information and adjustment.

Pro forma figures must be given no greater prominence in the document than audited figures.

(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 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 financial statements, published interim reports or published interim or annual results announcements;

(b) accountants' report;

(c) previously published pro forma financial information reported on in accordance with rule 4.29(7); or

(d) published profit forecast or estimate.

(6) Any adjustments which are made to the information referred to in rule 4.29(5) in relation to any pro forma statement must be:

(a) clearly shown and explained;

(b) directly attributable to the transaction concerned and not relating to future events or decisions;

(c) factually supportable; and

(d) in respect of a pro forma profit or cash flow statement, clearly identified as to those adjustments which are expected to have a continuing effect on the issuer and those which are not.

(7) The pro forma financial information must be reported on in the document by the auditors or reporting accountants who must report that, in their opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the issuer; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to rule 4.29(1).

(8) Where pro forma earnings per share information is given for a transaction which includes the issue of securities, the calculation is to be based on the weighted average number of shares outstanding during the period, adjusted as if that issue had taken place at the beginning of the period.

# Chapter 5

## VALUATION OF AND INFORMATION ON PROPERTIES

### Definitions

5.01 In this Chapter:-

(1) "carrying amount" means, for an applicant, the amount at which an asset is recognised in the most recent audited consolidated balance sheet of the group as disclosed in the listing document after deducting any accumulated depreciation (amortisation) and accumulated impairment losses. For an issuer, the amount at which an asset is recognised in its latest published audited consolidated accounts or latest published interim report (whichever is more recent) after deducting any accumulated depreciation (amortisation) and accumulated impairment losses;

*Note: If an acquisition is made after the latest consolidated audited accounts, the acquisition cost should be used.*

(2) "property activities" mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments. It does not include holding of properties for own use;

*Notes: 1 Any other property interest is classified as "non-property activities".*

*2 The listing document date must be used as the timing reference point to categorise a property interest into property activity or non-property activity.*

(3) "property" means land and/or buildings (completed or construction in progress). Building includes fittings and fixtures. "Property interest" means an interest in the property;

*Note: Fittings and fixtures include building services installation such as plumbing and pipes, electrical instalments, ventilation systems, escalators and improvements generally. Equipment and machinery used for production should be excluded.*

*A property interest may comprise:*

*(1) one or more units in the same building or complex;*

*(2) one or more properties located at the same address or lot number;*

*(3) one or more properties comprising an integrated facility;*

*(4) one or more properties, structures or facilities comprising a property development project (even if there are different phases);*

*(5) one or more properties held for investment within one complex;*

*(6) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/business purposes; or*

*(7) a project or phases of development presented to the public as one whole project or forming a single operating entity.*

(4) "total assets" means, for an applicant, the total fixed assets, including intangible assets, plus the total current and non-current assets, as shown in the latest audited consolidated financial statements in the accountants' report in the listing document. For an issuer, total assets has the same meaning as in Chapter 14.

**Requirements for an applicant**

5.01A A listing document issued by an applicant must include valuations of and information on property interests:

(1) that form part of its (or, for debt securities, the guarantor's) property activities except for those with a carrying amount below 1% of its total assets. The total carrying amount of property interests not valued must not exceed 10% of its total assets; and

(2) that do not form part of its (or, for debt securities, the guarantor's) property activities if the carrying amount of a property interest is or is above 15% of its total assets.

5.01B The listing document must include:

(1) for property interests of an applicant's property activities:

(a) the full text of valuation reports of property interests that are required to be valued except where summary disclosure is allowed; and

(b) a summary disclosure if the market value of a property interest as determined by the valuer is less than 5% of its total property interests that are required to be valued under rule 5.01A(1). See Appendix D4 for the summary form

of disclosure. The Exchange may accept variation of the summary form of disclosure based on the applicant's circumstances. The valuation report setting out the information required by these Rules must be published on the Exchange's website and the issuer's own website;

*Note: The summary form of disclosure may be varied based on the applicant's circumstances. An applicant must include additional information necessary for investors to make an informed decision.*

(2) for property interests of an applicant's non-property activities:

(a) the full text of valuation reports if the carrying amount of a property interest is or is above 15% of its total assets; and

(b) a statement that, except for the property interests in the valuation reports, no single property interest that forms part of its non-property activities has a carrying amount of 15% or more of total assets;

(3) an overview of property interests not covered by a valuation report, including their number and approximate size range, uses, how they are held and the general description of the area where they are located. The overview may include property interests voluntarily valued and disclosed separately in the listing document; and

(4) the general information in rule 5.10, if it applies.

5.01C Rules 5.01A and 5.01B (except rules 5.01B(3) and 5.01B(4)) do not apply to property interests ancillary to the exploration for and/or extraction of Natural Resources (as defined in Chapter 18) if the listing document includes a valuation that encompasses these Natural Resources and ancillary property interests, and together have been valued as a business or as an operating entity by a Competent Evaluator (as defined in Chapter 18).

*Note: Rules 5.01A(2) and 5.01B(2) to (4) apply to property interests ancillary to the exploration for and/or extraction of Natural Resources if the listing document does not include a valuation of all the ancillary property interests conducted by a Competent Evaluator.*

**Requirements for an issuer**

5.02 For an acquisition or disposal of any property interest, or of a company whose assets consist solely or mainly of property, where any of the percentage ratios (as defined in rule 14.04(9)) of the transaction is or is above 25%, then a valuation of and information on the property must be included in the circular issued to shareholders in connection with the acquisition or disposal (see rule 14.66(11)) unless rule 5.02A applies. In this rule and in rule 5.03, a circular issued "in connection with an acquisition" includes a listing

document issued for a rights issue, the proceeds of which are to be used to retire a debt with which the property or company had previously been acquired. The listing document need not contain a valuation report if a circular containing a valuation report was issued to shareholders when the property or company was acquired.

5.02A Valuation of a property interest is not required if:

(1) it is acquired from the Hong Kong Government at a public auction or by sealed tender; or

(2) the property is acquired under a Qualified Property Acquisition (as defined in rule 14.04(10C)) falling under rules 14.33A to 14.33B; or

(3) the company being acquired or disposed of is listed on the Exchange, except if it is a connected transaction; or

(4) subject to rule 5.03, the property interests in the company being acquired or disposed of is ancillary to the exploration for and/or extraction of Natural Resources (as defined in Chapter 18) and the circular includes a valuation that encompasses these Natural Resources and ancillary property interests, and together have been valued as a business or as an operating entity by a Competent Evaluator (as defined in Chapter 18); or

*Note: Rule 5.02 applies to property interests ancillary to the exploration for and/or extraction of Natural Resources if the circular does not include a valuation of all the ancillary property interests conducted by a Competent Evaluator.*

(5) subject to rule 5.03, the carrying amount of a property interest in the company being acquired or disposed of is below 1% of the issuer's total assets. The total carrying amount of property interests not valued must not exceed 10% of the issuer's total assets.

5.02B Subject to rule 5.03, the circular issued under rule 5.02 must include:

(1) for a property interest, the full text of valuation reports;

(2) for an unlisted company whose assets consist solely or mainly of property:

(a) the full text of valuation reports of property interests that are required to be valued under rule 5.02 except where summary disclosure is allowed; and

(b) a summary disclosure if the value of a property interest as determined by the valuer is less than 5% of the total property interests that are required to be valued under rule 5.02. See Appendix D4 for the summary form of disclosure.

The Exchange may accept variation of the summary form of disclosure based on the issuer's circumstances. The valuer's report setting out the information required by these Rules must be published on the Exchange's website and the issuer's own website; and

*Note: The summary form of disclosure may be varied based on the issuer's circumstances. An issuer must include additional information necessary for investors to make an informed decision.*

(c) an overview of property interests not covered by a valuation report, including their number and approximate size range, uses, how they are held and the general description of the area where they are located. The overview may include property interests voluntarily valued and disclosed separately in the circular;

(3) for a company listed on the Exchange whose assets consist solely or mainly of property, an overview of property interests, including their number and approximate size range, uses, how they are held and the general description of the area where they are located; and

(4) the general information in rule 5.10, if it applies.

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), 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.

5.04 These requirements do not apply in the case of an issue of debt securities by a State, Supranational, State corporation or bank.

5.04A [Repealed 1 January 2012]

**Valuation report requirements**

*Basic contents*

5.05 All valuation reports must contain all material details of the basis of valuation which must follow The Hong Kong Institute of Surveyors ("HKIS") Valuation Standards on Properties published from time to time by the HKIS or the International Valuation Standards published from time to time by the International Valuation Standards Council.

5.06 All valuation reports should normally contain the following information:—

(1) a description of each property including:—

(a) an address sufficient to identify the property, which should generally include 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) a brief description (e.g. whether land or building, approximate area, etc.);

(c) the existing use (e.g. shops, offices, factories, residential, etc.);

(d) the Ground/Government Rent;

(e) a summary of the terms of tenants' leases or underleases (including repairing obligations, where material);

(f) the approximate age of buildings;

(g) the terms of tenure;

(h) the terms of any intra-group lease granted by a parent company to a subsidiary on property occupied by the group (identifying the properties);

(i) the capital value in existing state at the effective date as at which the property was valued;

(j) the current planning or zoning use;

(k) the options or rights of pre-emption concerning or affecting the property;

(l) the basis of and approach to valuation for the property interest;

(m) when the site was last inspected;

(n) summary of investigation carried out, including details of inspection, such as building conditions, availability of building services, etc.;

(o) nature and source of information relied on;

(p) details of title and ownership;

(q) details of encumbrances;

(r) how the properties are grouped together for each valuation certificate;

(s) names and qualifications of persons who carried out the site inspection; and

(t) any other matters which may materially affect the value;

(2) where the property is not in the process of being developed, details of rentals of the property including:—

(a) the existing monthly rental before profits tax if the property is wholly or partly let together with the amount and a description of any outgoings or disbursements from the rent, and, if materially different, the estimated current monthly market rental obtainable, on the basis that the property was available to let on the effective date as at which the property was valued;

(b) a summary of any rent review provisions, where material; and

(c) the amount of vacant space, where material;

(3) where the property is in the process of being developed the following additional details, where available:—

(a) details of development potential and whether architectural plans have been approved or planning consent has been obtained and any conditions imposed in respect of such approval;

(b) any material restrictions on development including building covenants and time limits for completion of the development;

(c) existing stage of development;

(d) estimated completion date;

(e) estimated cost of carrying out the development or (where part of the development has already been carried out) the estimated cost of completing the development;

(f) estimated capital value in existing state at the effective date as at which the property was valued;

(g) estimated capital value after completion;

(h) any material special or general conditions affecting the development of the property;

(i) any conditions imposed as to construction of roadways, pathways, drainage, sewage and other facilities or services for public use, if material;

(j) any sales arrangements and/or letting arrangements existing at the effective date as at which the property was valued; and

(k) any construction costs incurred up to the effective date as at which the property was valued;

(4) where property is held for future development purposes the following additional details, where available:—

(a) details of development potential and whether architectural plans have been approved or planning consent has been obtained and any conditions imposed in respect of such approval;

(b) any material special or general conditions affecting the development of the property including building covenants and time limits for completion of the development; and

(c) any conditions imposed as to construction of roadways, pathways, drainage, sewage and other facilities or services for public use, if material;

(5) a classification of the property according to the purpose for which it is held. The acceptable categories are:—

(a) property held for development;

(b) property held for investment;

(c) property held for owner occupation; and

(d) property held for sale;

(6) details of any agreement or proposals as to any proposed transaction regarding the property between the issuer and any other member of the group;

(7) the name of the valuer, his address and professional qualification;

(8) the effective date as at which the property was valued and the date of the valuation; and

(9) such other information as the Exchange may require.

*Note: See Practice Note 12*

*Effective Date*

5.07 The effective date as at which the property was valued must not be more than three months before the date on which the relative listing document or circular is issued and if such effective date is not the same as the end of the last period reported on by the reporting accountants (see Chapter 4), it will be necessary for the listing document or circular to include a statement reconciling the valuation figure with the figure included in the balance sheet as at the end of that period.

*Independence of Valuer*

5.08 Unless dispensation is obtained from the Exchange, all valuations of properties must be prepared by an independent qualified valuer and for this purpose:—

(1) a valuer is not independent if:—

(a) he is an officer or servant or proposed director of the issuer or the issuer's subsidiary or holding company or of a subsidiary of the issuer's holding company or any associated company; or

(b) in the case of a firm or company of valuers, it is the issuer's subsidiary or holding company or a subsidiary of the issuer's holding company or any of its partners, directors or officers is an officer or servant or proposed director of the issuer or the issuer's subsidiary or holding company or of a subsidiary of the issuer's holding company or any associated company; and

(2) a valuer is a qualified valuer only if:—

(a) for the purposes of valuation of properties situated in Hong Kong, the valuer is a fellow or associate member of The Royal Institution of Chartered Surveyors (Hong Kong Branch) or The Hong Kong Institute of Surveyors and carries on the business in Hong Kong of valuing properties and is authorised to do so by the rules of the relevant professional institution of which he is a member; or

(b) for the purposes of valuation of properties situated outside Hong Kong, the valuer has the appropriate professional qualifications and experience of valuing properties in the same location and category to carry out the valuation.

*Other Reports*

5.09 If the issuer has obtained more than one valuation report regarding any of the issuer's properties referred to in the listing document or circular within three months before the issue of the listing document or circular then all other such reports must be included.

**General disclosure**

5.10 A listing document, or a circular issued under rules 5.02 and 5.03, must disclose relevant information on material properties (including leased properties).

*Notes: Information may include the following:*

*(1) a general description of where the property is located (rather than only its address) and some market analysis if the property relates to property activities. For example, whether the property is located in the central business district, supply and demand information, occupancy rates, trends in property yield, sales prices, rental rates etc.;*

*(2) use and approximate area;*

*(3) any restrictions on its use;*

*(4) an indication of how the property is held. For example, owned or leased. If leased, the remaining term of the lease;*

*(5) details of encumbrances, liens, pledges, mortgages against the property;*

*(6) environmental issues, such as breach of environmental regulations;*

*(7) details of investigations, notices, pending litigation, breaches of law or title defects;*

*(8) plans for construction, renovation, improvement or development of the property and estimated associated costs;*

*(9) plans to dispose of or change the use of the property; and*

*(10) any other information considered material for investors.*

# Chapter 6

# GENERAL

## TRADING HALT, SUSPENSION, CANCELLATION AND WITHDRAWAL OF LISTING

6.01 Listing is always granted subject to the condition that where the Exchange considers it necessary for the protection of the investor or the maintenance of an orderly market, it may at any time direct a trading halt or suspend dealings in any securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the issuer or not. The Exchange may also do so where:—

(1) [Repealed 1 August 2018]

(2) the Exchange considers there are insufficient securities in the hands of the public (as required under rule 13.32B); or

(3) the Exchange considers that the issuer does not carry on a business as required under rule 13.24; or

(4) the Exchange considers that the issuer or its business is no longer suitable for listing.

6.01A (1) Without prejudice to its power under rule 6.01, the Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months.

(2) The following transitional provisions apply to listed issuers whose securities have been suspended from trading immediately before the effective date of rule 6.01A(1) (the "Effective Date"):

(a) For a suspended listed issuer which has been placed in a delisting stage under Practice Note 17 before the Effective Date, Practice Note 17 continues to apply.

(b) For other issuers which are not subject to a decision to commence the procedures to cancel a listing and a notice period for delisting immediately before the Effective Date, if trading in an issuer's securities has been continuously suspended:

(i) for less than 12 months as at the Effective Date, the 18 month period referred to in rule 6.01A(1) commences immediately from the Effective Date; or

(ii) for 12 months or more as at the Effective Date, the 18 month period referred to in rule 6.01A(1) commences 6 months before the Effective Date.

(c) For issuers which are subject to a decision to commence the procedures to cancel a listing and a notice period for delisting immediately before the Effective Date, such decision and notice period continue to have effect on the relevant issuer. This is notwithstanding that the actual cancellation of listing has not taken place as at the Effective Date.

**Trading halt or suspension**

6.02 Any request for a trading halt or suspension must be made to the Exchange by the issuer or its authorised representative or financial adviser and must be supported by the specific reasons which the issuer wishes the Exchange to take into account in the Exchange's determination of its request.

*Note: (1) Recourse to a trading halt or suspension should only be made where necessary in the interests of all parties. In many cases, the issuer publishing an announcement is preferable to the fettering of the proper functioning of the market by an inappropriate or unwarranted trading halt or suspension. Unless the Exchange considers that the reasons given in support of a trading halt or suspension request warrant such action, it will expect a clarifying announcement to be published instead. Failure by an issuer to do so may result in disciplinary proceedings being brought against, amongst others, the issuer and its directors with the Exchange imposing sanctions available under rule 2A.10.*

*(2) See Practice Note 11*

6.03 The issuer requesting a trading halt or suspension of trading in its securities has the obligation to demonstrate that a trading halt or suspension would be appropriate.

*Note: (1) The Exchange is under an obligation to maintain an orderly and fair market for the trading of all Exchange listed securities and listed securities should be continuously traded save in exceptional circumstances.*

6.04 Where dealings have been halted or suspended, the procedure for lifting the trading halt or suspension will depend on the circumstances and the Exchange reserves the right to impose such conditions as it considers appropriate. The issuer will normally be required to announce the reason for the trading halt or suspension and, where appropriate, the anticipated timing of the lifting of the trading halt or suspension. In some cases (for example a trading halt pending an announcement) the trading halt will be lifted as soon as possible after the announcement is made. In other cases (for example those in rule 14.84) the suspension will be continued until any relevant requirements have been met. The continuation of a suspension for a prolonged period without the issuer taking adequate action to obtain restoration of listing may lead to the Exchange cancelling the listing.

*Note: (1) See Practice Note 11*

6.05 The duration of any trading halt or suspension should be for the shortest possible period. It is the issuer's responsibility to ensure that trading in its securities resumes as soon as practicable following the publication of an appropriate announcement or when the specific reasons given by the issuer supporting its request for a trading halt or suspension of trading in its securities, under rule 6.02, no longer apply.

*Note: (1) The Exchange is under an obligation to maintain an orderly and fair market for the trading of all Exchange listed securities and listed securities should be continuously traded save in exceptional circumstances.*

*(2) The Exchange considers that the continuation of any trading halt or suspension beyond such period as is absolutely necessary denies reasonable access to the market and prevents its proper functioning.*

6.06 Where trading has been halted or suspended the issuer shall notify the Exchange of:

(1) any change in circumstances affecting the reasons provided to the Exchange supporting the trading halt or suspension under rule 6.02; and

(2) any additional reasons which the issuer wishes the Exchange to take into account in the Exchange's determination whether or not the trading halt or suspension should be continued.

*Note: (1) It is the issuer's responsibility to provide the Exchange with all relevant information, which is within the issuer's knowledge, to enable the Exchange to make an informed decision whether or not the trading halt or suspension of trading in the issuer's securities continues to be appropriate.*

6.07 The Exchange shall have the power to direct the resumption of trading of halted or suspended securities. In particular the Exchange may:

(1) require an issuer to publish an announcement, in such terms and within such period as the Exchange shall in its discretion direct, notifying the resumption of trading in the issuer's halted or suspended securities, following the publication of which the Exchange may direct resumption of trading; and/or

(2) direct a resumption of trading following the Exchange's publication of an announcement notifying the resumption of trading in the halted or suspended securities.

*Note: The Exchange may set out the issuer's submission for continued suspension in the Exchange's announcement referred to in (2) above.*

6.08 The Exchange's power under rule 6.07 shall be subject to the review process set out in rule 2B.06. An issuer opposing the resumption of trading in its securities has the burden of satisfying the Exchange that a continued trading halt or suspension would be appropriate.

*Note: (1) The Exchange is under an obligation to maintain an ordery and fair market for the trading of all Exchange listed securities and listed securities should be continuously traded save in exceptional circumstances.*

*(2) The Exchange considers that the continuation of any trading halt or suspension beyond such period as is absolutely necessary denies reasonable access to the market and prevents its proper functioning.*

*(3) See Practice Note 11.*

6.09 The Exchange's power under rule 6.07 shall be exercised without prejudice to its ability to pursue such other remedies as may be available to it under the Listing Rules.

6.10 There may be cases where a listing is cancelled without a suspension intervening. Where the Exchange considers that any circumstances set out in rule 6.01 arise, it may:

(1) publish an announcement naming the issuer and specifying the period within which the issuer must have remedied those matters which have given rise to such circumstances. Where appropriate the Exchange will suspend dealings in the issuer's securities. If the issuer fails to remedy those matters within the specified period, the Exchange will cancel the listing. The Exchange may treat any proposals to remedy those matters as if they were an application for listing from a new applicant for all purposes, in which case, the issuer must comply with the requirements for new listing applications as set out in the Listing Rules; or

(2) cancel the listing of the issuers' securities following the Exchange's publication of an announcement notifying the cancellation of the listing.

6.10A For the purpose of rule 6.01A(1), the Exchange may cancel the listing of an issuer's securities following the Exchange's publication of an announcement notifying the cancellation of the listing.

**Withdrawal**

6.11 Subject to rule 6.15, an issuer whose primary listing is on the Exchange and which has an alternative listing on another regulated, regularly operating, open stock exchange recognised for this purposes by the Exchange, may not voluntarily withdraw its listing on the Exchange unless:–

(1) the prior approval of shareholders has been obtained by way of an ordinary resolution passed at a duly convened meeting of the shareholders of the issuer;

(2) the prior approval of holders of any other class of listed securities, if applicable, has been obtained; and

(3) the issuer has given its shareholders and holders of any other class of listed securities, if applicable, at least three months notice of the proposed withdrawal of the listing. This minimum notice period must run from the date on which the shareholders approve the voluntary withdrawal of listing and such notice must include details of how to transfer securities to and trade those securities on the alternative market.

In deciding whether an alternative listing is acceptable the Exchange must be satisfied that the alternative market is open and readily accessible by Hong Kong investors. A market to which access by Hong Kong investors is restricted (for example, by foreign exchange controls) will not be acceptable.

6.12 Subject to rule 6.15, if the issuer has no such alternative listing, the issuer may not voluntarily withdraw its listing on the Exchange without the permission of the Exchange unless:-

(1) the issuer has obtained the prior approval of its shareholders and holders of any other class of listed securities, if applicable, at a duly convened meeting of shareholders and a separate meeting of holders of any other class of listed securities, if applicable, at which any controlling shareholders and their respective associates shall abstain from voting in favour. 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;

(2) the approval of withdrawal of the listing referred to in rule 6.12(1) must be given by at least 75% of the votes attaching to any class of listed securities held by holders voting either in person or by proxy at the meeting. For the purpose of determining the percentage, the listed securities held by directors, the chief executive and any controlling shareholders or their respective associates that vote against the resolution at the meeting are to be included;

(3) the number of votes cast against the resolution is not more than 10% of the votes attaching to any class of listed securities held by holders permitted under rule 6.12(1) to vote in person or by proxy at the meeting. For the purpose of determining the percentage, the listed securities held by directors, the chief executive and any controlling shareholders or their respective associates that vote against the resolution at the meeting are to be included; and

(4) the shareholders and holders of any other class of listed securities, if applicable, other than the directors (excluding independent non-executive directors), chief executive and controlling shareholders, are offered a reasonable cash alternative or other reasonable alternative.

6.13 In relation to any withdrawal of listing under rule 6.12, the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the meeting:

(1) any parties who were controlling shareholders of the issuer at the time the decision for the transaction or arrangement involving the withdrawal of listing was made or approved by the board, and their associates; and

(2) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision for the transaction or arrangement involving the withdrawal of listing was made or approved by the board, and their respective associates.

The issuer must disclose the information required under rule 2.17 in the circular to shareholders.

6.14 In relation to any withdrawal of listing under rule 6.12, the issuer must comply with the requirements under rules 13.39(6) and (7), 13.40, 13.41 and 13.42.

6.15 An issuer may voluntarily withdraw its listing on the Exchange, irrespective of whether it has an alternative listing or not, if:—

(1) after a general offer a right to compulsory acquisition is exercised pursuant to applicable laws and regulations (the requirements of which are, where the issuer is not a company incorporated in Hong Kong, at least as onerous as those applicable if it were) resulting in the acquisition of all the listed securities of the issuer; or

(2) the issuer is privatised by way of a scheme of arrangement or capital reorganisation which is governed by the Takeovers Code and all the relevant requirements, including the shareholders' approval requirements, under the Takeovers Code have been complied with,

and, in either case, it has given its shareholders notice of the proposed withdrawal of the listing by way of an announcement published in accordance with rule 2.07C and the intention not to retain the issuer's listing on the Exchange has been stated in a circular to shareholders.

6.16 An issuer whose primary listing is on another stock exchange and which has a secondary listing on the Exchange may not voluntarily withdraw its secondary listing on the Exchange unless:

(1) it has complied with all relevant laws, regulations and listing rules of the jurisdiction in which it has its primary listing, as well as all relevant laws and regulations of its jurisdiction of incorporation, in relation to its proposed delisting from the Exchange; and

(2) it has given its shareholders at least three months' prior notice of the proposed withdrawal of the listing by way of an announcement published in accordance with rule 2.07C.

# Chapter 7

# EQUITY SECURITIES



## METHODS OF LISTING

7.01 Equity securities may be brought to listing, or sold or transferred out of treasury by any one of the methods described below. The requirements set out in this Chapter shall apply, mutatis mutandis, to a sale or transfer of treasury shares.

### Offer for Subscription

7.02 An offer for subscription is an offer to the public by or on behalf of an issuer of its own securities for subscription.

7.03 The subscription of the securities must be fully underwritten.

7.04 In the case of offers by tender, the Exchange must be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of securities receives equal treatment.

7.05 An offer for subscription must be supported by a listing document which must comply with the relevant requirements of Chapter 11.

### Offer for Sale

7.06 An offer for sale is an offer to the public by or on behalf of the holders or allottees of securities already in issue or agreed to be subscribed.

7.07 In the case of offers by tender, the Exchange must be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of securities receives equal treatment.

7.08 An offer for sale must be supported by a listing document which must comply with the relevant requirements of Chapter 11.

### Placing

7.09 A placing is the obtaining of subscriptions for or the sale of securities by an issuer or intermediary primarily from or to persons selected or approved by the issuer or intermediary.

7.10 The criteria which will apply are set out in Appendix F1. The Exchange may not permit a new applicant to be listed by way of a placing if there is likely to be significant public demand for the securities.

7.11 The Exchange may be prepared to allow preliminary arrangements and placings to be made to dispose of securities before the start of dealings where necessary to comply with the requirement in rule 8.08(1) or rule 13.32B on the minimum prescribed public float.

7.12 A placing 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 must be supported by a listing document which must comply with the relevant requirements of Chapter 11. A placing by or on behalf of a listed issuer of securities of a class already listed does not have to be supported by a listing document, but if a prospectus or other listing document is otherwise required or issued, it must comply with the relevant requirements of Chapter 11.

7.12A Placings of securities by a listed issuer will be allowed only in the following circumstances:—

(1) where the placing falls within any general mandate given to the directors of the listed issuer by the shareholders in accordance with rule 13.36(2); or

(2) where the placing is specifically authorised by the shareholders of the listed issuer in general meeting ("specific mandate placing").

*Note: See rule 7.27B for the additional requirements relating to rights issues, open offers and specific mandate placings.*

**Introduction**

7.13 An introduction is an application for listing of securities already in issue where no marketing arrangements are required because the securities for which listing is sought are already of such an amount and so widely held that their adequate marketability when listed can be assumed.

7.14 Introductions will normally be appropriate in the following circumstances:—

(1) where the securities for which listing is sought are already listed on another stock exchange;

(2) where the securities of an issuer are distributed in specie by a listed issuer to the shareholders of that listed issuer or to the shareholders of another listed issuer; or

(3) where a holding company is formed and its securities are issued in exchange for those of one or more listed issuers. Any reorganisation by way of scheme of arrangement or by any other means whereby securities are issued by an overseas issuer in exchange for the securities of one or more listed Hong Kong issuers and the listing of the latter issuer or issuers is withdrawn at the same time as the securities of the overseas issuer are listed must first be approved by a special resolution of the shareholders of the listed Hong Kong issuer or issuers.

7.15 An introduction will only be permitted in exceptional circumstances if there has been a marketing of the securities in Hong Kong within the six months prior to the proposed introduction where such marketing was made conditional on listing being granted for those securities. Furthermore, there may be other factors, such as a pre-existing intention to dispose of securities, a likelihood of significant public demand for the securities or an intended change of the issuer's circumstances, which would render an introduction unacceptable to the Exchange. An introduction will not be permitted if a change in the nature of the business is in contemplation.

7.16 An issuer should apply to the Exchange as early as possible to obtain confirmation that an introduction will be an appropriate method of listing. The application must state the names and holdings of the ten largest beneficial holders of the securities (if known) and the total number of holders. A copy of the share register may be required by the Exchange. In addition, particulars of the holdings of the directors and their close associates must be included. If such approval to the method of listing is given, it does not necessarily mean that listing for the securities will ultimately be granted.

7.17 An introduction must be supported by a listing document which must comply with the relevant requirements of Chapter 11.

**Rights Issue**

7.18 A rights issue is an offer by way of rights to existing holders of securities which enables those holders to subscribe securities in proportion to their existing holdings.

7.19 (1) Rights issues need not be underwritten. Where rights issues are underwritten, normally the underwriters must satisfy the following requirements:

(a) the underwriters are persons licensed or registered under the Securities and Futures Ordinance for Type 1 regulated activity and their ordinary course of business includes underwriting of securities, and they are not connected persons of the issuers concerned; or

(b) the underwriters are the controlling or substantial shareholders of the issuers.

The rights issue announcement, listing document and circular (if any) must contain a statement confirming whether the underwriter(s) comply with rule 7.19(1)(a) or (b).

(2) If a rights issue is underwritten and the underwriter is entitled to terminate that underwriting upon the occurrence of any event of force majeure after dealings in the rights in nil-paid form have commenced, then the rights issue listing document must contain full disclosure of that fact. Such disclosure must:—

(a) appear on the front cover of the listing document and in a prominent position at the front of the document;

(b) include a summary of the force majeure clause(s) and explain when its provisions cease to be exercisable;

(c) state that there are consequential risks in dealing in such rights; and

(d) be in a form approved by the Exchange.

(3) If a rights issue is not fully underwritten the listing document must contain full disclosure of that fact and a statement of the minimum amount, if any, which must be raised in order for the issue to proceed. Such disclosure must:—

(a) appear on the front cover of the listing document and in a prominent position at the front of the document; and

(b) be in a form approved by the Exchange.

In addition, the listing document must contain a statement of the intended application of the net proceeds of the issue according to the level of subscriptions and a statement in respect of each substantial shareholder as to whether or not that substantial shareholder has undertaken to take up his or its entitlement in full or in part and if so on what conditions, if any.

(4) If a rights issue is not fully underwritten by a person or persons whose ordinary course of business includes underwriting, the listing document must contain full disclosure of that fact.

(5) If a rights issue is not fully underwritten:—

(a) the issuer must comply with any applicable statutory requirements regarding minimum subscription levels; and

(b) a shareholder who applies to take up his or its full entitlement may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

*Note: In the circumstances set out in rule 7.19(5)(b), an issuer may provide for shareholders to apply on the basis that, if the issue is not fully taken up, their application can be "scaled" down to a level which does not trigger an obligation to make a general offer.*

7.19A (1) A proposed rights issue must be made conditional on minority shareholders' approval in the manner set out in rule 7.27A if the proposed rights issue would increase either the number of issued shares (excluding treasury shares) 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).

(2) Subject to rule 10.08, in the period of 12 months from the date on which dealings in the securities of a new applicant commence on the Exchange, the issuer shall not effect any rights issue, unless it is made conditional on minority shareholders' approval in the manner set out in rule 7.27A.

*Note: See rule 7.27B for the additional requirements relating to rights issues, open offers and specific mandate placings.*

7.20 Offers of securities by way of rights are normally required to be conveyed by renounceable provisional letters of allotment or other negotiable instrument, which must state the time, being not less than 10 business days, in which the offer may be accepted. In cases where the issuer has a large number of overseas members a longer offer period may be desirable, provided that the Exchange must be consulted if the issuer proposes an offer period of over 15 business days.

7.21 (1) In every rights issue the issuer must make arrangements to:—

(a) dispose of securities not subscribed by allottees under provisional letters of allotment or their renouncees by means of excess application forms, in which case such securities must be available for subscription by all shareholders and allocated on a fair basis; or

(b) dispose of securities not subscribed by allottees under provisional letters of allotment or their renouncees by offering the securities to independent placees for the benefit of the persons to whom they were offered by way of rights.

The arrangements described in rule 7.21(1)(a) or (b) must be fully disclosed in the rights issue announcement, listing document and any circular.

(2) Where any of the issuer's controlling or substantial shareholders acts as an underwriter or sub-underwriter of the rights issue, the issuer must make the arrangements described in rule 7.21(1)(b).

(3) Where arrangements described in rule 7.21(1)(a) are made:

(a) the basis of allocation of the securities available for excess applications must be fully disclosed in the rights issue announcement, listing document and any circular; and

(b) the issuer should take steps to identify the excess applications made by any controlling shareholder and its associates (together, the "relevant shareholders"), whether in their own names or through nominees. The issuer should disregard their excess applications to the extent the total number of excess securities they have applied for exceeds a maximum number equivalent to the total number of securities offered under the rights issue minus the number of securities taken up by the relevant shareholders under their assured entitlements.

7.22 A rights issue must be supported by a listing document which must comply with the relevant requirements of Chapter 11.

**Open Offer**

7.23 An open offer is an offer to existing holders of securities to subscribe securities, whether or not in proportion to their existing holdings, which are not allotted to them on renounceable documents. An open offer may be combined with a placing to become an open offer with a claw back mechanism, in which a placement is made subject to the rights of existing holders of securities to subscribe part or all of the placed securities in proportion to their existing holdings.

7.24 In relation to underwriting of open offers, the requirements under rules 7.19(1), (3), (4) and (5) apply in their entirety to open offers with the term "rights issue" replaced by "open offer".

7.24A (1) A proposed open offer must be made conditional on minority shareholders' approval as set out in rule 7.27A unless the securities will be issued by the listed issuer under the authority of a general mandate granted to them by shareholders in accordance with rules 13.36(2)(b) and 13.36(5).

(2) Subject to rule 10.08, in the period of 12 months from the date on which dealings in the securities of a new applicant commence on the Exchange, the issuer shall not effect any open offer, unless it is made conditional on minority shareholders' approval as set out in rule 7.27A.

*Note: See rule 7.27B for the additional requirements relating to rights issues, open offers and specific mandate placings.*

7.25 Offers of securities by way of an open offer must remain open for acceptance for a minimum period of 10 business days. In cases where the issuer has a large number of overseas members a longer offer period may be desirable, provided that the Exchange must be consulted if the issuer proposes an offer period over 15 business days.

7.26 [Repealed 3 July 2018]

7.26A (1) In every open offer the issuer must make arrangements to:-

(a) dispose of securities not validly applied for by shareholders under their assured allotments by means of excess application forms, in which case such securities must be available for subscription by all shareholders and allocated on a fair basis; or

(b) dispose of securities not validly applied for by shareholders under their assured allotments by offering the securities to independent placees for the benefit of those shareholders.

The arrangements described in rule 7.26A(1)(a) or (b) must be fully disclosed in the open offer announcement, listing document and any circular.

(2) Where any of the issuer's controlling or substantial shareholders acts as an underwriter or sub-underwriter of the open offer, the issuer must make the arrangements described in rule 7.26A(1)(b).

(3) Where arrangements described in rule 7.26A(1)(a) are made:

(a) the basis of allocation of the securities available for excess applications must be fully disclosed in the open offer announcement, listing document and any circular; and

(b) the issuer should take steps to identify the excess applications made by any controlling shareholder and its associates (together, the "relevant shareholders"), whether in their own names or through nominees. The issuer should disregard their excess applications to the extent the total number of excess securities they have applied for exceeds a maximum number equivalent to the total number of securities offered under the open offer minus the number of securities taken up by the relevant shareholders under their assured entitlements.

7.27 An open offer must be supported by a listing document which must comply with the relevant requirements of Chapter 11.

7.27A Where minority shareholders' approval is required for a rights issue or open offer under rule 7.19A or 7.24A:

(1) the rights issue or 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;

(2) the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the general meeting:

(a) any parties who were controlling shareholders of the issuer at the time the decision for the transaction or arrangement involving the rights issue or open offer was made or approved by the board, and their associates; or

(b) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision for the transaction or arrangement involving the rights issue or open offer was made or approved by the board, and their respective associates;

(3) the issuer must set out in the circular to shareholders:

(a) the purpose of the proposed rights issue or open offer, together with the total funds expected to be raised and a detailed breakdown and description of the proposed use of the proceeds. The issuer shall also include the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed rights issue or open offer, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount; and

(b) the information required under rule 2.17 in the circular to shareholders; and

(4) the issuer must comply with the requirements under rules 13.39(6) and (7), 13.40, 13.41 and 13.42.

**Restrictions on rights issues, open offers and specific mandate placings**

7.27B A listed issuer may not undertake a rights issue, open offer or specific mandate placing that would result in a theoretical dilution effect of 25% or more (on its own or when aggregated with any other rights issues, open offers, and/or specific mandate placings announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed 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, open offers and/or specific mandate placings), unless the issuer can demonstrate that there are exceptional circumstances (for example, the issuer is in financial difficulties and the proposed issue forms part of the rescue proposal).

*Notes: 1. Theoretical dilution effect of an issue refers to the discount of the "theoretical diluted price" to the "benchmarked price" of shares.*

*(a) The "theoretical diluted price" means the sum of (i) the issuer's total market capitalisation (by reference to the "benchmarked price" and the number of issued shares (excluding treasury shares) immediately before the issue) and (ii) the total funds raised and to be raised from the issue, divided by the total number of shares (excluding treasury shares) as enlarged by the issue.*

*(b) The "benchmarked price" means the higher of:*

*(i) the closing price on the date of the agreement involving the issue; and*

*(ii) the average closing price in the 5 trading days immediately prior to the earlier of:*

*(1) the date of announcement of the issue;*

*(2) the date of the agreement involving the issue; and*

*(3) the date on which the issue price is fixed.*

*(c) Where aggregation of a series of rights issues, open offers and/or specific mandate placings is required, the theoretical dilution effect would be calculated as if the relevant rights issues, open offers and/or specific mandate placings were all made at the same time as the first issue of the series.*

*For the purpose of determining the theoretical diluted price in paragraph (a) above, the total funds raised and to be raised from the issues would be calculated by reference to (i) the total number of new shares issued and to be issued and (ii) the weighted average of the price discounts of the issues (each price discount is measured by comparing the issue price against the benchmarked price at the time of that issue).*

*2. Issuers should consult the Exchange before they announce rights issues, open offers or specific mandate placings that may trigger the 25% threshold set out in rule 7.27B.*

7.27C The Exchange may exercise its discretion to withhold approval for, or impose additional requirements on, any rights issue, open offer or specific mandate placing that does not fall into rule 7.27B if in the opinion of the Exchange, such issue is inconsistent with the general principles of listing set out in rule 2.03, having regard to its terms (for example, a very large issue size or price discount).

**Capitalisation Issue**

7.28 A capitalisation issue is an allotment of further securities to existing shareholders, credited as fully paid up out of the issuer's reserves or profits, in proportion to their existing holdings, or otherwise not involving any monetary payments. A capitalisation issue includes a scrip dividend scheme under which profits are capitalised.

7.29 A capitalisation issue must be supported by a listing document in the form of a circular to shareholders which must comply with the relevant requirements of Chapter 11.

**Consideration Issue**

7.30 A consideration issue is an issue of securities as consideration in a transaction or in connection with a takeover or merger or the division of an issuer.

7.31 A consideration issue must be set out in an announcement published in accordance with rule 2.07C (see rules 14.34 and 14.35).

**Exchange, etc.**

7.32 Securities may be brought to listing by an exchange or a substitution of securities for or a conversion of securities into other classes of securities.

7.33 An exchange or a substitution of securities must be supported by a listing document in the form of a circular to shareholders which must comply with the relevant requirements of Chapter 11.

**Other Methods**

7.34 Securities may also be brought to listing by:—

(1) the exercise of options, warrants or similar rights to subscribe or purchase securities (see Chapter 15);

(2) an issue of securities to or for the benefit of specified participants of share schemes (see Chapter 17); or

(3) such other methods as the Exchange may from time to time approve.

**Transfer of Listing from GEM**

7.35 An issuer already listed on GEM may transfer the listing to the Main Board pursuant to rules and regulations from time to time prescribed by the Exchange for this purpose. The relevant conditions, requirements and procedures are set out in Chapters 9A and 9B.

# Chapter 8

# EQUITY SECURITIES

## QUALIFICATIONS FOR LISTING

### Preliminary

8.01 This Chapter sets out the basic conditions which have to be met as a pre-requisite to the listing of equity securities. They apply to every method of listing and to both new applicants and listed issuers (including listed issuers that are treated as new applicants under other applicable provisions of the Exchange Listing Rules) except where otherwise stated.

Further conditions are set out in Chapters 8A, 18, 18A, 18B, 18C, 19, 19A, 19B and 19C for issuers seeking a listing of equity securities under those chapters. For a transfer of listing from GEM, the requirements of this Chapter are applied with modifications as set out in the rules and regulations under Chapters 9A and 9B for that purpose. Issuers are reminded:—

(1) that these requirements are not exhaustive and that the Exchange may impose additional requirements in a particular case; and

(2) that the Exchange retains an absolute discretion to accept or reject applications for listing (including application for transfer of listing from GEM to the Main Board) and that compliance with the relevant conditions may not of itself ensure an applicant's suitability for listing.

Prospective issuers, and in particular new applicants, are therefore encouraged to contact the Exchange to seek informal and confidential guidance as to the eligibility of a proposed issue for listing at the earliest possible opportunity.

### Basic Conditions

8.02 The issuer must be duly incorporated or otherwise established under the laws of the place where it is incorporated or otherwise established and must be in conformity with those laws and its memorandum and articles of association or equivalent documents.

8.02A Each of the statutory securities regulator of an issuer's jurisdiction of incorporation and the statutory securities regulator of the place of central management and control must be a full signatory to the IOSCO MMOU. This is to enable the Commission to seek regulatory assistance and information from overseas statutory securities regulators to facilitate the Commission's investigations and enforcement actions where an issuer has its records, business operations, assets and management outside Hong Kong.

8.02B The Exchange may waive rule 8.02A in an individual case only with the Commission's explicit consent having regard to whether there are adequate arrangements to enable the Commission to access financial and operational information (such as books and records) on an issuer's business in the relevant place of incorporation and place of central management and control for its investigation and enforcement purposes.

8.03 An issuer which is a Hong Kong company must not be a private company within the meaning of section 11 of the Companies Ordinance.

8.04 Both the issuer and its business must, in the opinion of the Exchange, be suitable for listing.

8.05 The issuer must satisfy either the profit test in rule 8.05(1) or the market capitalisation/revenue/cash flow test in rule 8.05(2) or the market capitalisation/revenue test in rule 8.05(3).

***The profit test***

(1) To meet the profit test, a new applicant must have an adequate trading record under substantially the same management and ownership. This means that the issuer, or its group (excluding any associated companies and other entities whose results are recorded in the issuer's financial statements using the equity method of accounting), as the case may be, must satisfy each of the following:

(a) a trading record of not less than three financial years (see rule 4.04) during which the profit attributable to shareholders must, in respect of the most recent year, be not less than HK$35,000,000 and, in respect of the two preceding years, be in aggregate not less than HK$45,000,000. The profit mentioned above should exclude any income or loss of the issuer, or its group, generated by activities outside the ordinary and usual course of its business;

(b) management continuity for at least the three preceding financial years; and

(c) ownership continuity and control for at least the most recent audited financial year.

***The market capitalisation/revenue/cash flow test***

(2) To meet the market capitalisation/revenue/cash flow test, a new applicant must satisfy each of the following:

(a) a trading record of not less than three financial years;

(b) management continuity for at least the three preceding financial years;

(c) ownership continuity and control for at least the most recent audited financial year;

(d) a market capitalisation of at least HK$2,000,000,000 at the time of listing;

(e) revenue of at least HK$500,000,000 for the most recent audited financial year; and

(f) positive cash flow from operating activities carried out by the new applicant, or its group, that are to be listed of at least HK$100,000,000 in aggregate for the three preceding financial years.

***The market capitalisation/revenue test***

(3) To meet the market capitalisation/revenue test, a new applicant must satisfy each of the following, unless waived by the Exchange under rule 8.05A:

(a) a trading record of at least three financial years;

(b) management continuity for at least the three preceding financial years;

(c) ownership continuity and control for at least the most recent audited financial year;

(d) a market capitalisation of at least HK$4,000,000,000 at the time of listing; and

(e) revenue of at least HK$500,000,000 for the most recent audited financial year.

(4) For the purpose of rules 8.05(2) and (3), only revenue arising from the principal activities of the new applicant and not items of revenue and gains that arise incidentally will be recognised. Revenue arising from "book" transactions, such as banner barter transactions or writing back of accounting provisions or other similar activities resulting from mere book entries, will be disregarded.

8.05A In the case of the market capitalisation/revenue test, the Exchange will accept a shorter trading record period under substantially the same management as required under rule 8.05(3) (a) and (b) if the new applicant is able to demonstrate the following:

(1) the directors and management of the new applicant have sufficient and satisfactory experience of at least three years in the line of business and industry of the new applicant. Details of such experience must be disclosed in the listing document of the new applicant; and

(2) management continuity for the most recent audited financial year.

*Note: Mineral Companies relying on this provision must comply with the more onerous requirements of Listing Rule 18.04.*

8.05B The Exchange may accept a shorter trading record period and/or may vary or waive the above profit or other financial standards requirement in rule 8.05 in the following cases:—

(1) mineral companies to which the provisions of Chapter 18 apply; or

(2) newly formed 'project' companies, for example a company formed to construct a major infrastructure project. The Exchange considers that "infrastructure projects" are projects which create the basic physical structures or foundations for the delivery of essential public goods and services that are necessary for the economic development of a territory or country. Examples of infrastructure projects include the construction of roads, bridges, tunnels, railways, mass transit systems, water and sewage systems, power plants, telecommunication systems, seaports and airports. A new applicant of such 'project' companies must be able to demonstrate that:

(a) it is a party to and has the right to build and operate (or participate in the results from the operation of) a particular infrastructure project(s). The project(s) may be carried out by the applicant company directly or through subsidiaries or joint venture companies. Companies which finance, but do not undertake the development of the project(s), will not be considered under rule 8.05B(2);

(b) at the time of listing, it is not engaged in any businesses other than those stipulated in the infrastructure project mandate(s) or contract(s);

(c) the infrastructure project(s) must be carried out under a long term concession or mandate (there should normally be at least 15 years remaining in each concession or mandate at the time of listing) awarded by government and be of a substantial size (to be of substantial size, the applicant company's share of the total capital cost of the projects should normally be at least HK$1 billion);

(d) where it is involved in more than one project, the majority of its projects are in the pre-construction or construction stage;

(e) the bulk of the proceeds of the offering will be used to finance the construction of the project(s) and not principally to repay indebtedness or to acquire other non-infrastructure assets;

(f) it will not and will procure its subsidiaries or joint venture companies not to acquire any other type of assets or engage in such activity which will result in a change of business from those stipulated in the infrastructure project mandates(s) or contract(s) in the first three years after listing;

(g) its substantial shareholders and management have the necessary experience, technical expertise, track record and financial strength to carry out the project(s) to completion and to operate it/them thereafter. In particular, its directors and management must have sufficient and satisfactory experience of at least three years in the line of business and industry of the new applicant. Details of such expertise and experience must be disclosed in the listing document of the new applicant; and

(h) such additional disclosure of matters and documents, including business valuations, feasibility studies, sensitivity analyses and cash flow projections, as the Exchange may at its discretion require, will be included in the listing document of the new applicant; or

(3) exceptional circumstances where the issuer or its group has a trading record of at least two financial years if the Exchange is satisfied that the listing of the issuer is desirable in the interests of the issuer and investors and that investors have the necessary information available to arrive at an informed judgement concerning the issuer and the securities for which listing is sought. In such cases the Exchange should be consulted at an early stage and additional conditions will be imposed pursuant to rule 2.04.

8.05C (1) An issuer (other than an investment company in which case the conditions set out in Chapter 21 apply) will not be regarded as suitable for listing if its group's assets consist wholly or substantially of cash and/or short-term investments (as defined in the notes to rule 14.82).

(2) Cash and/or short-term investments held by a member of an issuer's group that is a banking company (as defined in rule 14A.88), an insurance company (as defined in rule 14.04) or a securities house (as defined in rule 14.04) will normally not be taken into account when applying rule 8.05C(1).

*Note: This exemption will not apply to an issuer that operates a securities house where the Exchange has concerns that the issuer is holding cash and short-term investments through a member to circumvent rule 8.05C(1). For example, an issuer holding excessive cash and/or securities investments cannot circumvent the rule by holding such assets through a member that is a licensed broker with minimal brokerage operations. The Exchange will apply a principle based approach and consider, among others, the cash and/or short-term investments in light of the member's operating model and its cash needs for the purpose of its regulated activities, which should be substantiated by its historical track record.*

*Note: See Practice Note 3*

8.06 In the case of a new applicant, the latest financial period reported on by the reporting accountants (see Chapter 4) must not have ended more than six months before the date of the listing document.

8.07 There must be an adequate market in the securities for which listing is sought. This means that the issuer must demonstrate that there will be sufficient public interest in the business of the issuer and in the securities for which listing is sought.

***Open market requirements***

8.08 There must be an open market in the securities for which listing is sought. This will normally mean that for a class of securities new to listing:—

(1) at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing, determined by reference to the following table:—

| **Expected market value of the class of securities at the time of listing** | **Minimum percentage of such class of securities to be held by the public at the time of listing** |
|---|---|
| Not exceeding HK$6,000,000,000 | 25% |
| Over HK$6,000,000,000 but not exceeding HK$30,000,000,000 | The higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$1,500,000,000 at the time of listing; and (ii) 15% |
| Over HK$30,000,000,000 | The higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$4,500,000,000 at the time of listing; and (ii) 10% |

*Notes:*

*1. For the purpose of determining the expected market value and the minimum percentage in this rule, only securities in the class for which listing is sought that are in issue at the time of listing (excluding treasury shares) shall be counted.*

*2. [Repealed 1 January 2026]*

(b) [Repealed 4 August 2025]

(c) [Repealed 4 August 2025]

(d) [Repealed 4 August 2025]

(2) at the time of listing there must be an adequate spread of holders of the securities to be listed. The number will depend on the size and nature of the issue, but in all cases there must be at least 300 shareholders;

(3) not more than 50% of the securities in public hands at the time of listing can be beneficially owned by the three largest public shareholders; and

(4) the requirements of rules 8.08(1), (2) and (3) do not apply if all the following conditions are met:

(a) the securities to be listed are options, warrants or similar rights to subscribe or purchase shares;

(b) such securities are offered to existing holders of a listed issuer's shares by way of bonus issue; and

(c) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of the issuer may be concentrated in the hands of a few shareholders.

*Note: For the purpose of sub-paragraph (4)(b) of rule 8.08, a bonus issue includes a bonus issue that complies with rule 13.36(2)(a).*

*Free float*

8.08A There must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing. This will normally mean that the portion of the class of shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: –

(1) represent at least 10% of the total number of issued shares in the class of shares for which listing is sought (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or

(2) have an expected market value at the time of listing of not less than HK$600,000,000.

*Notes: 1. While certain issuers may have shares that are not subject to any disposal restrictions, such shares may otherwise not be available for trading at the time of listing. Shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 17.01A) must be excluded from the calculation of free float in this rule, regardless of whether they are considered as being "in public hands" (see note to rule 8.24).*

*2. For the purpose of the calculation of free float in this rule, only shares (for which listing is sought) that are in issue at the time of listing (excluding treasury shares) shall be counted.*

***Market value requirements***

8.09 (1) The expected market value at the time of listing of the securities of a new applicant for which listing is sought which are held by the public (see rule 8.24) must be at least HK$125,000,000.

(2) The expected market capitalisation of a new applicant at the time of listing must be at least HK$500,000,000 which shall be calculated on the basis of all issued shares (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), but excluding treasury shares) of the new applicant at the time of listing.

(3) The expected market value at the time of listing of each class of securities for which listing is sought, other than options, warrants or similar rights to subscribe or purchase securities, must, in the case of both new applicants and listed issuers, be at least HK$50,000,000.

(4) In the case of a class of options, warrants or similar rights to subscribe or purchase securities for which listing is sought, the expected market value at the time of listing must, in the case of both new applicants and listed issuers, be at least HK$10,000,000.

(5) Further issues of securities of a class already listed are not subject to the limits set out in this rule. In exceptional cases, a lower expected initial market value may be acceptable where the Exchange is satisfied as to marketability.

*Note: The fact that an applicant is able to satisfy the minimum market capitalisation and market value criteria of this rule does not of itself mean that the applicant will be accepted as suitable for listing.*

8.09A For the purpose of calculating the expected market capitalisation of a new applicant at the time of listing, the expected issue price of the shares for which listing is sought shall be used as a basis for determining the market value of the other class(es) of shares of the new applicant that are unlisted.

*Note: The Exchange may publish guidance on the Exchange's website, as amended from time to time, as to the calculation of the expected market capitalisation of a new applicant which has shares listed on other regulated market(s).*

8.10 (1) Where a new applicant has a controlling shareholder with an interest in a business apart from the applicant's business which competes or is likely to compete, either directly or indirectly, with the applicant's business (the "excluded business"):

(a) the applicant's listing document must prominently disclose the following:

(i) reasons for the exclusion of the excluded business;

(ii) a description of the excluded business and its management, to enable investors to assess the nature, scope and size of such business, with an explanation as to how such business may compete with the applicant's business;

(iii) facts demonstrating that the applicant is capable of carrying on its business independently of, and at arms length from the excluded business;

(iv) whether the controlling shareholder intends to inject the excluded business into the applicant in future, together with the time frame during which the controlling shareholder intends to or does not intend to inject the excluded business. If there is any change in such information after listing, the applicant must disclose it by way of an announcement published in accordance with rule 2.07C as soon as it becomes aware of such change; and

(v) any other information considered necessary by the Exchange;

*Note: See also paragraph 27A of Appendices D1A and D1E.*

(b) if after its listing the applicant proposes to acquire all or part of the excluded business, the enlarged group must meet the trading record requirements of rule 8.05; and

(c) all connected transactions between the excluded business and the applicant after listing must strictly comply with the requirements of chapter 14A.

*Note: An interest in an excluded business may consist of the following:*

*(i) where the business is conducted through a company, an interest as a director (other than an independent non-executive director) or a substantial shareholder of such company;*

*(ii) where the business is conducted through a partnership, an interest as a partner in such partnership; or*

*(iii) where the business is conducted as a sole proprietorship, the interest as the sole proprietor of such business.*

*Where such company is a holding company, the applicant may disclose the information required under rule 8.10(1)(a) for such company and its subsidiaries on a group basis.*

(2) Where any of the directors of a new applicant is interested in any business apart from the applicant's business, which competes or is likely to compete, either directly or indirectly, with the applicant's business:

(a) the applicant's listing document must prominently disclose the information required under rule 8.10(1)(a)(ii) and (iii) of each director's interest in such business and any other information considered necessary by the Exchange;

(b) after listing, the directors (including any director appointed after listing) must continue to prominently disclose details as required under rule 8.10(2)(a) of any such interests (including any interests acquired after listing) in the applicant's annual reports; and

(c) the directors must also prominently disclose in the applicant's annual reports any change in details previously so disclosed in the applicant's listing document or annual reports.

*Notes: (1) A director's interest in such a business may consist of the following:*

*(i) where the business is conducted through a company, an interest as a director (other than an independent non-executive director) or a substantial shareholder of such company;*

*(ii) where the business is conducted through a partnership, an interest as a partner in such partnership; or*

*(iii) where the business is conducted as a sole proprietorship, the interest as the sole proprietor of such business.*

*Where such company is a holding company, the applicant may disclose the information required under rule 8.10(2) for such company and its subsidiaries on a group basis.*

*(2) Listed issuers must comply with the disclosure requirements under rule 8.10(2)(b) and (c) commencing from the first annual report published after 30th April 2000.*

*(3) The disclosure requirements under rule 8.10(2) do not apply to independent non-executive directors of a new applicant or a listed issuer.*

(3) In cases where rule 8.10(1) or (2) applies, the Exchange may require the appointment of a sufficient number of independent non-executive directors to ensure that the interests of the general body of shareholders will be adequately represented.

*Note: Directors are reminded of their fiduciary duties to the issuer and that they must, in the performance of their duties as directors, avoid actual and potential conflicts of interest and duty. Such considerations may arise in situations where directors have business interests which are similar to those of the issuer or where it is proposed that the issuer makes any decision to acquire or not to acquire any such asset or business. The attention of the directors is also drawn to the duty of directors not to profit themselves to the detriment of the issuer.*

8.11 The share capital of a new applicant must not include shares of which the proposed voting power does not bear a reasonable relationship to the equity interest of such shares when fully paid ("B Shares") and the Exchange will not be prepared to list any new B Shares issued by a listed issuer nor to allow any new B Shares to be issued by a listed issuer (whether or not listing for such shares is to be sought on the Exchange or any other stock exchange) except:—

(1) in exceptional circumstances agreed with the Exchange;

(2) in the case of those listed companies which already have B Shares in issue, in respect of further issues of B Shares identical in all respects with those B Shares by way of scrip dividend or capitalisation issue, provided that the total number of B Shares in issue remains substantially in the same proportion to the total number of other voting shares in issue as before such further issue; or

(3) as permitted by Chapter 8A or Chapter 19C of these rules.

8.12 A new applicant applying for a primary listing on the Exchange must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong.

8.13 The securities for which listing is sought must be freely transferable. Partly-paid securities will normally be regarded as fulfilling this condition provided that in the Exchange's view their transferability is not unreasonably restricted and dealings in them can take place on an open and proper basis. Existing issued securities which are offered for sale on an instalment payment basis, approved by the Exchange, will normally be regarded as fulfilling this condition.

*Note: Since it is not common practice in Hong Kong for purchasers to register every transaction, a vendor of a partly-paid security cannot ensure that his name is removed from the register and he may therefore retain his original liability to pay further calls on the security. To demonstrate that dealings in partly-paid securities can take place on an open and proper basis, there must be either:—*

*(a) adequate arrangements have been put in place to ensure that the vendor of the partly-paid security can effectively transfer all of the liability to pay further calls on the security to the purchaser without any right of recourse; or*

*(b) the issuer has limited the amount unpaid to a maximum of 50 per cent. of the issue price and the securities will become fully paid within twelve months from the date of issue and that the issuer has made full and detailed disclosure of the peculiar risks attaching to such securities whilst they remain partly-paid; or*

*(c) the issuer has made provisions which will ensure that every trade in the securities has to be registered such that vendors of the securities do not remain as the registered holders after the settlement of the trade.*

8.13A (1) In the case of a new applicant or a listed issuer in respect of a class of securities new to listing, the securities for which listing is sought must be Eligible Securities from the date on which dealings in the securities are to commence.

(2) The new applicant or the listed issuer must make all necessary arrangements to comply with sub-paragraph (1).

(3) Sub-paragraph (1) does not apply in the case of a new applicant or a listed issuer which is unable to satisfy the eligibility criteria as determined from time to time by HKSCC by reason only of a provision of law affecting the transferability or ownership of the new applicant's or the listed issuer's securities.

(4) The Exchange may, in exceptional circumstances and in the absolute discretion of the Exchange, waive compliance with sub-paragraph (1).

(5) An issuer shall ensure, so far as it is able, that its securities remain Eligible Securities.

8.14 The securities for which listing is sought must be issued in conformity with the law of the place where the issuer is incorporated or otherwise established and in conformity with the issuer's memorandum and articles of association or equivalent documents and all authorisations needed for their creation and issue under such law or documents must have been duly given.

8.14A The new applicant and the listed issuer's memorandum and articles of association (or equivalent document) shall (i) conform with the relevant parts of Appendix A1 and (for overseas issuers) the related guidance materials, and (ii) on the whole, not be inconsistent with the Exchange Listing Rules and the laws of the place where the new applicant is incorporated or otherwise established.

8.15 Without prejudice to the specific requirements for management experience under rules 8.05A, 8.05B(2) and 18.04, the persons proposed to hold office as directors of the issuer must meet the requirements of Chapter 3.

8.16 The issuer must be an approved share registrar or employ an approved share registrar to maintain in Hong Kong its register of members.

8.17 The issuer must appoint a company secretary who satisfies rule 3.28.

8.18 Securities to which options, warrants or similar rights to subscribe or purchase equity securities are attached must comply both with the requirements applicable to the securities for which listing is sought and with the requirements applicable to such options, warrants or similar rights (see Chapter 15).

8.19 Where application for listing is made in respect of any class of securities:—

(1) if none of the securities of that class are already listed, the application must relate to all securities of that class issued or proposed to be issued; or

(2) if some of the securities of that class are already listed, the application must relate to all further securities of that class issued or proposed to be issued.

8.20 Listing must be sought for all further issues of securities of a class already listed prior to the issue of the securities.

8.21 (1) Subject to (2) and (3) below the Exchange will not normally consider an application for listing from a new applicant which:—

(a) has changed the period of its financial year during the latest complete financial year (being twelve months) immediately preceding the proposed date of issue of the listing document; or

(b) intends to change the period of its financial year during the period of the profit forecast, if any, or the current financial year, whichever is the longer period.

(2) Notwithstanding (1) above, a subsidiary of the new applicant will normally be permitted to change the period of its financial year provided that:—

(a) the change is to make the subsidiary's financial year coterminous with that of the new applicant;

(b) appropriate adjustments are made in the trading record and profit forecast and such adjustments are fully explained in statements which must be provided to the Exchange; and

(c) adequate disclosure is provided in the listing document and the accountants' report of the reason for the change and the effect of the change on the new applicant's group trading record or profit forecast.

(3) Notwithstanding (1) above, the Exchange may consider an application for a waiver from strict compliance with rule 8.21(1) if:—

(a) the new applicant is an investment holding company and the change is to allow its financial year to be coterminous with that of all or a majority of its major operating subsidiaries;

(b) the new applicant would be able to satisfy all requirements under rule 8.05 before and after the proposed change; and

(c) the proposed change will not materially affect the presentation of financial information, or result in any omission of material information in the listing document or information that would otherwise be relevant to assessment of the new applicant's suitability.

8.21A (1) A new applicant must include a working capital statement in the listing document. In making this statement the new applicant must be satisfied after due and careful enquiry that it and its subsidiary undertakings, if any, have available sufficient working capital for the group's present requirements, that is for at least the next 12 months from the date of publication of the listing document. The sponsor to the new applicant must also confirm to the Exchange in writing that:

(a) it has obtained written confirmation from the new applicant that the working capital available to the group is sufficient for its present requirements, that is for at least the next 12 months from the date of publication of the listing document; and

(b) it is satisfied that this confirmation has been given after due and careful enquiry by the new applicant and that the persons or institutions providing finance have stated in writing that the relevant financing facilities exist.

*Note 1: This rule is modified for a new applicant Mineral Company which must comply with the requirements of rules 18.03(4) and 18.03(5).*

*Note 2: This rule is modified for a new applicant under Chapter 18A which must comply with the requirements of rule 18A.03(4).*

*Note 3: This rule is modified for a new applicant that is a Pre-Commercial Company under Chapter 18C, which must comply with the requirements of rule 18C.07.*

(2) The Exchange will not require a working capital statement under rule 8.21A(1), paragraph 36 of Appendix D1A and paragraph 36 of Appendix D1E to be made by a new applicant which is a banking company or an insurance company, provided that:—

(a) the inclusion of such a statement would not provide significant information for investors;

(b) the new applicant's solvency and capital adequacy are subject to prudential supervision by another regulatory body; and

(c) the new applicant 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 new applicant's solvency ratios, capital adequacy ratios and liquidity ratios (as applicable) for the latest three financial years.

*Note: Refer to Chapter 3A for other sponsor obligations.*

8.21B [Repealed 1 February 2012]

**Deemed New Applicants**

8.21C Without prejudice to the generality of other applicable provisions of the Exchange Listing Rules, a listed issuer that is treated as if it were a new applicant must meet all the basic conditions set out in this Chapter 8, unless otherwise waived by the Exchange. In the case of a reverse takeover, the acquisition targets (as defined in rule 14.04(2A)) and the enlarged group must meet the requirements under rule 14.54. In cases of doubt, issuers or advisers should consult the Exchange at an early stage.

**Underwriters**

8.22 The Exchange reserves the right to inquire of an issuer as to the financial suitability of any proposed underwriter and may reject an application for listing if it is not satisfied as to the underwriter's ability to meet its underwriting commitment.

**Basis of allocation and "the public"**

8.23 Upon the closing of the offering period of a new applicant, new applicants and underwriters must adopt a fair basis of allocation of the securities on offer to the public.

8.24 The Exchange will not regard any core connected person of the issuer as a member of "the public" or shares held by him as being "in public hands". In addition, the Exchange will not recognise as a member of "the public":—

(1) any person whose acquisition of securities has been financed directly or indirectly by the issuer (or any of its subsidiaries) or a core connected person of the issuer;

(2) any person who is accustomed to take instructions from the issuer (or any of its subsidiaries) or a core connected person of the issuer in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in his name or otherwise held by him; and

(3) the issuer as the holder of legal or beneficial interests in treasury shares.

*Note: Notwithstanding that the underlying shares subject to a share scheme were initially financed by an issuer and/or held by a trustee who is accustomed to take instructions from the issuer, for the purpose of this rule, the Exchange will regard: (a) shares that have been issued or transferred to specified participants; and (b) shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 17.01A), as being "in public hands", provided that:*

*(i) the trustee is not a core connected person of the issuer, or is a core connected person of the issuer only because one or more of the beneficiaries under the trust is a core connected person of the issuer; and*

*(ii) the relevant participants are not core connected persons of the issuer and are not accustomed to take instructions from the issuer or any of its subsidiaries or any of its core connected persons in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in the participants' names or otherwise held by the participants (including those shares granted to them under the share scheme).*

# Chapter 8A

## EQUITY SECURITIES

### WEIGHTED VOTING RIGHTS

#### INTRODUCTION

The concept of proportionality between the voting power and equity interest of shareholders, commonly known as the "one-share, one-vote" principle, is an important aspect of investor protection as it helps align controlling shareholders' interests with those of other shareholders and makes it possible for incumbent management to be removed, if they underperform, by those with the greatest equity interest in an issuer.

Although the Exchange believes that the "one-share, one vote" principle continues to be the optimum method of empowering shareholders and aligning their interests in a company, the Exchange will consider listing applications of companies seeking to deviate from this principle, under the conditions and safeguards set out in this Chapter. Applicants are expected to demonstrate the necessary characteristics of innovation and growth and demonstrate the contribution of their proposed beneficiaries of weighted voting rights to be eligible and suitable for listing with a WVR structure as set out in guidance published on the Exchange website and amended from time-to-time.



#### Scope

The Exchange Listing Rules (including Chapter 8) apply as much to issuers with or seeking a listing with a WVR structure, as other issuers of equity securities. This Chapter sets out rules and modifications to existing rules applicable to issuers with, or seeking, a listing with a WVR structure. For overseas issuers with a WVR structure with, or seeking, a secondary listing, the rules in this Chapter are subject to modification by rule 8A.46.

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

## General Principles

8A.01 The general principle of rule 2.03(4) for issuers with, or seeking, a listing with a WVR structure under this Chapter is modified as follows:

The Listing Rules reflect currently acceptable standards in the market place and are designed to ensure that investors have and can maintain confidence in the market and in particular that:–

…

(4) all holders of listed securities are treated fairly and all holders of listed securities of the same class are treated equally; …

## DEFINITIONS

8A.02 In this Chapter, the following definitions apply:

| | |
|---|---|
| "non-WVR shareholder" | a shareholder of a class of listed shares of an issuer with a WVR structure who is not also a beneficiary of weighted voting rights; |
| "weighted voting right" | the voting power attached to a share of a particular class that is greater or superior to the voting power attached to an ordinary share, or other governance right or arrangement disproportionate to the beneficiary's economic interest in the equity securities of the issuer; and |
| "WVR structure" | a structure of an issuer that results in weighted voting rights |

## GENERAL

8A.03 In the event of any failure to adhere to the requirements of this Chapter as determined by the Exchange, the Exchange may, as it considers necessary for the protection of the investors or the maintenance of an orderly market and in addition to any other action that the Exchange considers appropriate under the rules, exercise absolute discretion to:

(1) direct a trading halt or suspend dealings of any securities of the issuer or cancel the listing of any securities of the issuer as set out in rule 6.01;

(2) impose the disciplinary sanctions set out in rule 2A.10 against the parties set out in rule 2A.09;

(3) withhold:

(a) approval for an application for the listing of securities; and/or

(b) clearance for the issuance of a circular to the issuer's shareholders

unless and until all necessary steps have been taken to address the non-compliance as directed by the Exchange to its satisfaction.

## QUALIFICATIONS FOR LISTING

### Basic Conditions

8A.04 A new applicant seeking a listing with a WVR structure must demonstrate to the Exchange that it is both eligible and suitable for listing with a WVR structure.

8A.05 The Exchange will consider applications for listing with a WVR structure from new applicants only.

*Note: The Exchange retains the discretion to reject an application for listing if it believes an issuer has acted intentionally to avoid rule 8A.05 or in a manner which has the effect of avoiding rule 8A.05.*

### Qualifications for Listing with a WVR Structure

8A.06 A new applicant seeking a listing with a WVR structure 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.

## PERMISSIBLE WVR STRUCTURES

### Restriction to share class based WVR structures

8A.07 Subject to the requirement of rule 8A.24, a WVR structure must attach weighted voting rights only to a class of an issuer's equity securities and confer on a beneficiary enhanced voting power on resolutions tabled at the issuer's general meetings only. In all other respects, the rights attached to a class of equity securities conferring weighted voting rights must otherwise be the same as the rights attached to the issuer's listed ordinary shares.

### A class of shares with weighted voting rights is ineligible for listing

8A.08 An issuer must not seek a listing of a class of shares carrying weighted voting rights.

### Voting power of non-WVR shareholders

8A.09 Non-WVR shareholders must be entitled to cast at least 10% of the votes that are eligible to be cast on resolutions at the listed issuer's general meetings *(Note 3)*.

*Note 1: Compliance with this rule means, for example, that an issuer cannot list with a WVR structure that attaches 100% of the right to vote at general meetings (Note 3) to the beneficiaries of weighted voting rights.*

*Note 2: A beneficiary of weighted voting rights must not take any action that would result in a non-compliance with this rule.*

*Note 3: Voting rights attaching to treasury shares are excluded.*

### Restriction on voting power

8A.10 A class of shares conferring weighted voting rights in a listed issuer must not entitle the beneficiary to more than ten times the voting power of ordinary shares, on any resolution tabled at the issuer's general meetings.

### Beneficiaries of Weighted Voting Rights

8A.11 At listing, any beneficiaries of weighted voting rights must be members of the applicant's board of directors.

### Minimum Economic Interest at Listing

8A.12 The beneficiaries of weighted voting rights must beneficially own collectively at least 10% of the underlying economic interest in the applicant's total issued share capital at the time of its initial listing.

*Note: The Exchange may be prepared to accept a lower minimum shareholding percentage, on a case by case basis, if the lower underlying economic interest still represents a very large amount in absolute dollar terms (for example if the applicant has an expected market capitalisation of over HK$80 billion at the time of its initial listing) taking into account such other factors about the applicant as the Exchange may in its discretion, consider appropriate.*

## RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

### Issues of Shares Carrying Weighted Voting Rights

8A.13 A listed issuer must not increase the proportion of shares that carry weighted voting rights above the proportion in issue at the time of listing.

*Note: If the proportion of shares carrying weighted voting rights is reduced below the proportion in issue at the time of listing, this rule 8A.13 shall apply to the reduced proportion of shares carrying weighted voting rights.*

8A.14 A listed issuer with a WVR structure may only allot, issue or grant shares carrying weighted voting rights with the prior approval of the Exchange and pursuant to (1) an offer made to all the issuer's shareholders pro rata (apart from fractional entitlements) to their existing holdings; (2) a pro rata issue of securities to all the issuer's shareholders by way of scrip dividends; or (3) pursuant to a stock split or other capital reorganisation provided that the Exchange is satisfied that the proposed allotment or issuance will not result in an increase in the proportion of shares carrying weighted voting rights.

*Note 1: If, under a pro rata offer, beneficiaries of weighted voting rights do not take up any part of the shares carrying weighted voting rights (or rights to those shares) offered to them, those shares (or rights) not taken up could only be transferred to another person on the basis that such transferred rights will only entitle the transferee to an equivalent number of ordinary shares.*

*Note 2: To the extent that rights in a listed issuer's shares not carrying weighted voting rights in a pro rata offer are not taken up in their entirety (e.g. in the case where the pro rata offering is not fully underwritten), the number of the listed issuer's shares carrying weighted voting rights that can be allotted, issued or granted must be reduced proportionately.*

*Note 3: Where necessary, beneficiaries of weighted voting rights must use their best endeavours to enable the issuer to comply with this rule.*

### Purchases of Own Shares

8A.15 If a listed issuer with a WVR structure reduces the number of its shares in issue (after deducting treasury shares) (e.g. through a purchase of its own shares) the beneficiaries of weighted voting rights must reduce their weighted voting rights in the issuer proportionately (for example through conversion of a proportion of their shareholding with those rights into shares without those rights), if the reduction in the number of shares in issue (after deducting treasury shares) would otherwise result in an increase in the proportion of the listed issuer's shares that carry weighted voting rights.

### Prohibition on Changing Terms of Shares Carrying Weighted Voting Rights

8A.16 After listing, a listed issuer with a WVR structure must not change the terms of a class of its shares carrying weighted voting rights to increase the weighted voting rights attached to that class.

*Note: If a listed issuer wishes to change the terms of a class of its shares carrying weighted voting rights to reduce those rights it may do so but must, in addition to complying with any requirements under law, first obtain the prior approval of the Exchange and, if approval is granted, must announce the change.*

## CONTINUING OBLIGATIONS

### Ongoing Requirements for Beneficiaries of Weighted Voting Rights

8A.17 The beneficiary's weighted voting rights in a listed issuer must cease if, at any time after listing, the beneficiary is:

(1) deceased;

(2) no longer a member of the issuer's board of directors;

(3) deemed by the Exchange to be incapacitated for the purpose of performing his or her duties as a director; or

(4) deemed by the Exchange to no longer meet the requirements of a director set out in these rules.

*Note 1: The Exchange would deem a beneficiary of weighted voting rights to no longer meet the requirements of a director if, for the following reasons, the Exchange believed the person no longer has the character and integrity commensurate with the position:*

(a) the beneficiary is or has been convicted of an offence involving a finding that the beneficiary acted fraudulently or dishonestly;

(b) a disqualification order is made by a court or tribunal of competent jurisdiction against the beneficiary; or

(c) the beneficiary is found by the Exchange to have failed to comply with the requirement of rules 8A.15, 8A.18 or 8A.24.

*Note 2: The dealing restrictions of rule 10.06(2), the issue restrictions of rule 10.06(3) and the director dealing restrictions under Appendix C3 do not apply where the dealing or issue is solely to facilitate the conversion of shares carrying weighted voting rights into ordinary shares to comply with rule 8A.17.*

**Restriction on Transfer of Shares with Weighted Voting Rights**

8A.18 (1) The weighted voting rights attached to a beneficiary's shares must cease upon transfer to another person of the beneficial ownership of, or economic interest in, those shares or the control over the voting rights attached to them (through voting proxies or otherwise).

(2) A limited partnership, trust, private company or other vehicle may hold shares carrying weighted voting rights on behalf of a beneficiary of weighted voting rights provided that such an arrangement does not result in a circumvention of rule 8A.18(1).

*Note 1: The Exchange would not consider a lien, pledge, charge or other encumbrance on shares carrying weighted voting rights to be a transfer for the purpose of rule 8A.18 on condition that this does not result in the transfer of legal title to or beneficial ownership of those shares or the voting rights attached to them (through voting proxies or otherwise).*

*Note 2: The Exchange would consider a transfer to have occurred under rule 8A.18 if a beneficiary of weighted voting rights and a non-WVR shareholder(s) enter into any arrangement or understanding to the extent that this resulted in a transfer of weighted voting rights from the beneficiary of those weighted voting rights to the non-WVR shareholder.*

8A.19 If a vehicle holding shares carrying weighted voting rights in a listed issuer on behalf of a beneficiary no longer complies with rule 8A.18(2), the beneficiary's weighted voting rights in the listed issuer must cease. The issuer and beneficiary must notify the Exchange as soon as practicable with details of the non-compliance.

**Definition of a Connected Person and Core Connected Person**

8A.20 A beneficiary of weighted voting rights and any vehicle through which such beneficiary holds shares carrying weighted voting rights (who does not otherwise meet the rule 14A.07 definition of a "connected person") is a person deemed to be connected to the listed issuer by the Exchange under rule 14A.07(6). A beneficiary of weighted voting rights and any vehicle through which such beneficiary holds shares carrying weighted voting rights (who does not otherwise meet the rule 1.01 definition of a "core connected person") is deemed to be a core connected person of the listed issuer by the Exchange.

**Conditions for Conversion of Shares Carrying Weighted Voting Rights**

8A.21 Any conversion of shares with weighted voting rights into ordinary shares must occur on a one to one ratio.

*Note: An issuer with a WVR structure must seek the Exchange's prior approval of the listing of any shares that are issuable upon conversion of its shares carrying weighted voting rights.*

**Conditions for End of WVR Structure**

8A.22 A listed issuer's WVR structure must cease when none of the beneficiaries of the weighted voting rights at the time of the issuer's initial listing have beneficial ownership of shares carrying weighted voting rights.

**CORPORATE GOVERNANCE**

**Right of Non-WVR Shareholders to Convene an Extraordinary General Meeting**

8A.23 Non-WVR shareholders must be able to convene an extraordinary general meeting and add resolutions to the meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights *(Note)* on a one vote per share basis in the share capital of the listed issuer.

*Note: Voting rights attaching to treasury shares are excluded.*

**Resolutions Requiring Voting on a One Vote per Share Basis**

8A.24 Any weighted voting rights attached to any class of shares in a listed issuer must be disregarded and must not entitle the beneficiary to more than one vote per share on any resolution to approve the following matters:

(1) changes to the listed issuer's constitutional documents, however framed;

(2) variation of rights attached to any class of shares;

(3) the appointment or removal of an independent non-executive director;

(4) the appointment or removal of auditors; and

(5) the voluntary winding-up of the listed issuer.

*Note: The purpose of rule 8A.24 is to protect non-WVR shareholders from resolutions being passed by WVR beneficiaries without their consent and not to enable non-WVR shareholders to remove or further constrain weighted voting rights. The weighted voting rights attached to a class of issued shares may be varied only with the consent of the holders of that class of shares as stipulated by the regulations and/or laws to which the issuer is subject. Where the regulations and/or laws do not require such approval, the Exchange will require such approval to be included in its constitutional documents to the extent it is not prohibited under the laws of its incorporation.*

8A.25 Without limiting the issuer's obligation to comply with rule 8A.24, where a beneficiary of weighted voting rights casts their votes in a manner contradictory to the requirements of rule 8A.24, the Exchange will not accept that such resolutions have been passed in accordance with the requirements of these rules nor for determining the requisite majority of votes required for matters specified in these rules.

*Note: This action by the Exchange is without prejudice to other actions that the Exchange may take in these circumstances.*

**Independent Non-Executive Directors**

***Role of an independent non-executive director***

8A.26 The role of an independent non-executive director of a listed issuer with a WVR structure must include but is not limited to the functions described in code provisions C.1.2, C.1.5 and C.1.6 in Part 2 of Appendix C1 to these rules.

### *Nomination committee*

8A.27 Issuers with a WVR structure must establish a nomination committee that complies with Section B.3 in Part 2 of Appendix C1 of these rules.

*Note: The appointment or re-appointment of directors, including independent non-executive directors must be subject to the recommendation of the nomination committee, in accordance with sub-paragraphs (b) and (d) of code provision B.3.1 in Part 2 of Appendix C1 of these rules.*

8A.28 The nomination committee established under rule 8A.27 must be chaired by an independent non-executive director and comprising a majority of independent non-executive directors.

8A.28A If a listed issuer with a WVR structure is unable to set up a nomination committee or at any time has been unable to meet any of the other requirements in rules 8A.27 (in respect of establishing written terms of reference for the nomination committee or the composition of the nomination committee) and 8A.28, it must immediately publish an announcement containing the relevant details and reasons. The issuer must use all reasonable endeavours to set up a nomination committee with written terms of reference and/or appoint appropriate members to it to meet the requirement(s) on a timely basis, and in any case within three months after being unable to meet such requirement(s).

### *Retirement by rotation*

8A.29 The independent non-executive directors of an issuer with a WVR structure must be subject to retirement by rotation at least once every three years. Independent non-executive directors are eligible for re-appointment at the end of the three year term.

## Corporate Governance Committee

### *Terms of reference*

8A.30 An issuer with a WVR structure must establish a Corporate Governance Committee with at least the terms of reference set out in code provision A.2.1 in Part 2 of Appendix C1 to these rules, and the following additional terms:

(1) to review and monitor whether the listed issuer is operated and managed for the benefit of all its shareholders;

(2) to confirm, on an annual basis, that the beneficiaries of weighted voting rights have been members of the listed issuer's board of directors throughout the year and that no matters under rule 8A.17 have occurred during the relevant financial year;

(3) to confirm, on an annual basis, whether or not the beneficiaries of weighted voting rights have complied with rules 8A.14, 8A.15, 8A.18 and 8A.24 throughout the year;

(4) to review and monitor the management of conflicts of interests and make a recommendation to the board on any matter where there is a potential conflict of interest between the issuer, a subsidiary of the issuer and/or shareholders of the issuer (considered as a group) on one hand and any beneficiary of weighted voting rights on the other;

*Note: This applies to any grants of options or awards to any beneficiary of weighted voting rights under a share scheme governed by Chapter 17.*

(5) to review and monitor all risks related to the issuer's WVR structure, including connected transactions between the issuer and/or a subsidiary of the issuer on one hand and any beneficiary of weighted voting rights on the other and make a recommendation to the board on any such transaction;

(6) to make a recommendation to the board as to the appointment or removal of the Compliance Adviser;

(7) to seek to ensure effective and on-going communication between the issuer and its shareholders, particularly with regards to the requirements of rule 8A.35;

(8) to report on the work of the Corporate Governance Committee on at least a half-yearly and annual basis covering all areas of its terms of reference; and

(9) to disclose, on a comply or explain basis, its recommendations to the board in respect of the matters in sub-paragraphs (4) to (6) above in the report referred to in sub-paragraph (8) above.

***Composition***

8A.31 The Corporate Governance Committee must be comprised entirely of independent non-executive directors, one of whom must act as the chairman.

***Reporting requirements***

8A.32 The Corporate Governance Report produced by a listed issuer with a WVR structure to comply with Appendix C1 of these rules must include a summary of the work of the Corporate Governance Committee, with regards to its terms of reference, for the accounting period covered by both the half-yearly and annual report and disclose any significant subsequent events for the period up to the date of publication of the half-yearly and annual report, to the extent possible.

### *Compliance Adviser*

8A.33 Rule 3A.19 is modified to require an issuer with a WVR structure to appoint a Compliance Adviser on a permanent basis commencing on the date of the issuer's initial listing.

8A.34 An issuer must consult with and, if necessary, seek advice from its Compliance Adviser, on a timely and ongoing basis in the circumstances set out in rule 3A.23 and also on any matters related to:

(1) the WVR structure;

(2) transactions in which any beneficiary of weighted voting rights in the issuer has an interest; and

(3) where there is a potential conflict of interest between the issuer, a subsidiary of the issuer and/or shareholders of the issuer (considered as a group) on one hand and any beneficiary of weighted voting rights in the issuer on the other.

### Communication with Shareholders

8A.35 An issuer with a WVR structure must comply with Section F "Shareholders Engagement" in Part 2 of Appendix C1 to these rules.

### Training

8A.36 A new applicant and its directors must confirm to the Exchange, as part of its listing application, that its directors (including those that are beneficiaries of weighted voting rights and independent non-executive directors), senior management and company secretary have undertaken training on these rules and the risks associated with a WVR structure.

## DISCLOSURE

### Warnings

8A.37 An issuer with a WVR structure must include the warning "*A company controlled through weighted voting rights*" on the front page of all listing documents, periodic financial reports, circulars, notifications and announcements required by these rules and describe the WVR structure, the issuer's rationale for having it and the associated risks for shareholders prominently in its listing documents and periodic financial reports. This warning statement must inform prospective investors of the potential risks of investing in an issuer with a WVR structure and that they should make the decision to invest only after due and careful consideration.

8A.38 The documents of or evidencing title for the listed equity securities of an issuer with a WVR structure must prominently include the warning "*A company controlled through weighted voting rights*".

**Disclosure in Listing Documents, Interim and Annual Reports**

8A.39 An issuer with a WVR structure must identify the beneficiaries of weighted voting rights in its listing documents and in its interim and annual reports.

8A.40 An issuer with a WVR structure must disclose the impact of a potential conversion of WVR shares into ordinary shares on its share capital in its listing documents and in its interim and annual reports.

8A.41 An issuer with a WVR structure must disclose in its listing documents and in its interim and annual reports all circumstances in which the weighted voting rights attached to its shares will cease.

**Stock Marker**

8A.42 The listed equity securities of an issuer with a WVR structure must have a stock name that ends with the marker "W".

**UNDERTAKING**

8A.43 At listing, a beneficiary of weighted voting rights must give the issuer an undertaking in a form acceptable to the Exchange that they will comply with rules 8A.09, 8A.14, 8A.15, 8A.17, 8A.18 and 8A.24.

**CONSTITUTIONAL DOCUMENTS**

8A.44 Issuers with WVR structures must give force to the requirements of rules 8A.07, 8A.09, 8A.10, 8A.13, 8A.14, 8A.15, 8A.16, 8A.17, 8A.18, 8A.19, 8A.21, 8A.22, 8A.23, 8A.24, 8A.26, 8A.27, 8A.28, 8A.29, 8A.30, 8A.31, 8A.32, 8A.33, 8A.34, 8A.35, 8A.37, 8A.38, 8A.39, 8A.40 and 8A.41 by incorporating them into their articles of association or equivalent document.

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

8A.45 Rules 8A.04 to 8A.06 do not apply to a Qualifying Issuer with a WVR structure seeking a secondary listing under Chapter 19C.

8A.46 Rules 8A.07 to 8A.36, 8A.43 and 8A.44 do not apply to a Grandfathered Greater China Issuer or a Non-Greater China Issuer with a WVR structure that has or is seeking:–

(a) a dual primary listing on the Exchange under Chapter 19, on the condition that the issuer satisfies the qualification requirements under rule 8A.06 and has a track record of good regulatory compliance of at least two full financial years on a Qualifying Exchange of primary listing; or

(b) a secondary listing under Chapter 19C.

*Notes:*

*(1) In accordance with Rule 2.06, the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an overseas issuer, for example, if its WVR structure represents an extreme case of non-conformance with corporate governance norms.*

*(2) This exemption is only applicable to the WVR structure in effect at the time of the issuer's dual primary listing or secondary listing on the Exchange.*

# Chapter 9

# EQUITY SECURITIES

## APPLICATION PROCEDURES AND REQUIREMENTS

### Preliminary

9.01 This Chapter sets out the procedures and requirements for applications for the listing of equity securities, whether by new applicants or by listed issuers, and the documentary requirements for selling or transferring treasury shares by listed issuers.

9.02 New applicants are reminded (see Chapter 3A) that the sponsor is responsible for lodging the listing application and all supporting documents and for dealing with the Exchange on all matters arising in connection with the application. The sponsor must be duly authorised by the new applicant to lodge the listing application and submit any supporting document in connection with the listing application to the Exchange.

9.03 (1) A new applicant must apply for a listing on a Form A1 (published in Regulatory Forms). This form must be completed by the sponsor for the new applicant and accompanied by:—

(a) the documents stipulated in rule 9.10A(1); and

(b) the initial listing fee.

*Notes: 1. If an estimated figure for the monetary value of the equity securities to be listed is used to calculate the initial listing fee, the sponsor must inform the Exchange of the actual figure as soon as it is determined. Any shortfall of the initial listing fee arising must be paid to the Exchange as soon as the actual monetary value of the equity securities to be listed is determined and in any event before dealings commence.*

*2. If the Exchange returns an application to a sponsor before the Exchange issues its first comment letter to the sponsor, the initial listing fee will be refunded; and in other cases the initial listing fee will be forfeited.*

If an applicant has delayed its proposed timetable and more than 6 months have elapsed since the date of its listing application form, the applicant will forfeit the initial listing fee. An applicant wishing to reactivate its listing application must submit a new listing application form accompanied by the initial listing fee. If there is a change in sponsor (including an addition or removal of a sponsor), the applicant must also submit a new listing application form accompanied by the initial listing fee.

*Note: See also Chapter 2B for other circumstances when a new applicant may be required to submit a new listing application form.*

(2) The listing application form must contain a draft timetable which is subject to agreement with the Exchange. Any changes to a timetable must also be agreed with the Exchange. If an applicant wishes to reactivate its listing application that has been delayed and the date of the reactivation is within 6 months of the date of the listing application form, the applicant must submit a revised timetable which is subject to agreement with the Exchange. A new applicant must update the Exchange on the progress of the listing application on a fortnightly basis. The Exchange also reserves the right to require an applicant to amend its timetable in situations including (but not limited to), where the applicant fails to submit the necessary documentation in a timely fashion or where the Exchange has outstanding comments or queries that cannot be resolved in a timely fashion.

(3) An applicant must submit a listing application form, an Application Proof and all other relevant documents under rule 9.10A(1), and the information in these documents must be substantially complete except in relation to information that by its nature can only be finalised and incorporated at a later date. If the Exchange decides this information is not substantially complete, the Exchange will not continue to review any documents relating to the application. All documents, including the Form A1 (except for the retention of a copy of these documents for the Exchange's record) submitted to the Exchange will be returned to the sponsor. The initial listing fee will be dealt with in the manner described in note 2 to rule 9.03(1)(b) above. For applications which were previously returned by the Exchange, the applicant can only submit a new Form A1 together with a new Application Proof not less than 8 weeks after the Return Decision.

(3A) (a) A new applicant and each of its directors and supervisors must ensure that all information in the Application Proof is accurate and complete in all material respects and is not misleading or deceptive.

(b) Each director/supervisor and proposed director/supervisor of a new applicant named in the Application Proof must:

(i) ensure that the Application Proof and each draft listing document subsequently submitted to the Exchange contains all information about his biographical details as set out in rule 13.51(2) and that those details are true, accurate and complete; and

(ii) where, before dealings of securities of the new applicant on the Exchange commence, there are any changes in his biographical details as referred to in rule 9.03(3A)(b)(i), inform the Exchange as soon as practicable of such changes.

*Note: The requirement set out in rule 9.03(3A)(b) above also applies to each director/supervisor and proposed director/supervisor subsequently named in any draft listing document submitted to the Exchange after the submission of Application Proof, and references to "Application Proof" above shall be read as references to the relevant draft listing document in which such director/supervisor is named.*

(4) The Exchange may require an applicant to delay the expected hearing date if, during the review process, the Exchange believes the following cannot be fulfilled by the applicant at least 4 clear business days before the expected hearing date:—

(a) the submission of the revised proof of the listing document containing sufficient and appropriate disclosure of all the requisite information as set out in Chapter 11;

(b) the submission of any outstanding documents as requested by the Exchange; and

(c) the Exchange's queries and comments being satisfactorily addressed in a timely fashion.

(5) During the review process, the sponsor should not revise the contents of the listing document on a piece-meal basis. A revised proof of the listing document must completely address all the Exchange's comments on the previous proof. The Exchange may elect not to review a revised proof that fails to meet this requirement.

(6) An applicant must ensure that (i) the submission of the listing application form (including the undertakings set out therein), the Application Proof and all other relevant documents under rule 9.10A(1); (ii) the issue and allotment of securities for which listing is sought; and (iii) the making of all necessary arrangements enabling such securities to be admitted into CCASS, and approving and authorising the issue of the listing document, have been duly authorised and approved by resolutions of the directors and/or shareholders (as the case may be).

9.04 In order to maintain an orderly new issues market the Exchange reserves the right to refuse a listing application or to change the timetable.

9.05 Where any document is amended after submission, it must be re-submitted to the Exchange for review, marked in the margin to indicate (i) where the relevant items from Appendix D1A, D1B, D1E or D1F (as the case may be) have been met; and (ii) amendments made to conform with points raised by the Exchange.

9.06 No material amendment to the final proof listing document will be allowed without the consent of the Exchange.

9.07 The listing document must not be issued until the Exchange has confirmed to the issuer that it has no further comments thereon. However, in the case of a new applicant, circulation of a draft or preliminary listing document, which is clearly marked as such and which states that it is subject to final review by the Exchange is permitted for the purposes of arranging underwriting.

9.08 No publicity material on an issue of securities by a new applicant can be released in Hong Kong by a new applicant or its agents unless and until the Exchange has reviewed it and confirmed to the applicant that it has no comments. In addition, the publicity material must comply with all statutory requirements. If the Exchange believes that a new applicant or its advisers have permitted information on the listing of the new applicant's securities to leak, the Exchange will normally delay the application for the listing of those securities. For these purposes:

(1) publicity material does not relate to an issue of securities if its purpose is the promotion of the issuer or its products or business and not the promotion of the securities to be issued;

(2) the following documents do not fall within the scope of this rule and need not be submitted for prior review:

(a) an Application Proof published on the Exchange's website under rule 12.01A;

(b) a Post Hearing Information Pack published on the Exchange's website under rule 12.01B;

(bb) an OC Announcement published on the Exchange's website under rule 12.01C;

(c) any statement by a new applicant published on the Exchange's website stating that no reliance should be placed on any media reports about the new applicant subsequent to the publication of its Application Proof, OC Announcement or Post Hearing Information Pack, as the case may be; and

(d) the invitation or offering document (or its equivalent) and documents that consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the securities. This is provided that any obligations created by these agreements to issue, subscribe, purchase or underwrite the securities are conditional on listing being granted;

(3) any publicity material or announcement referring to a proposed listing by a new applicant issued before the Listing Committee's meeting to consider the application, must state that an application has been or will be made to the Exchange for listing of and permission to deal in the securities concerned; and

(4) where any material relating to a proposed listing by a new applicant is released without the Exchange's prior review before the Listing Committee's meeting to consider the application, the Exchange may delay the timetable for the proposed Listing Committee meeting by up to a month. If this results in the Form A1 being more than 6 months old, the applicant will have to re-submit its application with the initial listing fee (see rule 9.03(1)).

9.09 There must be no dealing in the securities for which listing is sought by any core connected person of the issuer (except as permitted by rule 7.11):

(a) in the case of listing application by listed issuers, from the time of submission of the formal application for listing until listing is granted; and

(b) in the case of a new applicant, from 4 clear business days before the expected hearing date until listing is granted.

The directors of the issuer for whose securities listing is being sought shall forthwith notify the Exchange of any such dealing or suspected dealing of which they become aware. If any of the directors or their close associates are found to have engaged in such dealing, the application may be rejected.

*Note: The Exchange may consider an application for a waiver from strict compliance with rule 9.09 for issuers with, or seeking, a dual primary listing or a secondary listing, subject to the following conditions:*

*(a) the core connected persons have no influence over the listing process and are not in possession of inside information;*

*(b) the issuer promptly releases any inside information to the public in its overseas jurisdiction(s) in accordance with the relevant laws and regulations;*

*(c) it is beyond the issuer's control that the core connected person(s) conduct dealings in the issuer's securities on markets outside the Exchange (e.g. a public investor who may become a substantial shareholder before the issuer lists on the Exchange); and*

*(d) the issuer has systems in place to identify the dealings by any of its core connected persons during the restricted period and notifies the Exchange of breaches of dealing restriction by any of its core connected persons other than those who have already been exempted from strict compliance with rule 9.09 during the restricted period.*

9.09A In the case of a New Listing (irrespective of whether there is an offering or a placing of equity securities or interests) and an offer for subscription (as defined in rule 7.02) conducted by a listed issuer, FINI must be adopted for admission to trading and, where applicable, the collection and processing of specified information on subscription and settlement.

9.10 Issuers are also reminded that these requirements are not exhaustive and that an applicant for listing must also supply any further documents and information which the Exchange may require in a particular case.

**Documentary Requirements – New Listing Applications**

9.10A The documents under rules 9.11(1) to (39) must be lodged with the Exchange according to the following schedule:

(1) documents under rules 9.11(1) to 9.11(17d) must be lodged at the time of submission of Form A1 (published in Regulatory Forms);

*Notes: 1. For applications re-submitted at any time after the lapse of a previous application, the new applicant and its sponsor must provide, if applicable, a submission with supporting documents addressing all outstanding matters set out in the Exchange's letter on the lapsed application and material changes in the listing application, business or circumstances of the new applicant.*

*2. For applications re-submitted within three months of a lapsed application by at least one of the original and independent sponsors of the lapsed application (see rule 9.10B), all documents lodged with the Exchange in relation to the previous application will remain valid and applicable. The new applicant and its sponsor will only need to submit documents that have been revised due to material changes, and provide a confirmation to the Exchange that there has been no material changes to all other documents.*

(2) [Repealed 1 October 2013]

(3) documents under rules 9.11(18) to 9.11(23a) must be lodged at least 4 clear business days before the expected hearing date;

(4) documents under rules 9.11(25) to 9.11(28b) must be lodged as soon as practicable after hearing of the application by the Listing Committee but before finalisation of the listing document for publication;

(5) documents under rules 9.11(31) to 9.11(32a) must be lodged 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;

(6) document under rule 9.11(33) must be lodged by no later than 11 a.m. on the intended date of authorisation of the prospectus; and

(7) documents under rules 9.11(35) to 9.11(39) must be lodged as soon as practicable after the issue of the listing document but before dealings commence.

9.10B (1) Where there is a change in sponsors and/or overall coordinators, the replacement or remaining sponsor, as the case may be, must submit to the Exchange why the outgoing sponsor and/or overall coordinator left; a copy of the clearance letter (if any) from the outgoing sponsor and/or overall coordinator; and any matters the replacement or remaining sponsor considers necessary to be brought to the Exchange's attention regarding the application and the outgoing sponsor and/or overall coordinator as soon as practicable.

(2) Where an additional sponsor is appointed, the new applicant and the sponsors must submit to the Exchange reasons for appointing the additional sponsor; and the additional sponsor must submit to the Exchange a confirmation that it fully agrees with all submissions previously made by the new applicant and its existing sponsor when a new listing application is submitted pursuant to rule 3A.02B(2).

9.11 The following must be lodged with the Exchange by a new applicant in connection with its listing application:—

**Together with the Form A1**

(1) an Application Proof in such format as required by the Exchange;

(2) [Repealed 2 November 2009]

(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;

(3a) [Repealed 31 December 2023]

(3b) [Repealed 31 December 2023]

(3c) where the Application Proof contains an accountants' report, an advanced draft of any statement of adjustments relating to the accountants' report;

(3d) [Repealed 31 December 2023]

(3e) [Repealed 31 December 2023]

(4) in the case of the listing of depositary receipts, a draft deposit agreement and a specimen certificate for the depositary receipts;

(5) in the case of the listing of depositary receipts, a legal opinion from legal advisers in the jurisdiction which governs the deposit agreement confirming:—

(a) that the deposit agreement (taken by itself or together with any deed poll conferring certain rights on holders of depositary receipts) creates valid and binding rights and obligations between the issuer, depositary and the holders of the depositary receipts in accordance with its terms; and

(b) addressing any other matters as the Exchange may have previously requested.

(6)-(8) [Repealed 2 November 2009]

(9) [Repealed 1 January 2009]

(10) (a) where the Application Proof contains a profit forecast (see rules 11.16 to 11.19), a final or an advanced draft of the board's profit forecast memorandum covering the same period of the profit forecast contained in the Application Proof and cash flow forecast memorandum covering at least 12 months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts;

(b) where the Application Proof does not contain a profit forecast, a final or an advanced draft of the board's profit forecast memorandum covering the period up to the forthcoming financial year end date after the date of listing and cash flow forecast memorandum covering at least 12 months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts;

(11)-(17) [Repealed 2 November 2009]

(17a) [Repealed 31 December 2023]

(17b) where the Application Proof is required to contain a statement by the directors as to the sufficiency of working capital, an advanced draft of a letter from its sponsor confirming that it is satisfied that the sufficiency of working capital statement in the Application Proof has been made by the directors after due and careful enquiry;

(17c) any document as may be required by the Exchange in support of the application for listing;

(17d) the contact information and personal particulars of the new applicant's directors/supervisors and/or other officers as described in rule 3.20(1);

**At least 4 clear business days before the expected hearing date**

(18) the final proof of the listing document in such format as required by the Exchange;

(19) [Repealed 1 October 2013]

(20) [Repealed 31 December 2023]

(21) in the case of the listing of depositary receipts, a copy of the signed deposit agreement;

(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;

(23) [Repealed 1 October 2013]

(23a) In case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, a written confirmation from the sponsor-overall coordinator appointed and, where applicable, designated in accordance with rules 3A.43 and 3A.44, respectively, providing:

(i) the name of each overall coordinator;

(ii) the fixed fees to be paid by the issuer to each overall coordinator;

(iii) the total fees (as a percentage of the gross proceeds to be raised from the New Listing) in respect of both the public subscription and the placing tranches to be paid to all syndicate CMIs; and

(iv) the ratio of fixed and discretionary fees to be paid to all syndicate CMIs for both the public subscription and the placing tranches (in percentage terms).

*Notes:*

1. *The total fees in this rule, also commonly referred to as "underwriting fees", include fixed and discretionary fees for providing one or more of the following services to the issuer: providing advice, marketing, bookbuilding, making pricing and allocation recommendations and placing the equity securities or interests (including equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) with the investors.*

2. *The sponsor-overall coordinator must submit to the Exchange any material changes to the information submitted under rule 9.11(23a) above and the reasons for such changes as soon as practicable.*

(23b) where the new applicant's application for listing on the Exchange is required to be filed with the China Securities Regulatory Commission in the PRC, a copy of the notification issued by the China Securities Regulatory Commission on the new applicant's completion of the PRC filing procedures;

**As soon as practicable after hearing of the application by the Listing Committee but before finalisation of the listing document for publication**

(24) [Repealed 31 December 2023]

(25) where applicable, a final proof of any application form (including any excess or preferential application form) to subscribe or purchase the securities for which listing is sought;

(26) [Repealed 1 October 2013]

(27) [Repealed 31 December 2023]

(28) where the listing document is required to contain a sufficiency of working capital statement by the directors, a final letter from its sponsor confirming that it is satisfied that the statement in the listing document as to the sufficiency of working capital has been made by the directors after due and careful enquiry and that persons or institutions providing finance have stated in writing that such facilities exist;

(28a) a final copy of all draft documents which have been submitted to the Exchange in support of the application for listing;

(28b) any document as may be required by the Exchange before finalisation of the listing document for publication;

**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) [Repealed 31 December 2023]

(30) [Repealed 31 December 2023]

(31) every written undertaking and confirmation from the new applicant, its shareholders and/or other relevant parties to the Exchange referred to in the listing document;

(32) [Repealed 31 December 2023]

(32a) a New Listing initiation e-form, to be duly completed and submitted on FINI by the sponsor designated on FINI;

**In case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, by 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) two 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 such prospectus the documents required under the relevant section; and

(c) in respect of every Chinese translation of the prospectus, a certificate issued by the translator certifying that the Chinese translation of the English version of the prospectus is true and accurate or in respect of an English translation of the prospectus, a certificate issued by the translator certifying that the English translation of the Chinese version of the prospectus is true and accurate; and in either case, a certificate issued by a competent officer of the sponsor certifying that the translator is competent to give translations on prospectus documents;

**As soon as practicable after the issue of the listing document but before dealings commence as a condition for granting listing approval**

(34) [Repealed 31 December 2023]

(35) in the case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing:—

(a) separate Marketing and Independence Statements in Form D (published in Regulatory Forms) of (i) each overall coordinator; (ii) each syndicate member (other than an overall coordinator); (iii) any distributor (other than a syndicate member); and (iv) any Exchange Participant referred to in paragraph 1A of Appendix F1, to be duly completed and submitted on FINI; and

(b) a placee list from each of the relevant parties mentioned in sub-paragraph (a) above, setting out the required information in paragraph 11 of Appendix F1. The relevant party shall provide such lists directly to the Exchange on FINI in order to maintain confidentiality;

(36) a declaration substantially as in Form E (published in Regulatory Forms), to be duly completed and submitted by each sponsor and each overall coordinator on FINI;

(37) a declaration substantially as in Form F (published in Regulatory Forms), duly signed by a director and the secretary of the new applicant to be submitted by the new applicant's counsel on FINI in the form of a scanned copy of the duly completed and signed form; and

*Note: Any annual listing fee which is payable and has not previously been paid (see Fees Rules) should be paid before dealings commence.*

(38) [Repealed in 31 December 2023]

(39) an allotment results announcement e-form, to be duly completed and submitted on FINI by the sponsor designated on FINI.

9.11A Where a new applicant, sponsor or overall coordinator (as the case may be), subsequently becomes aware of any material changes to the information provided to the Exchange under rule 9.11, it should notify the Exchange and provide it with the updated information and the reasons for such changes as soon as practicable.

9.12 [Repealed 2 November 2009]

9.13 [Repealed 2 November 2009]

9.14 (1) (a) [Repealed 2 November 2009]

(b) [Repealed 2 November 2009]

(c) [Repealed 1 September 2008]

(d) [Repealed 2 November 2009]

(2)-(3) [Repealed 2 November 2009]

(4) [Repealed 1 September 2008]

(5) [Repealed 1 September 2008]

(6)-(8) [Repealed 2 November 2009]

9.15 [Repealed 2 November 2009]

9.16 (1) [Repealed 25 June 2007]

(2) [Repealed 2 November 2009]

(3) [Repealed 25 June 2007]

(4) [Repealed 25 June 2007]

(5) [Repealed 25 June 2007]

(6)-(13)[Repealed 2 November 2009]

**Documentary Requirements – Applications for Listing, or Sales or Transfers of Treasury Shares by Listed Issuers**

9.17 Rules 9.18 to 9.23 set out the documentary requirements for applications for the listing of equity securities, or sales or transfers of treasury shares, by listed issuers.

**Submission of listing application and/or draft listing document**

9.18 A listed issuer applying for the listing of equity securities must submit to the Exchange a listing application in the form set out in Form C1 (published in Regulatory Forms), signed by a duly authorised officer of the issuer, together with payment of the subsequent issue fee (see Fees Rules). The application must be submitted:

(1) if it is required to be supported by a listing document, at least 10 clear business days before the date on which the issuer proposes to finalise the listing document for publication; and

(2) if it is not required to be supported by a listing document, at least 4 clear business days before the proposed date for issuing the securities.

9.19 The following documents, as applicable, must be lodged with the Exchange together with the listing application:—

(1) a proof of the listing document marked in the margin to indicate where the relevant paragraphs from Chapter 11 and/or Appendix D1B/D1F and/or the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been met;

(2) if the listing document contains an accountants' report, a draft of any statement of adjustments relating to the accountants' report; and

(3) if the listing document contains a profit forecast (see rules 11.16 to 11.19), a draft of the board's profit forecast memorandum with principal assumptions, accounting policies and calculations for the forecast.

(4) [Repealed 31 December 2023]

9.19A In the case of a sale or transfer of treasury shares which is required to be supported by a listing document, the documents required under rule 9.19, as applicable, must be lodged with the Exchange at least 10 clear business days before the date on which the issuer proposes to finalise the listing document for publication.

**Before finalisation of the listing document for publication**

9.20 The following documents must be submitted to the Exchange before finalisation of the listing document for publication:—

(1) if the listing document contains a statement as to the sufficiency of working capital, a letter from the issuer's financial advisers or auditors, confirming that:

(a) the statement has been made by the directors after due and careful enquiry; and

(b) persons or institutions providing finance have stated in writing that such facilities exist.

(2) [Repealed 31 December 2023]

**On or before the date of issue of the listing document**

9.21 The following documents must be submitted to the Exchange on or before the date of issue of the listing document:—

(1) every written undertaking from the listed issuer, its shareholders and/or other relevant parties to the Exchange referred to in the listing document.

(2) [Repealed 1 March 2019]

**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) at least 14 days before the proposed date of registration of the prospectus by the Registrar of Companies, notice of the proposed date of registration of the prospectus (see rule 11A.09);

(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 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 such prospectus the documents required under the relevant section;

(c) in respect of every Chinese translation of the prospectus, a certificate issued by the translator certifying that the Chinese translation of the English version of the prospectus is true and accurate or in respect of an English translation of the prospectus, a certificate issued by the translator certifying that the English translation of the Chinese version of the prospectus is true and accurate; and in either case, a certificate issued by the issuer certifying that the translator is competent to give translations on prospectus documents; and

(d) any power of attorney or other authority under which the prospectus is signed, together with a certified copy thereof.

(3) [Repealed 1 March 2019]

**Before dealings commence, or completion of the sale or transfer of treasury shares**

9.23 The following documents must be submitted to the Exchange before dealings commence, or in the case of a sale or transfer of treasury shares, before completion of the sale or transfer:—

(1) [Repealed 1 March 2019]

(2) in the case of the placing by a listed issuer of a class of equity securities or interests (including equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) new to listing:

(a) separate Marketing and Independence Statement in the form set out in Form D (published in Regulatory Forms), of (i) each overall coordinator; (ii) each syndicate member (other than an overall coordinator); (iii) any distributor (other than a syndicate member); and (iv) any Exchange Participant referred to in paragraph 1A of Appendix F1; and

(b) a placee list from each relevant party mentioned in sub-paragraph (a) above, setting out the required information in paragraph 11 of Appendix F1.

In the case of the placing of a class of securities already listed and/or treasury shares by a listed issuer (other than a sale of treasury shares on the Exchange or any other stock exchange on which the issuer is listed), the Exchange may require the issuer to submit information on the placees for the purpose of establishing their independence (see also rule 13.28(7)); and

(3) [Repealed 1 March 2019]

(4) [Repealed 1 March 2019]

(5) [Repealed 31 December 2023]

(6) any annual listing fee which is payable and which has not previously been paid (see Fees Rules).

# Chapter 9A

## EQUITY SECURITIES

## TRANSFER OF LISTING FROM GEM TO MAIN BOARD

### Preliminary

9A.01 Application for a transfer of listing shall be approved by the Listing Committee as set out in rule 2A.05, subject to the relevant review powers.

9A.01A [Repealed 8 July 2023]

9A.01B This Chapter sets out the basic conditions and requirements for a transfer of listing of a GEM issuer's securities to the Main Board. Further conditions are set out in Chapter 9B for an Eligible Issuer (as defined in rule 9B.01) that satisfies the requirements and applies for a streamlined transfer of listing of its securities from GEM to the Main Board under that Chapter.

### Qualifications for transfer

9A.02 A GEM transfer applicant may apply for a transfer of listing of its securities from GEM to the Main Board if:

(1) it meets all the qualifications for listing on the Main Board set out in the Exchange Listing Rules;

*Note: In order to be listed on the Main Board, the applicant must continue to meet the qualifications referred to in rule 9A.02(1) up to the commencement of dealings in its securities on the Main Board.*

(2) it complied with GEM rule 18.03 in respect of its financial results for the first full financial year commencing after the date of its initial listing; and

(3) (a) it has not been held to have committed a serious breach of any GEM Listing Rules or Exchange Listing Rules in the 12 months preceding the transfer application and until the commencement of dealings in its securities on the Main Board; and

(b) it is not the subject of any investigation by the Exchange, or any ongoing disciplinary proceedings under Chapter 3 of the GEM Listing Rules or Chapter 2A of the Exchange Listing Rules, in relation to a serious breach or potentially serious breach of any GEM Listing Rules or Exchange Listing Rules as at (i) the date of the transfer application and (ii) the date when dealing in its securities commences on the Main Board.

9A.03 The following requirements do not apply to a transfer of listing from GEM to the Main Board under this Chapter or Chapter 9B:—

(1A) the requirement for the publication of a Post Hearing Information Pack under rule 12.01B; and

(1B) [Repealed 31 December 2023]

(1C) the requirement for the payment of the initial listing fee under rule 9.03(1)(b) and paragraph 1(1) of the Fees Rules.

(1) [Repealed 15 February 2018]

(2) [Repealed 15 February 2018]

(3) [Repealed 15 February 2018]

9A.04 [Repealed 15 February 2018]

9A.05 [Repealed 15 February 2018]

9A.06 [Repealed 15 February 2018]

9A.07 [Repealed 15 February 2018]

9A.08 [Repealed 15 February 2018]

9A.09 [Repealed 15 February 2018]

**Effect of transfer**

9A.10 Upon successful transfer of listing of an issuer's equity securities from GEM to the Main Board, the listing on GEM of any options, warrants or similar rights or convertible equity securities in the same issuer will normally be automatically transferred to the Main Board.

9A.11 An application for a transfer of listing must normally relate to all classes of securities (if more than one) already listed on GEM, including all further securities of the relevant classes issued or proposed to be issued.

9A.12 Unless otherwise directed by the Exchange, an issuer that successfully transfers from GEM to the Main Board under this Chapter need not comply with the continuing obligations under Chapter 3, 3A, 4, 13, 14, 14A or 17 to the extent:—

(1) of any continuing obligation under an Exchange Listing Rule which is equivalent or comparable to a continuing obligation under a GEM Listing Rule, where the Exchange has previously granted a waiver to the issuer in respect of such obligation and there has been no change in the relevant facts or circumstances; or

(2) that any such obligation has ceased by virtue of shareholders' approvals or independent shareholders' approvals (as applicable) having been obtained by the issuer while it was listed on GEM for the relevant transaction(s) or corporate activity(ies).

The effect of the waivers or shareholders' approvals shall continue for the purpose of continuing obligations until its original expiry date since grant, notwithstanding the transfer from GEM to the Main Board.

9A.13 Where the transfer takes effect before the expiry of the period directed by the Exchange pursuant to GEM rule 6A.20, this GEM requirement relating to the appointment of a Compliance Adviser will continue for any remaining term notwithstanding that the issuer had been transferred to and listed on the Main Board. The requirement under rule 3A.19 is not applicable to a GEM transfer applicant.

# Chapter 9B

## EQUITY SECURITIES

## STREAMLINED TRANSFER OF LISTING FROM GEM TO MAIN BOARD

### Preliminary

9B.01 This Chapter sets out conditions and requirements for a streamlined transfer of listing of an Eligible Issuer's securities from GEM to the Main Board with the exemptions set out in rule 9B.04. For the purpose of this Chapter, unless otherwise stated, an "Eligible Issuer" means a GEM listed issuer seeking a listing of equity securities on the Main Board by satisfying the listing eligibility requirements of Main Board Chapter 8 and/or Chapter 18 (Mineral Companies) and also meeting the qualifications set out in rule 9B.03.

9B.02 Chapter 9A applies to an Eligible Issuer subject to additional requirements, modifications and exceptions as set out or referred to in this Chapter.

### Qualifications for a streamlined transfer

9B.03 An Eligible Issuer applying for a transfer of listing of its securities from GEM to the Main Board under this Chapter must meet rule 9A.02, subject to modifications and additional requirements as follows:

(1) the reference to "*first full financial year*" under rule 9A.02(2) is modified to "*three full financial years*";

(2) the volume weighted average market capitalisation of the Eligible Issuer's securities over the Reference Period must meet the minimum market capitalisation requirement under rule 8.05(2)(d), rule 8.05(3)(d) or rule 8.09(2), as the case may be, for the purpose of the transfer application;

(3) an Eligible Issuer must have had continuity of ownership and control throughout the three full financial years immediately preceding the transfer application and until the commencement of dealings in its securities on the Main Board;

(4) an Eligible Issuer must have not effected any acquisition, disposal or other transaction or arrangement or a series of acquisitions, disposals or other transactions or arrangements, that resulted in a fundamental change in its principal business activities throughout the three full financial years immediately preceding the transfer application and until the commencement of dealings in its securities on the Main Board; and

(5) an Eligible Issuer must have a daily turnover of its securities (as stated in the Exchange's daily quotations sheets) of at least HK$50,000 on not less than 50% of all trading days over the Reference Period.

*Notes:*

1. *For the purpose of this rule,*

   (a) *the volume weighted average market capitalisation is calculated as the sum of the daily market capitalisation multiplied by the ratio of the daily number of shares traded to the total number of shares traded (as stated in the Exchange's daily quotations sheets) for all the trading days over the Reference Period as adjusted for any applicable corporate actions;*

   (b) *references to "Reference Period" shall mean a period of 250 trading days immediately preceding the relevant transfer application and until the commencement of dealings in the issuer's securities on the Main Board; and*

   (c) *references to "trading day" shall have the meaning as in the Rules of the Exchange, but shall exclude the trading days on which trading of the issuer's securities was halted or suspended.*

2. *The daily market capitalisation referred to in Note 1(a) above is the number of total issued shares of the issuer as shown in an issuer's relevant next day disclosure return as referred to in rule 17.27A(1) of the GEM Listing Rules or monthly return as referred to in rule 17.27B of the GEM Listing Rules (whichever is more recent), multiplied by the intraday volume weighted average price of the listed issuer's securities, which is calculated by dividing the turnover (as stated in the Exchange's daily quotations sheets) by the number of shares traded (as stated in the Exchange's daily quotations sheets) for that trading day.*

3. *Where an Eligible Issuer applying for a transfer of listing under this Chapter is a Mineral Company as defined under rule 18.01:*

   (a) *the Eligible Issuer must have either: (i) at the time of its initial listing on GEM, satisfied GEM rule 18A.05 and (where applicable) GEM rules 18A.06 to 18A.08; or (ii) during its listing on GEM, satisfied GEM rule 18A.09 if it conducted a Relevant Notifiable Transaction as defined under GEM rule 18A.01; and*

   (b) *if the Eligible Issuer is unable to satisfy either the profit test in rule 8.05(1), the market capitalisation/revenue/cash flow test in rule 8.05(2), or the market capitalisation/revenue test in rule 8.05(3), it must disclose by way of a circular all information required under rule 18.04 in a listing document with such modifications as the Exchange may determine.*

9B.04 The following requirements do not apply to a transfer of listing from GEM to the Main Board of an Eligible Issuer under this Chapter:–

(1) all requirements relating to the appointment and obligations of a sponsor and a sponsor-overall coordinator (where applicable) under rules 2.09 and 2.10, Chapter 3A, Practice Note 21 and Appendix E1;

*Note 1: For the purpose of this rule, requirements relating to sponsor obligations under rule 18.27 do not apply to a transfer of listing as a Mineral Company under this Chapter.*

*Note 2: The requirements under this rule include ancillary provisions such as the listing applicant's obligation to assist the sponsor under rule 3A.05.*

(2) rule 8.06 relating to the latest financial period reported on by the reporting accountants and rule 8.21A relating to working capital sufficiency statement in a listing document;

(3) all requirements relating to application procedures, listing documents and prospectuses under Chapters 9, 11, 11A and 18; and

(4) all requirements relating to the publication and/or issue of listing documents, prospectuses, Application Proofs and Post Hearing Information Packs under Chapter 12 and Practice Note 22.

**Application for transfer**

9B.05 An applicant for a transfer of listing under this Chapter shall submit to the Exchange the following documents:

(1) a formal application for listing signed by a duly authorised director of the issuer, and a declaration signed by every director and supervisor (if any) of the issuer confirming and declaring compliance with all the requirements for a transfer of listing, in the form set out in Form G (published in Regulatory Forms);

(2) an advanced draft public announcement, as required under rule 9B.08, to be published by the issuer in relation to the transfer of listing;

(3) a written confirmation, together with relevant supporting information, to the Exchange that, for the next 12 months from the date of publication of the announcement under rule 9B.08:

(a) the working capital available for the group is sufficient for its present requirements, which is for at least the next 12 months from the date of publication of the announcement under rule 9B.08; and

*Note: In the case of a Mineral Company to which Chapter 18 applies, it has available working capital to meet 125% of the group's working capital needs for at least the next 12 months from the date of publication of the announcement referred to in rule 9B.08, as required under rules 18.03(4) and 18.03(5).*

(b) the issuer's financial advisers or auditors are satisfied that this confirmation has been given after due and careful enquiry and that persons or institutions providing finance have stated in writing that the relevant financing facilities exist.

*Note: Supporting information for the purpose of rule 9B.05(3) typically includes cashflow forecast memoranda, profit forecasts and written statements from persons or institutions providing finance.*

9B.06 Where relevant information is not available or where circumstances otherwise demand, the Exchange may in addition request further information to be supplied by the issuer and/or its management, where appropriate in the form of written confirmation. The Exchange may require such additional information to be disclosed.

9B.07 An applicant must have obtained all necessary shareholders', board and/or regulatory approvals required for the transfer of listing (whether under its constitutive documents or applicable laws or regulations or otherwise).

**Announcement of transfer**

9B.08 An announcement must be made in accordance with rule 2.07C as soon as reasonably practicable and in any event not later than one business day after the issuer has received from the Exchange formal in principle approval for transfer of its listing to the Main Board under this Chapter and at least five clear business days before the intended date on which dealings in the issuer's shares on the Main Board are expected to commence.

9B.09 The announcement referred to in rule 9B.08 must contain at least the following information:

(1) on the front cover or on the top of the announcement 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 announcement, 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 announcement.";

(2) a statement of responsibility and confirmation on the part of the directors in the form set out in paragraph 2 of Appendix D1A;

(3) a statement confirming that all pre-conditions for a transfer of listing from GEM to the Main Board have been and/or are expected to be, insofar as applicable, fulfilled in relation to the issuer and the securities of the issuer;

*Note: The statement referred to in this rule must also include (a) the volume weighted average market capitalisation over the Reference Period, and (b) the number and percentage of trading days over the Reference Period on which the issuer had a daily turnover of its securities of at least HK$50,000, to demonstrate that the pre-conditions in respect of the volume weighted average market capitalisation and daily turnover of its securities under rules 9B.03(2) and (5), respectively, are expected to be fulfilled. For this purpose, "Reference Period" shall have the same meaning as in notes 1(b) and (c) to rule 9B.03, except that such period shall end on the trading day immediately preceding the date of the announcement referred to in rule 9B.08.*

(4) the reasons for the transfer of listing;

(5) a statement that the following documents are available for viewing on the Exchange's website and the issuer's own website, giving details as to where on these websites such documents are to be found (to the fullest extent known at the time of publication of the announcement): –

(a) the issuer's published directors' reports and annual accounts for the most recent three financial years;

(b) the issuer's latest interim report or summary interim report (if any);

(c) the issuer's constitutional documents;

(d) any prospectuses and circulars to shareholders issued by the issuer in the most recent three financial years (if any); and

(e) announcements and other corporate communications as required under the Exchange Listing Rules;

(6) a statement that approval has been granted by the Exchange for the issuer's securities to be listed on the Main Board and de-listed from GEM, together with the date on which dealings will commence on the Main Board and terminate on GEM;

(7) the issuer's respective stock codes on the Main Board and GEM;

(8) a statement that subject to continued compliance with the stock admission requirements of HKSCC, the relevant securities will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the relevant securities on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the HKSCC and HKSCC Operational Procedures in effect from time to time;

(9) if applicable, a statement that the listing of any options, warrants or similar rights or convertible equity securities issued by the issuer will also be transferred to the Main Board pursuant to rule 9A.10, accompanied by information on the nature of the shares offered by way of conversion, exchange or subscription, the rights attaching thereto, the conditions of and procedures for conversion, exchange or subscription and details of the circumstances in which they may be amended;

(10) the name of each director of the issuer as required under rule 2.14; and

(11) such other information as directed by the Exchange to be included.

# Chapter 10

# EQUITY SECURITIES

## RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

### Restrictions on Preferential Treatment of Purchase and Subscription Applications

10.01 Normally no more than ten per cent. of any securities being marketed for which listing is sought may be offered to employees or past employees of the issuer or its subsidiaries or associated companies and their respective dependants or any trust, provident fund or pension scheme for the benefit of such persons on a preferential basis (including selection under a placing in accordance with the placing guidelines set out in Appendix F1). Any preferential treatment must be approved by the Exchange prior to the marketing and the issuer concerned may be called upon to supply particulars of such employees, past-employees and their respective dependants and the objects, beneficiaries or members of any trust, provident fund or pension scheme as well as the results of subscription by employees, past-employees, their respective dependants and any trust, provident fund or pension scheme for the benefit of such persons. The issuer must maintain records of such particulars for a period of not less than 12 months from the date of approval and make the same available for inspection by the Exchange during the said period.

10.02 The applications for securities offered under any preferential treatment scheme must be made on separate forms that can be distinguished from other applications and the relevant application data should be input into FINI by the approved share registrar.

### Restrictions on Directors' Purchase and Subscription

10.03 Directors of the issuer and their close associates may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant, whether in their own names or through nominees if the following conditions are met:—

(1) that no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and

(2) that the minimum prescribed percentage of public shareholders required by rule 8.08(1) is achieved.

**Restrictions on Existing Shareholders' Purchase and Subscription**

10.04 A person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in rules 10.03(1) and (2) are fulfilled.

**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 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 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 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 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:—

(i) the shares proposed to be purchased by the issuer are fully-paid up;

(ii) the issuer has previously sent to its shareholders an Explanatory Statement complying with the provisions of rule 10.06(1)(b); and

(iii) its shareholders have given a specific approval or a general mandate to its directors to make the purchase(s), by way of an ordinary resolution which complies with rule 10.06(1)(c) and which has been passed at a General Meeting of the issuer duly convened and held;

(b) the issuer must send to its shareholders an Explanatory Statement (at the same time as the notice of the relevant shareholders' meeting) containing all the information reasonably necessary to enable those shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the purchase by the issuer of shares including the information set out below:—

(i) a statement of the total number and description of the shares which the issuer proposes to purchase;

(ii) a statement by the directors of the reasons for the proposed purchase of shares;

(iii) a statement by the directors as to the proposed source of funds for making the proposed purchase, which shall be funds legally available for such purposes in accordance with the issuer's constitutive documents and the laws of the jurisdiction in which the issuer is incorporated or otherwise established;

(iv) a statement as to any material adverse impact on the working capital or gearing position of the issuer (as compared with the position disclosed in its most recent published audited accounts) in the event that the proposed purchases were to be carried out in full at any time during the proposed purchase period, or an appropriate negative statement;

(v) a statement of the name of any directors, and to the best of the knowledge of the directors having made all reasonable enquiries, any close associates of the directors, who have a present intention, in the event that the proposal is approved by shareholders, to sell shares to the issuer, or an appropriate negative statement;

(vi) a statement that the directors will exercise the power of the issuer to make purchases pursuant to the proposed resolution in accordance with the Exchange Listing Rules and the laws of the jurisdiction in which the issuer is incorporated or otherwise established;

(vii) a statement as to the consequences of any purchases which will arise under the Takeovers Code of which the directors are aware, if any;

(viii) a statement giving details of any purchases by the issuer of shares made in the previous six months (whether on the Exchange or otherwise), giving the date of each purchase and the purchase price per share or the highest and lowest prices paid for such purchases, where relevant;

(ix) a statement as to whether or not any core connected persons of the issuer have notified the issuer that they have a present intention to sell shares to the issuer or have undertaken not to sell any of the shares held by them to the issuer, in the event that the issuer is authorised to make purchases of shares;

(x) a statement giving the highest and lowest prices at which the relevant shares have traded on the Exchange during each of the previous twelve months;

(xi) a statement that neither the Explanatory Statement nor the proposed share repurchase has any unusual features;

(xii) a statement of whether the issuer intends to cancel the repurchased shares following settlement of any such repurchase or hold them as treasury shares; and

(xiii) a statement on the front page 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.";

(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 Buy-backs, may not exceed 10 per cent. of the number of issued shares (excluding treasury shares) 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) the dates on which the authority conferred by the resolution will commence and determine. Such authority may only continue in force until:—

(A) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(B) revoked or varied by ordinary resolution of the shareholders in general meeting,

whichever occurs first; and

(d) the issuer must report the outcome of the General Meeting called to consider the proposed purchases to the Exchange immediately following the meeting.

(2) Dealing Restrictions

(a) An issuer shall not purchase its shares on the Exchange if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the Exchange;

(b) an issuer shall not purchase its shares on the Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Exchange from time to time;

(c) an issuer shall not knowingly purchase its shares from a core connected person and a core connected person shall not knowingly sell shares to the issuer, on the Exchange;

(d) an issuer shall procure that any broker appointed by the issuer to effect the purchase of its shares shall disclose to the Exchange such information with respect to purchases made on behalf of the issuer as the Exchange may request;

(e) an issuer shall not purchase its shares on the Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of:

(i) the date of the board meeting (as such date is first notified to the Exchange in accordance with the Listing Rules) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, the issuer may not purchase its shares on the Exchange, unless the circumstances are exceptional;

(f) an issuer whose primary listing is on the Exchange may not purchase its shares on the Exchange if that purchase would result in the number of listed shares which are in the hands of the public falling below the applicable prescribed minimum threshold for that issuer under rule 13.32B; and

(g) the Exchange may waive all or part of the above restrictions if, in the opinion of the Exchange, there are exceptional circumstances (such as, but without limitation, political or economic events having a material adverse effect on the price of shares of the issuer or issuers listed on the Exchange generally) justifying the waiver of such restrictions. A waiver may be granted either with respect to a fixed amount of securities of an issuer or generally or on such conditions as the Exchange shall specify and may be expressed to continue for a stated period of time or until further notice.

(3) (a) Subsequent Issues, or Sales or Transfers of Treasury Shares

An issuer whose primary listing is on the Exchange may not (i) make a new issue of shares, or a sale or transfer of any treasury shares; or (ii) announce a proposed new issue of shares, or a sale or transfer of any treasury shares, for a period of 30 days after any purchase by it of shares, whether on the Exchange or otherwise, without the prior approval of the Exchange.

*Note: This rule will not apply to:*

*(i) a new issue of shares, or a sale or transfer of treasury shares under a capitalisation issue;*

*(ii) a grant of share awards or options under a share scheme that complies with Chapter 17 or a new issue of shares or a transfer of treasury shares upon vesting or exercise of share awards or options under the share scheme that complies with Chapter 17; and*

*(iii) a new issue of shares or a transfer of treasury shares pursuant to the exercise of warrants, share options or similar instruments requiring the issuer to issue shares or transfer treasury shares, which were outstanding prior to that purchase of its own shares.*

(b) Subsequent Purchase of its Own Shares

An issuer whose primary listing is on the Exchange may not purchase any of its own shares on the Exchange for a period of 30 days after any sale or transfer of any treasury shares on the Exchange, without the prior approval of the Exchange.

(4) Reporting Requirements

An issuer shall:—

(a) submit for publication to the Exchange through HKEx-EPS 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 following any day on which the issuer makes a purchase of shares (whether on the Exchange or otherwise):

(i) the total number of shares purchased by the issuer the previous day, the purchase price per share or the highest and lowest prices paid for such purchases, where relevant;

(ii) whether the purchased shares are cancelled following settlement of any such purchase or held as treasury shares, and where applicable, the reasons for any deviation from the intention statement previously disclosed by the issuer under rule 10.06(1)(b)(xii); and

(iii) a confirmation that those purchases which were made on the Exchange were made in accordance with the Exchange Listing Rules and if the issuer's primary listing is on the Exchange, that there have been no material changes to the particulars contained in the Explanatory Statement. In respect of purchases made on another stock exchange, the issuer's report must confirm that those purchases were made in accordance with the domestic rules applying to purchases on that other stock exchange.

Such reports shall be made on a return in such form and containing such information as the Exchange may from time to time prescribe. In the event that no shares are purchased on any particular day then no return need be made to the Exchange. The issuer should make arrangements with its brokers to ensure that they provide to the issuer in a timely fashion the necessary information to enable the issuer to make the report to the Exchange; and

(b) include in its annual report and accounts a monthly breakdown of purchases of shares made during the financial year under review showing the number of shares purchased each month (whether on the Exchange or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by the issuer for such purchases. The directors' report shall contain reference to the purchases made during the year and the directors reasons for making such purchases.

(5) Status of Purchased Shares

The shares repurchased by an issuer shall be held as treasury shares or cancelled. The listing of all shares which are held as treasury shares shall be retained. The issuer shall ensure that treasury shares are appropriately identified and segregated.

The listing of all shares which are purchased by an issuer (whether on the Exchange or otherwise) but not held as treasury shares shall be automatically cancelled upon purchase and the issuer must apply for listing of any further issues of that type of shares in the normal way. The issuer shall ensure that the documents of title of these purchased shares are cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase.

(6) General

(a) The Exchange reserves the right to prohibit an issuer from making purchases of shares on the Exchange (even if that issuer's primary listing is on another stock exchange) if the Exchange considers that the issuer has committed a breach of any of the Exchange Listing Rules which apply to that issuer. In the event that the Exchange does so prohibit such purchases no Exchange Participant will carry out any such purchases on behalf of the issuer until such prohibition is lifted;

(b) the Authorised Representatives of the issuer shall respond promptly to any request for information that the Exchange may address to the issuer concerning the purchase of shares, at any time; and

(c) for the purposes of rules 10.05, 10.06 and 19.16 "shares" shall mean shares of all classes and securities which carry a right to subscribe or purchase shares, of the issuer provided that the Exchange may waive the requirements of those rules in respect of any fixed participation shares which are, in the opinion of the Exchange, more analogous to debt securities than equity securities. References to purchases of shares include purchases by agents or nominees on behalf of the issuer or subsidiary of the issuer, as the case may be.

**Treasury Shares**

10.06A An issuer may sell treasury shares on the Exchange under a general mandate approved by shareholders in accordance with rule 13.36(2)(b), subject to the following:

(1) it shall not knowingly sell the shares to a core connected person and a core connected person shall not knowingly purchase the shares from the issuer, on the Exchange;

(2) it shall procure that any broker appointed by the issuer to effect the sale of the shares shall disclose to the Exchange such information with respect to the sales made on behalf of the issuer as the Exchange may request; and

(3) it shall not sell the shares on the Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of:

(a) the date of the board meeting (as such date is first notified to the Exchange in accordance with the Listing Rules) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(b) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, the issuer may not sell treasury shares on the Exchange, unless the circumstances are exceptional.

10.06B An issuer shall:

(1) submit for publication to the Exchange through HKEx-EPS 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 following any day on which the issuer makes a sale of treasury shares on the Exchange or any other stock exchange on which the issuer is listed ("on-market sale of treasury shares"):

(a) the total number of treasury shares sold by the issuer the previous day;

(b) the selling price per share or the highest and lowest prices received for such sales, where relevant;

(c) the total funds raised; and

(d) where the treasury shares are sold under a general mandate granted to the directors by the shareholders in accordance with rule 13.36(2)(b), details of the mandate.

Such reports shall be made on a return in such form and containing such information as the Exchange may from time to time prescribe. In the event that no treasury shares are sold on any particular day then no return need be made to the Exchange. The issuer should make arrangements with its brokers to ensure that they provide to the issuer in a timely fashion the necessary information to enable the issuer to make the report to the Exchange;

(2) announce any on-market sale of treasury shares if it, individually or together with previous on-market sales of treasury shares in a 12-month period that have not yet been announced under rule 10.06B(2), amounts to 5% or more of the issuer's number of issued shares (excluding treasury shares). The announcement must contain the following information relating to such sale(s) of treasury shares:

(a) the number, class and aggregate nominal value of the treasury shares sold;

(b) the total funds raised from such sale(s) with details of the use of proceeds;

(c) the selling price per share or the highest and lowest prices received for such sale(s), where relevant;

(d) the reasons for making such sale(s);

(e) where the treasury shares are sold under a general mandate granted to the directors by the shareholders in accordance with rule 13.36(2)(b), details of the mandate; and

(f) the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities, and/or other sale or transfer of treasury shares in the 12 months immediately preceding the announcement, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount; and

(3) include in its annual report and accounts a monthly breakdown of on-market sales of treasury shares during the financial year under review showing the number of treasury shares sold each month and the selling price per share or the highest and lowest prices received for all such sales, where relevant, and the aggregate proceeds received by the issuer for such sales. The directors' report shall contain reference to the on-market sales of treasury shares made during the year, the total funds raised from such sales with details of the use of proceeds and the directors' reasons for making such sales.

**Restrictions on disposal of shares by controlling shareholders following a new listing**

10.07 (1) A person or group of persons shown by the listing document issued at the time of the issuer's application for listing to be controlling shareholders of the issuer shall not and shall procure that the relevant registered holder(s) shall not:—

(a) in the period commencing on the date by reference to which disclosure of the shareholding of the controlling shareholders is made in the listing document and ending on the date which is 6 months from the date on which dealings in the securities of a new applicant commence on the Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the issuer in respect of which he is or they are shown by that listing document to be the beneficial owner(s); or

(b) in the period of 6 months commencing on the date on which the period referred to in rule 10.07(1)(a) expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in rule 10.07(1)(a) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that person or group of persons would cease to be a controlling shareholder.

Any offer for sale contained in a listing document shall not be subject to such restrictions.

(2) For the purpose of this rule, a person is treated as the beneficial owner of securities if he has the ultimate beneficial ownership or control of the securities, whether through a chain of companies or otherwise.

*Note: (1) Controlling shareholders may purchase additional securities and dispose of securities thus purchased in the relevant period, subject to compliance with the requirements of rule 13.32B to maintain an open market in the securities and a sufficient public float.*

*(2) Nothing in this rule shall prevent a controlling shareholder from using securities of the issuer beneficially owned by him as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance) for a bona fide commercial loan.*

*(3) Controlling shareholder(s) of a new applicant must undertake to the issuer and the Exchange that, within the period commencing on the date by reference to which disclosure of the shareholding of the controlling shareholder(s) is made in the listing document and ending on the date which is 12 months from the date on which dealings in the securities of a new applicant commence on the Exchange, he/they will:—*

*(i) when he/they pledge(s)/charge(s) any securities beneficially owned by him/them in favour of an authorised institution pursuant to Note (2) to rule 10.07(2), immediately inform the issuer of such pledge/charge together with the number of securities so pledged/charged; and*

*(ii) when he/they receive(s) indications, either verbal or written, from the pledgee/chargee that any of the pledged/charged securities will be disposed of, immediately inform the issuer of such indications.*

*The issuer must inform the Exchange as soon as it has been informed of matters referred to in rule 10.07 (2) Note 3 (i) and (ii) by a controlling shareholder and disclose such matters by way of an announcement which is published in accordance with rule 2.07C as soon as possible.*

(3) Any share lending arrangement entered into by a controlling shareholder pursuant to an agreement in relation to the public offering of equity securities to facilitate settlement of over-allocations shall not be subject to the restrictions of rule 10.07(1) provided the following requirements are complied with:

(a) the share lending arrangement is fully described in the initial listing public offering document and must be for the sole purpose of covering any short position prior to the exercise of the underwriter's over-allotment option in the initial public offering placing;

(b) the maximum number of shares to be borrowed from the controlling shareholder by the underwriter is the maximum number of shares that may be issued upon full exercise of the over-allotment option;

(c) the same number of shares so borrowed is returned to the controlling shareholder or its nominee (as the case may be) within 3 business days after the last day on which the over-allotment option may be exercised or, if earlier, the date on which the over-allotment option is exercised in full;

(d) borrowing of shares pursuant to the share lending arrangement will be effected in compliance with applicable listing rules, laws and other regulatory requirements; and

(e) no payments will be made to the controlling shareholder by the underwriter in relation to the share lending arrangement.

(4) The provisions of 10.07(1)(a) and (b) shall not apply to an issuer that has successfully transferred its listing from GEM to the Main Board pursuant to Chapter 9A or 9B, provided that any plan by the controlling shareholders of the issuer to dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the issuer has been prominently disclosed in the listing document or the announcement required under rule 9B.08, as the case may be.

**No further issues of securities or sales or transfers of treasury shares within 6 months of listing**

10.08 No further shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue, or sale or transfer out of treasury within 6 months from the date on which securities of the listed issuer first commence dealing on the Exchange (whether or not such issue of shares or securities, or sale or transfer of treasury shares will be completed within 6 months from the commencement of dealing), except for:

(1) the issue of shares (the listing of which has been approved by the Exchange), or transfer of treasury shares pursuant to a share scheme under Chapter 17;

(2) the exercise of conversion rights attaching to warrants issued as part of the initial public offering;

(3) any capitalisation issue, capital reduction or consolidation or sub-division of shares;

(4) the issue of shares or securities, or sale or transfer of treasury shares pursuant to an agreement entered into before the commencement of dealing, the material terms of which have been disclosed in the listing document issued in connection with the initial public offering; and

(5) the issue of shares or securities, or sale or transfer of treasury shares to be traded on the Main Board by a listed issuer that has successfully transferred its listing from GEM to the Main Board pursuant to Chapter 9A or 9B, provided that any plan to raise funds within six months from the date of the transfer of the issuer's listing to the Main Board has been prominently disclosed in the listing document or the announcement required under rule 9B.08, as the case may be.

**Restrictions on multiple applications**

10.09 (1) Where securities are offered to the public for subscription or purchase, issuers, their directors, sponsors and underwriters must take reasonable steps to ensure that multiple or suspected multiple applications are identified and rejected.

(2) In this rule "multiple applications" means circumstances where more than one application is made by the same person; where a person applies for more than 100% of the securities on offer or where a person applies for more than 100% of the shares available in any pool into which the securities on offer are divided in accordance with Practice Note 18. For the purpose of these rules the shares available in any pool is the initial allocation of shares into the pool prior to the operation of any clawback mechanism required by Practice Note 18.

(3) Issuers, their directors, sponsors and underwriters must ensure that it is a term and condition of the offer of the securities (disclosed as such in the listing document and the relevant application form) that by completing and delivering an application form, each applicant warrants that:—

(i) (if the application is made for his own benefit) no other application is being made for his benefit by him or by anyone applying as his agent or by any other person;

(ii) (if the application is made by him as agent for the benefit of another person) no other application is being made by him as agent for or for the benefit of that person or by that person or by any other person as agent for that person;

(iii) if he makes the application as agent for someone else, he has only given one set of application instructions for that other person's benefit and has due authority to do so on behalf of that other person.

The application channel shall include a warning as follows:—

*"Warning:—*

*Only one application may be made for the benefit of any person."*

and the application channel shall include a declaration and representation as follows:—

*"I/we hereby declare that this is the only application made and the only application intended by me/us to be made, to benefit me/us or the person for whose benefit I am/we are applying. I/we understand that this declaration/representation will be relied upon by the issuer in deciding whether or not to make any allotment of shares in response to this application."*

The application channel shall also contain a stipulation to the effect that an application made by an unlisted company which does not carry on any business other than dealing in shares and in respect of which a person exercises statutory control shall be deemed to be an application made for the benefit of that person.

*Note: For the purpose of rule 10.09 (1), having taken reasonable steps as required by that rule, issuers, their directors, sponsors and underwriters will be entitled to rely on the declaration/representations made by an applicant.*

# 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:—

| | | |
|---|---|---|
| (1) | rights issues | The following paragraphs of Appendix D1B: 8, 24, 26(1), 26(3), 26(4), 26(5), 37 and 43(4)<br><br>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 |

| | | |
|---|---|---|
| (3) | capitalisation issues | 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<br><br>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. |
| (4) | exchange or substitution | As for capitalisation issues |
| (5) | bonus issues of warrants | The following paragraphs of Appendix D1B: 2 to 5, 6(2) and (3), 7, 8, 11, 12, 13, 15, 18, 19, 22 to 43<br><br>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. |
| (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.<br><br>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.<br><br>*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."

# 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 This Chapter discusses the Exchange's role in respect of its authorisation of a prospectus for registration by the Registrar of Companies and sets out some procedural requirements which must be complied with in respect of a prospectus which is to be authorised by the Exchange.

### 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, 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 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 Every listed issuer must notify the Exchange at least 14 days in advance of the date on which it is proposed to register a prospectus. The requirement to notify the Exchange will not apply in the cases of supplemental listing documents. The Exchange may promulgate from time to time procedures to be followed in the submission of prospectuses for vetting.

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

12.01 Subject to rule 9.07, no listing document may be issued until the Exchange has confirmed to the issuer that it has no further comments.

12.01A A new applicant must publish its Application Proof on the Exchange's website in accordance with rule 2.07C and Practice Note 22.

12.01B A new applicant must publish its Post Hearing Information Pack on the Exchange's website in accordance with rule 2.07C and Practice Note 22.

12.01C In the case of a new applicant effecting a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, a new applicant must publish an OC Announcement on the Exchange's website in accordance with rule 2.07C and Practice Note 22.

### On Issue

12.02 In the following cases, a formal notice stating the information set out in rule 12.04 must be published in accordance with rule 2.07C on the date of issue of the listing document:—

(1) an offer for subscription or an offer for sale;

(2) a placing by or on behalf of a new applicant where any amount placed is made available directly to the general public; and

(3) a placing by or on behalf of a listed issuer of securities of a class new to listing where any amount placed is made available directly to the general public.

12.03 In the following cases, a formal notice stating the information set out in rule 12.04 must be published in accordance with rule 2.07C not less than two clear business days before dealings commence:—

(1) a placing by or on behalf of a new applicant which does not fall within rule 12.02(2);

(2) a placing by or on behalf of a listed issuer of securities of a class new to listing which does not fall within rule 12.02(3);

(3) an introduction by or on behalf of a new applicant of any class of securities;

(4) an introduction by or on behalf of a listed issuer of securities of a class new to listing; and

(5) an issue by a listed issuer of securities of a class new to listing which does not fall within any of rules 12.02 or (1) to (4) above.

12.04 Where a formal notice is published in a newspaper, whether pursuant to rule 2.07C or otherwise, it must be not less than 12 centimetres by 16 centimetres (4 inches by 6 inches approximately) in size and must state at least the following:—

(1) the name and country of incorporation or other establishment of the issuer;

(2) the amount and title of the securities for which listing is sought;

(3) the websites at which the listing document (if any) is published;

(4) the date of publication of the notice;

(5) in the case of a placing, the names of all syndicate CMIs and, if applicable, any other syndicate member(s);

(6) a statement that application has been made to the Exchange for listing of and permission to deal in the securities;

(7) a statement that the formal notice appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities;

(8) in the cases set out in rule 12.02 a statement that applications will only be considered on the basis of the listing document;

(9) the date upon which dealings in the securities are expected to commence; and

(10) the name and address of the sponsor (if applicable).

12.05 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.

12.06 [Repealed 5 July 2021]

12.07 [Repealed 5 July 2021]

**After Issue**

12.08 In the case of an offer for subscription, offer for sale or open offer, an announcement of the results of the offer, the basis of allotment of the securities and, where relevant, the basis of any acceptance of excess applications must be published in accordance with rule 2.07C as soon as possible, but in any event, (i) (in the case of a New Listing) not later than 11:00 p.m. on the business day before listing; and (ii) (in other cases) 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 business day following the date on which the allotment letters or other relevant documents of title are posted.

*Notes: The announcement should include:*

*(1) information regarding the spread of applications including the number of applications for each share band and the allocation basis for each such band;*

*(1a) in case of a new class of securities to be listed, the minimum prescribed percentage applicable to that class of securities pursuant to rule 8.08; and*

*(2) in the case of a new applicant effecting a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, a confirmation from its directors that, to the best of their knowledge, no rebate has been, directly or indirectly, provided by the issuer, its controlling shareholder(s), directors or syndicate members to any placees or the public (as the case may be) and the consideration payable by them for each share (or, where applicable, each unit of other equity securities or interests (which include equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) of the issuer subscribed for or purchased by them is the same as the final offer price determined by the issuer, in addition to any brokerage, AFRC transaction levy, SFC transaction levy and trading fee payable.*

12.08A In the case of an issue under rule 12.08 that includes a placing (in the case of a New Listing), the announcement pursuant to rule 12.08 must also include a brief generic description of the placees. If securities have been placed with different groups of placees, then the announcement must contain a description of each group and the number of shares placed with each group, provided that certain types of placees (as specified in Note 1 to this rule) must be identified on an individually-named basis, with the number of shares placed with each named placee also being disclosed. The announcement must also include:—

(a) information on the level of interest in the placing;

(b) a table showing the distribution of the placing shares;

(bb) In case of a new class of securities to be listed, the announcement should include the minimum prescribed percentage applicable to that class of securities pursuant to rule 8.08;

(c) an analysis of the distribution, in particular, the concentration of the placing shares, including but not limited to (1) the number of placing shares and the percentage of shareholding held by the top 1, 5, 10 and 25 placees, and (2) the number of shares and the percentage of shareholding held by the top 1, 5, 10 and 25 shareholders. Where, in the view of the Exchange, there is a high concentration of shares being marketed for which listing is sought with a few placees, a statement substantially in the following form:

"Investors should be aware that the concentration of shareholders may affect the liquidity of the shares of the issuer. Consequently, shareholders and potential investors are advised to exercise caution when dealing in such shares."; and

(d) a statement as to whether any of the subscribers are financed directly or indirectly by, or accustomed to taking instructions from, the issuer, any of the director(s), chief executive(s), controlling shareholder(s), substantial shareholder(s) or other existing shareholder(s) of the issuer or any of its subsidiaries or their respective close associates.

*Notes:*

1. *The purpose of this rule is to enable investors to understand the broad composition of the ownership of the placed shares immediately prior to trading in those shares. The groups of placees which an issuer must identify in the announcement, to the extent applicable, include:—*

   *(a) directors and their close associates (on an individually-named basis);*

   *(b) existing shareholders and their close associates (on an individually named basis);*

   *(c) in relation only to a New Listing effected by way of a placing or which included a placing tranche, substantial shareholders and their close associates (on an individually-named basis);*

   *(d) existing or past employees of the issuer;*

   *(e) the sponsor(s) and their close associates;*

   *(f) the overall coordinator(s), syndicate member(s) (other than the overall coordinator(s)), and/or any distributor(s) (other than the syndicate member(s)) and any connected client(s) (see Note 2 below) of any of the foregoing parties;*

   *(g) the underwriters (if any) and their close associates, if different from (e) or (f) above; and*

   *(h) other groups of placees which may be required by the Exchange (e.g. customers or suppliers of the issuer).*

   *The announcement should, if applicable, give particulars of any placees that have been aggregated and treated as being one placee, and must indicate the number and proportion of shares placed to the public.*

2. *For the purposes of sub-paragraph (f) of Note 1 above, "connected client" in relation to an Exchange Participant is defined in Appendix F1.*

12.09 In the case of an offer for subscription or an offer for sale by tender, an announcement of the striking price must be published in accordance with rule 2.07C 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 business day next after the allotment letters or other relevant documents of title are posted.

*Note: A new applicant must not publish announcements in accordance with rules 12.08 and 12.09 until the Exchange has reviewed them.*

12.10 In the case of a rights issue, an announcement of the results of the issue and of the basis of any acceptance of excess applications must be published in accordance with rule 2.07C 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 business day next after the allotment letters or other relevant documents of title are posted.

**Publication of listing document**

12.11 Listing documents (including any supplemental listing document(s) or subsequent amendments to the listing document(s)) published by a new applicant must be made available in electronic form on the Exchange's website and the issuer's own website.

*Note: Companies (Winding Up and Miscellaneous Provisions) Ordinance states that it shall not be lawful to issue any form of application for shares in or debentures of a company unless the application form is issued with a prospectus that is compliant with that ordinance. The Exchange would expect the combination of this statutory requirement and rule 12.11 to result in the issue of both listing documents and application forms in the same medium, i.e. in electronic format only.*

**Publication of electronic form prospectus and printed application form**

12.11A [Repealed 27 June 2025]

# Chapter 13

# EQUITY SECURITIES

## CONTINUING OBLIGATIONS

### Preliminary

13.01 An issuer shall comply (and undertakes by its application for listing (Form A1 (published in Regulatory Forms)), once any of its securities have been admitted to listing, to comply) with the Listing Rules in force from time to time.

13.02 [Repealed 1 January 2013]

13.03 The continuing obligations in this Chapter are primarily to ensure the maintenance of a fair and orderly market in securities and that all users of the market have simultaneous access to the same information. Failure by an issuer to comply with a continuing obligation may result in the Exchange taking disciplinary action in addition to its power to suspend or cancel a listing.

13.04 An issuer's directors are collectively and individually responsible for ensuring the issuer's full compliance with the Listing Rules.

## DISCLOSURE

### Introduction

13.05 (1) The Exchange has a duty under section 21 of the Securities and Futures Ordinance to ensure, so far as reasonably practicable, an orderly, informed and fair market.

(2) The Inside Information Provisions impose statutory obligations on listed issuers and their directors to disclose inside information as soon as reasonably practicable after the information has come to the listed issuers' knowledge, and gives the Commission the responsibility for enforcing those obligations. The Commission has issued Guidelines on Disclosure of Inside Information. The Exchange will not give guidance on the interpretation or operation of the SFO or the Guidelines.

(3) Where the Exchange becomes aware of a possible breach of the Inside Information Provisions, it will refer it to the Commission. The Exchange will not itself take disciplinary action under the Listing Rules unless the Commission considers it not appropriate to pursue the matter under the SFO and the Exchange considers action under the Rules for a possible breach of the Rules appropriate.

13.06 (1) This Chapter identifies circumstances in which an issuer must disclose information to the public. These are not alternatives to, and do not in any way detract from, the statutory disclosure obligation found in the Inside Information Provisions.

(2) The Exchange may require the issuer to make an announcement or halt trading in its listed securities where it considers it appropriate to preserve or ensure an orderly, informed and fair market.

(3) The Exchange, in discharge of its duty under section 21 of the SFO, will monitor the market, make enquiries when it considers them appropriate or necessary, and may halt trading in an issuer's securities in accordance with the Listing Rules as required.

13.06A An issuer and its directors must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.

13.06B An issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

13.07 An issuer and its directors must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

13.08 To maintain high standards of disclosure, the Exchange may require an issuer to announce further information, and impose additional requirements on it, when the Exchange considers that circumstances so justify. However, the Exchange will allow the issuer to make representations before imposing any requirements on it which are not imposed on issuers generally. The issuer must comply with the additional requirements failing which the Exchange may itself publish the information available to it. Conversely, the Exchange may waive, modify or not require compliance with any specific obligations in this Chapter in a particular case, but may require the issuer to enter into an agreement or undertaking as a condition of any dispensation.

**General obligation of disclosure**

13.09 (1) Without prejudice to rule 13.10, where in the view of the Exchange there is or there is likely to be a false market in an issuer's securities, the issuer must, as soon as reasonably practicable after consultation with the Exchange, announce the information necessary to avoid a false market in its securities.

*Notes: 1. This obligation exists whether or not the Exchange makes enquiries under rule 13.10.*

2. *If an issuer believes that there is likely to be a false market in its listed securities, it must contact the Exchange as soon as reasonably practicable.*

(2) (a) Where an issuer is required to disclose inside information under the Inside Information Provisions, it must also simultaneously announce the information.

(b) An issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosure under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.

**Response to enquiries**

13.10 Where the Exchange makes enquiries concerning unusual movements in the price or trading volume of an issuer's listed securities, the possible development of a false market in its securities, or any other matters, the issuer must respond promptly as follows:

(1) provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which is available to it, so as to inform the market or to clarify the situation; or

(2) if, and only if, the directors of the issuer, having made such enquiry with respect to the issuer as may be reasonable in the circumstances, are not aware of any matter or development that is or may be relevant to the unusual trading movement of its listed securities, or information necessary to avoid a false market, or any inside information which needs to be disclosed under the Inside Information Provisions, and if requested by the Exchange, make an announcement containing a statement to that effect *(see note 1 below)*.

*Notes: 1. The form of the announcement referred to in rule 13.10(2) is as follows:—*

*"This announcement is made at the request of The Stock Exchange of Hong Kong Limited.*

*We have noted [the recent increases/decreases in the price [or trading volume] of the [shares/ warrants] of the Company] or [We refer to the subject matter of the Exchange's enquiry]. Having made such enquiry with respect to the Company as is reasonable in the circumstances, we confirm that we are not aware of [any reasons for these price [or volume] movements] or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.*

*This announcement is made by the order of the Company. The Company's Board of Directors collectively and individually accepts responsibility for the accuracy of this announcement."*

2. *An issuer does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.*

3. *The Exchange reserves the right to direct a trading halt of an issuer's securities if an announcement under rule 13.10(1) or 13.10(2) cannot be made promptly.*

**Trading halt or trading suspension**

13.10A Without prejudice to the Exchange's ability to direct the halt, suspension and resumption of trading in an issuer's listed securities, an issuer must, as soon as reasonably practicable, apply for a trading halt or a trading suspension in any of the following circumstances where an announcement cannot be made promptly:

(1) it has information which must be disclosed under rule 13.09; or

(2) it reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or

(3) circumstances exist where it reasonably believes or it is reasonably likely that confidentiality may have been lost in respect of inside information which:

(a) is the subject of an application to the Commission for a waiver; or

(b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the SFO.

*Note: An issuer does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.*

**Announce information disclosed to other stock exchanges**

13.10B An issuer must announce any information released to any other stock exchange on which its securities are listed at the same time as the information is released to that other exchange.

*Note: An issuer will need to announce overseas regulatory information released by its overseas listed subsidiary if the information is discloseable by the issuer under other rules.*

**SPECIFIC MATTERS RELEVANT TO THE ISSUER'S BUSINESS**

13.11 (1) Rules 13.12 to 13.19 set out specific instances that give rise to a disclosure obligation on an issuer's part.

*Note: Transactions and financing arrangements of the sort referred to in rules 13.12 to 13.19 may also be subject to Chapters 14 and/or 14A.*

(2) For the purposes of rules 13.12 to 13.19,

(a) the expression "affiliated company" refers to a company which, in accordance with Hong Kong Financial Reporting Standards, is recorded using the equity method of accounting in an entity's financial statements. This includes associated companies and jointly controlled entities as defined in those standards;

(b) [Repealed 1 March 2006];

(c) the expression "relevant advance to an entity" refers to the aggregate of amounts due from and all guarantees given on behalf of:

(i) an entity;

(ii) the entity's controlling shareholder;

(iii) the entity's subsidiaries; and

(iv) the entity's affiliated companies.

(d) [Repealed 1 January 2013]

(3) [Repealed 1 January 2013]

(4) No disclosure is necessary under rules 13.12 to 13.19 where the indebtedness or financial assistance arises from a transaction which was approved by shareholders provided that information equivalent to that specified in rules 13.15 or 13.16, as applicable, was included in the circular to shareholders of the issuer.

(5) [Repealed 1 January 2013]

**Situations for disclosure**

13.12 The issues set out in rules 13.13 to 13.19 should be viewed on a group basis, including those arising either from a direct relationship or indirectly through subsidiaries and affiliated companies.

**Advance to an entity**

13.13 Where the relevant advance to an entity exceeds 8% under the assets ratio defined under rule 14.07(1), the issuer must announce the information in rule 13.15 as soon as reasonably practicable. For the avoidance of doubt, an advance to a subsidiary of the issuer will not be regarded as an advance to an entity.

13.14 Where the relevant advance to an entity increases from that previously disclosed under rule 13.13, 13.14, or 13.20 and the amount of the increase since the previous disclosure is 3% or more under the assets ratio defined under rule 14.07(1), the issuer must announce the information in rule 13.15 as soon as reasonably practicable.

13.15 Under rule 13.13 or 13.14, issuers must announce details of the relevant advance to an entity, including details of the balances, the nature of events or transactions giving rise to the amounts, the identity of the debtor group, interest rate, repayment terms and collateral.

13.15A For the purpose of rules 13.13 and 13.14, any trade receivable is not regarded as a relevant advance to an entity if:

(1) it arose in the issuer's ordinary and usual course of business (other than as a result of the provision of financial assistance); and

(2) the transaction from which the trade receivable arose was on normal commercial terms.

**Financial assistance and guarantees to affiliated companies of an issuer**

13.16 Where the financial assistance to affiliated companies of an issuer, and guarantees given for facilities granted to affiliated companies of an issuer, together in aggregate exceeds 8% under the assets ratio defined under rule 14.07(1), the issuer must announce as soon as reasonably practicable the following information:

(1) analysis by company of the amount of financial assistance given to, committed capital injection to, and guarantees given for facilities granted to, affiliated companies;

(2) terms of the financial assistance, including interest rate, method of repayment, maturity date, and the security therefor, if any;

(3) source of funding for the committed capital injection; and

(4) banking facilities utilised by affiliated companies which are guaranteed by the issuer.

**Pledging of shares by the controlling shareholder**

13.17 Where the issuer's controlling shareholder has pledged all or part of its interest in the issuer's shares to secure the issuer's debts or to secure guarantees or other support of its obligations, the issuer must announce the following information as soon as reasonably practicable:

(1) the number and class of shares being pledged;

(2) the amounts of debts, guarantees or other support for which the pledge is made; and

(3) any other details that are considered necessary for an understanding of the arrangements.

**Loan agreements with covenants relating to specific performance of the controlling shareholder**

13.18 Where an issuer (or any of its subsidiaries) enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder (e.g. a requirement to maintain a specified minimum holding in the share capital of the issuer) and breach of such an obligation will cause a default in respect of loans that are significant to the issuer's operations, the issuer must announce the following information as soon as reasonably practicable:

(1) the aggregate level of the facilities that may be affected by such breach;

(2) the life of the facility; and

(3) the specific performance obligation imposed on any controlling shareholder.

**Breach of loan agreement by an issuer**

13.19 When an issuer breaches the terms of its loan agreements for loans that are significant to its operations, such that the lenders may demand their immediate repayment, and where the lenders have not issued a waiver in respect of the breach, the issuer must announce such information as soon as reasonably practicable.

**Continuing disclosure requirements**

13.20 Where the circumstances giving rise to a disclosure under rule 13.13 continue to exist at the issuer's interim period end or annual financial year end, the information specified under rule 13.15, as at the interim period end or year end, shall be included in the interim or annual report.

13.21 Where an obligation arises under rules 13.17, 13.18 or 13.19, the disclosures required by these rules should be included in subsequent interim and annual reports for so long as circumstances giving rise to the obligation continue to exist.

13.22 Where the circumstances giving rise to a disclosure under rule 13.16 continue to exist at the issuer's interim period end or annual financial year end, its interim or annual report must include a combined balance sheet of affiliated companies as at the latest practicable date. The combined balance sheet of affiliated companies should include significant balance sheet classifications and state the issuer's attributable interest in the affiliated companies. If it is not practicable to prepare the combined balance sheet of affiliated companies, the Exchange on the issuer's application may consider accepting, as an alternative, a statement of the indebtedness, contingent liabilities and capital commitments as at the end of the period reported on by affiliated companies.

**Notifiable transactions, connected transactions, takeovers and share repurchases**

13.23 (1) An issuer must announce details of acquisitions and realisations of assets and other transactions required by Chapters 14 and 14A and, where applicable, must circularise holders of its listed securities with their details and obtain their approval of them.

(2) The issuer shall comply with the Takeovers Code and the Code on Share Buy-backs.

*Note: Where the consideration under an offer includes securities for which listing is being or is to be sought, the offer document(s) will constitute a listing document.*

**Sufficient operations**

13.24 (1) An issuer shall carry out, directly or indirectly, a business with a sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of the issuer's securities.

*Note: Rule 13.24(1) is a qualitative test. The Exchange may consider an issuer to have failed to comply with the rule in situations where, for example, the Exchange considers that the issuer does not have a business that has substance and/or that is viable and sustainable.*

*The Exchange will make an assessment based on specific facts and circumstances of individual issuers. For example, when assessing whether a money lending business of a particular issuer is a business of substance, the Exchange may consider, among other factors, the business model, operating scale and history, source of funding, size and diversity of customer base and loan portfolio and internal control systems of the money lending business of that particular issuer, taking into account the norms and standards of the relevant industry.*

*Where the Exchange raises concerns with an issuer about its compliance with the rule, the onus is on the issuer to provide information to address the Exchange's concerns and demonstrate its compliance with the rule.*

(2) Proprietary trading and/or investment in securities by an issuer and its subsidiaries (other than an issuer which is an investment company listed under Chapter 21) are normally excluded when considering whether the issuer can meet rule 13.24(1).

*Note: This rule would not normally apply to proprietary securities trading and/or investment activities carried out in the ordinary and usual course of business by a member of an issuer's group that is:*

*(a) a banking company (as defined in rule 14A.88);*

*(b) an insurance company (as defined in rule 14.04); or*

*(c) a securities house (as defined in rule 14.04) that is mainly engaged in regulated activities under the SFO. It should be noted that proprietary securities trading and/or investment is not a regulated activity under the SFO and accordingly, this exemption is not available where proprietary securities trading and/or investment constitutes a significant part of the business of the securities house.*

13.24A An issuer must, after trading in its listed securities has been suspended, publish quarterly announcements of its developments.

**Material matters which impact on profit forecasts**

13.24B (1) If, during the profit forecast period, an event occurs which, had it been known when the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different, the issuer must promptly announce the event. In the announcement, the issuer must also indicate its view of the likely impact of that event on the profit forecast already made.

13.24B (2) (a) If profit or loss generated by some activity outside the issuer's ordinary and usual course of business which was not disclosed as anticipated in the document containing the profit forecast, materially contributes to or reduces the profits for the period to which the profit forecast relates, the issuer must announce this information, including an indication of the level to which the unusual activity has contributed to or reduced the profit.

(b) The issuer must announce the information under rule 13.24B(2)(a) as soon as it becomes aware that it is likely that the contribution to or reduction in the profits made or to be made by the profit or loss generated or to be generated will be material.

**Winding-up and liquidation**

13.25 (1) An issuer shall inform the Exchange and publish an announcement of the happening of any of the following events as soon as it comes to its attention:—

(a) the appointment of a receiver or manager either by any court having jurisdiction or under the terms of a debenture or any application to any court having jurisdiction for the appointment of a receiver or manager, or equivalent action in the country of incorporation or other establishment, in respect of the business or any part of the business of the issuer or the property of the issuer, its holding company or any subsidiary falling under rule 13.25(2);

(b) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator, or equivalent action in the country of incorporation or other establishment, against or in respect of the issuer, its holding company or any subsidiary falling under rule 13.25(2);

(c) the passing of any resolution by the issuer, its holding company or any subsidiary falling under rule 13.25(2) that it be wound up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;

(d) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets where the aggregate value of the total assets or the aggregate amount of profits or revenue attributable to such assets represents more than 5% under any of the percentage ratios defined under rule 14.04(9) ; or

(e) the making of any final judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance which is not subject to any or further appeal, which may adversely affect the issuer's enjoyment of any portion of its assets where the aggregate value of the total assets or the aggregate amount of profits or revenue attributable to such assets represents more than 5% under any of the percentage ratios defined under rule 14.04(9).

(2) Rules 13.25(1)(a), (b) and (c) will apply to a subsidiary of the issuer if the value of that subsidiary's total assets, profits or revenue represents 5% or more under any of the percentage ratios defined under rule 14.04(9). For the purpose of this rule 13.25(2), 100% of that subsidiary's total assets, profits or revenue (as the case may be) or, where that subsidiary itself has subsidiaries, the consolidated total assets, profits or revenue (as the case may be) of that subsidiary is to be compared to the total assets, profits or revenue (as the case may be) shown in the issuer's latest published audited consolidated financial statements irrespective of the interest held in the subsidiary.

*Notes:* [Repealed 1 January 2013]

## GENERAL MATTERS RELEVANT TO THE ISSUER'S SECURITIES

### Changes in issued shares – next day disclosure return and monthly return

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 or treasury shares 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) placing;

(ii) consideration issue;

(iii) open offer;

(iv) rights issue;

(v) bonus issue;

(vi) scrip dividend;

(vii) sale of treasury shares on the Exchange or any other stock exchange on which the issuer is listed;

(viii) repurchase of shares or other securities;

(ix) issue of new shares or transfer of treasury shares in respect of share awards or options granted to a director of the issuer under a share scheme;

(x) exercise of an option (other than under a share option scheme) by a director of the issuer;

(xi) capital reorganisation; or

(xii) change in issued shares or treasury shares not falling within any of the categories referred to in rule 13.25A(2)(a)(i) to (xi) or rule 13.25A(2)(b); and

(b) subject to rule 13.25A(3), any of the following:

(i) issue of new shares or transfer of treasury shares in respect of share awards or options granted to a participant (who is not a director of the issuer) under a share scheme;

(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;

(v) redemption of shares or other securities;

(vi) cancellation of repurchased or redeemed shares following settlement of any such repurchase or redemption; or

(vii) cancellation of treasury shares.

(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 (excluding treasury shares); or

(b) an event in rule 13.25A(2)(a) has occurred and the event in rule 13.25A(2)(b) has not yet been disclosed in either a monthly return published under rule 13.25B or a return published under this rule 13.25A.

(4) For the purposes of rule 13.25A(3), the percentage change in the listed issuer's issued shares (excluding treasury shares) is to be calculated by reference to the listed issuer's total number of issued shares (excluding treasury shares) 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.

13.25B A listed issuer shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, 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 monthly return in relation to:

(1) movements in the listed issuer's equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, issued, sold or transferred and which may be issued, sold or transferred pursuant to options, warrants, convertible securities or any other agreements or arrangements; and

(2) information in relation to the listed issuer's public float as prescribed under rule 13.32D(1).

*Notes: (1) The Exchange may consider an application for a waiver from strict compliance with rule 13.25B for issuers with, or seeking, a secondary listing under Chapter 19C, subject to the issuer meeting one of the following three conditions:*

*(a) it has received a relevant partial exemption from Part XV of the SFO;*

*(b) it publishes a "next day disclosure" in strict compliance with rule 13.25A; or*

*(c) it is subject to overseas laws or regulations that have a similar effect to rule 13.25B and any differences are not material to shareholder protection.*

*(2) The Exchange may require the issuer to submit a list of grantees and the movements of shares and/or options granted to each of them under Chapter 17 in the format it prescribed from time to time.*

13.25C A listed issuer shall, in relation to each new issue of securities or sale or transfer of treasury shares reported in the next day disclosure return under rule 13.25A and the monthly return under rule 13.25B, confirm that (where applicable):

(1) the issue of securities, or sale or transfer of treasury shares has been duly authorised by its board of directors and carried out in compliance with all applicable listing rules, laws and other regulatory requirements;

(2) all money due to the listed issuer in respect of the issue of securities, or sale or transfer of treasury shares has been received by it;

(3) all pre-conditions for listing imposed by the Rules under "Qualification of listing" have been fulfilled;

(4) all (if any) conditions contained in the formal letter granting listing of and permission to deal in the securities have been fulfilled;

(5) all the securities of each class are in all respects identical;

*Note: "Identical" means in this context:*

*(a) the securities are of the same nominal value with the same amount called up or paid up;*

*(b) they are entitled to dividend/interest at the same rate and for the same period, so that at the next ensuing distribution, the dividend/interest payable per unit will amount to exactly the same sum (gross and net); and*

*(c) they carry the same rights as to unrestricted transfer, attendance and voting at meetings and rank pari passu in all other respects.*

(6) all documents required by the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be filed with the Registrar of Companies have been duly filed and that compliance has been made with all other legal requirements;

(7) all the definitive documents of title have been delivered/are ready to be delivered/are being prepared and will be delivered in accordance with the terms of issue, sale or transfer;

(8) completion has taken place of the purchase by the issuer of all property shown in the listing document to have been purchased or agreed to be purchased by it and the purchase consideration for all such property has been duly satisfied; and

(9) the trust deed/deed poll relating to the debenture, loan stock, notes or bonds has been completed and executed, and particulars thereof, if so required by law, have been filed with the Registrar of Companies.

**Subsequent listing**

13.26 (1) An issuer shall, prior to their issue, apply for the listing of any further securities which are of the same class as securities already listed and shall not issue such securities unless approval for the listing of those securities has been granted by the Exchange.

(2) [Repealed 1 August 2023]

**Changes in the terms of convertible securities**

13.27 An issuer shall, if the issue of new securities by it or the purchase by it of its listed securities, or the sale or transfer of its treasury shares will result in a change in the terms of conversion of any of its convertible securities or in the terms of the exercise of any of its options, warrants or similar rights, publish an announcement in accordance with rule 2.07C as to the effect of any such change wherever practicable, prior to the new issue, purchase, or sale or transfer of treasury shares and, if not so practicable, as soon as possible thereafter.

**Issue of securities**

13.27A References in rules 13.28, 13.29 and 13.30 to an allotment, issue, offer, placing or subscription of securities or shares shall include a sale or transfer of treasury shares and references to allottees shall include purchasers or transferees of treasury shares. Rule 13.28 does not apply to a sale of treasury shares on the Exchange or any other stock exchange on which the issuer is listed.

13.28 Where the directors agree to issue securities for cash in accordance with rule 13.36(1)(a) or 13.36(2), an issuer shall publish an announcement in accordance with rule 2.07C 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, containing the following information:—

(1) the name of the issuer;

(2) the number, class and aggregate nominal value of the securities agreed to be issued;

*Note: If the issue involves (i) securities convertible into shares of the issuer or (ii) options, warrants or similar rights to subscribe for shares or such convertible securities, the announcement should also contain:*

*(a) the conversion/subscription price and a summary of the provisions for adjustments of such price and/or number of shares to be issued and all other material terms of the convertible securities or warrants;*

*(b) the maximum number of shares that could be issued upon exercise of the conversion/subscription rights; and*

*(c) the issuer's intention, if any, to transfer treasury shares upon exercise of the conversion/subscription rights.*

(3) the total funds to be raised and the proposed use of the proceeds;

(4) the issue price of each security and the basis for determining the same;

(5) the net price to the issuer of each security;

(6) the reasons for making the issue;

(7) 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. The Exchange reserves the right to require submission of such further information (on an electronic spreadsheet or such other format as it may request) on the allottees as it may consider necessary for the purpose of establishing their independence, including without limitation details of beneficial ownership;

(8) the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed;

(9) the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed issue of securities, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount;

(10) where applicable, the name(s) of syndicate member(s), and the principal terms of the underwriting/placing arrangements;

(11) a statement whether the issue is subject to shareholders' approval;

(12) where the securities are issued under a general mandate granted to the directors by the shareholders in accordance with rule 13.36(2)(b), details of the mandate;

(13) where the securities are issued by way of a rights issue or an open offer, the information set out in paragraph 18 of Appendix D1B;

(14) conditions to which the issue is subject or a negative statement if applicable; and

(15) any other material information with regard to the issue (including any restrictions on the ability of the issuer to issue further securities or any restrictions on the ability of the allottees to dispose of shares issued to them or any restrictions on the ability of existing shareholders to dispose of their securities arising in connection with the allotment).

*Notes: (1) This rule does not apply to a grant of options or awards or issue of securities under a share scheme which complies with Chapter 17. For these, the issuer must follow the announcement requirements under rules 17.06A, 17.06B and 17.06C.*

*(2) For any exercise of these options, the issuer must follow the disclosure obligations under rules 13.25A and 13.25B.*

13.29 Where the securities are issued for cash under the authority of a general mandate granted to the directors by the shareholders in accordance with rule 13.36(2)(b) and at a discount of 20% or more to the benchmarked price set out in rule 13.36(5), the issuer shall publish an announcement in accordance with rule 2.07C 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 business day immediately following the day on which the relevant agreement involving the proposed issue of securities is signed. The announcement must disclose, among other things, the following information:

(1) where there are less than 10 allottees, the name of each allottee (or, if applicable, the name of its beneficial owners) and a confirmation of its independence from the issuer; and

(2) where there are 10 or more allottees, the name of each allottee (or, if applicable, the name of its beneficial owners) subscribing 5% or more of the securities issued and a generic description of all other allottees, and a confirmation of their independence from the issuer. When calculating the 5% limit, the number of securities subscribed by each allottee, its holding company and any of their subsidiaries must be aggregated.

**Basis of allotment**

13.30 An issuer shall inform the Exchange of the basis of allotment of securities offered to the public for subscription or sale or an open offer and of the results of any rights issue and, if applicable, of the basis of any acceptance of excess applications, not later than the morning of the business day next after the allotment letters or other relevant documents of title are posted.

*Note: The Exchange should also be informed of any extension of time granted for the currency of temporary documents of title.*

**Purchase of securities**

13.31 (1) An issuer shall submit for publication to the Exchange through HKEx-EPS the particulars as listed under rule 10.06(4) as soon as possible after any purchase, sale, drawing or redemption by the issuer, or any member of the group, of its listed securities (whether on the Exchange or otherwise) and the issuer hereby authorises the Exchange to disseminate such information to such persons and in such manner as the Exchange may think fit.

(2) [Repealed 1 August 2023]

*Notes: 1. Particulars of purchases by the issuer of its own securities (whether on the Exchange or otherwise) must be submitted for publication to the Exchange through HKEx-EPS 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 following dealing. The information given should include the number of securities purchased and the purchase price per security or the highest and lowest prices paid, where relevant.*

*2. Issuers may only purchase their own securities on the Exchange in accordance with the provisions of rule 10.06 (which is, in the case of an overseas issuer, subject to rule 19C.11 if the issuer's primary listing is or is to be on another stock exchange; and in the case of a PRC issuer, amended by the provisions of Chapter 19A).*

**Other listings**

13.32 (1) An issuer shall inform the Exchange immediately and publish an announcement:—

(a) [Repealed 1 January 2026]

(b) if any part of the securities of the issuer or any of its subsidiaries becomes listed or dealt in on any other stock exchange, stating which stock exchange.

*Note: [Repealed 1 January 2026]*

(2) [Repealed 1 January 2026]

*Notes: (1) [Repealed 4 August 2025]*

*(2) [Repealed 1 January 2026]*

(3) [Repealed 1 January 2026]

(4) [Repealed 1 January 2026]

(5) [Repealed 1 January 2026]

## Public float

### *Definitions and determination of percentage and market value of public float*

13.32A For the purpose of rules 13.32B to 13.32G, save where the context otherwise requires:

(1) the following terms shall have the following meanings:

| | |
|---|---|
| "Alternative Threshold" | has the meaning given to it in rule 13.32B(2) |
| "Initial Prescribed Threshold" | has the meaning given to it in rule 13.32B(1) |
| "Significant Public Float Shortfall" | has the meaning given to it in rule 13.32F |
| "trading day" | in the case of an issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the issuer's shares was halted or suspended |

(2) the percentage of an issuer's public float is the portion of the class of shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in that class of shares (excluding treasury shares); and

(3) the market value of an issuer's public float is calculated by multiplying (a) the number of the shares held by the public as of the date of determination by (b) the volume weighted average price of the class of shares listed on the Exchange over the 125 trading days immediately prior to the date of determination.

*Note: The volume weighted average price of the relevant class of shares referred to in this sub-paragraph (3) is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days immediately prior to the date of determination, as adjusted for any applicable corporate actions.*

### *Minimum prescribed public float*

13.32B There must be an open market in the shares listed on the Exchange. This will normally mean that a portion of the class of shares listed on the Exchange and held by the public must, at all times:

(1) represent at least 25% of the issuer's total number of issued shares in that class of shares (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 8.08(1) (the "Initial Prescribed Threshold"); or

(2) alternatively:

(a) have a market value of at least HK$1,000,000,000; and

(b) represent at least 10% of the issuer's total number of issued shares in that class of shares (excluding treasury shares),

(the "Alternative Threshold").

*Note: Where an issuer was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 8.08(1) (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.*

13.32C If an issuer changes its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 13.32B, the issuer must, as soon as practicable, publish an announcement containing the reasons for the change and a statement setting out the market value and percentage of its public float as at the latest practicable date.

*Notes: 1. The Alternative Threshold is not available to an issuer if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange.*

*2. In the case of an issuer intending to change its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 13.32B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed shares have been suspended from trading for more than five consecutive business days, the Exchange may require the issuer to extend the reference period for the purpose of rule 13.32A(3) to demonstrate that the market value of its shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such an issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.*

*3. In the case of an issuer changing its reliance on the Alternative Threshold to the Initial Prescribed Threshold for compliance with rule 13.32B, the issuer must, as soon as practicable, publish an announcement containing the reasons for the change and the percentage of its public float as at the latest practicable date.*

***Disclosure in monthly returns and annual reports***

13.32D (1) An issuer must include, in each monthly return made under rule 13.25B:

(a) a statement confirming compliance with rule 13.32B, or an appropriate negative statement;

(b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 13.32B, the minimum percentage threshold applicable to the issuer; and

(c) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 13.32B, a statement setting out the market value and percentage of its public float,

as at the end of the month to which the monthly return relates.

(2) An issuer must include, in its annual report:

(a) a statement confirming compliance with rule 13.32B, or an appropriate negative statement;

(b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 13.32B, the minimum percentage threshold applicable to the issuer; and

(c) a statement setting out:

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 13.32B, the market value of its public float; and

(iii) the composition of (1) the ownership of the relevant class of shares listed on the Exchange and (2) the issuer's share capital,

as at the end of the financial year to which the annual report relates.

(3) An issuer that has relied on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 13.32B at any time within a financial year must, in addition to the requirement referred to in sub-paragraph (2) of this rule, also include in its annual report for that financial year:

(a) in respect of each month in which the issuer relied on the Alternative Threshold as at the end of that month, the market value and percentage of its public float as at the end of that month; and

(b) a commentary on all material changes to its public float levels during that financial year.

(4) The statements referred to in sub-paragraphs (1) to (3) of this rule should be based on information that is publicly available to the issuer or otherwise within the knowledge of its directors as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

*Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.*

***Public float shortfall***

13.32E (1) Upon becoming aware of its non-compliance with rule 13.32B, an issuer must:

(a) take active steps to re-comply with rule 13.32B at the earliest possible moment; and

(b) publish an announcement within one business day to inform the public of the non-compliance and the relevant information, including:

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 13.32B, the market value of its public float;

(iii) the reason(s) for the non-compliance;

(iv) its plan and expected timeline to restore its public float;

(v) the composition of ownership of the relevant class of shares listed on the Exchange; and

(vi) any such other information as the Exchange may from time to time prescribe.

*Notes: 1. An issuer may announce details in relation to its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the issuer becoming aware of its non-compliance with rule 13.32B.*

*2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).*

(2) For so long as an issuer remains non-compliant with rule 13.32B, the issuer must:

(a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 13.25B, to provide an update on:

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 13.32B, the market value of its public float;

(iii) the status of its public float restoration plan, including action(s) taken during the relevant period to restore its public float; and

(iv) the expected timing for restoration; and

(b) not take any action that may further lower the percentage of its public float, unless the issuer can demonstrate that there are exceptional circumstances.

*Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the issuer to the procedures set out in rule 13.32G and to exercise its powers under rule 6.01(2)) if, in the opinion of the Exchange, the issuer fails to re-comply with rule 13.32B within a reasonable period.*

(3) For so long as an issuer remains non-compliant with rule 13.32B, each director must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the issuer's public float, unless the director can demonstrate that there are exceptional circumstances.

*Significant Public Float Shortfall*

13.32F An issuer that fails to comply with rule 13.32B will be regarded as having a "Significant Public Float Shortfall" unless a portion of its class of shares listed on the Exchange and held by the public:

(1) represents at least 15% of the issuer's total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or

(2) has a market value of at least HK$500,000,000 and represents at least 5% of the issuer's total number of issued shares in that class of shares (excluding treasury shares).

*Note: If the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:*

*"An issuer that fails to comply with rule 13.32B will be regarded as having a "Significant Public Float Shortfall" unless a portion of its class of shares listed on the Exchange and held by the public represents at least 15% of the issuer's total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold."*

13.32G (1) In addition to the obligation under rule 13.32E, an issuer must publish an announcement to inform the public of the occurrence of a Significant Public Float Shortfall within one business day after becoming aware of such shortfall.

(2) From the day on which an issuer first has a Significant Public Float Shortfall up to and until the issuer has re-complied with rule 13.32B, any listing document, circular, announcement or notice issued by the issuer pursuant to the Exchange Listing Rules must contain, on its front cover or inside front cover or as a heading, a prominent and legible warning statement in the following form:

"[*The issuer*] is regarded as having a Significant Public Float Shortfall under Rule 13.32F. Accordingly, shareholders and potential investors of [*the issuer*] are advised to exercise caution when dealing in the shares of [*the issuer*] because:

(a) [*the issuer*] has failed to maintain the minimum public float required under Rule 13.32B, resulting in a shortfall that constitutes a Significant Public Float Shortfall as defined under Rule 13.32F; and

(b) the Exchange will cancel the listing of the shares of [*the issuer*] if [*the issuer*] fails to re-comply with Rule 13.32B within the prescribed period under Rule 13.32G(3) (i.e. by [*date*])."

(3) The Exchange will cancel the listing of an issuer's shares if the issuer has a Significant Public Float Shortfall and fails to re-comply with rule 13.32B for a continuous period of 18 months beginning from the commencement of the Significant Public Float Shortfall.

*Notes: 1. The Exchange will add a designated marker to the stock name of the listed shares of an issuer with a Significant Public Float Shortfall.*

*2. The designated marker referred to in note 1 to this rule will be removed if the issuer can demonstrate to the Exchange, and publish an announcement to inform the public, that it has re-complied with rule 13.32B.*

***General offers***

13.33 (1) Notwithstanding the requirement of rule 13.32B, where an issuer is the subject of a general offer and fails to comply with rule 13.32B at the close of the general offer, the Exchange may consider granting a temporary waiver to the issuer for a reasonable period after the close of the general offer to re-comply with rule 13.32B, provided that the public float shortfall is not a Significant Public Float Shortfall (as defined in rule 13.32F).

(2) Notwithstanding the granting of a temporary waiver pursuant to rule 13.33(1), rule 13.32E will continue to apply until the issuer re-complies with rule 13.32B.

(3) An issuer that has been granted the temporary waiver pursuant to rule 13.33(1) must ensure compliance with rule 13.32B prior to the expiration of the waiver.

***Concentration of shareholdings***

13.34 Where the Exchange has reason to believe that the securities of an issuer listed on the Exchange may be concentrated in the hands of a few shareholders to the detriment or without the knowledge of the investing public, the issuer must promptly upon request by the Exchange:

(a) publish an announcement to inform the public that its shareholding may have been concentrated in the hands of a few shareholders; and remind the public to exercise caution when dealing in its securities; and

(b) conduct an investigation under section 329 of the Securities and Futures Ordinance and publish an announcement containing the findings of the investigation.

13.35 [Repealed 1 January 2026]

**Pre-emptive rights**

13.36 (1) (a) Except in the circumstances mentioned in rule 13.36(2), the directors of the issuer shall obtain the consent of shareholders in general meeting prior to allotting, issuing or granting:—

(i) shares;

(ii) securities convertible into shares; or

(iii) options, warrants or similar rights to subscribe for any shares or such convertible securities.

*Note:* *Importance is attached to the principle that a shareholder should be able to protect his proportion of the total equity by having the opportunity to subscribe for any new issue of equity securities. Accordingly, unless shareholders otherwise permit, all issues of equity securities by the issuer must be offered to the existing shareholders (and, where appropriate, to holders of other equity securities of the issuer entitled to be offered them) pro rata to their existing holdings, and only to the extent that the securities offered are not taken up by such persons may they be allotted or issued to other persons or otherwise than pro rata to their existing holdings. This principle may be waived by the shareholders themselves on a general basis, but only within the limits of rules 13.36(2) and (3).*

(b) Notwithstanding rule 13.36(2)(b), the directors of the issuer shall obtain the consent of the shareholders in general meeting prior to allotting any voting shares if such allotment would effectively alter the control of the issuer.

(1A) References in this rule 13.36 to an allotment, issue, grant, offer, placing, subscription or disposal of securities or shares shall include a sale or transfer of treasury shares listed on the Exchange and references to allottees shall include purchasers or transferees of such treasury shares.

(2) No such consent as is referred to in rule 13.36(1)(a) shall be required:—

(a) for the allotment, issue or grant of such securities pursuant to an offer made to the shareholders of the issuer which excludes for that purpose (i) any holder of treasury shares; and/or (ii) any shareholder that is resident in a place outside Hong Kong provided the directors of the issuer consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place and, where appropriate, to holders of other equity securities of the issuer entitled to be offered them, pro rata (apart from fractional entitlements) to their existing holdings; or

*Notes: 1.* *The issuer must make enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange and may only exclude such overseas shareholders on the basis that, having made such enquiry, it would be necessary or expedient to do so.*

2. *If any shareholders that are resident outside Hong Kong are excluded from an offer of securities pursuant to rule 13.36(2)(a), the issuer shall include an explanation for the exclusion in the relevant circular or document containing the offer of securities. Issuers shall ensure that the circular or offer document is delivered to such shareholders for their information subject to compliance with the relevant local laws, regulations and requirements.*

3. *The exemption for the shareholders' approval requirement under rule 13.36(2)(a) does not apply to the allotment, issue or grant of securities under an open offer.*

(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 issued shares (excluding treasury shares) 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 (excluding treasury shares) of an overseas issuer following the implementation of such scheme) 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 issued shares (excluding treasury shares) 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; or

*Notes: 1. Other than where independent shareholders' approval has been obtained, an issue of securities to a connected person pursuant to a general mandate given under rule 13.36(2)(b) is only permitted in the circumstances set out in rules 14A.92 and 14A.92B.*

2. *[Repealed 1 January 2022]*

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.*

(c) issue of shares under a share scheme that complies with Chapter 17.

(3) A general mandate given under rule 13.36(2) shall only continue in force until:—

(a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or

(b) revoked or varied by ordinary resolution of the shareholders in general meeting,

whichever occurs first.

(4) Where the issuer has obtained a general mandate from its shareholders pursuant to rule 13.36(2)(b), any refreshments of the general mandate before the next annual general meeting shall be subject to the following provisions:

(a) 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;

(b) the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the general meeting:

(i) any parties who were controlling shareholders of the issuer at the time the decision to seek a refreshment of the mandate was made or approved by the board, and their associates; or

(ii) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision to seek a refreshment of the mandate was made or approved by the board, and their respective associates;

(c) the issuer must comply with the requirements set out in rules 13.39(6) and (7), 13.40, 13.41 and 13.42;

(d) the relevant circular to shareholders must contain information relating to the issuer's history of refreshments of mandate since the last annual general meeting, the amount of proceeds raised from the utilisation of such mandate, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount. The circular must also contain information required under rule 2.17; and

(e) where the issuer offers or issues securities to its shareholders pro rata to their existing holdings (including where overseas shareholders are excluded for legal or regulatory reasons), it will not be necessary for the issuer to comply with rules 13.36(4)(a), (b) or (c) in order for it to refresh its general mandate immediately thereafter such that the amount in percentage terms of the unused part of the general mandate upon refreshment is the same as the unused part of the general mandate immediately before the issue of securities. In such cases, it need only obtain approval from its shareholders and comply with rule 13.36(4)(d).

(5) In the case of a placing or open offer of securities for cash consideration, the issuer may not issue any securities pursuant to a general mandate given under rule 13.36 (2)(b) if the relevant price represents a discount of 20% or more to the benchmarked price of the securities, such benchmarked price being the higher of:

(a) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate; and

(b) the average closing price in the 5 trading days immediately prior to the earlier of:

(i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate;

(ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate; and

(iii) the date on which the placing or subscription or selling price is fixed,

unless the issuer can demonstrate that it is in a serious financial position and that the only way it can be saved is by an urgent rescue operation which involves the issue of securities at a price representing a discount of 20% or more to the benchmarked price of the securities or that there are other exceptional circumstances. The issuer shall provide the Exchange with detailed information on the allottees to be issued with securities under the general mandate.

(5A) In the case of a sale of treasury shares on the Exchange or any other stock exchange on which the issuer is listed, the reference to the benchmarked price in rule 13.36(5) shall be the higher of (a) the closing price on the trading day immediately prior to the sale; and (b) the average closing price in the 5 trading days immediately prior to the sale.

(6) The issuer may not issue securities convertible into new shares of the issuer for cash consideration pursuant to a general mandate given under rule 13.36(2)(b), unless the initial conversion price is not lower than the benchmarked price (as defined in rule 13.36(5)) of the shares at the time of the placing.

(7) The issuer may not issue warrants, options or similar rights to subscribe for (i) any new shares of the issuer or (ii) any securities convertible into new shares of the issuer, for cash consideration pursuant to a general mandate given under rule 13.36(2)(b).

(8) Where an issuer proposes to issue convertible securities or warrants, options or similar rights to subscribe for shares under rule 13.36(1)(a), the circular to shareholders shall disclose the issuer's intention, if any, to use treasury shares to satisfy its obligation upon conversion or exercise of any of such convertible securities, warrants, options or similar rights.

## MEETINGS

### Notice of AGM

13.37 An issuer shall ensure that notice of every annual general meeting is published in accordance with rule 2.07C (see also rules 13.71 to 13.73). Where it is published in the newspapers, whether pursuant to rule 2.07C or otherwise, such notice must be of a size of not less than 8 centimetres by 10 centimetres (three inches by four inches approximately).

### Proxy forms

13.38 An issuer shall send with the notice convening a meeting of holders of listed securities to all persons entitled to vote at the meeting proxy forms, with provision for two-way voting on all resolutions intended to be proposed thereat.

*Notes: 1. The object of the requirement relating to proxy forms is to ensure that holders have adequate opportunity to express their views on all resolutions intended to be proposed such as the adoption of the annual accounts and re-election of directors (and, in the case of a PRC issuer, supervisors).*

*2. The proxy form must state that if it is returned without an indication as to how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether he votes and if so how. The proxy form must state that a shareholder is entitled to appoint a proxy of his own choice and must provide a space for the name of such proxy.*

*3. The proxy form must be submitted for publication on the Exchange's website in accordance with rule 2.07C.*

**Meetings of Shareholders**

13.39 (1) An issuer proposing to solicit proxies or votes in connection with any general meeting of the issuer may only use for such purpose previously published information which remains accurate and is not misleading at the time it is quoted.

(2) Shareholders must not be put under pressure to vote or abstain from voting at any general meeting and, where their votes are solicited, must be encouraged to consult their professional advisers.

(3) [Repealed 1 January 2009]

(4) Any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The issuer must announce the results of the poll in the manner prescribed under rule 13.39(5).

*Note: Procedural and administrative matters are those that:*

*(1) are not on the agenda of the general meeting or in any supplementary circular to members; and*

*(2) which relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all shareholders a reasonable opportunity to express their views.*

(5) The issuer must announce the meeting's poll results as soon as possible, but in any event at least 30 minutes before the earlier of either the commencement of the morning trading session or any pre-opening session on the business day after the meeting.

The poll results announcement must include the number of:

(a) shares entitling the holder to attend and vote on a resolution at the meeting;

(b) shares entitling the holder to attend and abstain from voting in favour as set out in rule 13.40;

(c) shares of holders that are required under the Listing Rules to abstain from voting;

(d) shares actually voted for a resolution; and

(e) shares actually voted against a resolution.

The issuer must appoint its auditors, share registrar or external accountants who are qualified to serve as its auditors as scrutineer for the vote-taking and state the identity of the scrutineer in the announcement. The issuer must state in the announcement whether or not any parties that have stated their intention in the circular to vote against the relevant resolution or to abstain have done so at the general meeting.

(5A) The issuer must state in the poll results announcement directors' attendance at the general meeting.

(6) In relation to any transactions that are subject to independent shareholders' approval pursuant to the Exchange 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 15 of the Exchange Listing Rules,

(a) the issuer shall establish an independent board committee (which shall consist only of independent non-executive directors) to advise shareholders as to whether the terms of the relevant transaction or arrangement are fair and reasonable and whether such a transaction or arrangement is in the interests of the issuer and its shareholders as a whole and to advise shareholders on how to vote, taking into account the recommendations of the independent financial adviser appointed under rule 13.39(6)(b);

(b) the issuer shall appoint an independent financial adviser acceptable to the Exchange to make recommendations to the independent board committee and the shareholders as to whether the terms of the relevant transaction or arrangement are fair and reasonable and whether such a transaction or arrangement is in the interests of the issuer and its shareholders as a whole and to advise shareholders on how to vote; and

(c) the independent board committee shall not consist of any independent non-executive directors who have a material interest in the relevant transaction or arrangement. The independent board committee may consist of only one independent non-executive director if all other independent non-executive directors have a material interest in the relevant transaction or arrangement. If all the independent non-executive directors have a material interest in the relevant transaction or arrangement, no independent board committee can be formed. In that event, the independent financial adviser shall make its recommendation to the shareholders only in the manner prescribed under rule 13.39(7)(b).

(7) In relation to any transactions that are subject to independent shareholders' approval pursuant to the Exchange 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 15 of the Exchange Listing Rules, the circular to shareholders must contain at least:

(a) if applicable, a separate letter from the independent board committee advising shareholders as to whether the terms of the relevant transaction or arrangement are fair and reasonable and whether such a transaction or arrangement is in the interests of the issuer and its shareholders as a whole and advising shareholders on how to vote, taking into account the recommendations of the independent financial adviser; and

(b) a separate letter from the independent financial adviser containing its recommendation to the independent board committee and shareholders (or, if applicable, to the shareholders only) as to whether the terms of the relevant transaction or arrangement are fair and reasonable and whether such a transaction or arrangement is in the interests of the issuer and its shareholders as a whole and advising shareholders on how to vote. Such letter must set out the reasons for and the key assumptions made and factors taken into consideration in forming that opinion.

(8) For any connected transactions, the requirements relating to the opinion and recommendation of the independent board committee and the independent financial adviser are set out in Chapter 14A.

*Note: "Independent shareholders" under paragraphs (6) and (7) of this rule 13.39 means any shareholders other than controlling shareholders of the issuer and their associates or, where there are no controlling shareholders, any shareholders other than directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates.*

13.40 Parties that are required to abstain from voting in favour at the general meeting pursuant to rules 6.12(1), 6.13, 7.19(6)(a), 7.19(7), 7.19(8), 7.24(5)(a), 7.24(6), 7.24(7), 13.36(4)(a), 13.36(4)(b),14.90(2), 14.91(1), 17.03C(1) and 17.04 may vote against the resolution at the general meeting of the issuer provided that their intention to do so has been stated in the relevant listing document or circular to shareholders. Any such party may change his mind as to whether to abstain or vote against the resolution, in which case the issuer must, if it becomes aware of the change before the date of the general meeting, immediately despatch a circular to its shareholders or publish an announcement in accordance with rule 2.07C notifying its shareholders of the change and, if known, the reason for such change. Where the circular is despatched or the announcement is published less than 10 business days before the date originally scheduled for the general meeting, the meeting must be adjourned before considering the relevant resolution to a date that is at least 10 business days from the date of despatch or publication by the chairman or, if that is not permitted by the issuer's constitutional documents, by resolution to that effect.

13.41 Where under rules 13.40 or 13.73, a meeting is required to be adjourned by resolution, all shareholders are permitted to vote on that resolution. Any shareholders who would have been required to abstain from voting on any resolution that was to be proposed shall vote in favour of the resolution to adjourn the meeting.

13.42 The issuer must have an appropriate procedure in place to record that any parties that must abstain or have stated their intention to vote against the relevant resolution in the listing document, circular or announcement have done so at the general meeting.

**Board meetings**

13.43 An issuer shall publish an announcement in accordance with rule 2.07C at least seven clear business days in advance of the date fixed for any board meeting at which the declaration, recommendation or payment of a dividend is expected to be decided or at which any announcement of the profits or losses for any year, half-year or other period is to be approved for publication.

**Voting of directors at board meetings**

13.44 A director of the issuer shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting subject to the following exceptions:

(1) the giving of any security or indemnity either: –

(a) to the director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries; or

(b) to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(3) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including: –

(a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his close associate(s) may benefit; or

(b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the director, his close associate(s) and employee(s) of the issuer or any of its subsidiaries and does not provide in respect of any director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(4) any contract or arrangement in which the director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.

*Note: The references to "close associate" shall be changed to "associate" where the transaction or arrangement is a connected transaction under Chapter 14A.*

**After board meetings**

13.45 An issuer shall 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, including the rate and amount 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 4:30 p.m. on a 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 12:30 p.m.. 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 consolidated financial statements referred to in section 379(2) of the Companies Ordinance, the consolidated financial statements, together with a copy of the auditors' report thereon, or (B) its summary financial report not less than 21 days before the date of the issuer's annual general meeting and in any event not more than four months after the end of the financial year to which they relate. 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 sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports) Regulation.

(b) Nothing in rule 13.46(1)(a) shall require an issuer to send any of the documents referred to therein to:—

(i) a person of whose address the issuer is unaware; or

(ii) more than one of the joint holders of any of its listed securities.

*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. In respect of overseas members, it shall be sufficient for the issuer to mail an English language version of either (i) its directors' report, auditors' report and annual accounts 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 issuer, on request.*

*2. Sections 429 and 431 of the Companies Ordinance require 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.*

*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 431 of the Companies Ordinance which requires any extension of the time limit to be approved by the Court of First Instance.*

*4. [Repealed 1 January 2011]*

*5. Newly listed issuers will be required to prepare and publish the relevant annual report or summary financial 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 four-month deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 13.46(1)(a) are not applicable to the reporting period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—*

*(a) the financial information required under Appendix D2 in relation to annual reports, in respect of such reporting period;*

*(b) a statement as to whether it complies with the code provisions in Part 2 of Appendix C1 and, if not, the Considered Reasons and Explanation in respect of the deviation; and*

*(c) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not distributing such annual reports and accounts.*

*Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 13.46(1)(a) that the relevant financial information has been included in its listing document. The newly listed issuer must still comply with the requirements under rule 13.91(5).*

(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 including its annual accounts and, where the issuer prepares group accounts, its group accounts, together with a copy of the auditors' report thereon or (B) its summary financial report, not less than 21 days before the date of the issuer's annual general meeting and in any event not more than four months after the end of the financial year to which they relate. 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 sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports) 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.

(c) Nothing in rule 13.46(2)(a) shall require an issuer to send any of the documents referred to therein to:—

(i) a person of whose address the issuer is unaware; or

(ii) more than one of the joint holders of any of its listed securities.

*Notes: 1. If an issuer's primary listing is or is to be on the Exchange the annual report, annual accounts, auditors' report and, where applicable, summary financial report must be in the English language and must be accompanied by a Chinese translation. In respect of overseas members, it shall be sufficient for the issuer to mail an English language version of its annual report, annual accounts, auditors' report and, where applicable, 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 issuer, on request. If the issuer's primary listing is or is to be on another stock exchange such documents must be in the English language or be accompanied by a certified English translation.*

2. *If an issuer has significant interests outside Hong Kong it may apply for an extension of the six month period.*

3. *[Repealed 1 January 2011]*

4. *Newly listed issuers will be required to prepare and publish the relevant annual report or summary financial 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 four-month deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 13.46(2)(a) are not applicable to the reporting period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—*

   *(a) the financial information required under Appendix D2 in relation to annual reports, in respect of such reporting period;*

   *(b) a statement as to whether it complies with the code provisions in Part 2 of Appendix C1 and, if not, the Considered Reasons and Explanation in respect of the deviation; and*

   *(c) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not distributing such annual reports and accounts.*

   *Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 13.46(2)(a) that the relevant financial information has been included in its listing document. The newly listed issuer must still comply with the requirements under rule 13.91(5).*

**Annual Reports**

13.47 An issuer's annual report must comply with the provisions set out in Appendix D2 in relation to annual reports. The issuer's summary financial report must comply with the provisions set out in the Companies (Summary Financial Reports) Regulation.

*Note: Issuers' attention is drawn to paragraphs 6 to 34A and 50 inclusive of Appendix D2.*

**Interim Reports**

13.48 (1) In respect of the first six months of each financial year of an issuer unless that financial year is of six months or less, the issuer shall send to the persons listed in rule 13.46(1), either (i) an interim report, or (ii) a summary interim report not later than three months after the end of that period of six months. 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) Regulation governing summary financial reports.

*Note: Newly listed issuers will be required to prepare and publish the relevant interim report or summary interim 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 three-month deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 13.48(1) are not applicable to the interim period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—*

*(a) the financial information required under Appendix D2 in relation to interim reports, in respect of such six-month period (with comparative figures for the corresponding six-month period of the immediately preceding financial year);*

*(b) a statement as to whether it complies with the code provisions in Part 2 of Appendix C1 and, if not, the Considered Reasons and Explanation in respect of the deviation; and*

*(c) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not distributing such interim reports.*

*Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 13.48(1) that the relevant financial information has been included in its listing document.*

(2) The interim report must comply with the provisions set out in Appendix D2 in relation to interim reports. The summary interim report must comply with the provisions set out in Appendix D2 in relation to summary interim reports.

*Note: Issuers' attention is drawn to paragraphs 37 to 44 and 51 inclusive of Appendix D2.*

(3) [Repealed 1 January 2011]

**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 not later than three months after the end of the financial year.

*Note: Newly listed issuers will be required to prepare and publish the relevant annual results (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 three-month deadline for publishing the results falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 13.49(1) are not applicable to the reporting period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—*

*(a) the financial information required under Appendix D2 in relation to annual results announcements, in respect of such reporting period; and*

*(b) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not publishing such annual results announcements.*

*Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 13.49(1) that the relevant financial information has been included in its listing document.*

(2) The preliminary announcement shall be based on the issuer's financial statements for the financial year which shall have been agreed with the auditors.

(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 not later than three months after the end of the financial year.

The announcement must contain at least the following information:—

(a) a full explanation for its inability to make an announcement based on financial statements which have been agreed with the auditors. Where there are uncertainties arising from the lack of supporting evidence or relating to the valuation of assets or liabilities, sufficient information to allow investors to determine the significance of the assets or liabilities;

(b) the expected date of announcement of the financial results for the financial year which shall have been agreed with the auditors; and

(c) so far as the information is available, results for the financial year based on financial results which have yet to be agreed with the auditors. Where possible, those results must have been reviewed by the issuer's audit committee. In the event that the audit committee disagreed with an accounting treatment which had been adopted or the particulars published in accordance with rule 13.49(3)(i)(a), full details of such disagreement.

(ii) Where an issuer makes an announcement in accordance with rule 13.49(3)(i), then:

(a) the issuer will be required to comply with the requirements set out in rule 13.49(2), as soon as the financial results for the financial year have been agreed with the auditors; and

(b) where the financial results for the financial year which have been agreed by the auditors differ materially from the financial results published by the issuer in accordance with rule 13.49(3)(i)(c), full particulars of, and reasons for, the difference must be set out in the preliminary announcement of such agreed results.

(4) The preliminary announcement of results (made in accordance with rule 13.49(2) or 13.49(3)) must comply with the provisions set out in Appendix D2 in relation to preliminary announcements of results for the full financial year.

*Note: Issuers' attention is drawn to paragraphs 45 and 45A of Appendix D2.*

(5) [Repealed 25 June 2007]

**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 not later than two months after the end of that period of six months.

In circumstances where the issuer is unable to make such an announcement, the issuer must make an announcement within the required time referred to above. The announcement must contain:—

(i) a full explanation for its inability to make an announcement based on unaudited financial statements; and

(ii) the expected date of announcement of the unaudited results for the first half of the financial year.

*Note: Newly listed issuers will be required to prepare and publish the relevant interim results (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 two-month deadline for publishing the results falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 13.49(6) are not applicable to the interim period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—*

*(a) the financial information required under Appendix D2 in relation to interim results announcements, in respect of such six-month period (with comparative figures for the corresponding six-month period of the immediately preceding financial year); and*

*(b) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not publishing such interim results announcements.*

*Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 13.49(6) that the relevant financial information has been included in its listing document.*

(7) The preliminary announcement of interim results must comply with the provisions set out in Appendix D2 in relation to preliminary announcements of interim results.

*Note: Issuers' attention is drawn to paragraph 46 of Appendix D2.*

(8) [Repealed 25 June 2007]

**Suspension on Failure to Publish Timely Financial Information**

13.50 Without prejudice to the generality of rules 13.46, 13.47, 13.48 and 13.49, 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 Exchange Listing Rules. The suspension will normally remain in force until the issuer publishes an announcement in accordance with rule 2.07C containing the requisite financial information.

13.50A The Exchange will normally require suspension of trading in an issuer's securities if it publishes a preliminary results announcement for a financial year as required under rules 13.49(1) and (2) and the auditor has issued, or has indicated that it will issue, a disclaimer of opinion or an adverse opinion on the issuer's financial statements. The suspension will normally remain in force until the issuer has addressed the issues giving rise to the disclaimer or adverse opinion, provided comfort that a disclaimer or adverse opinion in respect of such issues would no longer be required, and disclosed sufficient information to enable investors to make an informed assessment of its financial positions.

*Notes: (1) The Exchange will not normally suspend trading in an issuer's securities under this rule where the issuer publishes a preliminary results announcement for a financial year and the auditor has issued, or has indicated that it will issue, a disclaimer of opinion or an adverse opinion on the issuer's financial statements relating to the going concern issue only (and not any other issues). The preliminary results announcement must contain details of the audit modification, the facts and circumstances giving rise to the modification (including the different views of the issuer and its auditor), and the actions taken and/or to be taken by the issuer to address the modification.*

*(2) If the issuer has addressed all the issues giving rise to the disclaimer of opinion or adverse opinion before the publication of the preliminary results announcement and disclosed sufficient information to enable investors to make an informed assessment of its financial position, suspension of trading may not be required under this rule.*

13.50B As a transitional arrangement for issuers whose securities have been suspended from trading under rule 13.50A, the 18 month period referred to in rule 6.01A(1) is extended to 24 months if the suspension during the 18 month period is only due to a disclaimer or adverse opinion on the issuer's financial statements for the financial years commencing between 1 September 2019 and 31 August 2021, both dates inclusive.

## 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 circular for any such amendments proposed by the issuer must contain an explanation of the effect of the proposed amendments and the full terms of the proposed amendments. At the same time as the circular is despatched to shareholders of the issuer, the issuer should obtain a letter from its legal advisers confirming that the proposed amendments conform with the requirements of the Exchange Listing Rules, where applicable, and the laws of the place where it is incorporated or otherwise established;

*Note: 1. Changes to the relevant parts of the articles of association or equivalent documents must conform with the Exchange Listing Rules (including the requirements of Appendix A1) and its laws of incorporation or establishment and that there should be nothing unusual about the proposed amendments for a company listed in Hong Kong.*

(2) any changes in its directorate or supervisory committee, and shall procure that each new director or supervisor or member of its governing body shall submit to the Exchange as soon as practicable after the appointment the contact information and personal particulars required under rule 3.20(1) or 19A.07A (in such form and manner prescribed by the Exchange from time to time).

Where a new director, supervisor or chief executive is appointed or the resignation, re-designation, retirement or removal of a director, supervisor or chief executive takes effect, the issuer must announce the change as soon as practicable and include the following details of any newly appointed or re-designated director, supervisor or chief executive in the announcement:—

(a) the full name (including any former name(s) and alias(es)) and age, which should be the same as that stated in the personal particulars submitted to the Exchange under rule 3.20(1) or 19A.07A;

(b) positions held with the issuer and other members of the issuer's group;

(c) experience including (i) other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;

(d) length or proposed length of service with the issuer;

(e) relationships with any directors, senior management or substantial or controlling shareholders of the issuer;

(f) his interests in shares of the issuer within the meaning of Part XV of the Securities and Futures Ordinance;

(g) amount of the director's, supervisor's or chief executive's emoluments and the basis of determining the director's, supervisor's or chief executive's emoluments (including any bonus payments, whether fixed or discretionary in nature, irrespective of whether the director, supervisor or chief executive has or does not have a service contract) and how much of these emoluments are covered by a service contract;

(h) full particulars of any public sanctions made against him by statutory or regulatory authorities;

(i) where he has at any time been adjudged bankrupt or insolvent, the Court by which he was adjudged bankrupt or insolvent and, if discharged, the date and conditions on which he was granted his discharge;

(j) where he has at any time been a party to a deed of arrangement or entered into any other form of arrangement or composition with his creditors, full particulars of the deed of arrangement or the arrangement or composition with his creditors;

(k) full particulars of any unsatisfied judgments or court orders of continuing effect against him;

(l) where any enterprise, company or unincorporated business enterprise has been dissolved or put into liquidation (otherwise than by a members' voluntary winding up when the company, in the case of a Hong Kong company, was solvent) or bankruptcy or been the object of an analogous proceeding, or entered into any form of arrangement or composition with creditors, or had a receiver, trustee or similar officer appointed over it (i) during the period when he was one of its directors or, in the case of an enterprise, a company or an unincorporated business enterprise established in the PRC, during the period when he was one of its directors, supervisors or managers, or (ii) within 12 months after his ceasing to act as one of its directors, supervisors or managers, as the case may be, full particulars, including the name of the enterprise, company or unincorporated business enterprise, its place of incorporation or establishment, the nature of its business, the nature of the proceeding involved, the date of commencement of the proceeding and the amounts involved together with an indication of the outcome or current position of the proceeding;

(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) involving fraud, dishonesty or corruption;

(ii) under the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Bankruptcy Ordinance, the Banking Ordinance, the Securities and Futures Ordinance, the repealed Protection of Investors Ordinance, the repealed Securities Ordinance, the repealed Securities (Disclosure of Interests) Ordinance, the Commodity Exchanges (Prohibition) Ordinance, the repealed Securities and Futures Commission Ordinance, the repealed Commodities Trading Ordinance, the repealed Stock Exchanges Unification Ordinance, the repealed Securities and Futures (Clearing Houses) Ordinance, the repealed Exchanges and Clearing Houses (Merger) Ordinance, the repealed Securities (Insider Dealing) Ordinance, the repealed Leveraged Foreign Exchange Trading Ordinance or any Ordinance relating to taxation, and any comparable legislation of other jurisdictions; or

(iii) in respect of which he has, within the past 10 years, been sentenced as an adult to a period of imprisonment of six months or more, including suspended or commuted sentences;

(n) full particulars where:

(i) he has been identified as an insider dealer under Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance at any time;

(ii) any enterprise, company or unincorporated business enterprise with which he was or is connected (as defined in Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance) or any enterprise, company or unincorporated business enterprise for which he acts or has acted as an officer, supervisor or manager has been identified as an insider dealer under Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance at any time during the period when he was connected and/or acted as an officer, supervisor or manager;

(iii) he has been found guilty of or been involved in insider dealing, or been held by any Court or competent authority to have breached any securities or financial markets laws, rules or regulations including any rules and regulations of any securities regulatory authority, stock exchange or futures exchange at any time;

(iv) any enterprise, company or unincorporated business enterprise in which he was or is a controlling shareholder (as defined in the Listing Rules) or was or is a supervisor, manager, director or officer or has been found guilty of or been involved in insider dealing, or been held by any Court or competent authority to have breached any securities or financial markets laws, rules or regulations including any rules and regulations of any securities regulatory authority, stock exchange or futures exchange at any time during the period when he was a controlling shareholder, supervisor, manager, director or officer; or

(v) he has been found by the Market Misconduct Tribunal, any Court or competent authority to have breached an obligation under the Inside Information Provisions, or where any issuer of which he was or is a controlling shareholder (as defined in the Listing Rules) or was or is a supervisor, manager, director, chief executive or officer has been found by the Market Misconduct Tribunal, any Court or competent authority to have breached an obligation under the Inside Information Provisions at any time during the period when he was a controlling shareholder, supervisor, manager, director, chief executive or officer;

(o) where he has been adjudged by a Court or arbitral body civilly liable for any fraud, breach of duty or other misconduct by him involving dishonesty, full particulars of the judgement;

(p) where any enterprise, company, partnership or unincorporated business enterprise of which he was or is a partner, director, supervisor or manager has had its business registration or licence revoked at any time during the period when he was one of its partners, directors, supervisors or managers, full particulars of such revocation, including the date upon which such registration or licence was revoked, the reasons for the revocation, the outcome and current position;

(q) where he has at any time been disqualified from holding, or deemed unfit to hold, the position of director, supervisor or manager of an enterprise, a company or an unincorporated business enterprise, or from being involved in the management or conduct of the affairs of any enterprise, company or unincorporated business enterprise, pursuant to any applicable law, rule or regulation or by any competent authority, full particulars of such disqualification or ruling;

(r) except where such disclosure is prohibited by law, full particulars of any investigation by any judicial, regulatory or governmental authority to which he is subject, including the investigating body, the nature of the investigation and the matters under investigation;

(s) where he has at any time been refused admission to membership of any professional body or been censured or disciplined by any such body to which he belongs or belonged or been disqualified from membership in any such body or has at any time held a practising certificate or any other form of professional certificate or licence subject to special conditions, full particulars of such refusal, censure, disciplinary action, disqualification or special conditions;

(t) where he is now or has at any time been a member of a triad or other illegal society, full particulars;

(u) except where such disclosure is prohibited by law, where he is currently subject to (i) any investigation, hearing or proceeding brought or instituted by any securities regulatory authority, including the Hong Kong Takeovers Panel or any other securities regulatory commission or panel, or (ii) any judicial proceeding in which violation of any securities law, rule or regulation is or was alleged, full particulars of such investigation, hearing or proceeding;

(v) except where such disclosure is prohibited by law, where he is a defendant in any current criminal proceeding involving an offence which may be material to an evaluation of his character or integrity to be a director or supervisor of the issuer, full particulars of such proceeding;

(w) any other matters that need to be brought to the attention of holders of securities of the issuer; and

(x) where there is no information to be disclosed pursuant to any of the requirements of this rule 13.51(2), an appropriate negative statement to that effect.

The relevant director, supervisor or chief executive shall ensure that the announcement contains all information about his biographical details as set out in rule 13.51(2) and that those details are true, accurate and complete.

Where a new independent non-executive director is appointed, the issuer must include in the announcement a statement confirming that the new independent non-executive director has confirmed his independence as regards the factors in rule 3.13 and, where applicable, any matters required to be disclosed under rule 3.14.

The issuer must also disclose in the announcement of resignation or removal of director, supervisor or chief executive the reasons given by or to the director, supervisor or chief executive for the resignation or removal (including, but not limited to, any information relating to his disagreement with the board and a statement whether or not there are any matters that need to be brought to the attention of holders of securities of the issuer).

The issuer must publish an announcement on any important change in the holding of an executive office, including changes to any important functions or executive responsibilities of a director.

(3) any change in the rights attaching to any class of listed securities and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable;

(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);

*Note: The issuer must state in the announcement whether the outgoing auditors have provided a confirmation that there are no matters that need to be brought to the attention of holders of securities of the issuer. If no such confirmation has been provided, the announcement must state the reason for this.*

(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;

*Note: The new secretary must fulfil the requirements of rule 8.17.*

(6) any change in its Compliance Adviser;

*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; and

(8) any change in its website address.

**Inclusion of stock code in documents**

13.51A An issuer shall set out its stock code in a prominent position on the cover page or, where there is no cover page, the first page of all announcements, circulars and other documents published by it pursuant to these Exchange Listing Rules.

*Note: For an issuer's annual report and interim report, the Exchange would consider rule 13.51A to be satisfied if the issuer's stock code is displayed prominently in the corporate or shareholder information section of the report.*

**Provision of information in respect of and by directors, supervisors and chief executives**

13.51B (1) Where, following implementation of this rule, there is a change in any of the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) during the course of the director's, supervisor's or chief executive's term of office, the issuer must ensure that the change and the updated information regarding the director, supervisor or chief executive is set out in the next published annual or interim report of the listed issuer (whichever is the earlier).

(2) Where, following implementation of this rule, there is a change in any of the information required to be disclosed pursuant to paragraphs (h) to (v) of rule 13.51(2) during the course of a director's, supervisor's or chief executive's term of office, the issuer must publish an announcement in accordance with rule 2.07C as soon as practicable setting out the updated information regarding the director, supervisor or chief executive and any other information concerning that change that needs to be brought to the attention of holders of the issuer's securities.

(3) Without prejudice to the issuer's obligation to disclose financial information and biographical details of its directors, supervisors and chief executive(s) under Appendix D2, the disclosures required to be made by an issuer pursuant to paragraphs (1) and (2) are subject to the following exceptions and modifications:

(a) for rule 13.51(2)(a), an issuer need not disclose the age of the director, supervisor or chief executive in its interim reports;

(b) for rule 13.51(2)(d), an issuer need not disclose the length of service of a director, supervisor or chief executive;

(c) for rule 13.51(2)(h), an issuer need not disclose any sanction imposed on it by the Exchange; and

(d) for rule 13.51(2)(k), an issuer need not disclose the particulars of any unsatisfied judgments or court orders of continuing effect until the relevant judgment or court order becomes final.

13.51C Directors, supervisors and chief executive(s) of an issuer must procure and/or assist the issuer to comply with rule 13.51(2) and rule 13.51B including, but not limited to, by immediately informing the issuer of the information referred to in paragraphs (a) to (x) of rule 13.51(2) and any change in the information referred to in paragraphs (a) to (w) of rule 13.51(2) which information concerns the director, supervisor or chief executive. In procuring and/or assisting the issuer in the publication of the information (whether in an announcement in accordance with rule 2.07C, or in an annual or interim report, as the case may be), the directors, supervisors and chief executive(s) concerned must accept responsibility for the accuracy of the information.

13.51D The issuer must publish the procedures for shareholders to propose a person for election as a director on its website.

## ANNOUNCEMENTS, CIRCULARS AND OTHER DOCUMENTS

### Review of documents

13.52 Subject to rule 13.52A, where an issuer is obliged to publish any announcements, circulars or other documents for the purposes of the Exchange Listing Rules, the documents need not be submitted to the Exchange for review before they are issued unless the documents fall within rule 13.52(1) or (2).

(1) The issuer shall submit to the Exchange drafts of the following documents for review before they are issued:

(a) listing document (including prospectus);

(b) circular relating to cancellation or withdrawal of listing of listed securities;

(c) circular relating to transaction or matter required under Chapter 14 of the Exchange Listing Rules;

(d) circular relating to connected transaction (including continuing connected transaction) required under Chapter 14A of the Exchange Listing Rules;

(e) circular to the issuer's shareholders seeking their approval of:

(i) any transaction or arrangement under rule 13.36(1) or 13.39(7);

(ii) any matter relating to share scheme required under Chapter 17 of the Exchange Listing Rules; or

(iii) [Repealed 1 October 2013]

(iv) any warrant proposal under paragraph 4(c) of Practice Note 4 to the Exchange Listing Rules; or

(f) circulars or offer documents issued by the issuer in connection with takeovers, mergers or offers.

The issuer shall not issue such documents until the Exchange has confirmed that it has no further comments thereon.

A document should be resubmitted to the Exchange for further comment prior to issue if any material change is made to the document after the Exchange has issued the "no further comment" confirmation (other than changes made to address the comments attached to the "no further comment" confirmation). If there is any doubt as to whether or not a change is material the Exchange must be consulted as soon as possible.

(2) The following transitional provisions apply to announcements set out in this rule and shall cease to have effect on such date as the Exchange may determine and promulgate.

An issuer shall submit to the Exchange drafts of the following announcements for review before they are issued:

(a) announcement for any very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover under rules 14.34 and 14.35;

(b) announcement for any transaction or arrangement under rules 14.89 to 14.91; or

(c) announcement for any matter relating to a cash company under rules 14.82 and 14.83.

The issuer shall not issue such announcements until the Exchange has confirmed that it has no further comments thereon.

*Notes: 1. Draft documents should be submitted in sufficient time for review and, if necessary, re-submission prior to final printing.*

*2. In the case of documents issued in connection with takeovers, mergers or offers covered by the Takeovers Code, the Exchange will pass its comments on the documents directly to the issuer and will at the same time provide a copy of such comments to the Commission.*

*3. The Exchange reserves the right to require an issuer to issue a further announcement or document and/or take other remedial action, if the original document does not comply with the requirements of the Exchange Listing Rules.*

*4. Where an announcement or advertisement of a new or further issue of securities, or a sale or transfer of treasury shares contains a profit forecast, the provisions of rules 14.60A and 14.61 will apply.*

*5. Any listing document, circular, announcement or notice issued by a listed issuer pursuant to the Exchange Listing Rules must contain on its front cover or inside front cover, or as a heading, 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."*

13.52A In addition to the specified requirements set out in rule 13.52, the Exchange has the right to request to review any announcements, circulars or other documents prior to publication in individual cases. In any such case, the Exchange will communicate to the issuer its direction to review the document prior to publication and the reasons for its decision. The issuer shall accordingly submit to the Exchange draft documents for review and shall not issue the document until the Exchange has confirmed that it has no further comments thereon.

13.52B An issuer proposing to publish an announcement, circular or other document pursuant to the Exchange Listing Rules shall observe the following provisions:

(1) Where the subject matter of the document may involve a change in or relate to or affect arrangements regarding trading in the issuer's listed securities (including a suspension or resumption of dealings, and a cancellation or withdrawal of listing), the issuer must consult the Exchange before the document is issued. The document must not include any reference to a specific date or specific timetable in respect of such matter which has not been agreed in advance with the Exchange.

(2) If the issuer wishes to:

(a) ascertain whether or to what extent any provisions in the Exchange Listing Rules apply to the document, or the transaction or matter to which it relates; or

(b) request a modification or dispensation with any requirements of the Exchange Listing Rules in respect of the document, or the transaction or matter to which it relates,

relevant details, including the reasons and circumstances that give rise to the issues concerned, must be submitted to the Exchange in sufficient time for its determination.

13.53 The issuer hereby authorises the Exchange to file "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. Applications and relevant corporate disclosure materials shall be filed with the Exchange in such manner as the Exchange may from time to time prescribe. 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 issuer undertakes to execute such documents in favour of the Exchange perfecting the above authorisation as the Exchange may require.

**Forwarding of documents, circulars, etc.**

13.54 An issuer (other than authorised Collective Investment Schemes) must, upon request by the Exchange, provide a copy of all resolutions of the issuer including resolutions concerning any of the matters in rule 13.36, except resolutions concerning any other routine business at an annual general meeting, within 15 days after they are passed.

**Circulars to holders of securities**

13.55 (1) In the event of a circular being issued to the holders of any of the issuer's securities, the issuer shall issue a copy or summary of such circular to the holders of all its other securities (not being bearer securities) unless the contents of such circular are of no material concern to such other holders.

*Notes:*

*1. Where there is a class of listed securities in bearer form, it may be sufficient to publish an announcement in accordance with rule 2.07C referring to the circular and giving an address or addresses from which copies can be obtained.*

2. *The Exchange may consider an application for a waiver from strict compliance with rule 13.55(1) for issuers with, or seeking, a secondary under Chapter 19C, subject to the condition that the issuer is subject to overseas laws and regulations that have a similar effect (i.e. that circulars are provided to Hong Kong shareholders) and any differences are not material to shareholder protection.*

(2) All circulars sent to holders of the issuer's securities (and where an issuer's primary listing is or is to be on the Exchange, all circulars sent to holders of the issuer's securities on the Hong Kong register) must be in the English language and be accompanied by a Chinese translation. In respect of overseas members, it shall be sufficient for the issuer to provide an English language version of the circular if it contains a prominent statement in both English and Chinese to the effect that a Chinese translation of the circular is available from the issuer, on request. If the issuer's primary listing is or is to be on another stock exchange all circulars sent to holders of the issuer's securities must be in the English language or be accompanied by a certified translation.

(3) [Repealed 1 January 2009]

**Corporate Communications to Non Registered Holders of Securities**

13.56 An issuer shall, as soon as practicable following a request to HKSCC and at the expense of the issuer send to any Non Registered Holder (by means permitted by the Exchange Listing Rules) any corporate communications.

For the purposes of this rule, "Non Registered Holder" shall mean:—

(i) such person or company whose listed securities are held in CCASS; and

(ii) who has notified the issuer from time to time through HKSCC that such person or company wishes to receive corporate communications.

**Increases in capital**

13.57 Where an increase in authorised capital is proposed, the directors must state in the explanatory circular or other document accompanying the notice of meeting whether they have any present intention of issuing any part of that capital.

## TRADING AND SETTLEMENT

### Certification of transfers

13.58 An issuer shall:—

(1) certify transfers against certificates or temporary documents and return them by the seventh day after the date of receipt; and

(2) split and return renounceable documents by the third business day after the date of receipt.

*Note: Documents of title lodged for registration of probate should be returned with the minimum of delay, and, if possible, on the next business day following receipt.*

### Registration services

13.59 (1) An issuer (or its registrar) must provide a standard securities registration service in accordance with rule 13.60(1). The issuer (or its registrar) may, but shall not be obliged to, provide an optional securities registration service in accordance with rule 13.60(2) and/or an expedited securities registration service in accordance with rule 13.60(3). The issuer (or its registrar) must also provide a bulk securities registration service in accordance with rule 13.60(4) and a certificate replacement service in accordance with rule 13.60(5). Subject to rule 13.59(2), the issuer shall ensure that where the issuer (or its registrar) charges a fee for registering transfers or cancelling, splitting, consolidating or issuing definitive certificates relating to the issuer's listed securities, such fee must not exceed, in total, the applicable amounts prescribed in rule 13.60.

(2) The issuer shall ensure that where the issuer (or its registrar) charges a fee for registering other documents relating to or affecting the title to the issuer's listed securities (e.g. probate, letters of administration, certificates of death or marriage, powers of attorney or other instruments or memoranda and articles of association in respect of a new corporate holder) or for marking or noting documents, such fee must not exceed HK$5 per item per register:

*Note: "per item" shall be defined to mean each of such other documents submitted for registration.*

(3) It is the responsibility of an issuer whose registrar is in breach of any of the above provisions or the provisions of rules 13.58, 13.60 or 13.61 to report such breach to the Exchange as soon as it becomes aware of the breach and the Exchange reserves the right to communicate such information to the Commission.

(4) Save as provided above or in rule 13.60 the issuer shall not and shall use all reasonable endeavour to ensure that neither its registrar nor other agents will charge holders or transferees any other fees for any dealings with them in connection with the transfer or transmission of its listed securities.

*Note: In the case of a PRC issuer, the requirements of rule 13.59 shall apply only to registration of its securities listed on the Exchange.*

**Issue of certificates, registration and other fees**

13.60 (1) (a) Standard securities registration service: An issuer shall (or shall procure that its registrar shall) issue definitive certificates arising out of a registration of transfer or the cancelling, splitting, consolidating or issuing (otherwise than pursuant to rule 13.60(5)) of certificates within:—

(i) 10 business days of the date of expiration of any right of renunciation; or

(ii) 10 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the standard securities registration service shall not exceed, in total, the higher of the following:—

(i) HK$2.50 multiplied by the number of certificates issued; or

(ii) HK$2.50 multiplied by the number of certificates cancelled.

(2) (a) Optional securities registration service: The issuer (or its registrar) may, but shall not be obliged to, provide an optional securities registration service under which definitive certificates are required to be issued within:—

(i) 6 business days of the date of expiration of any right of renunciation; or

(ii) 6 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the optional securities registration service shall not exceed, in total, the higher of the following:—

(i) HK$3.00 multiplied by the number of certificates issued; or

(ii) HK$3.00 multiplied by the number of certificates cancelled.

(c) If the issuer (or its registrar) fails to effect any registration within the period of 6 business days specified in rule 13.60(2)(a), the fee for such registration shall be that determined in accordance with rule 13.60(1)(b).

(3) (a) Expedited securities registration service: The issuer (or its registrar) may, but shall not be obliged to, provide an expedited securities registration service under which definitive certificates are required to be issued within:—

(i) 3 business days of the date of expiration of any right of renunciation; or

(ii) 3 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the expedited securities registration service shall not exceed, in total, the higher of the following:

(i) HK$20.00 multiplied by the number of certificates issued; or

(ii) HK$20.00 multiplied by the number of certificates cancelled.

(c) If the issuer (or its registrar) fails to effect any registration within the period of 3 business days specified in rule 13.60(3)(a), the registration shall be performed free of charge.

(4) (a) Bulk securities registration service: The issuer shall (or shall procure that its registrar shall) provide a bulk securities registration service, for transfers of listed securities representing 2,000 or more board lots of the issuer's listed securities where the securities are being transferred from the name of a single holder into the name of another or the same single holder. Certificates shall be issued pursuant to the bulk securities registration service within 6 business days of the receipt of properly executed transfers or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the bulk securities registration service shall not exceed, in total, the higher of the following:—

(i) HK$2.00 multiplied by the number of certificates issued; or

(ii) HK$2.00 multiplied by the number of certificates cancelled.

(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.

(6) For the purposes of this rule 13.60 only:—

(a) the expression "business day" shall exclude Saturdays, Sundays and public holidays in Hong Kong; and

(b) in computing any period of business days, such period shall be inclusive of the business day on which the relevant transfers, certificates or other documents were received (or, if such documents were not received on a business day, the business day next following their receipt) and of the business day on which the relevant certificates were delivered or otherwise made available.

*Note: In the case of a PRC issuer, the requirements of rule 13.60 shall apply only to registration of its securities listed on the Exchange.*

(7) References in rules 13.59 and 13.60 to the issuer's registrar providing a service, or to the issuer procuring that its registrar shall provide a service, shall not relieve the issuer of any obligations in respect of any acts or omissions of its registrar.

**Designated accounts**

13.61 An issuer shall, if requested by holders of securities, arrange for designated accounts.

**Registration arrangements**

13.62 In connection with rules 13.58, 13.59, 13.60 and 13.61 if the issuer does not maintain its own registration department, appropriate arrangements must be made with the registrars to ensure compliance with the provisions of such rules.

**Bearer warrants**

13.63 Where share warrants to bearer have been issued or the articles of association or equivalent documents of the issuer authorise the issue of share warrants to bearer but none have yet been issued, the issuer shall:—

(1) issue such warrants in exchange for registered share certificates (and vice versa) within 14 days of the deposit of the share certificates (or warrants); and

(2) certify transfers against the deposit of warrants within 14 days of receipt.

**Trading limits**

13.64 Where the market price of the securities of the issuer approaches the extremities of HK$0.01 or HK$9,995.00, the Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

13.64A The issuer must not undertake a subdivision or bonus issue of shares if its share price adjusted for the subdivision or bonus issue is less than HK$1 based on the lowest daily closing price of the shares during the six-month period before the announcement of the subdivision or bonus issue.

**Change in Board Lot Size**

13.65 In the event of any amendment to an issuer's capital structure (such as a consolidation of shares) or any amendment to the board lot size, the Exchange reserves the right to request that adequate arrangements are made to enable resulting odd lot holders either to dispose of their odd lots or to round them up to a board lot. It may be appropriate for the issuer to appoint a broker as its agent to match the sales and purchases of odd lots or for the major shareholder itself or by its agent to stand in the market to buy or sell odd lot securities. The particular circumstances of an issuer may dictate the method by which odd lot holders are to be accommodated and issuers are urged to consult the Exchange at the earliest opportunity to agree the appropriate trading method.

**Closure of books and record date**

13.66 (1) (a) An issuer must set a record date for determining the identity of securities holders eligible for attending and voting at the general meeting or receiving entitlements.

(b) An issuer must announce (a) the record date and (b) any closure of its transfer books or register of members in respect of securities listed in Hong Kong. For a rights issue, such announcement must be made at least six business days before the record date (when there is no book closure) or book closure date, or in all other cases, 10 business days before the record date (when there is no book closure) or book closure in other cases. Where there is an alteration of the record date or book closing dates, the issuer must, at least five business days before (i) the announced record date (where there is no book closure)/ book closure or (ii) the new record date (where there is no book closure)/ book closure, whichever is earlier, notify the Exchange in writing and make a further announcement. If, however, there are exceptional circumstances that render the giving of the notification to the Exchange and publication of the announcement impossible, the issuer must comply with the requirements as soon as practicable.

(2) An issuer must ensure that the last day for trading in the securities with entitlements falls at least one business day after the general meeting, if the entitlements require the approval of shareholders in the general meeting or are contingent on a transaction that is subject to the approval of shareholders in the general meeting.

*Notes:*

*1. See Practice Note 8 for emergency share registration arrangements during Bad Weather Signals.*

*2. In addition, for a rights issue, the issuer must provide at least two trading days for trading in the securities with entitlements (i.e. before the ex-dates, as referred to in Practice Note 8) after publication of the record date (when there is no book closure) or book closure. If trading on the Exchange is interrupted, the record date (when there is no book closure) or book-close date will be postponed, where necessary, to provide at least two trading days (during neither of which trading is interrupted) for trading of the securities with entitlements during the notice period. In these circumstances the issuer must publish an announcement on the revised timetable.*

*3. For the purposes of rule 13.66(2),*

– *the record date (when there is no book closure) or the last registration date (when there is a book closure) must be at least three business days after the general meeting; and*

– *if the issuer fails to publish the result of the poll conducted in the general meeting in the manner prescribed under rule 13.39(5), it must ensure there is at least one trading day for trading in the securities with entitlements after publication of the results of the poll. The issuer must publish an announcement on any revised timetable.*

## GENERAL

### Directors' dealings

13.67 An issuer shall adopt rules governing dealings by directors in listed securities of the issuer on terms no less exacting than those of the Model Code set out in Appendix C3 issued by the Exchange. The Model Code sets out the standard which the Exchange requires the issuer and its directors to meet and any breach of such required standard will be a breach of the Exchange Listing Rules. The issuer may adopt its own code on terms no less exacting than those set out in the Model Code. Any breach of its own code will not be a breach of the Exchange Listing Rules unless it is also a breach of the required standard under the Model Code.

### Directors' service contracts

13.68 An issuer shall obtain the prior approval of its shareholders of the issuer in a general meeting (at which the relevant director and his associates shall not vote on the matter) for any service contract to be granted by the issuer or any of its subsidiaries to any director or proposed director of the issuer or to any director or proposed director of any of its subsidiaries which:

(a) is for a duration that may exceed three years; or

(b) in order to entitle the issuer to terminate the contract, expressly requires the issuer to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments.

The remuneration committee of the issuer (if any and provided that such committee has a majority of independent non-executive directors) or an independent board committee shall form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders who are directors with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the issuer and its shareholders as a whole and advise shareholders on how to vote. An independent non-executive director who has a material interest in any such contracts shall not sit on the independent board committee.

*Note: A contract is relevant whether or not reduced to writing. A service contract is relevant whether granted by the issuer or any of its subsidiaries. A service contract not for a fixed period is to be regarded as running at least until the earliest date on which it can lawfully be determined by the employing company without payment of compensation (other than statutory compensation). Where an arrangement exists under which a director can require the issuer or any of its subsidiaries to enter into a further service contract with him, the arrangement will be regarded as a provision for extending the period of his existing service contract and taken into account in determining its duration.*

13.69 [Repealed 1 October 2020]

**Nomination of directors**

13.70 An issuer must give its shareholders the opportunity to lodge a notice with it proposing a person for election as a director at a general meeting. The issuer shall publish an announcement in accordance with rule 2.07C or issue a supplementary circular upon receipt of any such notice from a shareholder where such notice is received by the issuer after publication of the notice of meeting. The issuer shall include particulars of the proposed director in the announcement or supplementary circular. The issuer must give shareholders at least seven days to consider the relevant information disclosed in such an announcement or supplementary circular prior to the date of the meeting of the election.

*Note: The issuer must assess whether or not it is necessary to adjourn the meeting of the election to give shareholders a longer period of at least 10 business days to consider the relevant information disclosed in the announcement or supplementary circular.*

**Notices**

13.71 An issuer shall send notices to all holders of its listed securities whether or not their registered address is in Hong Kong.

13.72 Any notice to be given by an issuer under this Chapter shall be in writing and any notice to the holder of a bearer security may be given by being published in accordance with rule 2.07C.

13.73 In addition to any direction of the court, the issuer shall ensure that notice of every meeting of its shareholders or its creditors concerning the issuer (e.g. for winding up petitions, schemes of arrangement or capital reduction) is published in accordance with rule 2.07C. The issuer shall despatch a circular to its shareholders at the same time as (or before) the issuer gives notice of the general meeting to approve the transaction referred to in the circular. The issuer shall provide its shareholders with any material information on the subject matter to be considered at a general meeting that comes to the directors' attention after the circular is issued. The issuer must provide the information either in a supplementary circular or by way of an announcement in accordance with rule 2.07C not less than 10 business days before the date of the relevant general meeting to consider the subject matter. The meeting must be adjourned before considering the relevant resolution to ensure compliance with this 10 business day requirement by the chairman or, if that is not permitted by the issuer's constitutional documents, by resolution to that effect (see also rule 13.41).

*Notes:*

1. *The issuer must assess the scale of revisions or updating required and materiality of the new information, revisions or updating required that has come to its attention since publication of the circular when deciding whether to issue a revised or supplementary circular or to publish an announcement in accordance with rule 2.07C. Where the revisions or updating required are significant, the issuer must consider carefully whether it would be better to publish a revised or supplementary circular rather than provide particulars of the changes in an announcement. The issuer should not overwhelm or confuse investors with lengthy announcements describing changes to information contained in the original circular.*

2. *The Exchange may consider an application for a waiver from strict compliance with rules 13.71 to 13.73 for issuers with, or seeking, a secondary listing under Chapter 19C, subject to the condition that the issuer is subject to overseas laws and regulations that have a similar effect (i.e. that notices are provided to Hong Kong shareholders) and any differences are not material to shareholder protection in Hong Kong.*

13.74 The issuer shall also disclose the details required under rule 13.51(2) of any directors proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting (including, but not limited to, an annual general meeting).

**Equality of treatment**

13.75 An issuer shall ensure equality of treatment for all holders of securities of the same class who are in the same position (except, in the case of a PRC issuer, to the extent otherwise provided in the PRC issuer's articles of association).

**Use of Airmail**

13.76 Where this Chapter requires anything to be sent by any person in Hong Kong to any person outside Hong Kong and vice versa, such thing shall be sent, where practicable, by airmail or an equivalent service that is no slower if it is sent in hard copy.

**Directors' contact information**

13.77 An issuer shall inform the Exchange as soon as reasonably practicable of any change(s) in the contact information, including the information set out in rule 3.20(1), of its directors (and, in the case of a PRC issuer, supervisors).

13.78 If and when requested by the Exchange, an issuer shall use its best endeavours to assist the Exchange to locate the whereabouts of any director (or, in the case of a PRC issuer, supervisor) who has since resigned from his directorship (or supervisorship where applicable) in the issuer.

**Communication with the Exchange**

13.79 References in this Chapter, Chapter 14 and Chapter 14A to informing the Exchange mean delivery of the relevant information to the Exchange in the manner determined by the Exchange from time to time and promulgated by way of a practice note to the Exchange Listing Rules.

**Independent financial advisers**

13.80 An independent financial adviser appointed under rule 13.39(6)(b), rule 14A.44 or rule 19.05(6) must take all reasonable steps to satisfy itself that:

(1) it has a reasonable basis for making the statements required by rule 14A.45; and

(2) without limiting the generality of paragraph (1) above, there is no reason to believe any of the following information is not true or omits a material fact:

(a) any information relied on by the independent financial adviser in forming its opinion; or

(b) any information relied on by any third party expert on whose opinion or advice the independent financial adviser relies in forming its opinion.

*Notes: 1. For the purposes of this rule, the Exchange expects that the reasonable steps an independent financial adviser will typically perform will include the following:*

*(a) obtaining all information and documents of the issuer relevant to an assessment of the fairness and reasonableness of the terms of the transaction, for example, if the transaction involves the purchase or sale of products or services, information and documents showing the prices at which the issuer buys and sells such products and services to independent third parties;*

*(b) researching the relevant market and other conditions and trends relevant to the pricing of the transaction;*

*(c) reviewing the fairness, reasonableness and completeness of any assumptions or projections relevant to the transaction;*

*(d) without limiting the generality of paragraph (c) above, in relation to any third party expert providing an opinion or valuation relevant to the transaction:*

*(i) interviewing the expert including as to its expertise and any current or prior relationships with the issuer, other parties to the transaction, and core connected persons of either the issuer or another party to the transaction;*

*(ii) reviewing the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the expert's report, opinion or statement); and*

*(iii) where the independent financial adviser is aware the issuer or another party to the transaction has made formal or informal representations to the expert, assessing whether the representations are in accordance with the independent financial adviser's knowledge; and*

*(e) if there have been any relevant alternative offers made (for example, offers made recently for the same asset), then reviewing and assessing such alternative offers and the reasons given, if any, by the management for rejecting these offers.*

*2. The Exchange expects the independent financial adviser will ensure the letter referred to at rule 14A.45 takes account of the following principles:*

*(a) the source for any fact which is material to an argument should be clearly stated, including sufficient detail to enable the significance of the fact to be assessed; however, if the fact has been included in a document recently sent to shareholders, an appropriate cross reference may instead be made;*

*(b) a quotation (for example, from a newspaper or a stockbroker circular) should not be used out of context and details of the origin should be included. Since quotations will necessarily carry the implication that they are endorsed by the independent financial adviser, quotations should not be used unless the independent financial adviser has corroborated or substantiated them;*

*(c) pictorial representations, charts, graphs and diagrams should be presented without distortion and, when relevant, should be to scale; and*

*(d) any comparables referred to in a document must be a fair and representative sample. The bases for compiling such comparables must be clearly stated in the document.*

13.81 The issuer must:

(1) afford any independent financial adviser it appoints pursuant to rule 13.39(6)(b), rule 14A.44 or rule 19.05(6) full access at all times to all persons, premises and documents relevant to the independent financial adviser's performance of its duties as set out in the Exchange Listing Rules. In particular, terms of engagement with experts retained to perform services related to the transaction should contain clauses entitling the independent financial adviser access to:

(a) any such expert;

(b) the expert's reports, draft reports (both written and oral), and terms of engagement;

(c) information provided to or relied on by the expert;

(d) information provided by the expert to the Exchange or Commission; and

(e) all other correspondence exchanged between the issuer or its agents and the expert or between the expert, the issuer and the Exchange or Commission;

*Note: The Exchange expects that access to documents for the purposes of this rule would include the right to take copies of the documents without charge.*

(2) keep the independent financial adviser it appoints informed of any material change to any information previously given to or accessed by the independent financial adviser pursuant to paragraph (1) above; and

(3) provide to or procure for the independent financial adviser all necessary consents to the provision of the information referred to in paragraphs (1) and (2) above to the independent financial adviser.

13.82 An independent financial adviser must be appropriately licensed by the Commission and must discharge its responsibilities with due care and skill.

13.83 An independent financial adviser must perform its duties with impartiality.

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 (1) immediately after the independent financial adviser executes its engagement letter with the issuer; or (2) the independent financial adviser commences work as independent financial adviser to the issuer, whichever is earlier ("**IFA Obligation Commencement Time**"), and up to the end of its engagement:

(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 (excluding treasury shares) 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 (excluding treasury shares) of an associate of another party to the transaction;

(2) any member of the IFA group or any director or close associate of a director of the independent financial adviser is a close associate or core connected person of the issuer or another party to the transaction;

(2A) in the case of a connected transaction, the independent financial adviser is an associate of another party to the transaction;

(3) any of the following exceeds 10% of the total assets shown in the latest consolidated financial statements of the independent financial adviser's ultimate holding company or, where there is no ultimate holding company, the independent financial adviser:

(a) the aggregate of:

(i) amounts due to the IFA group from:

(A) the issuer;

(B) its subsidiaries;

(C) its controlling shareholder; and

(D) any close associates of its controlling shareholder; and

(ii) all guarantees given by the IFA group on behalf of:

(A) the issuer;

(B) its subsidiaries;

(C) its controlling shareholder; and

(D) any close associates of its controlling shareholder;

(b) the aggregate of:

(i) amounts due from the IFA group to:

(A) the issuer;

(B) its subsidiaries; and

(C) its controlling shareholder; and

(ii) all guarantees given on behalf of the IFA group by:

(A) the issuer;

(B) its subsidiaries; and

(C) its controlling shareholder;

(c) the aggregate of:

(i) amounts due from the IFA group to any of the following (referred to in this rule as "the Other Parties"):

(A) another party to the transaction;

(B) any holding company of another party to the transaction;

(C) any subsidiary of any holding company of another party to the transaction;

(D) any controlling shareholder of:

(1) another party to the transaction; or

(2) any holding company of another party to the transaction; and

(E) any close associate of any controlling shareholder referred to in paragraph (D) above; and

(ii) all guarantees given by any of the Other Parties on behalf of the IFA group; and

(d) the aggregate of:

(i) amounts due to the IFA group from any of the Other Parties; and

(ii) all guarantees given by the IFA group on behalf of any of the Other Parties;

(4) any of the following has a current business relationship with the issuer or another party to the transaction, or a director, subsidiary, holding company or substantial shareholder of the issuer or another party to the transaction, which would be reasonably considered to affect the independent financial adviser's independence in performing its duties as set out in the Exchange Listing Rules, or might reasonably give rise to a perception that the independent financial adviser's independence would be so affected, except where that relationship arises under the independent financial adviser's appointment to provide the advice:

(a) any member of the IFA group;

(b) an employee of the independent financial adviser who is directly engaged in providing the advice to the issuer;

(c) a close associate of an employee of the independent financial adviser who is directly engaged in providing the advice to the issuer;

(d) a director of any member of the IFA group; or

(e) a close associate of a director of any member of the IFA group;

(5) within 2 years prior to the IFA Obligation Commencement Time:

(a) a member of the IFA group has served as a financial adviser to:

(i) the issuer or its subsidiaries;

(ii) another party to the transaction or its subsidiaries; or

(iii) a core connected person of the issuer or another party to the transaction; or

(b) without limiting paragraph (a), an employee or a director of the independent financial adviser who is directly engaged in providing the subject advice to the issuer:

(i) was employed by or was a director of another firm that served as a financial adviser to any of the entities referred to at paragraphs (a)(i) to (a)(iii) above; and

(ii) in that capacity, was directly engaged in the provision of financial advice to the issuer or another party to the transaction;

(6) the independent financial adviser or a member of the IFA group is the issuer's auditor or reporting accountant.

*Notes: 1. In addition to it being a breach of the Exchange Listing Rules, if it comes to the Exchange's attention that an independent financial adviser is not independent, the Exchange will not accept documents produced by that independent financial adviser for any purpose required under the Exchange Listing Rules in relation to the subject transaction.*

*2. In calculating the percentage figure of shares that it holds or will hold for the purposes of sub-paragraphs (1), (2) and (4), an entity is not required to include an interest:*

*(a) held by an investment entity on behalf of its discretionary clients;*

*(b) held by a fund manager on a non-discretionary basis such as a managed account or managed fund;*

*(c) held in a market-making capacity;*

*(d) held in a custodial capacity;*

*(e) in shares that would be disregarded for the purposes of Divisions 2 to 4 of Part XV of the Securities and Futures Ordinance under section 323 of that Ordinance; or*

*(f) in shares held by a member of the entity's group that is an investment manager whose interest would not be aggregated with its holding company under section 316(2) of the Securities and Futures Ordinance by reason of the operation of section 316(5) of that Ordinance.*

*For these purposes "investment manager" has the meaning given to it in section 316(7) of the Securities and Futures Ordinance.*

*3. For the purposes of this rule, ultimate holding company means a holding company that itself does not have a holding company.*

13.85 An independent financial adviser must:

(1) [Repealed 31 December 2023]

(2) (a) comply with the Listing Rules; and

(b) co-operate in any investigation conducted by the Listing Division and/or the Listing Committee of the Exchange, including answering promptly and openly any questions addressed to the independent financial adviser, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the independent financial adviser is requested to appear.

*Note: An independent financial adviser's obligations under rule 13.85(2) shall, in relation to its appointment as an independent financial adviser by an issuer, commence at the IFA Obligation Commencement Time.*

13.86 Where an independent financial adviser or issuer becomes aware of a change that would affect the independence of the independent financial adviser during the period the independent financial adviser is engaged by the issuer, the independent financial adviser or issuer must notify the Exchange as soon as possible upon that change occurring.

13.87 Insofar as the Exchange Listing Rules impose a higher standard of conduct on independent financial advisers than that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct, the Takeovers Code, the Share Buy-backs Code and all other relevant codes and guidelines applicable to them, the Exchange Listing Rules will prevail.

*Note: The Exchange also reminds independent financial advisers of their other statutory obligations including but not limited to those under the Securities and Futures Ordinance.*

**Financial advisers appointed in relation to extreme transactions**

13.87A A financial adviser appointed by a listed issuer under rule 14.53A(2) in relation to an extreme transaction must conduct reasonable due diligence on the assets acquired and/or to be acquired under the extreme transaction to put itself in a position to be able to discharge such obligations as set out in Appendix E2. The extent of its work and scope of due diligence shall be referenced to Practice Note 21 to the Listing Rules.

13.87B The financial adviser must be a person licensed or registered under the SFO for Type 6 regulated activity and permitted under its license or certificate of registration to undertake the work of a sponsor. The financial adviser must:

(a) comply with the Listing Rules; and

(b) co-operate in any investigation conducted by the Listing Division and/or the Listing Committee of the Exchange, including answering promptly and openly any questions addressed to the financial adviser, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the financial adviser is requested to appear.

13.87C The issuer must assist the financial adviser to perform its duties. The requirements under rule 13.81 shall apply mutatis mutandis as if all references to "independent financial adviser" were references to "financial adviser".

**Appointment and removal of auditor prior to expiration of his term of office**

13.88 The issuer must at each annual general meeting appoint an auditor to hold office from the conclusion of that meeting until the next annual general meeting. The issuer must not remove its auditor before the end of the auditor's term of office without first obtaining shareholders' approval at a general meeting. An issuer must send a circular proposing the removal of the auditor to shareholders with any written representations from the auditor, not less than 10 business days before the general meeting. An issuer must allow the auditor to attend the general meeting and make written and/or verbal representations to shareholders at the general meeting.

**Corporate Governance Code**

13.89 (1) The Corporate Governance Code in Appendix C1 sets out (a) the mandatory requirements for disclosure in an issuer's Corporate Governance Report, and (b) the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices. Issuers are encouraged to adopt the recommended best practices on a voluntary basis.

(2) Issuers must state whether they have complied with the code provisions set out in Part 2 of Appendix C1 for the relevant accounting period in their interim reports (and summary interim reports, if any) and annual reports (and summary financial reports, if any).

*Note: For the requirements governing preliminary results announcements, see paragraphs 45 and 46 of Appendix D2.*

(3) An issuer may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:

(a) in the Corporate Governance Report in the annual reports (and summary financial reports, if any) the Considered Reasons and Explanation. The explanation should provide a clear rationale for the alternative actions and steps taken by the issuer and their impacts and outcome; and

(b) in the interim reports (and summary interim reports, if any), either:

(i) the Considered Reasons and Explanation in respect of the deviation; or

(ii) to the extent reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes for any deviation not reported in that annual report with Considered Reasons and Explanation. The references must be clear and unambiguous, and the interim report (or summary interim report) must not contain only a cross-reference without any discussion of the matter.

(4) For the recommended best practices, issuers are encouraged to state whether they have complied with them and give considered reasons for any deviation.

**Publication of issuers' constitutional documents**

13.90 An issuer must publish on its own website and on the Exchange's website, an up to date consolidated version of its memorandum and articles of association or equivalent constitutional document.

**Environmental and Social Matters**

13.91 (1) The Environmental, Social and Governance ("ESG") Reporting Code in Appendix C2 comprises two levels of disclosure obligations: (a) mandatory disclosure requirements; and (b) "comply or explain" provisions.

(2) An issuer's ESG report must comply with the provisions set out in Appendix C2 in relation to ESG reports.

(3) [Repealed 1 January 2025]

(4) Issuers must publish their ESG reports on an annual basis and regarding the same period covered in their annual reports. An ESG report may be presented as information in the issuer's annual report or in a separate report. Regardless of the format adopted, the ESG report must be published on the Exchange's website and the issuer's website.

(5) Where the ESG report does not form part of the issuer's annual report:

(a) To the extent permitted under all applicable laws and regulations, an issuer shall provide the ESG report to its shareholders using electronic means in accordance with and subject to the provisions set out in rule 2.07A.

(b) [Repealed 31 December 2023]

(c) [Repealed 31 December 2023]

(d) The issuer shall publish the ESG report at the same time as the publication of the annual report.

13.92 (1) The issuer must have a policy(ies) concerning the diversity of its board members and the diversity of its workforce (including senior management), and must disclose such policy(ies) or a summary of the policy(ies) in the corporate governance report.

(2) Board diversity differs according to the circumstances of each issuer. While diversity of board members can be achieved through consideration of a number of factors (including but not limited to gender, age, cultural and educational background, or professional experience), the Exchange will not consider diversity to be achieved for a single gender board. If the issuer is unable at any time to meet the requirement to have directors of different genders on the board, it must immediately publish an announcement containing the relevant details and reasons. The issuer must use all reasonable endeavours to appoint appropriate member(s) to the board to meet such requirement on a timely basis, and in any case within three months after being unable to meet such requirement.

# Chapter 14

# EQUITY SECURITIES

## NOTIFIABLE TRANSACTIONS

### Preliminary

14.01 This Chapter deals with certain transactions, principally acquisitions and disposals, by a listed issuer. It describes how they are classified, the details that are required to be disclosed in respect of them and whether a circular and shareholders' approval are required. It also sets out provisions to deter circumvention of new listing requirements and additional requirements in respect of takeovers and mergers.

14.02 If any transaction for the purposes of this Chapter is also a connected transaction for the purposes of Chapter 14A, the listed issuer will, in addition to complying with the provisions of this Chapter, have to comply with the provisions of Chapter 14A.

14.03 [Repealed 1 January 2009]

### Definitions

14.04 For the purposes of this Chapter:—

(1) any reference to a "transaction" by a listed issuer:

(a) includes the acquisition or disposal of assets, including deemed disposals as referred to in rule 14.29;

(b) includes any transaction involving a listed issuer writing, accepting, transferring, exercising or terminating (in the manner described in rule 14.73) an option (as defined in rule 14.72) to acquire or dispose of assets or to subscribe for securities;

(c) includes entering into or terminating finance leases where the financial effects of such leases have an impact on the balance sheet and/or profit and loss account of the listed issuer;

(d) includes entering into or terminating operating leases which, by virtue of their size, nature or number, have a significant impact on the operations of the listed issuer. The Exchange will normally consider an operating lease or a transaction involving multiple operating leases to have a "significant impact" if such lease(s), by virtue of its/their total monetary value or the number of leases involved, represent(s) a 200% or more increase in the scale of the listed issuer's existing operations conducted through lease arrangements of such kind;

(e) includes granting an indemnity or a guarantee or providing financial assistance by a listed issuer, other than by a listed issuer which:

(i) is a banking company (as defined in rule 14A.06(3)) and provides the financial assistance (as defined in rule 14A.06(17)) in its ordinary and usual course of business (as referred to in rule 14.04(8));

(ii) grants an indemnity or a guarantee, or provides financial assistance to its subsidiaries; or

(iii) is a securities house and provides the financial assistance (as defined in rule 14A.06(17)) in its ordinary and usual course of business (as referred to in rule 14.04(8)) and upon normal commercial terms, either:

(A) by way of securities margin financing (which means providing a financial accommodation in order to facilitate:

(aa) the acquisition of securities listed on any stock market, whether a recognized stock market (as defined in Schedule 1 to the Securities and Futures Ordinance) or any other stock market outside Hong Kong; and

(bb) (where applicable) the continued holding of those securities,

whether or not those or other securities are pledged as security for the accommodation); or

(B) for the purpose of a proposed acquisition of securities in accordance with the terms of a prospectus which is registered in Hong Kong and issued in respect of an initial public offering of equity securities to be listed in Hong Kong.

*Note: Such a transaction may nevertheless in some cases constitute a connected transaction under Chapter 14A. In such cases, the listed issuer will have to comply with the provisions of Chapter 14A.*

(f) includes entering into any arrangement or agreement involving the formation of a joint venture entity in any form, such as a partnership or a company, or any other form of joint arrangement, other than a joint venture where:

(i) the joint venture is engaging in a single purpose project/transaction which is of a revenue nature in the ordinary and usual course of business of the issuer (see rule 14.04(1)(g));

(ii) the joint venture arrangement is on an arm's length basis and on normal commercial terms; and

(iii) the joint venture agreement contains clause(s) to the effect that the joint venture may not, without its partners' unanimous consent:

(A) change the nature or scope of its business; or

(B) enter into any transactions which are not on an arm's length basis; and

(g) to the extent not expressly provided in rules 14.04(1)(a) to (f), excludes any transaction of a revenue nature in the ordinary and usual course of business (as referred to in rule 14.04(8)) of the listed issuer;

*Notes: 1 To the extent not expressly provided in rules 14.04(1)(a) to (f), any transaction of a revenue nature in the ordinary and usual course of business of a listed issuer will be exempt from the requirements of this Chapter.*

*2 (a) Any transaction involving the acquisition or disposal of properties will generally not be considered to be of a revenue nature unless such transaction is carried out as one of the principal activities and in the ordinary and usual course of business of the listed issuer.*

*(b) Any transaction involving the acquisition or disposal of securities will generally not be considered to be of a revenue nature unless it is carried out in the ordinary and usual course of business by a member of the listed issuer's group that is:*

*(i) a banking company (as defined in rule 14A.88);*

*(ii) an insurance company; or*

*(iii) a securities house that is mainly engaged in regulated activities under the SFO. It should be noted that proprietary securities trading and/or investment is not a regulated activity under the SFO and accordingly, this exemption is not available where proprietary securities trading and/or investment constitutes a significant part of the business of the securities house.*

*3 Where a listed issuer, for the financial reporting purpose, has transferred an asset from the fixed asset account to the current asset account, a subsequent disposal of the asset by the listed issuer will not be exempt under rule 14.04(1)(g).*

*4 In considering whether or not a transaction is of a revenue nature, a listed issuer must take into account the following factors:*

*(a) whether previous transactions or recurring transactions that were of the same nature were treated as notifiable transactions;*

*(b) the historical accounting treatment of its previous transactions that were of the same nature;*

*(c) whether the accounting treatment is in accordance with generally acceptable accounting standards; and*

*(d) whether the transaction is a revenue or capital transaction for tax purposes.*

*These factors are included for guidance only and are not intended to be exhaustive. The Exchange may take into account other factors relevant to a particular transaction in assessing whether or not it is of a revenue nature. In cases of doubt, the listed issuer must consult the Exchange at an early stage.*

(h) excludes a disposal or deemed disposal of interests in a principal subsidiary as a result of the grant of share options or share awards under a share scheme of the subsidiary that complies with Chapter 17.

(2) "accounts" means:—

(a) in respect of a listed issuer, and for the purpose of determining its total assets, profits or revenue figures pursuant to rule 14.07, the listed issuer's latest published audited accounts or, where consolidated accounts have been prepared, the listed issuer's latest published audited consolidated accounts; and

(b) in the case of any other company, legal person, partnership, trust or business unit, its latest audited accounts or, where consolidated accounts have been prepared, its latest audited consolidated accounts or, where no audited accounts have been prepared, such other accounts as may be permitted by the Exchange in its discretion;

(2A) "acquisition targets" in rules 14.06B, 14.06C, 14.53A, 14.54 and 14.57A mean the assets to be acquired, or in the context of a series of transactions and/or arrangements, the assets acquired and/or to be acquired. In other words, a series of transactions and/or arrangements may include completed acquisition(s);

(3) an "aircraft company" means a company or other entity whose non-cash assets consist solely or mainly of aircraft or interests in aircraft or interests in companies or entities whose non-cash assets consist solely or mainly of aircraft and whose income is mainly derived from those aircraft;

(4) "assets" means both tangible and intangible assets and includes businesses, companies and securities, whether listed or not (unless otherwise stated);

(5) "de minimis ratio" means the ratio determined in accordance with rules 14A.76, 14A.87(2) and 14A.87(3) (as the case may be);

(5A) an "insurance company" means a company which is authorized to carry out insurance business under the Insurance Ordinance or appropriate overseas legislation or authority. For the avoidance of doubt, an "insurance company" does not include an insurance broker or insurance agent;

(6) a "listed issuer" means a company or other legal person whose securities are already listed on the Main Board, including a company whose shares are represented by listed depositary receipts, and unless the context otherwise requires, includes its subsidiaries;

(7) a "notifiable transaction" means a transaction classified as a share transaction, discloseable transaction, major transaction, very substantial disposal or very substantial acquisition under rule 14.06 or a transaction classified as a reverse takeover or extreme transaction under rule 14.06B or 14.06C;

(8) "ordinary and usual course of business" of an entity means the existing principal activities of the entity or an activity wholly necessary for the principal activities of the entity. In the context of financial assistance provided in the ordinary and usual course of business, this means financial assistance provided by a banking company only or by a securities house pursuant to rule 14.04(1)(e)(iii) only and, in the context of financial assistance not provided in the ordinary and usual course of business, it means financial assistance not provided by a banking company or by a securities house under rule 14.04(1)(e)(iii);

(9) "percentage ratios" means the percentage ratios set out in rule 14.07, and "assets ratio", "profits ratio", "revenue ratio", "consideration ratio" and "equity capital ratio" shall bear the respective meanings set out in rule 14.07;

(10) a "property company" means a company or other entity whose non-cash assets consist solely or mainly of properties or interests in properties or interests in companies or entities whose non-cash assets consist solely or mainly of properties and whose income is mainly derived from those properties;

(10A) [Repealed 1 February 2011]

(10B) "Qualified Issuer" means an issuer actively engaged in property development as a principal business activity. For determining whether property development is a principal activity of an issuer, consideration will be given to the following factors:

(a) clear disclosure of property development activity as a current and continuing principal business activity in the Directors' Report of its latest published annual financial statements;

(b) property development activity is reported as a separate and continuing segment (if not the only segment) in its latest published financial statements; and

(c) its format for reporting segmental information and its latest published annual financial statements have fully complied with the requirements of relevant accounting standards adopted for the preparation of its annual financial statements on reporting of segment revenue and segment expense.

(10C) "Qualified Property Acquisition" means an acquisition of land or property development project in Hong Kong from Government or Government-controlled entities through a public auction or tender; or an acquisition of governmental land in the Mainland from a PRC Governmental Body (as defined in rule 19A.04) through a tender (招標), auction (拍賣), or listing-for-sale (掛牌) governed by the PRC law (as defined in rule 19A.04);

*Note: The Exchange may relax this requirement to accept land acquired in other jurisdictions from governmental bodies through public auctions or tenders. Factors which the Exchange will consider include:*

*(i) whether the government land is acquired through a competitive bidding process regulated by legislation and/or requirements in the relevant jurisdiction;*

*(ii) whether the bidding process is fairly structured and established, and bidders have no discretion to change pre-established terms;*

*(iii) whether acquiring government land through a bidding process is a common practice in that jurisdiction; and*

*(iv) the problems faced by the issuer in complying with the notifiable transaction Rules for the land acquisition.*

(10D) "Qualified Aircraft Leasing Activity" means:

(a) an acquisition of aircraft;

(b) a finance lease in respect of the leasing of aircraft to an aircraft operator (i.e. an entity which carries on a business of operating aircraft as an owner or charterer for providing services for the carriage by air of passengers, cargo or mail), including financing arrangements in a sale and leaseback transaction;

(c) an operating lease in respect of leasing of aircraft to an aircraft operator; or

(d) a disposal of aircraft.

For the purpose of this rule and rule 14.04(10E), "aircraft leasing with an aircraft operator" include leases of aircraft to the aircraft operator directly or indirectly through an intermediate lessor related to the aircraft operator.

(10E) "Qualified Aircraft Lessor" means a listed issuer actively engaged in aircraft leasing with aircraft operators (as defined in rule 14.04(10D)) as a principal business in its ordinary and usual course of business. In making this determination, consideration will also be given to the following factors:

(a) there is clear disclosure of aircraft leasing as a current and continuing principal business activity in the issuer's latest published annual report and financial statements (or in the case of a newly listed issuer, its listing document);

(b) aircraft leasing is reported as a separate and continuing segment (if not the only segment) in the issuer's latest published financial statements. The format for reporting segmental information and its latest published annual financial statements have fully complied with the relevant accounting standards adopted for the preparation of its annual financial statements; and

(c) the lessor's directors and senior management, taken together, have sufficient experience relevant to the aircraft leasing industry. Individuals relied on must have a minimum of five years' relevant industry experience.

(11) a "securities house" means a corporation which is licensed or registered under the Securities and Futures Ordinance for Type 1 (dealing in securities) or Type 8 (securities margin financing) regulated activity;

(11A) a "shipping company" means a company or other entity whose non-cash assets consist solely or mainly of vessels or interests in vessels or interests in companies or entities whose non-cash assets consist solely or mainly of vessels and whose income is mainly derived from those vessels; and

(12) "total assets" means:—

(a) in respect of a listed issuer, the total fixed assets, including intangible assets, plus the total current and non-current assets, as shown in its accounts or latest published interim report (whichever is more recent), subject to any adjustments or modifications arising by virtue of the provisions of rules 14.16, 14.18 and 14.19; and

(b) in the case of any other company, legal person, partnership, trust or business unit, the total fixed assets, including intangible assets, plus the total current and non-current assets, as shown in its accounts, subject to any adjustments or modifications arising from any significant changes to its assets subsequent to the date of the balance sheet in the accounts.

*Note: Listed issuers must demonstrate that any such adjustments or modifications to the accounts of the relevant company, legal person, partnership, trust or business unit are necessary and appropriate in order to reflect its latest financial position.*

**Classification**

14.05 A listed issuer considering a transaction must, at an early stage, consider whether the transaction falls into one of the classifications set out in rule 14.06, 14.06B or 14.06C. In this regard, the listed issuer must determine whether or not to consult its financial, legal or other professional advisers. Listed issuers or advisers which are in any doubt as to the application of the requirements in this Chapter should consult the Exchange at an early stage.

14.06 The transaction classification is made by using the percentage ratios set out in rule 14.07. The classifications are:—

(1) share transaction — an acquisition of assets (excluding cash) by a listed issuer where the consideration includes securities for which listing will be sought and/or treasury shares to be transferred and where all percentage ratios are less than 5%;

(2) discloseable transaction — a transaction or a series of transactions (aggregated under rules 14.22 and 14.23) by a listed issuer where any percentage ratio is 5% or more, but less than 25%;

(3) major transaction — a transaction or a series of transactions (aggregated under rules 14.22 and 14.23) by a listed issuer where any percentage ratio is 25% or more, but less than 100% for an acquisition or 75% for a disposal;

(4) very substantial disposal — a disposal or a series of disposals (aggregated under rules 14.22 and 14.23) of assets (including deemed disposals referred to in rule 14.29) by a listed issuer where any percentage ratio is 75% or more;

(5) very substantial acquisition — an acquisition or a series of acquisitions (aggregated under rules 14.22 and 14.23) of assets by a listed issuer where any percentage ratio is 100% or more.

**Provisions to deter circumvention of new listing requirements**

14.06A The Exchange may impose additional requirements where it considers the arrangements of a listed issuer represent an attempt to circumvent the new listing requirements under the Listing Rules. These arrangements include circumstances set out below:

*Reverse takeovers*

14.06B A reverse takeover is an acquisition or a series of acquisitions of assets by a listed issuer which, in the opinion of the Exchange, constitutes, or is part of a transaction and/or arrangement or series of transactions and/or arrangements which constitute, an attempt to achieve a listing of the acquisition targets (as defined in rule 14.04(2A)) and a means to circumvent the requirements for new applicants set out in Chapter 8 of the Listing Rules.

*Notes:*

1. *Rule 14.06B is aimed at preventing acquisitions that represent an attempt to circumvent the new listing requirements. In applying this principle based test, the Exchange will normally take into account the following factors:*

   *(a) the size of the acquisition or series of acquisitions relative to the size of the issuer;*

   *(b) a fundamental change in the issuer's principal business;*

   *(c) the nature and scale of the issuer's business before the acquisition or series of acquisitions;*

   *(d) the quality of the acquisition targets;*

   *(e) a change in control (as defined in the Takeovers Code) or de facto control of the listed issuer (other than at the level of its subsidiaries);*

   *In assessing whether there has been a change in control or de facto control of the issuer, the Exchange will consider (i) any change in the controlling shareholder of the issuer; or (ii) any change in the single largest substantial shareholder who is able to exercise effective control over the issuer, as indicated by factors such as a substantial change to its board of directors and/or senior management.*

   *In circumstances involving an issue of convertible securities with a conversion restriction mechanism to avoid triggering a change in control under the Takeovers Code (i.e. restricted convertible securities) to a vendor as the consideration for an acquisition, the Exchange will consider whether the issuance is a means to allow the vendor to effectively control the issuer;*

   *(f) other transactions or arrangements which, together with the acquisition or series of acquisitions, form a series of transactions or arrangements to list the acquisition targets.*

*These transactions or arrangements may include changes in control/de facto control, acquisitions and/or disposals. The Exchange may regard acquisitions and other transactions or arrangements as a series if they take place in a reasonable proximity to each other (which normally refers to a period of 36 months or less) or are otherwise related.*

*The Exchange will consider whether, taking the factors together, an issuer's acquisition or series of acquisitions constitute an attempt to list the acquisition targets and circumvent the new listing requirements.*

2. *Without limiting the generality of rule 14.06B, the following transactions are normally reverse takeovers (the bright line tests):*

   *(a) an acquisition or a series of acquisitions (aggregated under rules 14.22 and 14.23) of assets constituting a very substantial acquisition where there is or which will result in a change in control (as defined in the Takeovers Code) of the listed issuer (other than at the level of its subsidiaries); or*

   *(b) acquisition(s) of assets from a person or a group of persons or any of his/their associates pursuant to an agreement, arrangement or understanding entered into by the listed issuer within 36 months of such person or group of persons gaining control (as defined in the Takeovers Code) of the listed issuer (other than at the level of its subsidiaries), where such gaining of control had not been regarded as a reverse takeover, which individually or together constitute(s) a very substantial acquisition. For the purpose of determining whether the acquisition(s) constitute(s) a very substantial acquisition, the lower of:*

      *(A) the latest published figures of the asset value, revenue and profits as shown in the listed issuer's accounts and the market value of the listed issuer at the time of the change in control, which must be adjusted in the manner set out in rules 14.16, 14.17, 14.18 and 14.19, as applicable, up to the time of the change in control; and*

      *(B) the latest published figures of the asset value, revenue and profits as shown in the listed issuer's accounts and the market value of the listed issuer at the time of the acquisition(s), which must be adjusted in the manner set out in rules 14.16, 14.17, 14.18 and 14.19, as applicable,*

      *is to be used as the denominator of the percentage ratios.*

   *Rule 14.06B will apply irrespective of whether any general offer obligations under the Takeovers Code have been waived.*

*Extreme transactions*

14.06C An "extreme transaction" is an acquisition or a series of acquisitions of assets by a listed issuer, which individually or together with other transactions or arrangements, may, by reference to the factors set out in Note 1 to rule 14.06B, have the effect of achieving a listing of the acquisition targets, but where the issuer can demonstrate that it is not an attempt to circumvent the requirements for new applicants set out in Chapter 8 of the Listing Rules and that:

(1) (a) the issuer (other than at the level of its subsidiaries) has been under the control or de facto control (by reference to the factors set out in Note 1(e) to rule 14.06B) of a person or group of persons for a long period (normally not less than 36 months), and the transaction would not result in a change in control or de facto control of the issuer; or

(b) the issuer has been operating a principal business of a substantial size, which will continue after the transaction; and

(2) the acquisition targets meet the requirements of rule 8.04 and rule 8.05 (or rule 8.05A or 8.05B) and the enlarged group meets all the new listing requirements set out in Chapter 8 of the Listing Rules (except rule 8.05).

*Note: Where the extreme transaction involves a series of transactions and/or arrangements and the acquisition targets cannot meet rules 8.05(1)(b) and/or (c), 8.05(2)(b) and/or (c), or 8.05(3)(b) and/or (c) due to a change in their ownership and management solely as a result of the acquisition by the issuer, the Exchange may grant a waiver from strict compliance with these rules based on the facts and circumstances of the case. In considering a waiver of rule 8.05(1)(b), 8.05(2)(b) or 8.05(3)(b), the Exchange will consider, among others, whether the issuer has the expertise and experience in the relevant business/industry of the acquisition targets to ensure the effective management and operation of the acquisition targets.*

*Large scale issue of securities*

14.06D Where a listed issuer proposes a large scale issue of new securities (including any shares, warrants, options or convertible securities) for cash to acquire and/or develop a new business, which, in the opinion of the Exchange, is a means to circumvent the new listing requirements and to achieve a listing of that new business, the Exchange may refuse to grant listing approval for the shares to be issued.

*Note: This rule is an anti-avoidance provision to prevent circumvention of the new listing requirements. It is intended to apply to a large scale issue of securities for cash proposed by a listed issuer where there is, or which will result in, a change in control or de facto control of the issuer (by reference to the factors set out in Note 1(e) to rule 14.06B), and the proceeds are to be used to acquire and/or develop a new business that is expected to be substantially larger than the issuer's existing principal business. The effect of the proposal is to achieve a listing of the new business that would not have otherwise met the new listing requirements.*

*Restriction on disposals*

14.06E (1) A listed issuer may not carry out a disposal or distribution in specie (or a series of disposals and/or distributions in specie) of all or a material part of its existing business: -

(a) where there is a proposed change in control (as defined in the Takeovers Code) of the listed issuer (other than at the level of its subsidiaries); or

(b) for a period of 36 months from a change in control (as defined in the Takeovers Code),

unless the remaining group, or the assets acquired from the person or group of persons gaining such control or his/their associates and any other assets acquired by the listed issuer after such change in control, can meet the requirements of rule 8.05 (or rule 8.05A or 8.05B).

(2) A disposal or distribution in specie (or a series of disposals and/or distributions in specie) by a listed issuer which does not meet the above requirement will result in the listed issuer being treated as a new listing applicant.

*Note: The Exchange may apply this rule to a disposal or distribution in specie (or a series of disposals and/or distributions in specie) by a listed issuer of all or a material part of its existing business where (a) there is a proposed change in de facto control of the issuer (by reference to the factors set out in Note 1(e) to rule 14.06B); or (b) for a period of 36 months from such change, if the Exchange considers that the disposal(s) and/or distribution(s) in specie may form part of a series of arrangements to circumvent the new listing requirements.*

*Percentage ratios*

14.07 The percentage ratios are the figures, expressed as percentages resulting from each of the following calculations:—

(1) Assets ratio — the total assets which are the subject of the transaction divided by the total assets of the listed issuer (see in particular rules 14.09 to 14.12, 14.16, 14.18 and 14.19);

(2) Profits ratio — the profits attributable to the assets which are the subject of the transaction divided by the profits of the listed issuer (see in particular rules 14.13 and 14.17);

(3) Revenue ratio — the revenue attributable to the assets which are the subject of the transaction divided by the revenue of the listed issuer (see in particular rules 14.14 and 14.17);

(4) Consideration ratio — the consideration divided by the total market capitalisation of the listed issuer. The total market capitalisation is the average closing price of the listed issuer's securities as stated in the Exchange's daily quotations sheets for the five business days immediately preceding the date of the transaction (see in particular rule 14.15); and

(5) Equity capital ratio — the number of shares to be issued and/or treasury shares to be transferred by the listed issuer as consideration divided by the total number of the listed issuer's issued shares (excluding treasury shares) immediately before the transaction.

*Notes: 1. The numerator includes shares that may be issued or transferred out of treasury upon conversion or exercise of any convertible securities or subscription rights to be issued or granted by the listed issuer as consideration.*

*2. The listed issuer's debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.*

Listed issuers must consider all the percentage ratios to the extent applicable for classifying a transaction. In the case of an acquisition where the target entity uses accounting standards different from those of the listed issuer, the listed issuer must, where applicable, perform an appropriate and meaningful reconciliation of the relevant figures for the purpose of calculating the percentage ratios.

14.08 The table below summarises the classification and percentage ratios resulting from the calculations set out in rule 14.07. However, listed issuers should refer to the relevant rules for the specific requirements.

| **Transaction type** | **Assets ratio** | **Consideration ratio** | **Profits ratio** | **Revenue ratio** | **Equity capital ratio** |
|---|---|---|---|---|---|
| Share transaction | less than 5% | less than 5% | less than 5% | Less than 5% | less than 5% |
| Discloseable transaction | 5% or more but less than 25% | 5% or more but less than 25% | 5% or more but less than 25% | 5% or more but less than 25% | 5% or more but less than 25% |
| Major transaction – disposal | 25% or more but less than 75% | 25% or more but less than 75% | 25% or more but less than 75% | 25% or more but less than 75% | Not applicable |
| Major transaction – acquisition | 25% or more but less than 100% | 25% or more but less than 100% | 25% or more but less than 100% | 25% or more but less than 100% | 25% or more but less than 100% |
| Very substantial disposal | 75% or more | 75% or more | 75% or more | 75% or more | Not applicable |
| Very substantial acquisition | 100% or more | 100% or more | 100% or more | 100% or more | 100% or more |

*Note: The equity capital ratio relates only to an acquisition (and not a disposal) by a listed issuer issuing new equity capital and/or transferring treasury shares.*

*Assets*

14.09 Where the asset being acquired or disposed of constitutes equity capital, the listed issuer must take into account the matters referred to in rules 14.25 to 14.32 when calculating the amount of total assets which are the subject of the transaction.

14.10 Where the equity capital to be acquired or disposed of by the listed issuer is listed on the Main Board or GEM, the total assets which are the subject of the transaction must be adjusted in the manner set out in rules 14.16, 14.18 and 14.19.

14.11 Where a listed issuer which is a property company, shipping company or aircraft company acquires or disposes of properties, vessels or aircraft respectively, the aggregate value (on an unencumbered basis) of the properties, vessels or aircraft (as the case may be) being acquired or realised will be compared with the total assets of the listed issuer which must be adjusted in the manner set out in rules 14.16, 14.18 and 14.19 or the latest published valuation (on an unencumbered basis) of the properties, vessels or aircraft (as the case may be) if such valuation is published after the issue of accounts of the listed issuer, where appropriate.

14.12 Where the transaction involves granting an indemnity or guarantee or providing financial assistance by a listed issuer, the assets ratio will be modified such that the total value of the indemnity, guarantee or financial assistance plus in each case any monetary advantage accruing to the entity benefiting from the transaction shall form the numerator of the assets ratio. The "monetary advantage" includes the difference between the actual value of consideration paid by the entity benefiting from the transaction and the fair value of consideration that would be paid by the entity if the indemnity, guarantee or financial assistance were provided by entities other than the listed issuer.

*Profits*

14.13 Profits mean net profits after deducting all charges except taxation and before non-controlling interests (See also rule 14.17). In the case of an acquisition or disposal of assets (other than equity capital) through a non wholly-owned subsidiary, the profits attributable to the assets acquired or disposed of (and not the listed issuer's proportionate interest in such profits) will form the numerator for the purpose of the profits ratio.

*Revenue*

14.14 "Revenue" normally means revenue arising from the principal activities of a company and does not include those items of revenue and gains that arise incidentally. In the case of any acquisition or disposal of assets (other than equity capital) through a non wholly-owned subsidiary, the revenue attributable to the assets being acquired or realised (and not the listed issuer's proportionate interest in such revenue) will form the numerator for the purpose of the revenue ratio (See also rule 14.17).

*Consideration*

14.15 When calculating the consideration ratio:—

(1) the value of the consideration shall be the fair value of the consideration determined at the date of the agreement of the transaction in accordance with applicable accounting standards adopted for the preparation of the listed issuer's annual financial statements. Normally, the fair value of the consideration should be the same as the fair value of the asset which is the subject of the transaction. Where there is a significant disparity between the fair value of the consideration and the fair value of the asset, the listed issuer must use the higher of the fair value of the consideration and the fair value of the asset as the numerator of the consideration ratio;

(2) where a transaction involves establishing a joint venture entity or other form of joint arrangement, the Exchange will aggregate:—

(a) the listed issuer's total capital commitment (whether equity, loan or otherwise), including any contractual commitment to subscribe for capital; and

(b) any guarantee or indemnity provided in connection with its establishment;

*Note: Where a joint venture entity or other form of joint arrangement is established for a future purpose, for example to develop a property, and the total capital commitment cannot be calculated at the outset, the Exchange will require the listed issuer to recalculate the relevant percentage ratios at the time when that purpose is carried out. The Exchange will look at the purpose of setting up the arrangement in terms of the initial transaction only. For example, the purpose could be the development of the property for which the arrangement was established. The Exchange will not look at subsequent transactions entered into under the arrangement for the purpose of calculating the total capital commitment in relation to the establishment of the arrangement.*

(3) a listed issuer shall add any liabilities of the vendors, whether actual or contingent, to be discharged or assumed by the purchaser under the terms of the transactions, to the consideration. The Exchange may require that further amounts be included as it considers appropriate;

(4) if the listed issuer may pay or receive consideration in the future, the consideration is the maximum total consideration payable or receivable under the agreement; and

(5) in the case of any acquisition or disposal through a non wholly-owned subsidiary, the consideration (and not, for the avoidance of doubt, the listed issuer's proportionate interest in such consideration) will form the numerator for the purpose of the consideration ratio.

*Figures used in total assets, profits and revenue calculations*

14.16 A listed issuer must refer to the total assets shown in its accounts or latest published interim report (whichever is more recent) and adjust the figures by:

(1) the amount of any dividend proposed by the listed issuer in such accounts and any dividend declared by the listed issuer since the publication of such accounts or interim report; and

(2) where appropriate, the latest published valuation of assets (excluding businesses and intangible assets) of the listed issuer if such valuation is published after the issue of such accounts.

*Note: Rule 14.16(2) will normally apply to a valuation of assets such as properties, vessels and aircraft.*

14.17 The profits (see rule 14.13) and revenue (see rule 14.14) figures to be used by a listed issuer for the basis of the profits ratio and revenue ratio must be the figures shown in its accounts. Where a listed issuer has discontinued one or more of its operating activities during the previous financial year and has separately disclosed the profits and revenue from the discontinued operations in its accounts in accordance with applicable accounting standards adopted for the preparation of the listed issuer's annual financial statements, the Exchange may be prepared to accept the exclusion of such profits and revenue for the purpose of the profits ratio and revenue ratio respectively.

14.18 The value of transactions, issues of securities, or sales or transfers of treasury shares by the listed issuer in respect of which adequate information has already been published and made available to shareholders in accordance with the Exchange Listing Rules and which have been completed must be included in the total assets of the listed issuer.

14.19 In calculating total assets, the Exchange may require the inclusion of further amounts where contingent assets are involved.

*Note: Contingent assets normally refer to assets that will have to be acquired by a listed issuer pursuant to an agreement upon occurrence or non-occurrence of certain event(s) after the listed issuer has entered into the agreement. Such event(s) is/are normally beyond the control of the listed issuer and the parties to the transaction. Contingent assets must be determined in accordance with applicable accounting standards adopted for the preparation of the listed issuer's annual financial statements.*

*Exceptions to the classification rules*

14.20 Where any calculation of the percentage ratio produces an anomalous result or is inappropriate to the sphere of activity of the listed issuer, the listed issuer may apply to the Exchange to disregard the calculation and/or apply other relevant indicators of size, including industry specific tests. The listed issuer must seek prior consent of the Exchange if it wishes to apply this rule and must provide alternative test(s) which it considers appropriate to the Exchange for consideration. The Exchange may also require the listed issuer to apply other size test(s) that the Exchange considers appropriate.

*Change in percentage ratios*

14.21 If any of the percentage ratios changes to the extent that the classification of the transaction is altered between the time that any transaction is first discussed with the Exchange (if applicable) and the time of its announcement, the listed issuer must inform the Exchange. The listed issuer must comply with the relevant requirements applicable to the transaction at the time of its announcement.

*Aggregation of transactions*

14.22 In addition to the aggregation of transactions under rules 14.06B, 14.06C and 14.06E, the Exchange may require listed issuers to aggregate a series of transactions and treat them as if they were one transaction if they are all completed within a 12 month period or are otherwise related. In such cases, the listed issuer must comply with the requirements for the relevant classification of the transaction when aggregated and the figures to be used for determining the percentage ratios are those as shown in its accounts or latest published interim report (whichever is more recent), subject to any adjustments or modifications arising by virtue of the provisions of rules 14.16, 14.18 and 14.19.

14.23 Factors which the Exchange will take into account in determining whether transactions will be aggregated include whether the transactions:—

(1) are entered into by the listed issuer with the same party or with parties connected or otherwise associated with one another;

(2) involve the acquisition or disposal of securities or an interest in one particular company or group of companies;

(3) involve the acquisition or disposal of parts of one asset; or

(4) together lead to substantial involvement by the listed issuer in a business activity which did not previously form part of the listed issuer's principal business activities.

14.23A Where an asset is being constructed, developed or refurbished by or on behalf of a listed issuer for its own use in its ordinary and usual course of business (as referred to in rule 14.04(8)), the Exchange will not normally aggregate a series of transactions carried out by the listed issuer in the course of the construction, development or refurbishment of such asset as if they were one transaction where the sole basis for aggregation is rule 14.23(3). In cases of doubt, the listed issuer should consult the Exchange at an early stage.

14.23B For the purposes of aggregating transactions under note 2 to rule 14.06B and/or rule 14.22, a listed issuer must consult the Exchange before it enters into any proposed transaction(s) if

(1) any circumstances described in rule 14.23 exist in respect of such proposed transaction(s) and any other transaction(s) entered into by the listed issuer in the preceding 12-month period (except for the situation described in rule 14.23A); or

(2) the proposed transaction(s) and any other transaction(s) entered into by the listed issuer involve acquisitions of assets from a person or group of persons or any of his/their associates within 36 months of such person or group of persons gaining control (as defined in the Takeovers Code) of the listed issuer (other than at the level of its subsidiaries).

The listed issuer must provide details of the transactions to the Exchange to enable it to determine whether the transactions will be aggregated.

*Note: This rule serves to set out certain specific circumstances where the listed issuer must seek guidance from the Exchange before it enters into any proposed transaction(s). The Exchange may nevertheless aggregate transactions pursuant to rule 14.22 and/or note 2 to rule 14.06B where no prior consultation was made by the listed issuer under rule 14.23B.*

*Transaction involving an acquisition and a disposal*

14.24 In the case of a transaction involving both an acquisition and a disposal, the Exchange will apply the percentage ratios to both the acquisition and the disposal. The transaction will be classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to that classification. Where a circular is required, each of the acquisition and the disposal will be subject to the content requirements applicable to their respective transaction classification.

*Interpretation of the classification rules in circumstances where the listed issuer or a subsidiary acquires or realises equity capital*

14.25 In circumstances where acquisitions or disposals of equity capital are made by a listed issuer, the provisions set out in rules 14.26 to 14.28 shall be applied in determining the classification of the transaction for the purposes of rule 14.06.

14.26 In an acquisition or disposal of equity capital, the numerators for the purposes of the (a) assets ratio, (b) profits ratio and (c) revenue ratio are to be calculated by reference to the value of the total assets, the profits attributable to such capital and the revenue attributable to such capital respectively.

14.27 For the purpose of rule 14.26:

(1) the value of an entity's total assets is the higher of:

(a) the book value of the entity's total assets attributable to the entity's capital as disclosed in its accounts; and

(b) the book value referred to in rule 14.27(1)(a) adjusted for the latest published valuation of the entity's assets if such valuation is published after the issue of its accounts; and

*Note: This will normally apply to a valuation of assets such as properties, vessels and aircraft.*

(2) the value of an entity's profits and revenue is the profits and revenue attributable to the entity's capital as disclosed in its accounts.

14.28 The value of the entity's total assets, profits and revenue, calculated in accordance with rule 14.27, is to be multiplied by the percentage of the equity interest being acquired or disposed of by the listed issuer. However, 100% of the entity's total assets, profits and revenue will be taken as the value of the total assets, profits and revenue, irrespective of the size of the interest being acquired or disposed of, if:

(1) the acquisition will result in consolidation of the assets of the entity in the accounts of the listed issuer; or

(2) the disposal will result in the assets of the entity no longer being consolidated in the accounts of the listed issuer.

*Note: For example:—*

— *if a listed issuer (or subsidiary, whether wholly-owned or not) acquires 10% of the equity capital of an entity and has no prior holding in that entity, the relevant numerator will be 10%;*

— *if a listed issuer (or subsidiary, whether wholly-owned or not) acquires a further 10% interest in a subsidiary which is already consolidated in the listed issuer's accounts, the relevant numerator will be 10%; and*

— *if a listed issuer (or subsidiary, whether wholly-owned or not) acquires a 10% interest in an entity which will result in that entity being consolidated in the accounts of the listed issuer, the relevant numerator will be 100%.*

*Deemed disposals*

14.29 Allotments of share capital by a subsidiary of a listed issuer, whether or not such subsidiary is consolidated in the accounts of the listed issuer, may result in a reduction of the percentage equity interest of the listed issuer in such subsidiary. Such allotments give rise to deemed disposals. Profits or losses may be recorded on such transactions and such transactions may also fall to be treated as very substantial disposals, major or discloseable or connected transactions. Rules 14.30 to 14.32 set out how the percentage ratios are applied to such transactions.

14.30 Where a subsidiary of the listed issuer (whether or not consolidated in the accounts of the listed issuer, whether or not wholly-owned and whether held directly or indirectly):

(1) allots shares; and

(2) after the allotment, the subsidiary will continue to be a subsidiary,

the percentage by which the interest is reduced will be multiplied by the subsidiary's total assets, profit and revenue as disclosed in the accounts of the subsidiary allotting shares and that shall be taken as the respective numerators for the purpose of the assets ratio, profits ratio, revenue ratio and de minimis ratio.

*Note: For example, if the interest is reduced from 90% to 80%, then 10% of the subsidiary's total assets, profits and revenue will form the respective numerators for the assets ratio, profits ratio, revenue ratio and de minimis ratio.*

14.31 Where a subsidiary of the listed issuer (whether or not consolidated in the accounts of the listed issuer, whether or not wholly-owned and whether held directly or indirectly) allots shares such that, after the allotment, the subsidiary will cease to be a subsidiary, 100% of the subsidiary's total assets, profits and revenue will form the respective numerators for the assets ratio, profits ratio, revenue ratio and de minimis ratio.

*Note: For example, if the interest is reduced from 60% to 40% and the subsidiary ceases to be a subsidiary, then 100% of the entity's total assets, profits and revenue will form the respective numerators for the assets ratio, profits ratio, revenue ratio and de minimis ratio.*

14.32 Where a subsidiary of the listed issuer (whether or not consolidated in the accounts of the listed issuer, whether or not wholly-owned and whether held directly or indirectly) allots shares, it is necessary to calculate a value for the purpose of the consideration ratio. This is taken as the value of the shares issued to allottees (that are not part of the listed group) and is restricted to only those shares issued which are in excess of those necessary to maintain the allottees' relative percentage interest in the subsidiary.

*Share schemes of subsidiaries*

14.32A This rule applies to the disposal (or deemed disposal) of a listed issuer's interests in a subsidiary from the grant of new or existing shares of the subsidiary or options over any such shares under a share scheme (other than a share scheme of a principal subsidiary set out in rule 14.04(1)(h)).

(1) When a subsidiary of a listed issuer adopts a share scheme (whether involving new shares issued by the subsidiary and/or existing shares of the subsidiary held by or for the issuer), the issuer must consider whether the disposal of interests in the subsidiary constitutes a notifiable transaction. The percentage ratios for the transaction classification are to be calculated based on the size of the scheme mandate (being the maximum number of shares of the subsidiary which may be issued or transferred in respect of awards and/or options to be granted under such mandate). If the subsidiary has more than one share scheme, the issuer shall aggregate the number of shares available for future grants under the scheme and other existing schemes for the purpose of calculating the percentage ratios.

*Note: If the validity period of the scheme mandate is less than 12 months, the issuer shall aggregate the scheme mandate with any other awards and options granted by the subsidiary within a 12-month period for the purpose of calculating the percentage ratios.*

(2) The announcement, circular and shareholders' approval requirements under this chapter apply to the disposal according to the transaction classification. In addition, the circular (or the announcement if a circular is not required) must contain the major terms of the share scheme.

(3) Rules 14.32A(1) and (2) also apply if the subsidiary proposes to increase or refresh the scheme mandate or to effect a material change to the terms of the scheme.

*Note: Rules 14.72 to 14.77 do not apply to options granted under a subsidiary's share scheme if the issuer has complied with the requirements of this rule.*

**Notification, publication and shareholders' approval requirements**

14.33 The table below summarises the notification, publication and shareholders' approval requirements which will generally apply to each category of notifiable transaction. However, listed issuers should refer to the relevant rules for the specific requirements.

| | **Notification to Exchange** | **Publication of an announcement in accordance with rule 2.07C** | **Circular to shareholders** | **Shareholders' approval** | **Accountants' report** |
|---|---|---|---|---|---|
| Share transaction | Yes | Yes | No | No[1] | No |
| Discloseable transaction | Yes | Yes | No | No | No |
| Major transaction | Yes | Yes | Yes | Yes[2] | Yes[3] |
| Very substantial disposal | Yes | Yes | Yes | Yes[2] | No[5] |
| Very substantial acquisition | Yes | Yes | Yes | Yes[2] | Yes[4] |
| Reverse takeover | Yes | Yes | Yes | Yes[2, 6] | Yes[4] |

*Notes: 1 No shareholder approval is necessary if the consideration shares are issued or transferred out of treasury under a general mandate. However, if the shares are not issued or transferred out of treasury under a general mandate, the listed issuer is required, pursuant to rule 13.36(1)(a), to obtain shareholders' approval in general meeting prior to the issue of new shares or transfer of treasury shares as consideration shares.*

*2 Any shareholder and his close associates must abstain from voting if such shareholder has a material interest in the transaction.*

*3 An accountants' report on the business, company or companies being acquired is required (see also rules 4.06 and 14.67(6)).*

*4 An accountants' report on any business, company or companies being acquired is required (see also rules 4.06 and 14.69(4)).*

*5 A listed issuer may at its option include an accountants' report (see note 1 to rule 14.68(2)(a)(i)).*

*6 Approval of the Exchange is necessary.*

*Exemptions for Qualified Property Acquisitions which constitute major transactions or very substantial acquisitions*

14.33A A Qualified Property Acquisition which constitutes a major transaction or very substantial acquisition is exempt from shareholders' approval if:

(1) it is undertaken on a sole basis by a Qualified Issuer in its ordinary and usual course of business; or

(2) it is undertaken by a Qualified Issuer and other party or parties on a joint basis and:

(a) the project will be single purpose, relating to the acquisition and/or development of a specific property and consistent with the purpose specified in the auction or tender document;

(b) each joint venture arrangement must be on an arm's length basis and on normal commercial terms;

(c) the joint venture agreement contains clause(s) to the effect that the joint venture may not, without its partners' unanimous consent:

(i) change the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in the auction or tender document; or

(ii) enter into any transactions which are not on an arm's length basis; and

(d) the Qualified Issuer's board has confirmed that the Qualified Property Acquisition is in the Qualified Issuer's ordinary and usual course of business; and that the Qualified Property Acquisition and the joint venture, including its financing and profit distribution arrangements, are on normal commercial terms, fair and reasonable and in the interests of the Qualified Issuer and its shareholders as a whole.

14.33B (1) The Qualified Issuer must publish an announcement as soon as possible after notification of the success of a bid by it or the joint venture for a Qualified Property Acquisition falling under rule 14.33A and send a circular to its shareholders.

(2) The announcement and circular must contain:

(a) details of the acquisition;

(b) details of the joint venture, if any, including

(i) the joint venture's terms and status;

(ii) its dividend and distribution policy; and

(iii) the joint venture's financial and capital commitment and the Qualified Issuer's share in it; and

(c) information to demonstrate that the conditions in rule 14.33A(1) or (2) were met.

*Note: If any of these details are not available when the issuer publishes the initial announcement, it must publish subsequent announcement(s) to disclose the details as soon as possible after they have been agreed or finalised.*

(3) The announcement and circular requirements under chapter 14 apply to the acquisition and the joint venture, if any, according to the transaction classification, except that the information circular need not contain a valuation report on the property under the Qualified Property Acquisition.

*Exemptions for Qualified Aircraft Leasing Activities which constitute notifiable transactions*

14.33C A Qualified Aircraft Leasing Activity is exempt from the announcement, circular and/or shareholders' approval requirements for notifiable transactions provided that:

(1) it is undertaken by a Qualified Aircraft Lessor in its ordinary and usual course of business;

(2) the Qualified Aircraft Lessor's board has confirmed that:

(a) the transaction is entered into by the lessor in its ordinary and usual course of business and on normal commercial terms; and

(b) the terms of transaction are fair and reasonable and in the interests of the lessor and its shareholders as a whole; and

(3) the Qualified Aircraft Lessor complies with the disclosure requirements under rule 14.33D.

14.33D Where a Qualified Aircraft Leasing Activity is exempt from the announcement, circular and/or shareholders' approval requirements for notifiable transactions under rule 14.33C:

(1) the Qualified Aircraft Lessor must publish an announcement as soon as possible after the terms of the transaction have been finalised. The announcement must contain:

(a) the date of the transaction;

(b) the identities and a description of the principal business activities of the parties to the transaction. The lessor must also confirm that the parties to the transaction and their ultimate beneficial owners are third parties independent of the lessor and its connected persons;

(c) a description of the transaction and the aircraft which is the subject of the transaction (including the expected year of delivery of the aircraft in the case of an acquisition); and

(d) a confirmation by the lessor's board of directors that the lessor has fulfilled (i) the criteria set out in rule 14.04(10E) and (ii) the conditions set out in rule 14.33C(2); and

(2) the Qualified Aircraft Lessor must also disclose the following information in its next interim report (where applicable) and annual report:

(a) the aggregate number of aircraft owned by the lessor as at the end of the reporting period with a breakdown by aircraft model, and the aggregate net book value of the aircraft;

(b) the aggregate number of aircraft committed to purchase as at the end of the reporting period with a breakdown by aircraft model, and the commitment amounts for future commitments;

(c) the aggregate number of aircraft sold for the reporting period;

(d) the aggregate net book value and the aggregate net gain or loss on disposal of aircraft for the reporting period; and

(e) the average lease rental yield of each of (i) the operating lease business and (ii) the finance lease business in relation to aircraft leasing for the reporting period.

**Requirements for all transactions**

*Notification and announcement*

14.34 As soon as possible after the terms of a share transaction, discloseable transaction, major transaction, very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover have been finalised, the listed issuer must in each case:—

(1) [Repealed 1 March 2019]

(2) publish an announcement as soon as possible. See also rule 14.37.

14.35 For a share transaction, the announcement must contain the information set out in rules 14.58 and 14.59. For a discloseable transaction, major transaction, very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover, the announcement must contain at least the information set out in rules 14.58 and 14.60. In all cases, listed issuers must also include any additional information requested by the Exchange.

14.36 Where a transaction previously announced pursuant to this Chapter is terminated or there is any material variation of its terms or material delay in the completion of the agreement, the listed issuer must as soon as practicable announce this fact by means of an announcement published in accordance with rule 2.07C. This requirement is without prejudice to the generality of any other provisions of the Exchange Listing Rules and the listed issuer must, where applicable, also comply with such provisions.

14.36A Where there is expected to be delay in despatch of the circular by the date previously announced under rule 14.60(7) or this rule, the listed issuer must as soon as practicable disclose this fact by way of an announcement stating the reason for the delay and the new expected date of despatch of the circular.

*Guaranteed profits or net assets*

14.36B This rule applies to any notifiable transaction where the listed issuer acquires a company or business from a person and that person guarantees the profits or net assets or other matters regarding the financial performance of the company or business.

(1) The listed issuer must disclose by way of an announcement any subsequent change to the terms of the guarantee and the reason therefor, and whether the issuer's board of directors considers that such change is fair and reasonable and in the interests of the shareholders as a whole.

(2) If the actual performance fails to meet the guarantee (or where applicable, the guarantee as amended), the listed issuer must disclose the following by way of an announcement:

(a) the shortfall, and any adjustment in the consideration for the transaction or other consequence under the guarantee;

(b) whether the person has fulfilled its obligations under the guarantee;

(c) whether the listed issuer has exercised any option to sell the company or business back to the person or other rights it held under the terms of the guarantee, and the reasons for its decision; and

(d) the board of directors' opinion on:

(i) whether the person has fulfilled its obligations; and

(ii) whether the decision of the listed issuer to exercise or not to exercise any options or rights set out in rule 14.36B(2)(c) is fair and reasonable and in the interests of the shareholders as a whole.

(3) The listed issuer must disclose whether the actual performance of the company or business acquired meets the guarantee in its next annual report.

*Trading halt and suspension of dealings*

14.37 (1) [Repealed 1 August 2018]

(2) [Repealed 1 August 2018]

(3) An issuer that has finalised the major terms of an agreement in respect of a notifiable transaction which it reasonably believes would require disclosure under the Inside Information Provisions must ensure confidentiality of the relevant information until making the required announcement. Where the issuer considers that the necessary degree of security cannot be maintained or that the security may have been breached, it must make an announcement or immediately apply for a trading halt or a trading suspension pending the announcement.

(4) Directors of issuers must, under rule 13.06A, maintain confidentiality of information that is likely to be inside information, until it is announced.

(5) In the case of a reverse takeover, suspension of dealings in the issuer's securities must continue until the issuer has announced sufficient information. Whether the amount of information disclosed in the announcement is sufficient or not is determined on a case-by-case basis.

14.38 [Repealed 3 June 2010]

## Additional requirements for major transactions

*Circular*

14.38A In addition to the requirements for all transactions set out in rules 14.34 to 14.37, a listed issuer which has entered into a major transaction must send a circular to its shareholders and the Exchange and arrange for its publication in accordance with the provisions of Chapter 2 of the Exchange Listing Rules.

14.39 [Repealed 1 January 2009]

*Shareholders' approval*

14.40 A major transaction must be made conditional on approval by shareholders.

14.41 The circular must be despatched to the shareholders of the listed issuer:

(a) if the transaction is approved or is to be approved by way of written shareholders' approval from a shareholder or a closely allied group of shareholders under rule 14.44, within 15 business days after publication of the announcement; or

(b) if the transaction is to be approved by shareholders at a general meeting, at the same time as or before the listed issuer gives notice of the general meeting to approve the transaction.

The circular shall contain information required under rules 14.63, 14.66, 14.67 (for an acquisition only) and 14.70 (for a disposal only).

14.42 A listed issuer shall despatch to its shareholders any revised or supplementary circular and/or provide any material information that has come to the attention of the directors after the issue of circular (by way of announcement published in accordance with rule 2.07C) on the transaction to be considered at a general meeting not less than 10 business days before the date of the relevant general meeting.

*Note: The listed issuer must assess the scale of revisions or updating required and materiality of the new information, revisions or updating required that has come to its attention after publication of the circular, when deciding whether to issue a revised or supplementary circular or publish an announcement in accordance with rule 2.07C. Where the revisions or updating required are significant, the listed issuer must consider carefully whether it would be better to publish a revised or supplementary circular rather than provide particulars of the changes in an announcement. The listed issuer should not overwhelm or confuse investors with lengthy announcements describing changes to information contained in the original circular.*

14.43 The meeting must be adjourned before considering the relevant resolution to ensure compliance with the 10 business day requirement under rule 14.42 by the chairman or, if that is not permitted by the listed issuer's constitutional documents, by resolution to that effect (see also rule 13.41).

*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 *(Note 1)*:—

(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 at that general meeting *(Note 2)* 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.

*Notes:*

*1. References to shareholder(s) in this rule shall mean shareholder(s) other than a holder of treasury shares.*

*2. Voting rights attaching to treasury shares are excluded.*

14.45 To determine whether a group of shareholders constitutes a "closely allied group of shareholders", the Exchange will take into account the following factors:—

(1) the number of persons in the group;

(2) the nature of their relationship including any past or present business association between two or more of them;

(3) the length of time each of them has been a shareholder;

(4) whether they would together be regarded as "acting in concert" for the purposes of the Takeovers Code; and

(5) the way in which they have voted in the past on shareholders' resolutions other than routine resolutions at an annual general meeting.

It is the listed issuer's responsibility to provide sufficient information to the Exchange to demonstrate that the group of shareholders is a "closely allied group" of shareholders.

14.46 The Exchange will require any shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such shareholder has a material interest in the transaction and will not accept written approval for the transaction.

14.47 [Repealed 1 January 2009]

**Additional requirements for very substantial disposals and very substantial acquisitions**

14.48 In the case of a very substantial disposal or a very substantial acquisition, the listed issuer must comply with the requirements for all transactions and for major transactions set out in rules 14.34 to 14.37, 14.38A and 14.41.

14.49 A very substantial disposal and a very substantial acquisition must be made conditional on approval by shareholders in general meeting. No written shareholders' approval will be accepted in lieu of holding a general meeting. The Exchange will require any shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such shareholder has a material interest in the transaction.

14.50 [Repealed 1 January 2009]

14.51 The circular must be despatched to the shareholders of the listed issuer at the same time as or before the listed issuer gives notice of the general meeting to approve the transaction referred to in the circular. The circular must contain the information required under rules 14.63, 14.68 (for a very substantial disposal) and 14.69 (for a very substantial acquisition).

14.52 A listed issuer shall despatch to its shareholders any revised or supplementary circular and/or provide any material information that has come to the attention of the directors after the issue of the circular (by way of announcement published in accordance with rule 2.07C) on the transaction to be considered at a general meeting not less than 10 business days before the date of the relevant general meeting.

*Note: The listed issuer must assess the scale of revisions or updating required and materiality of the new information, revisions or updating required that has come to its attention after publication of the circular, when deciding whether to issue a revised or supplementary circular or publish an announcement in accordance with rule 2.07C. Where the revisions or updating required are significant, the listed issuer must consider carefully whether it would be better to publish a revised or supplementary circular rather than provide particulars of the changes in an announcement. The listed issuer should not overwhelm or confuse investors with lengthy announcements describing changes to information contained in the original circular.*

14.53 The meeting must be adjourned before considering the relevant resolution to ensure compliance with the 10 business day requirement under rule 14.52 by the chairman or, if that is not permitted by the listed issuer's constitutional documents, by resolution to that effect (see also rule 13.41).

**Additional requirements for extreme transactions**

14.53A In the case of an extreme transaction, the listed issuer must:

(1) comply with the requirements for very substantial acquisitions set out in rules 14.48 to 14.53. The circular must contain the information required under rules 14.63 and 14.69; and

*Note: See also rule 14.57A if the extreme transaction involves a series of transactions and/or arrangements.*

(2) appoint a financial adviser to perform due diligence on the acquisition targets to put itself in a position to be able to discharge its obligations set out in Appendix E2.

*Note: See also rules 13.87A to 13.87C for the requirements relating to financial advisers.*

**Additional requirements for reverse takeovers**

14.54 The Exchange will treat a listed issuer proposing a reverse takeover as if it were a new listing applicant.

(1) The acquisition targets must meet the requirements of rule 8.04 and rule 8.05 (or rule 8.05A or 8.05B). In addition, the enlarged group must meet all the new listing requirements set out in Chapter 8 of the Listing Rules (except rule 8.05).

(2) Where the reverse takeover is proposed by a listed issuer that has failed to comply with rule 13.24, the acquisition targets must also meet the requirement of rule 8.07 (in addition to the requirements for the acquisition targets and the enlarged group set out in rule 14.54(1)).

(3) The listed issuer must comply with the requirements for all transactions set out in rules 14.34 to 14.37.

*Notes:*

1. *For the purposes of (1) and (2) above, if the Exchange is aware of information suggesting that the reverse takeover is to avoid any new listing requirement, the listed issuer must demonstrate that the acquisition targets meet all the new listing requirements set out in Chapter 8 of the Listing Rules.*

2. *See also rule 14.57A if the reverse takeover involves a series of transactions and/or arrangements.*

3. *Where the reverse takeover involves a series of transactions and/or arrangements and the acquisition targets cannot meet rules 8.05(1)(b) and/or (c), 8.05(2)(b) and/or (c), or 8.05(3)(b) and/or (c) due to a change in their ownership and management solely as a result of the acquisition by the issuer, the Exchange may grant a waiver from strict compliance with these rules based on the facts and circumstances of the case. In considering a waiver of rule 8.05(1)(b), 8.05(2)(b) or 8.05(3)(b), the Exchange will consider, among others, whether the issuer has the expertise and experience in the relevant business/industry of the acquisition targets to ensure the effective management and operation of the acquisition targets.*

14.55 A reverse takeover must be made conditional on approval by shareholders in general meeting. No written shareholders' approval will be accepted in lieu of holding a general meeting. The Exchange will require any shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such shareholder has a material interest in the transaction. Furthermore, where there is a change in control of the listed issuer as referred to in rule 14.06B and any person or group of persons will cease to be a controlling shareholder (the "outgoing controlling shareholder") by virtue of a disposal of his shares to the person or group of persons gaining control (the "incoming controlling shareholder"), any of the incoming controlling shareholder's close associates or an independent third party, the outgoing controlling shareholder and his close associates may not vote in favour of any resolution approving an injection of assets by the incoming controlling shareholder or his close associates at the time of the change in control.

*Note: The prohibition against the outgoing controlling shareholder and his close associates voting in favour of a resolution approving an injection of assets does not apply where the decrease in the outgoing controlling shareholder's shareholding is solely the result of a dilution through the issue of new shares to the incoming controlling shareholder rather than any disposal of shares by the outgoing controlling shareholder.*

14.56 [Repealed 1 January 2009]

14.57 A listed issuer proposing a reverse takeover must comply with the procedures and requirements for new listing applications as set out in Chapter 9 of the Exchange Listing Rules. The listed issuer will be required, among other things, to issue a listing document and pay the non-refundable initial listing fee. A listing document relating to a reverse takeover must contain the information required under rules 14.63 and 14.69. The listing document must be despatched to the shareholders of the listed issuer at the same time as or before the listed issuer gives notice of the general meeting to approve the transaction. The listed issuer must state in the announcement on the reverse takeover when it expects the listing document to be issued.

**Additional requirements for extreme transactions and reverse takeovers**

14.57A Where an extreme transaction or reverse takeover involves a series of transactions and/or arrangements: -

(1) the track record period of the acquisition targets normally covers the three financial years immediately prior to the issue of the circular or listing document for the latest proposed transaction of the series; and

(2) the listed issuer must provide sufficient information to the Exchange to demonstrate that the acquisition targets can meet the requirements under rule 8.05 (or rule 8.05A or 8.05B) (see rule 14.06C(2) or 14.54).

**Contents of announcements**

*All transactions*

14.58 The announcement of a share transaction, discloseable transaction, major transaction, very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover must contain at least the following information:—

(1) a prominent and legible disclaimer at the top of the announcement in the form set out in rule 14.88;

(2) a description of the principal business activities carried on by the listed issuer and the identity and a description of the principal business activities of the counterparty;

(3) the date of the transaction. The listed issuer must also confirm that, to the best of the directors' knowledge, information and belief having made all reasonable enquiry, the counterparty and the ultimate beneficial owner of the counterparty are third parties independent of the listed issuer and connected persons of the listed issuer;

(4) the aggregate value of the consideration, how it is being or is to be satisfied and details of the terms of any arrangements for payment on a deferred basis. If the consideration includes securities for which listing will be sought and/or treasury shares, the listed issuer must also include the amounts and details of the securities being issued and/or transferred out of treasury;

*Note: Where the transaction involves an acquisition of aircraft from an aircraft manufacturer by a listed issuer principally engaged in airline operations and the acquisition is in the issuer's ordinary and usual course of business, the Exchange may waive the requirement of disclosing the aggregate value of the consideration if there are contractual confidentiality restrictions from disclosing the actual consideration for the aircraft. In this case, the issuer must disclose:*

*(a) the reasons for its waiver application and provide alternative disclosure (including the list price of the aircraft, a description of any price concession received, whether the price concession received is comparable to that obtained in previous purchases and whether the concession has any material impact on the issuer's future operating costs as a whole) in the announcement and, where applicable, the circular for the transaction; and*

*(b) the following information in its next interim report (where applicable) and annual report:*

*(i) the aggregate number of aircraft owned as at the end of the reporting period with a breakdown by aircraft model, and the aggregate net book value of the aircraft; and*

*(ii) the aggregate number of aircraft committed to purchase as at the end of the reporting period with a breakdown by aircraft model, and the commitment amounts for future commitments.*

(5) the basis upon which the consideration was determined;

(6) the value (book value and valuation, if any) of the assets which are the subject of the transaction;

(7) where applicable, the net profits (both before and after taxation) attributable to the assets which are the subject of the transaction for the two financial years immediately preceding the transaction;

(8) the reasons for entering into the transaction, the benefits which are expected to accrue to the listed issuer as a result of the transaction and a statement that the directors believe that the terms of the transaction are fair and reasonable and in the interests of the shareholders as a whole; and

(9) where appropriate, details of any guarantee and/or other security given or required as part of or in connection with the transaction.

*Share transaction announcements*

14.59 In addition to the information set out in rule 14.58, the announcement for a share transaction must contain at least the following information:—

(1) the amount and details of the securities being issued and/or transferred out of treasury including details of any restrictions which apply to the subsequent sale of such securities;

(2) brief details of the asset(s) being acquired, including the name of any company or business or the actual assets or properties where relevant and, if the assets include securities, the name and general description of the activities of the company in which the securities are or were held;

(3) if the transaction involves an issue of securities of a subsidiary of the listed issuer, a declaration as to whether the subsidiary will continue to be a subsidiary of the listed issuer following the transaction;

(4) in the case where securities will be issued, a statement that the announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities; and

(5) in the case where securities will be issued, a statement that application has been or will be made to the Exchange for the listing of and permission to deal in the securities.

*Discloseable transaction, major transaction, very substantial disposal, very substantial acquisition, extreme transaction and reverse takeover announcements*

14.60 In addition to the information set out in rule 14.58, the announcement of a discloseable transaction, major transaction, very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover must contain at least brief details of the following:—

(1) the general nature of the transaction including, where the transaction involves securities, details of any restrictions which apply to the subsequent sale of such securities;

(2) brief details of the asset(s) being acquired or disposed of, including the name of any company or business or the actual assets or properties where relevant and, if the assets include securities, the name and general description of the activities of the company in which the securities are or were held;

(3) in the case of a disposal:—

(a) details of the gain or loss expected to accrue to the listed issuer and the basis for calculating this gain or loss. Where the listed issuer expects to recognise in its income statement a gain or loss different from the disclosed gain or loss, the reason for the difference must be explained. The gain or loss is to be calculated by reference to the carrying value of the assets in the accounts; and

(b) the intended application of the sale proceeds;

(4) if the transaction involves an issue of securities for which listing will be sought or a transfer of treasury shares, the announcement must also include:

(a) a statement that the announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities; and

(b) in the case where securities will be issued, a statement that application has been or will be made to the Exchange for the listing of and permission to deal in the securities;

(5) where the transaction is a major transaction approved or to be approved by way of written shareholders' approval from a shareholder or a closely allied group of shareholders pursuant to rule 14.44, details of the shareholder or the closely allied group of shareholders (as the case may be), including the name of the shareholder(s), the number of securities held by each such shareholder and the relationship between the shareholders;

(6) if the transaction involves a disposal of an interest in a subsidiary by a listed issuer, a declaration as to whether the subsidiary will continue to be a subsidiary of the listed issuer following the transaction; and

(7) in the case of a major transaction, a very substantial disposal, a very substantial acquisition or a reverse takeover, the expected date of despatch of the circular and if this is more than 15 business days after the publication of the announcement, the reasons why this is so.

*Note: If there is expected to be delay in despatch of the circular, the listed issuer must as soon as practicable publish a further announcement in accordance with rule 14.36A.*

*Profit forecast in an announcement*

14.60A In addition to the information set out in rule 14.60, where the announcement for a notifiable transaction contains a profit forecast in respect of the issuer or a company which is, or is proposed to become, one of its subsidiaries, the announcement must contain the following information or, for a share transaction or a discloseable transaction, the issuer must publish a further announcement containing the following information in accordance with rule 2.07C within 15 business days after publication of the announcement:

(1) details of the principal assumptions, including commercial assumptions, upon which the forecast is based;

(2) a letter from the issuer's auditors or reporting accountants confirming that they have reviewed the accounting policies and calculations for the forecast and containing their report;

(3) a report from the issuer's financial advisers confirming that they are satisfied that the forecast has been made by the directors after due and careful enquiry. If no financial advisers have been appointed in connection with the transaction, a letter from the board of directors confirming they have made the forecast after due and careful enquiry; and

(4) information regarding the expert statements contained in the announcement, which is specified in paragraph 5 of Appendix D1B.

14.61 A "profit forecast" 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 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.

14.62 [Repealed 31 December 2023]

## Contents of circulars

*General principles*

14.63 A circular of a major transaction, very substantial disposal, very substantial acquisition or extreme transaction and a listing document for a reverse takeover sent by a listed issuer to holders of its listed securities must:—

(1) provide a clear, concise and adequate explanation of its subject matter having regard to the provisions of rule 2.13; and

(2) if voting or shareholders' approval is required:

(a) contain all information necessary to allow the holders of the securities to make a properly informed decision;

(b) contain a heading emphasising the importance of the document and advising holders of securities, who are in any doubt as to what action to take, to consult appropriate independent advisers;

(c) contain a recommendation from the directors as to the voting action that shareholders should take, indicating whether or not the proposed transaction described in the circular is, in the opinion of the directors, fair and reasonable and in the interests of the shareholders as a whole; and

(d) contain a statement that any shareholder with a material interest in a proposed transaction and his close associates will abstain from voting on resolution(s) approving that transaction; and

(3) a confirmation that, to the best of the directors' knowledge, information and belief having made all reasonable enquiry, the counterparty and the ultimate beneficial owner of the counterparty are third parties independent of the listed issuer and connected persons of the listed issuer.

14.64 [Repealed 1 January 2009]

14.65 [Repealed 1 January 2009]

*Major transaction circulars*

14.66 A circular relating to a major transaction must contain:—

(1) a prominent and legible disclaimer on the front cover or inside front cover of the circular in the form set out in rule 14.88;

(2) the information regarding the listed issuer specified in the following paragraphs of Appendix D1B:—

1- name

2- directors' responsibility

5- expert statements

29(2)- requirements if there is a profit forecast

33- litigation statement

35- details of secretary

36- address of registered office and head office

41- additional information on mineral companies (if applicable);

(3) information regarding interests of directors and chief executive in the listed issuer required under paragraphs 34 and 38 of Appendix D1B, and Practice Note 5;

(4) information which is required to be included in the announcement under rule 14.60;

(5) information concerning the effect of the transaction on the earnings and assets and liabilities of the listed issuer;

(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 (if any) held by the listed issuer after the acquisition or disposal; and

(b) in the case of a disposal, a statement whether the remaining shares are to be sold or retained;

(7) details of any existing or proposed service contracts of directors and proposed directors of the listed issuer, or an appropriate negative statement;

*Note: Details of contracts to expire or which may be terminated by the employer within a year without payment of any compensation (other than statutory compensation) need not be included.*

(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);

(9) any additional information requested by the Exchange;

(10) the information regarding the listed issuer specified in the following paragraphs of Appendix D1B:—

| | |
|---|---|
| 28- | indebtedness |
| 29(1)(b)- | financial and trading prospects |
| 30- | sufficiency of working capital, which must take into account the effect of the transaction |
| 40- | directors' and experts' interests in group assets |
| 42- | material contracts |
| 43(2)(c), (3) and (4)- | documents on display; |

A working capital statement in paragraph 30 of Appendix D1B is not required if the issuer is a banking company or an insurance company and:—

(a) the inclusion of such a statement would not provide significant information for investors;

(b) the issuer's solvency and capital adequacy are subject to prudential supervision by another regulatory body; and

(c) 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) where required by Chapter 5, the information under that Chapter on the property interest being acquired or disposed of by the listed issuer;

(12) where the circular contains a statement as to the sufficiency of working capital, the Exchange will require a letter from the listed issuer's financial advisers or auditors confirming that:—

(a) the statement has been made by the directors after due and careful enquiry; and

(b) the persons or institutions providing finance have confirmed in writing that such facilities exist;

(13) where applicable, the information required under rule 2.17, and

(14) where applicable, the information required in Chapter 18.

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:—

(1) the information required under paragraphs 9 and 10 of Appendix D1B, if the acquisition involves securities for which listing will be sought;

(2) the information required under paragraph 22(1) of Appendix D1B, if shares are to be issued or transferred out of treasury as consideration;

(3) where the consideration for a transaction includes the listed issuer's shares or securities that are convertible into the listed issuer's shares, a statement whether the transaction will result in a change of control of the listed issuer;

(4) the information regarding the listed issuer required under paragraphs 31 (financial information) and 32 (no material adverse change) of Appendix D1B;

(5) the information required under paragraph 34 of Appendix D1B in relation to each new director and member of senior management joining the listed issuer in connection with the transaction;

*Note: The fact that any director or proposed director is a director or employee of a company which has an interest or short position in the shares or underlying shares 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 need not be stated.*

(6) (a) on an acquisition of any business, company or companies:

(i) an accountants' report on the business, company or companies being acquired in accordance with Chapter 4 of the Exchange Listing Rules provided that, where any company in question has not or will not

become a subsidiary of the listed issuer, the Exchange may be prepared to relax this requirement. The accounts on which the report is based must relate to a financial period ended 6 months or less before the circular is issued. The financial information on the business, company or companies being acquired as contained in the accountants' report must be prepared using accounting policies which should be materially consistent with those of the listed issuer; and

*Note: Where the accountants can only give a modified opinion in the accountants' report in respect of the acquisition of the business, company or companies, for example because the records of stock or work-in-progress are inadequate, the Exchange will not accept a written shareholders' approval for the transaction, but will require a general meeting to be held to consider the transaction. (See rule 14.86.) In these circumstances, listed issuers are urged to contact the Exchange as soon as possible.*

(ii) a pro forma statement of the assets and liabilities of the listed issuer's group combined with the assets and liabilities of the business, company or companies being acquired on the same accounting basis. The pro forma financial information must comply with Chapter 4 of the Exchange Listing Rules; and

(b) on an acquisition of any revenue-generating assets (other than a business or company) with an identifiable income stream or assets valuation:

(i) a profit and loss statement and valuation (where available) for the 3 preceding financial years (or less, where the asset has been held by the vendor for a shorter period) on the identifiable net income stream and valuation in relation to such assets which must be reviewed by the auditors or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. The financial information on which the profit and loss statement is based must relate to a financial period ended 6 months or less before the circular is issued. The financial information on the assets being acquired as contained in the circular must be prepared using accounting policies which should be materially consistent with those of the listed issuer;

(ii) a pro forma statement of the assets and liabilities of the listed issuer's group combined with the assets being acquired on the same accounting basis. The pro forma financial information must comply with Chapter 4 of the Exchange Listing Rules; and

(7) a discussion and analysis of results of the business, company or companies being acquired covering all those matters set out in paragraph 32 of Appendix D2 for the period reported in the accountants' report.

*Inability to access information to compile circulars for major transactions or very substantial acquisitions*

14.67A (1) Where a listed issuer has acquired and/or agreed to acquire equity capital in a company and the transaction constitutes a major transaction or a very substantial acquisition, and the listed issuer does not have access or only has limited access to the non-public information on the target company that would be required for the purpose of complying with the disclosure requirements in respect of the target company and the enlarged group under rules 14.66 and 14.67 (for a major transaction) or rule 14.69 (for a very substantial acquisition), then the listed issuer may defer complying with certain of the disclosure requirements in the manner set out in paragraphs (2) and (3) below, provided that the following conditions are met:

(a) the unavailability of non-public information is caused by the lack of co-operation of the board of directors in the target company (such as in the case of a hostile takeover) and/or legal or regulatory restrictions in providing non-public information to the listed issuer;

(b) the target company is listed on a regulated, regularly operating, open stock exchange recognised by the Exchange (including the Main Board or GEM); and

(c) the target company will become a subsidiary of the listed issuer.

(2) Subject to the conditions in paragraphs (1)(a), (b) and (c) being satisfied, the listed issuer may defer complying with the disclosure requirements for certain non-public information relating to the target company and/or the enlarged group. In such circumstances, the listed issuer must despatch an initial circular in partial compliance with rules 14.66 and 14.67 or rule 14.69 within the time frames stipulated in rules 14.41 and 14.42 or rules 14.48 and 14.52. The initial circular shall include, as a minimum, the following:

(a) material public information (and other available information of which the listed issuer is aware and is free to disclose) of the target company to enable shareholders to make an informed voting decision with respect to the proposed acquisition. This would include:

(i) published audited financial information of the target company for the preceding three years (and the latest published unaudited interim accounts) together with a qualitative explanation of the principal differences, if any, between the target company's accounting standards and those of the listed issuer's which may have a material impact on the financial statements of the target company; and

(ii) other information of the target company and its group of companies in the public domain or made available by the target company and which the listed issuer is aware and free to disclose;

(b) where information required for the enlarged group is not available, to include the following information regarding the issuer:

(i) statement of indebtedness (see rule 14.66(10), paragraph 28 and Note 2 to Appendix D1B);

(ii) statement of sufficiency of working capital (see rule 14.66(10), paragraph 30 and Note 2 to Appendix D1B);

(iii) [Repealed 1 January 2012];

(iv) discussion and analysis of results (this is applicable only to very substantial acquisitions, see rule 14.69(7));

(v) statement as to the financial and trading prospects (see rule 14.66(10), paragraph 29(1)(b) and Note 2 to Appendix D1B);

(vi) particulars of any litigation or claims of material importance (see rule 14.66(2), paragraph 33 and Note 2 to Appendix D1B);

(vii) particulars of directors' or experts' interests in group assets (see rule 14.66(10), paragraph 40 and Note 2 to Appendix D1B);

(viii) material contracts and documents on display (see rule 14.66(10), paragraphs 42, 43 and Note 2 to Appendix D1B); and

(c) the reasons why access to books and records of the target company has not been granted to the listed issuer.

(3) Where an initial circular has been despatched by a listed issuer under paragraph (2) above, the listed issuer must despatch a supplemental circular at a later date which contains: (i) all the prescribed information under rules 14.66 and 14.67 or rule 14.69 which has not been previously disclosed in the initial circular; and (ii) any material changes to the information previously disclosed in the initial circular. The supplemental circular must be despatched to shareholders within 45 days of the earlier of: the listed issuer being able to gain access to the target company's books and records for the purpose of complying with the disclosure requirements in respect of the target company and the enlarged group under rules 14.66 and 14.67 or rule 14.69; and the listed issuer being able to exercise control over the target company.

*Very substantial disposal circulars*

14.68 A circular issued in relation to a very substantial disposal must contain:—

(1) the information required under rules 14.66 and 14.70;

(2) (a) on a disposal of a business, company or companies:

(i) financial information of either:

(A) the business, company or companies being disposed of; or

(B) the listed issuer's group with the business, company or companies being disposed of shown separately as (a) disposal group(s) or (a) discontinuing operation(s),

for the relevant period (as defined in the note to rule 4.06(1)(a)). The financial information must be prepared by the directors of the listed issuer using accounting policies of the listed issuer and must contain at least the income statement, balance sheet, cash flow statement and statement of changes in equity.

The financial information must be reviewed by the listed issuer's auditors or reporting accountants according to the relevant standards published by the Hong Kong Institute of Certified Public Accountants or the International Auditing and Assurance Standards Board of the International Federation of Accountants or the China Auditing Standards Board of the China Ministry of Finance. The circular must contain a statement that the financial information has been reviewed by the issuer's auditors or reporting accountants and details of any modifications in the review report; and

*Notes: 1. The listed issuer may include an accountants' report instead of a review by its auditors or reporting accountants. In that case, the accountants' report must comply with Chapter 4 of the Exchange Listing Rules.*

*2. The Exchange may be prepared to relax the requirements in this rule if the assets of the company or companies being disposed of are not consolidated in the issuer's accounts before the disposal.*

(ii) pro forma income statement, balance sheet and cash flow statement of the remaining group on the same accounting basis. The pro forma financial information must comply with Chapter 4 of the Exchange Listing Rules;

(b) on a disposal of any revenue-generating assets (other than a business or company) with an identifiable income stream or assets valuation:

(i) a profit and loss statement and valuation (where available) for the 3 preceding financial years (or less, where the asset has been held by the listed issuer for a shorter period) on the identifiable net income stream and valuation in relation to such assets which must be reviewed by the auditors or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. The financial information on which the profit and loss statement is based must relate to a financial period ended 6 months or less before the circular is issued; and

(ii) a pro forma profit and loss statement and net assets statement on the remaining group on the same accounting basis. The pro forma financial information must comply with Chapter 4 of the Exchange Listing Rules;

(3) the financial information required under paragraph 32 of Appendix D2 on the remaining group; and

(4) the information regarding the listed issuer required under paragraph 32 (no material adverse change) of Appendix D1B.

*Very substantial acquisition circulars, extreme transaction circulars and reverse takeover listing documents*

14.69 A circular issued for a very substantial acquisition or an extreme transaction or a listing document issued for a reverse takeover must contain:—

(1) for a reverse takeover or an extreme transaction:

(a) the information required under rule 14.66 (except for the information required under rules 14.66(2), 14.66(3), 14.66(10), 14.66(11)) and rules 14.67(3) and 14.67(7);

(b) the information required under Appendix D1A, if it applies, except paragraphs 8, 15(2) (in respect of the 12 months before the issue of the circular or listing document) and 20(1). For paragraph 36, the statement on sufficiency of working capital must take into account the effect of the transaction; and

(c) [Repealed 1 January 2009]

(d) (i) for a reverse takeover, information on the enlarged group's property interests (as defined in rule 5.01(3)) under rules 5.01A and 5.01B; and

(ii) for an extreme transaction, the information required under Chapter 5 on the property interests acquired and/or to be acquired by the issuer;

(2) for a very substantial acquisition, the information required under rules 14.66 to 14.67 (except for the information required under rule 14.67(6)) and rule 2.17;

(3) [Repealed 1 January 2012];

(4) (a) on an acquisition of any business, company or companies:

(i) an accountants' report on the business, company or companies being acquired in accordance with Chapter 4 of the Exchange Listing Rules. The accounts on which the report is based must relate to a financial period ended 6 months or less before the listing document or circular is issued. The financial information on the business, company or companies being acquired as contained in the accountants' report must be prepared using accounting policies which should be materially consistent with those of the listed issuer; and

(ii) pro forma income statement, balance sheet and cash flow statement of the enlarged group on the same accounting basis. The pro forma financial information must comply with Chapter 4 of the Exchange Listing Rules;

(b) on an acquisition of any revenue-generating assets (other than a business or a company) with an identifiable income stream or assets valuation:

(i) a profit and loss statement and valuation (where available) for the 3 preceding financial years (or less, where, other than in the case of a reverse takeover, the asset has been held by the vendor for a shorter period) on the identifiable net income stream and valuation in relation to such assets which must be reviewed by the auditors or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. The financial information on which the profit and loss statement is based must relate to a financial period ended 6 months or less before the listing document or circular is issued. The financial information on the assets being acquired as contained in the listing document or circular must be prepared using accounting policies which should be materially consistent with those of the listed issuer; and

(ii) a pro forma profit and loss statement and net assets statement on the enlarged group on the same accounting basis. The pro forma financial information must comply with Chapter 4 of the Exchange Listing Rules;

(5) where the transaction also involves a disposal by the listed issuer, the information required under rule 14.70(2);

(6) general information on the trend of the business of the group since the date to which the accounts of the listed issuer were made up and a statement as to the financial and trading prospects of the group for at least the current financial year (together with any material information which may be relevant); and

(7) in respect of a circular issued in relation to a very substantial acquisition a separate discussion and analysis of the performance of each of the existing group and any business or company acquired or to be acquired for the relevant period referred to in rule 4.06(1)(a), in both cases covering all those matters set out in paragraph 32 of Appendix D2.

*Additional requirements for circulars in respect of disposals*

14.70 In addition to the requirements set out in rule 14.66, a circular issued in relation to a disposal constituting a major transaction must contain:—

(1) the intended application of the sale proceeds (including whether such proceeds will be used to invest in any assets) and, if the sale proceeds include securities, whether they are to be listed or not; and

(2) the excess or deficit of the consideration over or under the net book value of the asset(s).

*Circulars for specific types of companies*

14.71 Where a major transaction, very substantial acquisition, very substantial disposal, extreme transaction or reverse takeover involves acquiring or disposing of an interest in an infrastructure project or an infrastructure or project company, the listed issuer shall incorporate in the circular or listing document a business valuation report on the business or company being acquired or disposed of and/or traffic study report in respect of the infrastructure project or infrastructure or project company. Such report(s) must clearly set out:

(1) all fundamental underlying assumptions including discount rate or growth rate used; and

(2) a sensitivity analysis based on the various discount rates and growth rates.

Where any business valuation is based on a profit forecast, the accounting policies and calculations for the underlying forecasts must be examined and reported on by the auditors or reporting accountants. Any financial adviser mentioned in the circular or listing document must also report on the underlying forecasts.

*Note: On profit forecasts, see also rules 14.60A and 14.61.*

14.71A Where a discloseable transaction, major transaction or very substantial acquisition involves a Qualified Property Acquisition as described in Note to rule 14A.101, the Qualified Issuer shall comply with additional announcement and reporting requirements with details as described in Chapter 14A.

**Options**

14.72 In this Chapter and Chapter 14A:—

(1) "option" means the right, but not the obligation, to buy or sell something;

*Notes: The term "option" for the purposes of this Chapter and Chapter 14A does not refer to:—*

*1. options, warrants and similar rights to subscribe for or purchase equity securities of a listed issuer under Chapter 15 of the Exchange Listing Rules;*

*2. structured products under Chapter 15A of the Exchange Listing Rules;*

*3. convertible equity securities under Chapter 16 of the Exchange Listing Rules;*

*4. options granted pursuant to a share option scheme under Chapter 17 of the Exchange Listing Rules;*

*5. options, warrants and similar rights to subscribe for or purchase debt securities of a listed issuer under Chapter 27 of the Exchange Listing Rules;*

*6. convertible debt securities under Chapter 28 of the Exchange Listing Rules; or*

*7. Options Contracts traded through the Options System as defined in the Options Trading Rules of the Exchange and the Options Clearing Rules of The SEHK Options Clearing House Limited.*

(2) "exercise price" means the price at which the option holder is entitled to buy or sell the subject matter of the option;

(3) "premium" is the price paid and/or payable by an option holder to acquire an option; and

(4) "expiration" is the time at which the option can no longer be exercised.

14.73 The grant, acquisition, transfer or exercise of an option by a listed issuer will be treated as a transaction and classified by reference to the percentage ratios. The termination of an option by a listed issuer will be treated as a transaction and classified by reference to the percentage ratio, unless the termination is in accordance with the terms of the original agreement entered into by the listed issuer and does not involve payment of any amounts by way of penalty, damages or other compensation. The listed issuer must comply with the requirements of the relevant classification and other specific requirements of rules 14.74 to 14.77.

14.74 The following apply to an option involving a listed issuer, the exercise of which is not at the listed issuer's discretion:—

(1) on the grant of the option, the transaction will be classified as if the option had been exercised. For the purpose of the percentage ratios, the consideration includes the premium and the exercise price of the option; and

(2) on the exercise or transfer of such option, such exercise or transfer must be announced by the listed issuer by means of an announcement published in accordance with rule 2.07C as soon as reasonably practicable if the grant of the option has previously been announced pursuant to the requirements of this Chapter.

14.75 The following apply to an option involving a listed issuer, the exercise of which is at the listed issuer's discretion:—

(1) on the acquisition by, or grant of the option to, the listed issuer, only the premium will be taken into consideration for the purpose of classification of notifiable transactions. Where the premium represents 10% or more of the sum of the premium and the exercise price, the value of the underlying assets, the profits and revenue attributable to such assets, and the sum of the premium and the exercise price will be used for the purpose of the percentage ratios; and

(2) on the exercise of such option by the listed issuer, the exercise price, the value of the underlying assets and the profits and revenue attributable to such assets, will be used for the purpose of the percentage ratios. Where an option is exercised in stages, the Exchange may at any stage as the Exchange may consider appropriate require the listed issuer to aggregate each partial exercise of the option and treat them as if they were one transaction (see rules 14.22 and 14.23).

14.76 (1) For the purpose of rules 14.74(1) and 14.75(1), where, on the grant of the option, the actual monetary value of each of the premium, the exercise price, the value of the underlying assets and the profits and revenue attributable to such assets has not been determined, the listed issuer must demonstrate the highest possible monetary value, which value will then be used for the purpose of classification of notifiable transaction. Failure to do so will result in the transaction being classified as at least a major transaction. The listed issuer must inform the Exchange of the actual monetary value of each of the premium, the exercise price, the value of the underlying assets and the profits and revenue attributable to such assets as soon as it has been determined. If the actual monetary value results in the transaction falling within a higher classification of notifiable transaction, the listed issuer must announce this fact by means of an announcement which is published in accordance with rule 2.07C as soon as reasonably practicable and comply with the additional requirements of such higher classification.

(2) The listed issuer may, at the time of entering into an option, seek any shareholders' approval necessary for the exercise of the option (in addition to seeking any shareholders' approval necessary for the entering into of the option). Such approval, if obtained, will be sufficient for satisfying the shareholders' approval requirement of this Chapter 14, provided that the actual monetary value of the total consideration payable upon exercise and all other relevant information are known and disclosed to the shareholders at the time such approval is obtained and there has been no change in any relevant facts at the time of exercise.

14.77 If the grant or acquisition of an option has previously been announced pursuant to the requirements of this Chapter, the listed issuer must, as soon as reasonably practicable, upon:—

(1) the expiry of the option;

(2) the option holder notifying the grantor that the option will not be exercised; or

(3) the transfer by the option holder of the option to a third party

(whichever is the earliest) announce such fact by means of an announcement which is published in accordance with rule 2.07C. If the listed issuer is the option holder, the transfer of the option will also be treated as a transaction and classified for the purpose of the percentage ratios. The consideration for the transfer of the option will be used for the purpose of classification.

## Takeovers and mergers

*Takeovers Code*

14.78 Listed issuers and their directors must comply with the Takeovers Code. Any breach of the Takeovers Code will be deemed to be a breach of the Exchange Listing Rules. The Exchange may penalise the listed issuer and/or its directors for breaches in accordance with the disciplinary powers contained in Chapter 2A of the Exchange Listing Rules.

14.79 [Repealed 1 January 2011]

*Listing document*

14.80 If the consideration under the takeover offer includes securities for which listing is being or is to be sought, the offer document(s) will constitute a listing document. Provided that the offer document complies with the Takeovers Code, it need not comply with rules 11.06 and 11.07.

*Contents of offer document*

14.81 The offer document must contain:—

(1) a statement whether or not the offeror intends to continue the listing of the listed issuer;

(2) details of any agreement reached with the Exchange to ensure that the basic condition for listing set out in rule 8.08 will be complied with in respect of the listed issuer;

(3) a prominent and legible statement in the following form:

"The Stock Exchange of Hong Kong Limited (the "Exchange") has stated that:

(a) if, at the close of the offer, the Exchange believes that:—

— a false market exists or may exist in the trading of the shares; or

— an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the shares; and

(b) if, at the close of the offer, the listed issuer has a Significant Public Float Shortfall (as defined in rule 13.32F), then:—

— the Exchange will add a designated marker to the stock name of the listed shares; and

— the Exchange will cancel the listing of the issuer's shares if the issuer fails to re-comply with rule 13.32B for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

[[*The Offeror*] intends [*the listed issuer*] to remain listed on the Exchange. The directors of [*the Offeror*] and the new directors to be appointed to the Board of [*the listed issuer*] will jointly and severally undertake to the Exchange that if, at the close of the offer, [*the listed issuer*] fails to comply with the requirement of rule 13.32B, they will take appropriate steps to ensure the issuer's compliance with rule 13.32B at the earliest possible moment.]"

(4) any other requirements imposed by the Exchange which are not inconsistent with the Takeovers Code.

**Cash companies**

14.82 Where for any reason (including immediately after completion of a notifiable transaction or connected transaction) the assets of a listed issuer (other than an "investment company" as defined in Chapter 21 of the Listing Rules) consist wholly or substantially of cash and/or short-term investments, it will not be regarded as suitable for listing and trading in its securities will be suspended.

*Notes:*

1. *Rule 14.82 is intended to apply to issuers that hold a very high level of cash and short-term investments. In assessing whether an issuer is a cash company, the Exchange will apply a principle based approach and normally take into account the value of the issuer's cash and short-term investments relative to its total assets, its level of operations and financial position, and the nature of the issuer's business and its cash needs in the ordinary and usual course of business.*

2. *Short-term investments include securities that are held by the issuer for investment or trading purposes and are readily realisable or convertible into cash. Examples of short-term investments include (a) bonds, bills or notes which have less than one year to maturity; (b) listed securities (whether on the Exchange or otherwise) that are held for investment or trading purposes; and (c) investments in other financial instruments that are readily realisable or convertible into cash.*

14.83 Cash and short-term investments held by a member of an issuer's group that is a banking company (as defined in rule 14A.88), an insurance company or a securities house will normally not be taken into account when applying rule 14.82.

*Note: This exemption will not apply to an issuer that operates a securities house where the Exchange has concerns that the issuer is holding cash and short-term investments through a member to circumvent rule 14.82. For example, an issuer holding excessive cash and/or securities investments cannot circumvent the rule by holding such assets through a member that is a licensed broker with minimal brokerage operations. The Exchange will apply a principle based approach and consider, among others, the cash and/or short-term investments in light of the member's operating model and its cash needs for the purpose of its regulated activities, which should be substantiated by its historical track record.*

14.84 The listed issuer may apply to the Exchange to lift the suspension once it has a business suitable for listing. The Exchange will treat its application for lifting of the suspension as if it were an application for listing from a new applicant. The listed issuer will be required, among other things, to issue a listing document containing the specific information required by Appendix D1A, and pay the non-refundable initial listing fee. The Exchange reserves the right to cancel the listing if such suspension continues for more than 12 months or in any other case where it considers it necessary. It is therefore advisable to consult the Exchange at the earliest possible opportunity in each case.

**General**

14.85 Listed issuers must complete and submit any checklist(s) in such form as may be prescribed by the Exchange from time to time in respect of any notifiable transaction.

14.86 Shareholders' approval is required for an acquisition that requires an accountants' report under this Chapter where the reporting accountants can only give a modified opinion in the accountants' report in respect of the acquisition of the businesses or companies, for example, because of the absence of adequate records in relation to stock and work-in-progress. In such cases, the Exchange will not accept a written shareholders' approval for the transaction, but will require a general meeting to be held to consider the transaction.

14.87 A listed issuer may send to any shareholder the English language version only or the Chinese language version only of any circular required under this Chapter subject to compliance with rule 2.07B.

**Disclaimer**

14.88 Any circular or announcement issued by a listed issuer pursuant to this Chapter must contain on its front cover or inside front cover, or as a heading, 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 [circular]/[announcement], 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 [circular]/[announcement]."

**Material changes**

14.89 With the exception of a listed issuer that has successfully transferred its listing from GEM to the Main Board pursuant to Chapter 9A or 9B, in the period of 12 months from the date on which dealings in the securities of a listed issuer commence on the Exchange, the listed issuer shall not effect any acquisition, disposal or other transaction or arrangement, or a series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in the principal business activities of the listed issuer as described in the listing document issued at the time of its application for listing.

*Note: For this purpose, transactions subsequent to the listing will be aggregated as prescribed in rules 14.22 and 14.23.*

14.90 The Exchange may grant a listed issuer a waiver of the requirements of rule 14.89:—

(1) if it is satisfied that the circumstances surrounding the proposed fundamental change are exceptional; and

(2) subject to the acquisition, disposal or other transaction or arrangement, or series of acquisitions, disposals or other transactions or arrangements, being approved by shareholders in general meeting by a resolution on which any controlling shareholder (or, where there are no controlling shareholders, any chief executive or directors (excluding independent non-executive directors) of the listed issuer) and their respective associates shall abstain from voting in favour. Any shareholders with a material interest in the transaction and their associates shall abstain from voting on resolution(s) approving such transaction at a general meeting called for the purpose of this rule. The listed issuer must disclose the information required under rule 2.17 in the circular to shareholders.

14.91 In respect of the shareholders' approval required under rule 14.90(2):

(1) the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolutions at the general meeting:

(a) any parties who were controlling shareholders at the time the decision for the transaction or arrangement was made or approved by the board, and their associates; or

(b) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the listed issuer at the time the decision for the transaction or arrangement was made or approved by the board, and their respective associates.

The listed issuer must disclose the information required under rule 2.17 in the circular to shareholders; and

(2) the listed issuer must comply with rules 13.39(6) and (7), 13.40, 13.41 and 13.42.

14.92 [Repealed 1 October 2019]

14.93 [Repealed 1 October 2019]

**Distribution in specie to shareholders**

14.94 Where a listed issuer proposes a distribution in specie (other than securities listed on the Main Board or GEM) and the size of the assets to be distributed would amount to a very substantial disposal based on the percentage ratio calculations:

(1) The issuer must obtain prior approval of the distribution by independent shareholders in a general meeting. The issuer's controlling shareholders (or if there is no controlling shareholder, the directors (other than independent non-executive directors) and chief executive of the issuer) and their respective associates must abstain from voting in favour of the resolution. Further, the shareholders' approval for the distribution must be given by at least 75% of the votes attaching to any class of listed securities held by holders voting either in person or by proxy at the meeting, and the number of votes cast against the resolution is not more than 10% of the votes attaching to any class of listed securities held by holders permitted to vote in person or by proxy at the meeting.

(2) The issuer's shareholders (other than the directors (excluding independent non-executive directors), chief executive and controlling shareholders) should be offered a reasonable cash alternative or other reasonable alternative for the distributed assets.

*Note: Where the assets proposed to be distributed are securities listed in other jurisdictions, the Exchange may waive the requirements in rule 14.94(2) if the issuer can demonstrate that there is a liquid market for the securities, the shareholders may readily dispose of those securities, and where appropriate, the issuer will make arrangements to facilitate the shareholders to hold or dispose of those securities.*

# Chapter 14A

## EQUITY SECURITIES

### CONNECTED TRANSACTIONS

#### Introduction

14A.01 This Chapter applies to connected transactions entered into by a listed issuer or its subsidiaries. The connected transaction rules ensure that the interests of shareholders as a whole are taken into account by the listed issuer when the listed issuer's group enters into a connected transaction.

14A.02 Connected transactions include both capital and revenue nature transactions. They may be one-off transactions or continuing transactions.

14A.03 The general requirements for connected transactions include disclosures in announcements, circulars and annual reports, and shareholders' approval. Persons with material interests cannot vote on the resolution approving the transaction. Continuing connected transactions also require annual reviews by independent non-executive directors and the auditors.

14A.04 To reduce listed issuers' compliance burden, exemptions and waivers from all or some of the connected transaction requirements are available for specific categories of connected transactions. These apply to connected transactions that are immaterial to the listed issuer's group, or specific circumstances where the risk of abuse by connected persons is low.

14A.05 The rules in this Chapter are illustrated with diagrams. If there is any conflict between the rules and the diagrams, the rules prevail.

## Definitions

14A.06 In this Chapter, the following definitions apply:

(1) a "***30%-controlled company***" means a company held by a person who can:

(a) exercise or control the exercise of 30% (or an amount for triggering a mandatory general offer under the Takeovers Code, or for PRC issuers only, an amount for triggering a mandatory general offer or establishing legal or management control over a business enterprise under the PRC law) or more of the voting power at general meetings; or

(b) control the composition of a majority of the board of directors;

(2) an "***associate***" has the meaning in rules 14A.12 to 14A.15;

(3) a "***banking company***" has the meaning in rule 14A.88;

(4) a "***cap***" has the meaning in rule 14A.53;

(5) a "***closely allied group of shareholders***" has the meaning in rule 14.45;

(6) a "***commonly held entity***" has the meaning in rule 14A.27;

(7) a "***connected person***" has the meaning in rules 14A.07 to 14A.11;

(8) a "***connected person at the issuer level***" includes:

(a) a director, chief executive or substantial shareholder of a listed issuer;

(b) a supervisor of a PRC issuer;

(c) a person who was a director of the listed issuer in the last 12 months; and

(d) an associate of any of the above persons;

(9) a "***connected person at the subsidiary level***" means a person who is a connected person only because of the person's connection with the listed issuer's subsidiary or subsidiaries;

(10) a "***connected subsidiary***" has the meaning in rule 14A.16;

(11) a "***connected transaction***" has the meaning in rules 14A.23 to 14A.30;

(12) a "***continuing connected transaction***" has the meaning in rule 14A.31;

(13) a "***controller***" has the meaning in rule 14A.28(1);

(14) a "***deemed disposal***" has the meaning in rule 14.29;

(15) a company "***directly held***" by an individual or an entity means that the individual or the entity has a direct ownership interest in the company;

(16) a "***family member***" has the meaning in rule 14A.12(2)(a);

(17) "***financial assistance***" has the meaning in rule 14A.24(4);

(18) an "***immediate family member***" has the meaning in rule 14A.12(1)(a);

(19) a company "***indirectly held***" by an individual or an entity means that the individual or the entity has an indirect ownership interest in the company through (in the case of an individual) his majority controlled company or companies or (in the case of an entity) its subsidiary or subsidiaries;

(20) an "***insignificant subsidiary***" or "***insignificant subsidiaries***" has the meaning in rule 14A.09;

(21) a "***listed issuer***" means a company or other legal person whose securities (including depositary receipts) are listed;

(22) a "***listed issuer's group***" means a listed issuer and its subsidiaries, or any of them;

(23) a "***majority-controlled company***" means a company held by a person who can exercise or control the exercise of more than 50% of the voting power at general meetings, or control the composition of a majority of the board of directors;

(24) "***material interest***" in a transaction has the meaning in rules 2.15 and 2.16;

(25) a "***monetary advantage***" has the meaning in rule 14.12;

(26) "***normal commercial terms or better***" are terms which a party could obtain if the transaction were on an arm's length basis or terms no less favourable to the listed issuer's group than terms available to or from independent third parties;

(27) an "***option***" and terms related to it (including "***exercise price***", "***premium***" and "***expiration***") have the meaning in rule 14.72;

(28) "***ordinary and usual course of business***" of an entity means the entity's existing principal activities or an activity wholly necessary for its principal activities;

(29) a "***passive investor***" has the meaning in rule 14A.100;

(30) "***percentage ratios***" has the meaning in rule 14.04(9);

(31) a "***PRC Governmental Body***" has the meaning in rule 19A.04;

(32) a "***profit forecast***" has the meaning in rule 14.61;

(33) a "***qualified connected person***" means a connected person of the qualified issuer solely because he or it is a substantial shareholder (or its associate) in one or more of the qualified issuer's non wholly-owned subsidiaries formed to participate in property projects, each of which is single purpose and project specific. This person may or may not have representation on the board of the subsidiary or subsidiaries;

(34) a "***qualified issuer***" has the meaning in rule 14.04(10B);

(35) a "***qualified property acquisition***" has the meaning in rule 14.04(10C);

(36) a "***recognised stock exchange***" means a regulated, regularly operating, open stock market recognised for this purpose by the Exchange;

(37) a "***relative***" has the meaning in rule 14A.21(1)(a);

(38) a "***transaction***" has the meaning in rule 14A.24; and

(39) "***trustees***" has the meaning in rule 14A.12(1)(b) or 14A.13(2).

## Definition of connected person

14A.07 A "connected person" is:

(1) a director, chief executive or substantial shareholder of the listed issuer or any of its subsidiaries;

(2) a person who was a director of the listed issuer or any of its subsidiaries in the last 12 months;

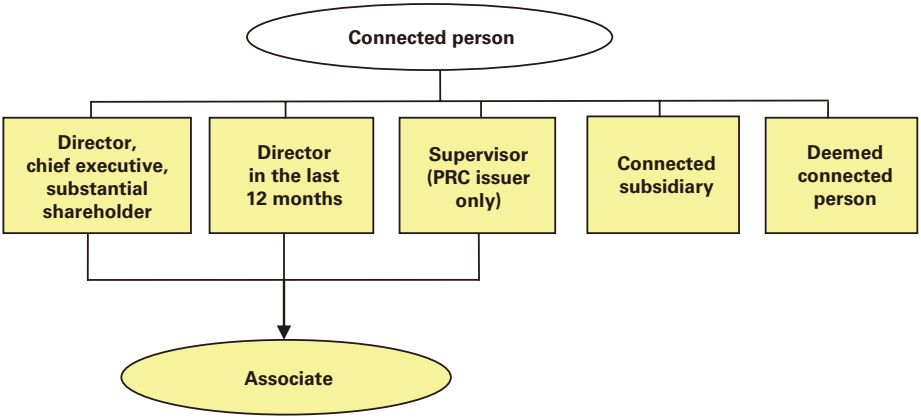
(3) a supervisor of a PRC issuer or any of its subsidiaries;

(4) an associate of any of the above persons;

(5) a connected subsidiary; or

(6) a person deemed to be connected by the Exchange.

Diagram 1




14A.08 Where a listed issuer is an investment company listed under Chapter 21, its connected persons also include an investment manager, investment adviser or custodian (or any connected person of any of them).

## Exceptions

*Persons connected with insignificant subsidiaries*

14A.09 Rules 14A.07(1) to (3) do not include a director, chief executive, substantial shareholder or supervisor of the listed issuer's insignificant subsidiary or subsidiaries. For this purpose:

(1) an "insignificant subsidiary" is a subsidiary whose total assets, profits and revenue compared to that of the listed issuer's group are less than:

(a) 10% under the percentage ratios for each of the latest three financial years (or if less, the period since the incorporation or establishment of the subsidiary); or

(b) 5% under the percentage ratios for the latest financial year;

(2) if the person is connected with two or more subsidiaries of the listed issuer, the Exchange will aggregate the subsidiaries' total assets, profits and revenue to determine whether they are together "insignificant subsidiaries" of the listed issuer; and

(3) when calculating the percentage ratios, 100% of the subsidiary's total assets, profits and revenue will be used. If a percentage ratio produces an anomalous result, the Exchange may disregard the calculation and consider alternative test(s) provided by the listed issuer.

*PRC Governmental Body*

14A.10 The Exchange will not normally treat a PRC Governmental Body as a connected person. The Exchange may request a listed issuer to explain its relationship with a PRC Governmental Body and why it should not be treated as a connected person. If the Exchange decides to treat the PRC Governmental Body as a connected person, the listed issuer must comply with any additional requirements requested by the Exchange.

*Depositary*

14A.11 For a listing of depositary receipts, a person holding shares of a listed issuer as a depositary will not be treated as:

(1) an associate of the holder of the depositary receipts; or

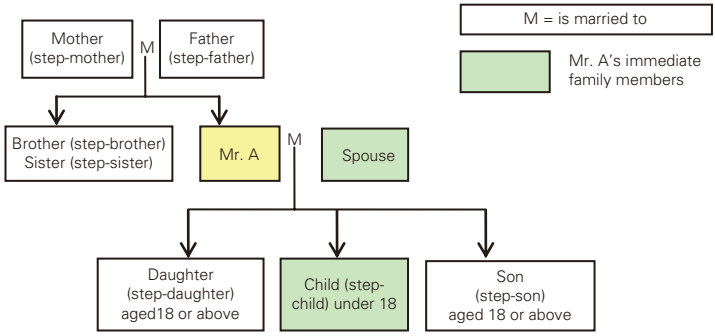
(2) a substantial shareholder or controlling shareholder of the listed issuer.

**Definition of associate**

14A.12 An "associate" of a connected person described in rule 14A.07(1), (2) or (3) who is an individual includes:

(1) (a) his spouse; his (or his spouse's) child or step-child, natural or adopted, under the age of 18 years (each an "immediate family member");

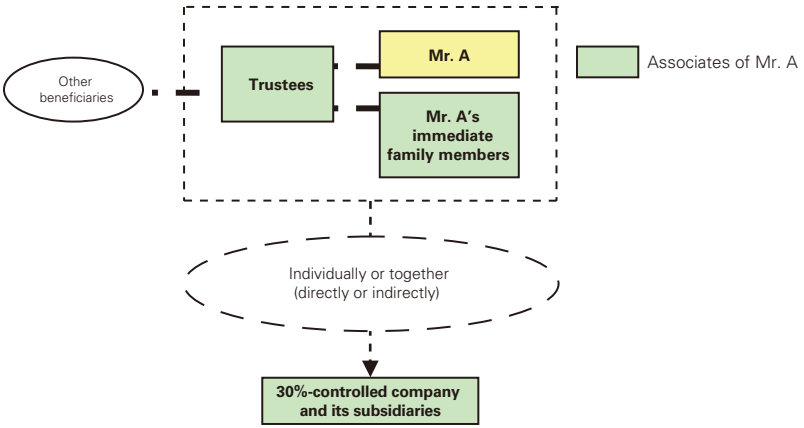
Diagram 2




(b) the trustees, acting in their capacity as trustees of any trust of which the individual or his immediate family member is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object (other than a trust which is an employees' share scheme or occupational pension scheme established for a wide scope of participants and the connected persons' aggregate interests in the scheme are less than 30%) (the "trustees"); or

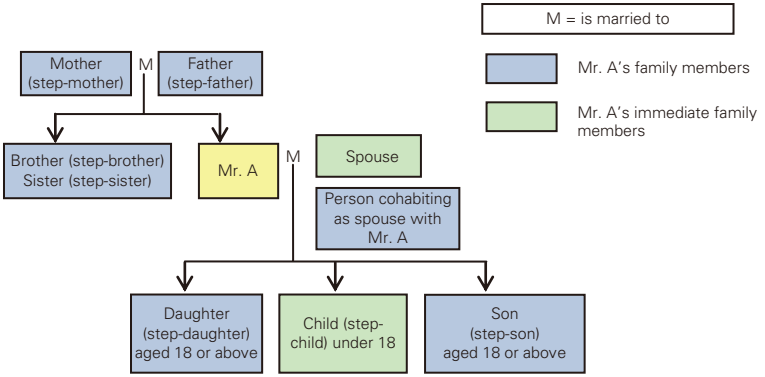
(c) a 30%-controlled company held, directly or indirectly, by the individual, his immediate family members and/or the trustees (individually or together), or any of its subsidiaries; or

Diagram 3



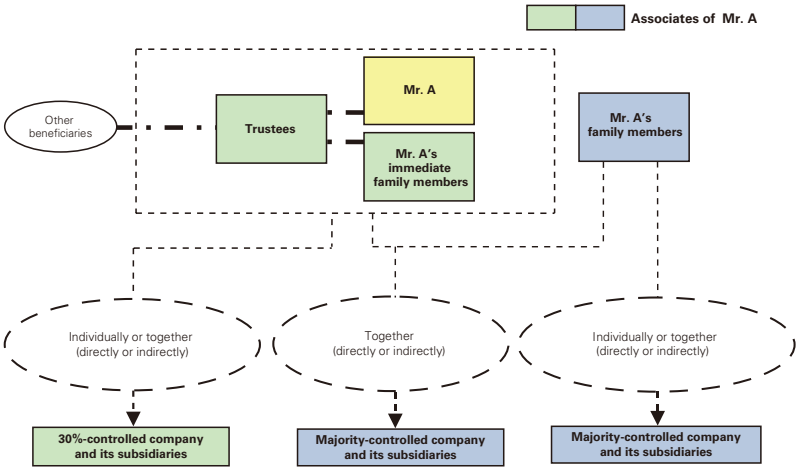

(2) (a) a person cohabiting with him as a spouse, or his child, step-child, parent, step-parent, brother, step-brother, sister or step-sister (each a "family member"); or

Diagram 4



(b) a majority-controlled company held, directly or indirectly, by the family members (individually or together), or held by the family members together with the individual, his immediate family members and/or the trustees, or any of its subsidiaries.

Diagram 5



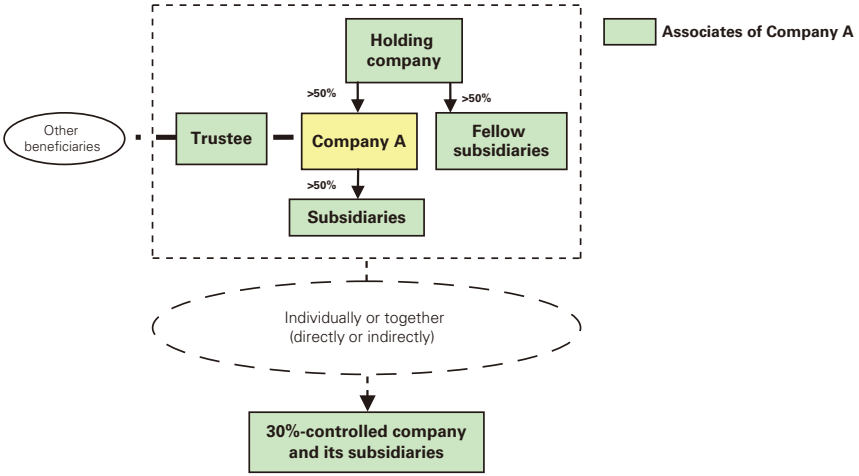

14A.13 An "associate" of a connected person described in rule 14A.07(1), (2) or (3) which is a company includes:

(1) its subsidiary or holding company, or a fellow subsidiary of the holding company;

(2) the trustees, acting in their capacity as trustees of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to its knowledge) a discretionary object (the "trustees"); or

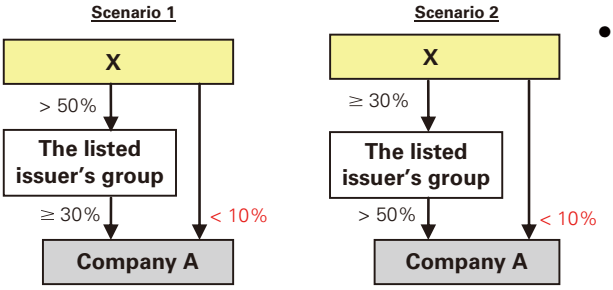
(3) a 30%-controlled company held, directly or indirectly, by the company, the companies referred to in (1) above, and/or the trustees (individually or together), or any of its subsidiaries.

Diagram 6




14A.14 A 30%-controlled company held by a person will not be regarded as his or its associate if the person's and his or its associates' interests in the company, other than those indirectly held through the listed issuer's group, are together less than 10%.

Diagram 7




- Company A is not an associate of X because X's interest in Company A, other than those indirectly held through the listed issuer's group, is less than 10%.

14A.15 For PRC issuers only, a person's associates include any joint venture partner of a cooperative or contractual joint venture (whether or not it is a separate legal entity) where:

(1) the person (being an individual), his immediate family members and/or the trustees; or

(2) the person (being a company), any company which is its subsidiary or holding company or a fellow subsidiary of the holding company, and/or the trustees,

together directly or indirectly hold 30% (or an amount that would trigger a mandatory general offer or establish legal or management control over a business enterprise under the PRC law) or more in the joint venture's capital or assets contributions, or the contractual share of its profits or other income.

Diagram 8

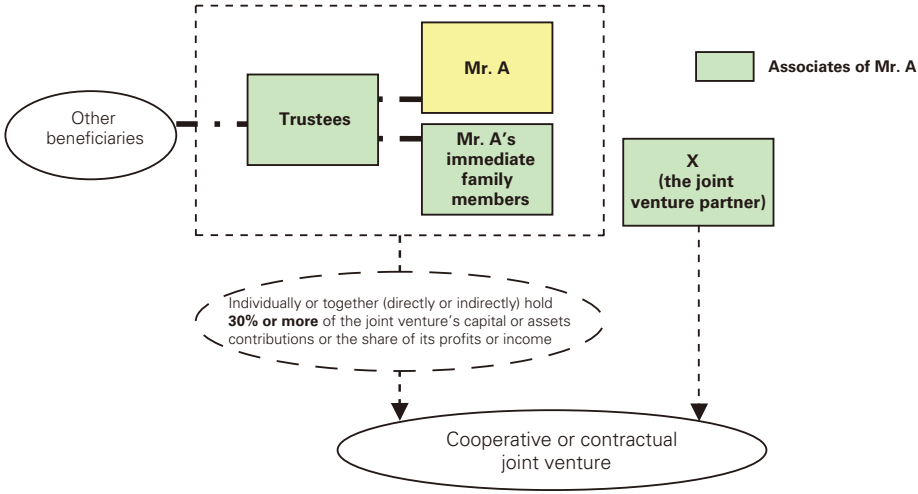
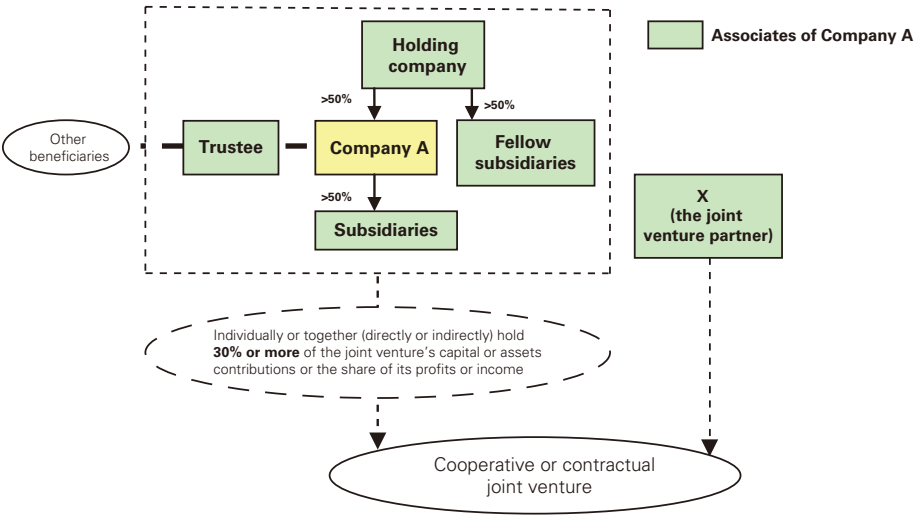


Diagram 9




**Definition of connected subsidiary**

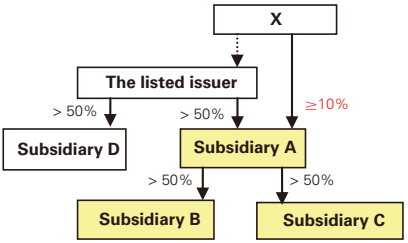
14A.16 A "connected subsidiary" is:

(1) a non wholly-owned subsidiary of the listed issuer where any connected person(s) at the issuer level, individually or together, can exercise or control the exercise of 10% or more of the voting power at the subsidiary's general meeting. This 10% excludes any indirect interest in the subsidiary which is held by the connected person(s) through the listed issuer; or

(2) any subsidiary of a non wholly-owned subsidiary referred to in (1) above.

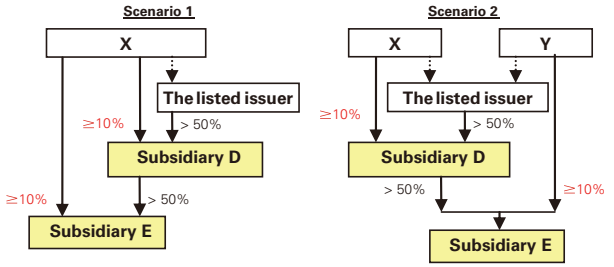
14A.17 If a listed issuer's subsidiaries are connected persons only because they are the subsidiaries of a connected subsidiary, transactions between these subsidiaries will not be treated as connected transactions.

Diagram 10




- X is a connected person at the issuer level, and he or it has a 10% (or more) shareholding in Subsidiary A.
  → Subsidiary A is a connected subsidiary. (See rule 14A.16(1))
- Subsidiaries B and C are subsidiaries of Subsidiary A.
  → Subsidiaries B and C are also connected subsidiaries. (See rule 14A.16(2))
- Transactions between the listed issuer or Subsidiary D with Subsidiary A/B/C are connected transactions.
- Transactions between any of Subsidiaries A, B and C are not connected transactions if Subsidiaries B and C are connected solely because of their relationship with Subsidiary A. (See rule 14A.17)

Diagram 11

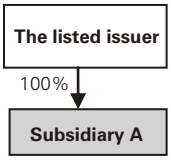



- X and Y are connected persons at the issuer level.
  → Subsidiaries D and E are connected subsidiaries.
- Subsidiary E is a subsidiary of Subsidiary D. However, the exemption in rule 14A.17 does not apply to transactions between them because Subsidiary E is a connected subsidiary not only because of its relationship with Subsidiary D but also its relationship with X or Y.

14A.18 A subsidiary of the listed issuer is not a connected person if:

(1) it is directly or indirectly wholly-owned by the listed issuer; or

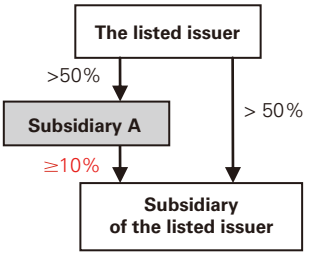
Diagram 12



(2) it falls under the definition of connected person only because it is:

(a) a substantial shareholder of another subsidiary of the listed issuer; or

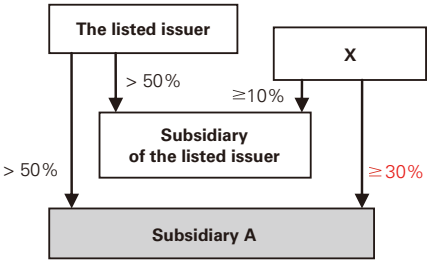
Diagram 13




- Subsidiary A is a substantial shareholder of another subsidiary of the listed issuer. However, this relationship will not make Subsidiary A a connected person of the listed issuer.

(b) an associate of a director (or a person who was in the past 12 months a director), a chief executive, a substantial shareholder or a supervisor of any subsidiary of the listed issuer.

Diagram 14




- X is a substantial shareholder of a subsidiary of the listed issuer.
- X holds 30% (or more) shareholding in Subsidiary A.

→ Subsidiary A is an associate of X. However, this relationship will not make Subsidiary A a connected person of the listed issuer because X is only a connected person at the subsidiary level.

**Deemed connected persons**

14A.19 The Exchange has the power to deem any person to be a connected person.

14A.20 A deemed connected person includes a person:

(1) who has entered, or proposes to enter, into:

(a) a transaction with the listed issuer's group; and

(b) an agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person described in rule 14A.07(1), (2) or (3) with respect to the transaction; and

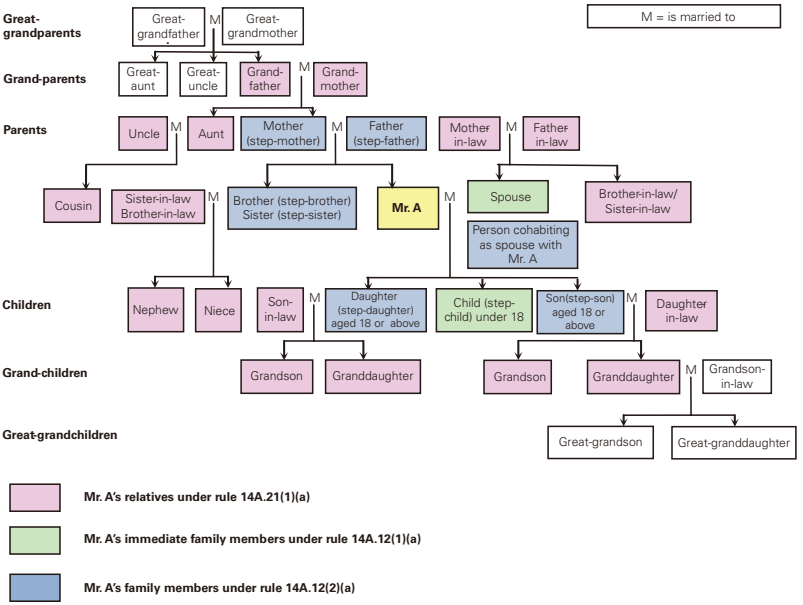
(2) who, in the Exchange's opinion, should be considered as a connected person.

14A.21 A deemed connected person also includes a person:

(1) who is:

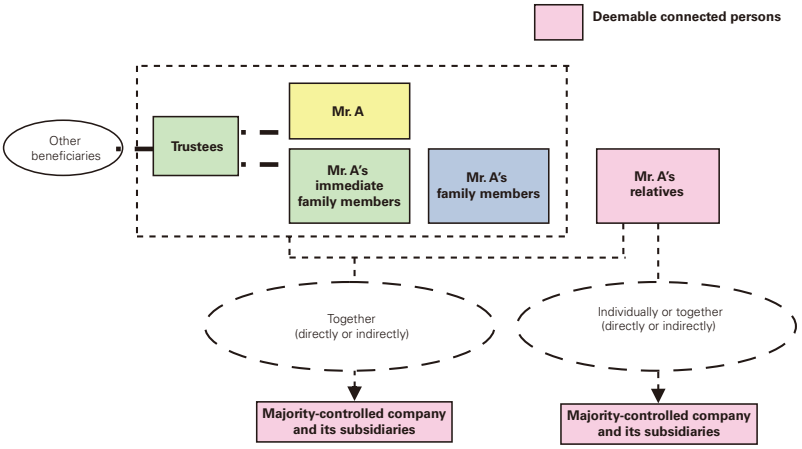
(a) a father in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, grandchild, uncle, aunt, cousin, nephew or niece (each a "relative") of a connected person described in rule 14A.07(1), (2) or (3); or

Diagram 15



(b) a majority-controlled company held, directly or indirectly, by the relatives (individually or together) or held by the relatives together with the connected person as described in rule 14A.07(1), (2) or (3), the trustees, his immediate family members and/or family members, or any subsidiary of that majority-controlled company; and

Diagram 16




(2) whose association with the connected person is such that, in the Exchange's opinion, the proposed transaction should be subject to the connected transaction requirements.

14A.22 The listed issuer must inform the Exchange of any proposed transaction with the person described in rule 14A.20(1) or 14A.21(1) unless it is exempt from all of the connected transaction requirements. It must provide information to the Exchange to demonstrate whether or not the transaction should be subject to connected transaction requirements.

## What are connected transactions

14A.23 Connected transactions are transactions with connected persons, and specified categories of transactions with third parties that may confer benefits on connected persons through their interests in the entities involved in the transactions. They may be one-off transactions or continuing transactions.

14A.24 "Transactions" include both capital and revenue nature transactions, whether or not conducted in the ordinary and usual course of business of the listed issuer's group. This includes the following types of transactions:

(1) any acquisition or disposal of assets by a listed issuer's group including a deemed disposal;

(2) (a) a listed issuer's group granting, accepting, exercising, transferring or terminating an option to acquire or dispose of assets or to subscribe for securities; or

*Note: Terminating an option is not a transaction if it is made under the terms of the original agreement and the listed issuer's group has no discretion over the termination.*

(b) a listed issuer's group deciding not to exercise an option to acquire or dispose of assets or to subscribe for securities;

(3) entering into or terminating finance leases or operating leases or sub-leases;

(4) granting an indemnity or providing or receiving financial assistance. "Financial assistance" includes granting credit, lending money, or providing an indemnity against obligations under a loan, or guaranteeing or providing security for a loan;

(5) entering into an agreement or arrangement to set up a joint venture in any form (e.g. a partnership or a company), or any other form of joint arrangement;

(6) issuing new securities, or selling or transferring treasury shares, of the listed issuer or its subsidiaries, including underwriting or sub-underwriting an issue of securities or a sale or transfer of treasury shares;

(7) providing, receiving or sharing services; or

(8) acquiring or providing raw materials, intermediate products and/or finished goods.

**Transactions with connected persons**

14A.25 Any transaction between a listed issuer's group and a connected person is a connected transaction.

**Transactions with third parties**

*Financial assistance to or from commonly held entities*

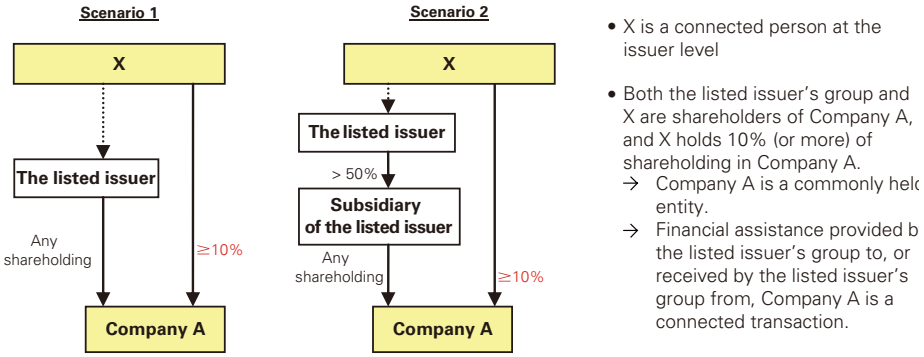
14A.26 Financial assistance provided by a listed issuer's group to, or received by a listed issuer's group from, a commonly held entity is a connected transaction.

14A.27 A "commonly held entity" is a company whose shareholders include:

(1) a member of the listed issuer's group; and

(2) any connected person(s) at the issuer level who, individually or together, can exercise or control the exercise of 10% or more of the voting power at the company's general meeting. This 10% excludes any indirect interest held by the person(s) through the listed issuer.

Diagram 17




*Other transactions with third parties*

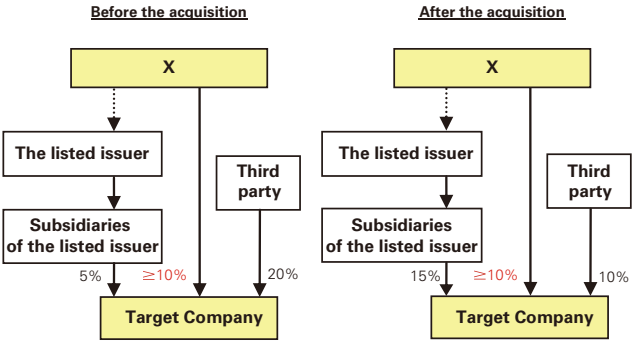
14A.28 A listed issuer's group acquiring an interest in a company (the "target company") from a person who is not a connected person is a connected transaction if the target company's substantial shareholder:

(1) is, or is proposed to be, a controller. A "controller" is a director, chief executive or controlling shareholder of the listed issuer; or

(2) is, or will, as a result of the transaction, become, an associate of a controller or proposed controller.

*Note: Acquiring the target company's assets is also a connected transaction if these assets account for 90% or more of the target company's net assets or total assets.*

Diagram 18

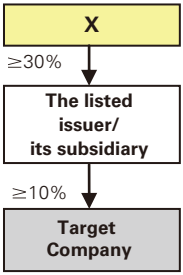



- X is a controller or proposed controller of the listed issuer.
- X is a substantial shareholder of the Target Company.
  → The acquisition of an interest in the Target Company by the listed issuer's group from the third party is a connected transaction.

14A.29 The Exchange may aggregate the interests of the controller and his or its associates in the target company to decide whether they together are the target company's substantial shareholder.

14A.30 Rule 14A.28 does not apply to a listed issuer's proposed acquisition if the controller or his or its associate(s) is or are together the target company's substantial shareholders only because of their indirect shareholdings in the target company held through the listed issuer's group.

Diagram 19




- X is a controller of the listed issuer.
- X only has an indirect interest in the Target Company through the listed issuer's group.
  → The acquisition of an interest in the Target Company by the listed issuer's group from any third party (who is not a connected person) is not a connected transaction.

## Definition of continuing connected transaction

14A.31 Continuing connected transactions are connected transactions involving the provision of goods or services or financial assistance, which are carried out on a continuing or recurring basis and are expected to extend over a period of time. They are usually transactions in the ordinary and usual course of business of the listed issuer's group.

## Requirements for connected transactions

14A.32 This section sets out the requirements for connected transactions.

14A.33 Exemptions or waivers from all or some of the requirements are available for specified categories of connected transactions. See rules 14A.73 to 14A.105.

## Written agreement

14A.34 The listed issuer's group must enter into a written agreement for a connected transaction.

## Announcement

14A.35 The listed issuer must announce the connected transaction as soon as practicable after its terms have been agreed. See rule 14A.68 for the content requirements.

*Note: If the connected transaction is subsequently terminated or there is any material variation of its terms or material delay in the completion, the listed issuer must announce this fact as soon as practicable. The listed issuer must also comply with all other applicable provisions under the Rules.*

## Shareholders' approval

14A.36 The connected transaction must be conditional on shareholders' approval at a general meeting held by the listed issuer. Any shareholder who has a material interest in the transaction must abstain from voting on the resolution.

14A.37 The Exchange may waive the general meeting requirement and accept a written shareholders' approval, subject to the conditions that *(Note 1)*:

(1) no shareholder of the listed issuer is required to abstain from voting if a general meeting is held to approve the transaction; and

(2) the approval is given by a shareholder or a closely allied group of shareholders who (together) hold more than 50% of the voting rights in the general meeting *(Note 2)*.

*Notes:*

1. *References to shareholder(s) in this rule shall mean shareholder(s) other than a holder of treasury shares.*

2. *Voting rights attaching to treasury shares are excluded.*

14A.38 If the listed issuer discloses inside information to any shareholder in confidence to solicit the written approval, it must ensure that the shareholder is aware that he must not deal in the securities before the information has been made available to the public.

14A.39 If the connected transaction requires shareholders' approval, the listed issuer must (1) set up an independent board committee; and (2) appoint an independent financial adviser.

*Independent board committee*

14A.40 The independent board committee must, taking into account the recommendation of an independent financial adviser, advise the listed issuer's shareholders:

(1) whether the terms of the connected transaction are fair and reasonable;

(2) whether the connected transaction is on normal commercial terms or better and in the ordinary and usual course of business of the listed issuer's group;

(3) whether the connected transaction is in the interests of the listed issuer and its shareholders as a whole; and

(4) how to vote on the connected transaction.

14A.41 The independent board committee must consist only of independent non-executive directors who do not have a material interest in the transaction.

14A.42 If all the independent non-executive directors have a material interest in the transaction, an independent board committee will not be formed.

14A.43 If an independent board committee is formed, the circular must include a letter from the independent board committee containing its opinion on the matters in rule 14A.40 and its recommendation.

*Independent financial adviser*

14A.44 The listed issuer must appoint an independent financial adviser acceptable to the Exchange to make recommendations to the independent board committee and shareholders on the matters in rules 14A.45(1) to (4). The independent financial adviser will give its opinion based on the written agreement for the transaction.

14A.45 The circular must include a letter from the independent financial adviser containing its opinion and recommendation. The independent financial adviser's letter must also set out the reasons for its opinion, the key assumptions made, the factors that it has taken into consideration in forming the opinion, and a statement whether:

(1) the terms of the connected transaction are fair and reasonable;

(2) the connected transaction is on normal commercial terms or better and in the ordinary and usual course of business of the listed issuer's group;

(3) the connected transaction is in the interests of the listed issuer and its shareholders as a whole; and

(4) the shareholders should vote in favour of the connected transaction.

## Circular

14A.46 The listed issuer must send a circular to its shareholders:

(1) at the same time or before the listed issuer gives notice of the general meeting if the connected transaction is to be approved by shareholders in a general meeting; or

(2) if no general meeting is to be held, within 15 business days after publication of the announcement. The listed issuer may apply for a waiver from this requirement if it requires additional time to prepare the circular.

*Note: See rules 14A.69 and 14A.70 for the content requirements.*

14A.47 If the listed issuer expects a delay in distribution of the circular by the date previously announced (see rule 14A.68(11)), it must announce this fact, the reason for the delay and the new expected date of distribution of the circular as soon as practicable and in any event before the original despatch date.

*Supplementary circular or announcement*

14A.48 If the listed issuer is aware of any material information relating to the connected transaction after it has issued the circular, it must publish this information in a supplementary circular or announcement at least 10 business days before the date of the general meeting to consider the transaction. The meeting must be adjourned by the chairman or, if that is not permitted by the listed issuer's constitutional documents, by resolution to that effect if it is necessary for the compliance with the 10 business day requirement. (See rule 13.73 for the factors that the listed issuer should consider when deciding whether to issue a supplementary circular or announcement.)

## Annual reporting

14A.49 The listed issuer must disclose its connected transactions conducted during the financial year in its annual report. See rules 14A.71 and 14A.72 for the content requirements.

## Requirements for continuing connected transactions

14A.50 The following additional requirements apply to a continuing connected transaction.

*Terms of an agreement*

14A.51 A written agreement for a continuing connected transaction must contain the basis for calculating the payments to be made. Examples include sharing of costs incurred by the parties, unit prices for goods or services provided, annual rental for leasing a property, or management fees based on a percentage of the total construction cost.

14A.52 The period for the agreement must be fixed and reflect normal commercial terms or better. It must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. In this case, the listed issuer must appoint an independent financial adviser to explain why the agreement requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

*Annual cap*

14A.53 The listed issuer must set an annual cap (the "cap") for the continuing connected transaction. The cap must be:

(1) expressed in monetary terms;

(2) determined by reference to previous transactions and figures in the published information of the listed issuer's group. If there were no previous transactions, the cap must be set based on reasonable assumptions; and

(3) approved by shareholders if the transaction requires shareholders' approval.

*Changes to cap or terms of agreement*

14A.54 The listed issuer must re-comply with the announcement and shareholders' approval requirements before:

(1) the cap is exceeded; or

(2) it proposes to renew the agreement or to effect a material change to its terms.

*Note: The revised or new cap(s) will be used to calculate the percentage ratios for classifying the continuing connected transaction.*

*Annual review by independent non-executive directors and auditors*

14A.55 The listed issuer's independent non-executive directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:

(1) in the ordinary and usual course of business of the listed issuer's group;

(2) on normal commercial terms or better; and

(3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the listed issuer's shareholders as a whole.

14A.56 The listed issuer must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the listed issuer's board of directors confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:

(1) have not been approved by the listed issuer's board of directors;

(2) were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group;

(3) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(4) have exceeded the cap.

14A.57 [Repealed 31 December 2023]

14A.58 The listed issuer must allow, and ensure that the counterparties to the continuing connected transactions allow, the auditors sufficient access to their records for the purpose of reporting on the transactions.

14A.59 The listed issuer must promptly notify the Exchange and publish an announcement if the independent non-executive directors and/or the auditors cannot confirm the matters as required. The Exchange may require the listed issuer to re-comply with the announcement and shareholders' approval requirements and may impose additional conditions.

*When a continuing transaction subsequently becomes connected*

14A.60 If the listed issuer's group has entered into an agreement for a fixed period with fixed terms for:

(1) a continuing transaction, and the transaction subsequently becomes a continuing connected transaction, or

*Note: This includes a continuing transaction between the listed issuer's group and a connected person exempt under the "insignificant subsidiary exemption" (see rule 14A.09), and the connected person subsequently cannot meet the conditions for the exemption.*

(2) a continuing connected transaction exempt under the "passive investor exemption" (see rules 14A.99 and 14A.100), and the transaction subsequently cannot meet the conditions for the exemption,

the listed issuer must:

(a) as soon as practicable after becoming aware of this fact, comply with the annual review and disclosure requirements including publishing an announcement and annual reporting if the listed issuer's group continues to conduct the transaction under the agreement; and

(b) when the agreement is renewed or its terms are varied, comply with all connected transaction requirements.

## Other requirements relating to connected transactions

*Options*

14A.61 If the listed issuer's group grants an option to a connected person and the listed issuer's group does not have discretion to exercise the option, the transaction is classified as if the option has been exercised (see rule 14A.79(1)). In addition, the listed issuer must announce the following subsequent events as soon as practicable:

(1) any exercise or transfer of the option by the option holder; and/or

(2) (if the option is not, or is not to be, exercised in full), the option holder notifying the listed issuer's group that it will not exercise the option, or the expiry of the option, whichever is earlier.

*Guaranteed profits or net assets*

14A.62 The following apply if the listed issuer's group acquires a company or business from a connected person, and the connected person guarantees the profits or net assets or other matters regarding the financial performance of the company or business.

14A.63 (1) The listed issuer must disclose by way of an announcement any subsequent change to the terms of the guarantee and the reason therefor, and whether the issuer's independent non-executive directors consider that such change is fair and reasonable and in the interests of the shareholders as a whole.

(2) If the actual performance fails to meet the guarantee (or where applicable, the guarantee as amended), the listed issuer must disclose the following by way of an announcement:

(a) the shortfall, and any adjustment in the consideration for the transaction or other consequence under the guarantee;

(b) whether the connected person has fulfilled its obligations under the guarantee;

(c) whether the listed issuer's group has exercised any option to sell the company or business back to the connected person or other rights it held under the terms of the guarantee, and the reasons for its decision; and

(d) the independent non-executive directors' opinion on:

(i) whether the connected person has fulfilled its obligations; and

(ii) whether the decision of the listed issuer's group to exercise or not to exercise any options or rights set out in rule 14A.63(2)(c) is fair and reasonable and in the interests of the shareholders as a whole.

(3) The listed issuer must disclose whether the actual performance of the company or business acquired meets the guarantee in its next annual report.

*When a proposed transaction becomes connected*

14A.64 If a connected transaction is also a notifiable transaction, the listed issuer must also comply with the requirements in Chapter 14.

14A.65 If a listed issuer has entered into an agreement for a proposed transaction which is conditional on shareholders' approval in general meeting and the proposed transaction becomes a connected transaction before the shareholders' approval, the listed issuer must comply with the connected transaction requirements. Where a notice of meeting to approve the proposed transaction has been sent to shareholders, the listed issuer must issue a further announcement and a supplementary circular (see rule 14A.48) to disclose that the transaction has become a connected transaction and the parties that are required to abstain from voting. The circular must also contain information required for a connected transaction circular.

*Checklists*

14A.66 The listed issuer must complete and submit any checklists for connected transactions prescribed by the Exchange from time to time.

## Content requirements

14A.67 This section sets out the information that a listed issuer must disclose in its announcements, circulars and annual reports.

### Announcements

14A.68 An announcement of a connected transaction must contain at least:

(1) the information set out in rules 14.58 to 14.60 (contents of announcements for notifiable transactions);

(1A) the identities and a description of the principal business activities of the parties to the transaction and of their ultimate beneficial owner(s);

(2) the connected relationship between the parties to the transaction, and the connected person's interests in the transaction;

(3) the independent non-executive directors' views on the matters set out in rules 14A.40(1) to (3) if no shareholders' approval is required;

(4) if the transaction is a continuing connected transaction, the basis for calculating the payments to be made (see rule 14A.51) and the amount of its cap. If a circular is not required, the listed issuer must also disclose how it determines and calculates the cap, including the assumptions and the amounts of previous transactions which form the basis of the cap;

(5) if the transaction involves the listed issuer's group acquiring assets from a connected person, the original acquisition cost of the assets to the connected person;

(6) if the transaction involves the listed issuer's group disposing of assets which it has held for 12 months or less, the original acquisition cost of the assets to the listed issuer's group;

(7) if the announcement contains a profit forecast of the listed issuer's group or a company which is, or will become, the listed issuer's subsidiary, the information set out in rule 14.60A;

(8) if no circular is required, a statement whether any directors of the listed issuer have a material interest in the transaction and, if so, whether they have abstained from voting on the board resolution;

(9) a statement that the transaction is subject to shareholders' approval, if applicable;

(10) if the transaction is, or will be, approved by way of shareholders' written approval, details of the shareholders giving the approval (including their names and shareholdings in the listed issuer) and the relationship between the shareholders; and

(11) if a circular is required, the expected date of distribution of the circular, and, if this is more than 15 business days after the publication of the announcement, the reasons why this is so.

**Circulars**

14A.69 A circular for a connected transaction must:

(1) provide a clear and adequate explanation of its subject matter and demonstrate the advantages and disadvantages of the transaction for the listed issuer's group;

(2) where practicable, include a numerical evaluation;

(3) contain all information necessary to allow the listed issuer's shareholders to make a properly informed decision; and

(4) contain a heading drawing attention to the importance of the document and advising shareholders who are in any doubt to consult appropriate independent advisers on the appropriate course of action.

14A.70 The circular must contain at least:

(1) the Exchange's disclaimer statement (see rule 14.88) on its front cover or inside front cover;

(2) the information required to be disclosed in the announcement for the transaction;

(3) the identities and a description of the principal business activities of the parties to the transaction and of their ultimate beneficial owner(s);

(4) the name of the connected person concerned, his or its relationship with any controller and the name and office held by that controller;

(5) if the transaction is a continuing connected transaction, how the listed issuer determines and calculates the cap, including the assumptions and the amounts of previous transactions which form the basis of the cap;

(6) a letter from each of the independent financial adviser and, if applicable, the independent board committee containing its opinion and recommendation on the transaction (see rules 14A.43 and 14A.45);

(7) if the transaction involves the acquisition or disposal of any property interests or a company whose assets consist solely or mainly of property, a valuation and information on the property if required under rule 5.03;

(8) if the primary significance of the asset (other than property interests) being acquired or disposed of is its capital value, an independent valuation of the asset;

(9) if the transaction involves an acquisition or disposal of a company or business engaging in an infrastructure project, a business valuation report on that company or business and/or traffic study report on the project. The report(s) must clearly set out:

(a) all significant underlying assumptions including the discount rate or growth rate used; and

(b) a sensitivity analysis based on different discount rates and growth rates.

If the business valuation is based on a profit forecast, the accounting policies and calculations for the underlying forecasts must be examined and reported on by the auditors or reporting accountants. Any financial adviser mentioned in the circular must also report on the underlying forecasts.

(10) if the transaction involves the listed issuer's group acquiring a company or business from a connected person, details of:

(a) any guarantee of the profits or net tangible assets or other matters regarding the financial performance of the company or business provided by the connected person, and a statement by the listed issuer that it will comply with the disclosure requirements (see rule 14A.63) if the actual performance fails to meet the guarantee; and

(b) any option granted to the listed issuer's group to sell the company or business back to the connected person and/or other rights given to the listed issuer's group;

(11) a statement whether any directors of the listed issuer have a material interest in the transaction and, if so, whether they have abstained from voting on the board resolution;

(12) a statement that any shareholder with a material interest in the transaction will not vote and the information required in rule 2.17;

(13) the information set out in the following paragraphs of Appendix D1B:

1 — listed issuer's name
2 — directors' responsibility
5 — expert statements
10 — securities to be issued (if applicable)
29(2) — requirements if there is a profit forecast
32 — no material adverse change
39 — directors' service contracts
40 — directors' interests in assets
43(2)(c) — documents on display;

(14) information regarding directors' and chief executive's interests in the listed issuer described in paragraphs 34 and 38 of Appendix D1B, and Practice Note 5;

(15) information regarding the competing interests of each of the directors and any proposed director of the listed issuer 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) any additional information requested by the Exchange.

## Annual reports

14A.71 The listed issuer's annual report must contain the following information on the connected transactions conducted in that financial year (including continuing connected transactions under agreements signed in previous years):

(1) the transaction date;

(2) the parties to the transaction and a description of their connected relationship;

(3) a brief description of the transaction and its purpose;

(4) the total consideration and terms;

(5) the nature of the connected person's interest in the transaction; and

(6) for continuing connected transactions,

(a) a confirmation from the listed issuer's independent non-executive directors on the matters set out in rule 14A.55; and

(b) a statement from the listed issuer's board of directors whether the auditors have confirmed the matters set out in rule 14A.56.

14A.72 When the listed issuer discloses in its annual report information of any related party transaction under the accounting standards for preparing its financial statements, it must specify whether the transaction is a connected transaction under this Chapter and whether it has complied with the requirements in this Chapter.

## Exemptions

14A.73 Exemptions from the connected transaction requirements are available for the following types of transactions:

(1) de minimis transactions (rule 14A.76);

(2) financial assistance (rules 14A.87 to 14A.91);

(3) issues of new securities, or sales or transfers of treasury shares by the listed issuer or its subsidiary (rules 14A.92 and 14A.92B);

(4) dealings in securities on stock exchanges (rule 14A.93);

(5) repurchases of securities by the listed issuer or its subsidiary (rule 14A.94);

(6) directors' service contracts and insurance (rules 14A.95 and 14A.96);

(7) buying or selling of consumer goods or services (rule 14A.97);

(8) sharing of administrative services (rule 14A.98);

(9) transactions with associates of passive investors (rules 14A.99 and 14A.100); and

(10) transactions with connected persons at the subsidiary level (rule 14A.101).

14A.74 The exemptions are broadly divided into two categories: (1) fully exempt from shareholders' approval, annual review and all disclosure requirements; and (2) exempt from shareholders' approval requirement.

14A.75 The Exchange has the power to specify that an exemption will not apply to a particular transaction.

## De minimis transactions

14A.76 This exemption applies to a connected transaction (other than an issue of new securities, or a sale or transfer of treasury shares by the listed issuer) conducted on normal commercial terms or better as follows:

(1) The transaction is fully exempt if all the percentage ratios (other than the profits ratio) are:

(a) less than 0.1%;

(b) less than 1% and the transaction is a connected transaction only because it involves connected person(s) at the subsidiary level; or

(c) less than 5% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is less than HK$3,000,000.

(2) The transaction is exempt from the circular (including independent financial advice) and shareholders' approval requirements if all the percentage ratios (other than the profits ratio) are:

(a) less than 5%; or

(b) less than 25% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is less than HK$10,000,000.

*Percentage ratio calculations*

14A.77 The methods of percentage ratio calculations set out in Chapter 14 (notifiable transactions) also apply to connected transactions in this Chapter subject to the modifications described in rules 14A.78 to 14A.79.

14A.78 For continuing connected transactions, the listed issuer must calculate the assets ratio, revenue ratio and consideration ratio using the cap as the numerator. If the agreement for the transaction covers over one year, the transaction will be classified based on the largest cap during the term of the agreement.

14A.79 The following applies when calculating percentage ratios for connected transactions involving options:

(1) if the listed issuer's group grants an option to a connected person and the listed issuer's group does not have discretion to exercise the option, it is classified as if the option has been exercised. The percentage ratios are calculated based on the consideration for the transaction (which includes the premium and the exercise price of the option), the value of the underlying assets, and the revenue attributable to the assets (See rule 14A.61 for the disclosure requirement when the option holder exercises or transfers the option, or when the option expires);

(2) if the listed issuer's group acquires or accepts an option granted by a connected person where the listed issuer's group has discretion to exercise the option, it is classified based on the amount of the premium payable by the listed issuer's group. However, if the premium represents 10% or more of the sum of the premium and the exercise price, the transaction will be classified as if the option has been exercised (see rule 14A.79(1));

(3) if the listed issuer's group exercises an option granted by a connected person, it is classified based on the exercise price, the value of the underlying assets, and the revenue attributable to the assets. If the option is exercised in stages, the Exchange may require aggregation of the transactions;

(4) if the listed issuer's group transfers an option granted by a connected person to a third party, terminates the option or decides not to exercise the option:

(a) the listed issuer must classify the transaction as if the option has been exercised. The percentage ratios are calculated based on the exercise price, the value of the underlying assets, and the revenue attributable to the assets, and (if applicable) the consideration for transferring the option, or the amount receivable or payable by the listed issuer's group for terminating the option; or

(b) the Exchange may allow the listed issuer to disregard the percentage ratios calculated under paragraph (a) above and to classify the transaction using the asset and consideration ratios calculated based on the higher of:

(i) (for a put option held by the listed issuer's group) the exercise price over the value of the assets subject to the option, or (for a call option held by the listed issuer's group) the value of the assets subject to the option over the exercise price; and

(ii) the consideration or amount payable or receivable by the listed issuer's group.

These alternative tests would be allowed only if the assets' valuation is provided by an independent expert using generally acceptable methodologies, and the listed issuer's independent non-executive directors and an independent financial adviser have confirmed that the transfer, termination or non-exercise of the option is fair and reasonable and in the interests of the listed issuer and its shareholders as a whole. The listed issuer must announce the transfer, termination or non-exercise of the option with the views of the independent non-executive directors and the independent financial adviser; and

(5) if the actual monetary value of the premium, the exercise price, the value of the underlying assets and the revenue attributable to the assets have not been determined when the listed issuer's group grants or acquires or accepts the option:

(a) the listed issuer must demonstrate the highest possible monetary value for calculating the percentage ratios and classifying the transaction. If the listed issuer is unable to do so, it may be required to comply with all the connected transaction requirements for the transaction; and

(b) the listed issuer must inform the Exchange when the actual monetary value has been determined. If the transaction falls under a higher classification based on the actual monetary value, the listed issuer must as soon as reasonably practicable announce this fact and comply with the requirements applicable to the higher classification.

*Note: The requirements in this rule are the same as the requirements applicable to options under Chapter 14 (notifiable transactions), except that*

*1. Under Chapter 14, the listed issuer may, at the time of the listed issuer's group acquiring or accepting an option granted by a third party, seek shareholders' approval for its exercise of the option in the future. This is not allowed under this Chapter.*

*2. Under Chapter 14, transfer or termination of an option by the listed issuer's group is a transaction which is classified based on the consideration for transferring the option or the amount receivable or payable by the listed issuer's group for terminating the option. Under this Chapter, the transfer or termination is classified as if the option is exercised or based on the alternative tests set out in rule 14A.79(4)(b).*

*3. Under Chapter 14, non-exercise of an option is not a transaction. Under this Chapter, the non-exercise is classified as if the option is exercised or based on the alternative tests set out in rule 14A.79(4)(b).*

*Exception to percentage ratio calculations*

14A.80 If any calculation of the percentage ratio produces an anomalous result or is inappropriate to the sphere of activity of the listed issuer, the listed issuer may apply to the Exchange to disregard the calculation and/or apply other relevant indicators of size, including industry specific tests. The listed issuer must seek prior consent of the Exchange if it wishes to apply this rule and must provide alternative test(s) which it considers appropriate to the Exchange for consideration. The Exchange may also require the listed issuer to apply other size test(s) that the Exchange considers appropriate.

*Aggregation of transactions*

14A.81 The Exchange will aggregate a series of connected transactions and treat them as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. The listed issuer must comply with the applicable connected transaction requirements based on the classification of the connected transactions when aggregated. The aggregation period will cover 24 months if the connected transactions are a series of acquisitions of assets being aggregated which may constitute a reverse takeover.

14A.82 Factors that the Exchange will consider for aggregation of a series of connected transactions include whether:

(1) they are entered into by the listed issuer's group with the same party, or parties who are connected with one another;

(2) they involve the acquisition or disposal of parts of one asset, or securities or interests in a company or group of companies; or

(3) they together lead to substantial involvement by the listed issuer's group in a new business activity.

14A.83 The Exchange may aggregate all continuing connected transactions with a connected person.

14A.84 A listed issuer must consult the Exchange before the listed issuer's group enters into any connected transaction if:

(1) the transaction and any other connected transactions entered into or completed by the listed issuer's group in the last 12 months fall under any of the circumstances described in rule 14A.82; or

(2) the transaction and any other transactions entered into by the listed issuer's group involve the acquisition of assets from a person or group of persons or any of their associates within 24 months after the person(s) gain control (as defined in the Takeovers Code) of the listed issuer.

14A.85 The listed issuer must provide information to the Exchange on whether it should aggregate the transactions.

14A.86 The Exchange may aggregate a listed issuer's connected transactions even if the listed issuer has not consulted the Exchange.

## Financial assistance

*Financial assistance provided by the listed issuer's group*

14A.87 For any financial assistance provided by a banking company in its ordinary and usual course of business to a connected person or commonly held entity:

(1) the transaction is fully exempt if it is conducted on normal commercial terms or better;

(2) the transaction is fully exempt if it is not conducted on normal commercial terms or better but all the percentage ratios (other than the profits ratio) are:

(a) less than 0.1%;

(b) less than 1% and the transaction is a connected transaction only because it involves connected person(s) at the subsidiary level; or

(c) less than 5% and the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity is less than HK$3,000,000; or

(3) the transaction is exempt from the circular, independent financial advice and shareholders' approval requirements if it is not conducted on normal commercial terms or better but all the percentage ratios (other than the profits ratio) are:

(a) less than 5%; or

(b) less than 25% and the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity is less than HK$10,000,000.

14A.88 A "banking company" is a listed issuer or its subsidiary which is a bank, a restricted licence bank or a deposit taking company as defined in the Banking Ordinance, or a bank constituted under appropriate overseas legislation or authority.

14A.89 Financial assistance provided by a listed issuer's group to a connected person or commonly held entity is fully exempt if it is conducted:

(1) on normal commercial terms or better; and

(2) in proportion to the equity interest directly held by the listed issuer or its subsidiary in the connected person or the commonly held entity. Any guarantee given by the listed issuer's group must be on a several (and not a joint and several) basis.

*Financial assistance received by the listed issuer's group*

14A.90 Financial assistance received by a listed issuer's group from a connected person or commonly held entity is fully exempt if:

(1) it is conducted on normal commercial terms or better; and

(2) it is not secured by the assets of the listed issuer's group.

*The listed issuer's group providing an indemnity for a director*

14A.91 Providing an indemnity for a director of the listed issuer or its subsidiaries is fully exempt if:

(1) the indemnity is for liabilities that may be incurred in the course of the director performing his duties; and

(2) the indemnity is in a form permitted under the laws of Hong Kong and where the company providing the indemnity is incorporated outside Hong Kong, the laws of the company's place of incorporation.

**Issues of new securities, or sales or transfers of treasury shares by the listed issuer or its subsidiary**

14A.92 An issue of new securities by a listed issuer or its subsidiary to a connected person is fully exempt if:

(1) the connected person receives a pro rata entitlement to the issue as a shareholder;

(2) the connected person subscribes for the securities in a rights issue or open offer:

(a) through excess application (see rule 7.21(1) or 7.26A(1)); or

(b) [Repealed 3 July 2018]

(3) the securities are issued to the connected person under:

(a) a share scheme that complies with Chapter 17; or

(b) a share scheme adopted by the listed issuer before its securities first start dealing on the Exchange, and where the Exchange has approved the listing of the securities to be issued under the scheme; or

(4) the securities are issued under a "top-up placing and subscription" that meets the following conditions:

(a) the new securities are issued to the connected person:

(i) after it has reduced its holding in the same class of securities by placing them to third parties who are not its associates under a placing agreement; and

(ii) within 14 days from the date of the placing agreement;

(b) the number of new securities issued to the connected person does not exceed the number of securities placed by it; and

(c) the new securities are issued at a price not less than the placing price. The placing price may be adjusted for the expenses of the placing.

*Note: An issue of new securities by a subsidiary of the listed issuer may be exempt as a de minimis transaction.*

14A.92A References in rule 14A.92 to an issue, offer, placing or subscription of securities shall include a sale or transfer of treasury shares.

14A.92B A sale of treasury shares by a listed issuer to a connected person is fully exempt if it is made on the Exchange or any other stock exchange on which the issuer is listed, except where the connected person knowingly purchases the treasury shares from the listed issuer.

### Dealings in securities on stock exchanges

14A.93 Dealing in securities of a target company (i.e. a connected transaction described in rule 14A.28) by the listed issuer's group is fully exempt if it meets the following conditions:

(1) the dealing in the securities is conducted as part of the ordinary and usual course of business of the listed issuer's group;

(2) the securities are listed on the Exchange or a recognised stock exchange;

(3) the dealing is carried out on the Exchange or a recognised stock exchange, or if not, no consideration passes to or from a connected person; and

(4) the transaction is not made for the purpose of conferring a direct or indirect benefit upon any connected person who is a substantial shareholder of the target company.

### 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 Buy-backs.

### Directors' service contracts and insurance

14A.95 A director entering into a service contract with the listed issuer or its subsidiary is fully exempt.

14A.96 Purchase and maintenance of insurance for a director of the listed issuer or its subsidiaries against liabilities to third parties that may be incurred in the course of performing his duties are fully exempt if it is in the form permitted under the laws of Hong Kong and where the company purchasing the insurance is incorporated outside Hong Kong, the laws of the company's place of incorporation.

### Buying or selling of consumer goods or services

14A.97 A listed issuer's group buying consumer goods or services as a customer from, or selling consumer goods or services to, a connected person on normal commercial terms or better in its ordinary and usual course of business is fully exempt if it meets the following conditions:

(1) the goods or services must be of a type ordinarily supplied for private use or consumption;

(2) they must be for the buyer's own consumption or use, and not be:

(a) processed into the buyer's products, or for resale; or

(b) used by the buyer for any of its businesses or contemplated businesses. This condition does not apply if the listed issuer's group is the buyer and there is an open market and transparency in the pricing of the goods or services;

(3) they must be consumed or used by the buyer in the same state as when they were bought; and

(4) the transaction must be made on no more favourable terms to the connected person, or no less favourable terms to the listed issuer's group, than those available from independent third parties.

*Note: Examples of consumer goods and services are:*

*(1) Meals consumed by a director at a restaurant owned by the listed issuer's group.*

*(2) A director buying groceries for his own use at a retail store operated by the listed issuer's group.*

*(3) Utilities provided by the listed issuer's group to a director's apartment.*

*(4) Utilities provided by a connected person to the listed issuer's group where the prices are published or publicly quoted and apply to other independent consumers.*

### Sharing of administrative services

14A.98 Administrative services shared between the listed issuer's group and a connected person on a cost basis are fully exempt, provided that the costs are identifiable and are allocated to the parties involved on a fair and equitable basis.

*Note: Examples of shared administrative services are shared secretarial, legal and staff training services.*

### Transactions with associates of passive investors

14A.99 A connected transaction conducted between the listed issuer's group and an associate of a passive investor is fully exempt if it meets the following conditions:

(1) the passive investor is a connected person only because it is a substantial shareholder of the listed issuer and/or any of its subsidiaries;

(2) the passive investor

(a) is not a controlling shareholder of the listed issuer or its subsidiaries;

(b) does not have any representative on the board of directors of the listed issuer or its subsidiaries, and is not involved in the management of the listed issuer's group (including having any influence over the management of the listed issuer's group through negative control (e.g. its veto rights) on material matters of the listed issuer's group);

(c) is independent of the directors, chief executive, controlling shareholder(s) and any other substantial shareholder(s) of the listed issuer or its subsidiaries; and

(3) the transaction is of a revenue nature in the ordinary and usual course of business of the listed issuer's group, and conducted on normal commercial terms or better.

14A.100 A "passive investor" is a substantial shareholder of the listed issuer and/or any of its subsidiaries that:

(1) is a sovereign fund, or a unit trust or mutual fund authorised by the Securities and Futures Commission or an appropriate overseas authority; and

(2) has a wide spread of investments other than the securities of the listed issuer's group and the associate that enters into the transaction with the listed issuer's group.

### Transactions with connected persons at the subsidiary level

14A.101 A connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if:

(1) the listed issuer's board of directors have approved the transactions; and

(2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

*Note: In the case of formation of a joint venture by a qualified issuer and a qualified connected person to make a qualified property acquisition, the qualified issuer must announce the transaction as soon as practicable after receiving notification of the success of the bid by the joint venture. If any details of the acquisitions or the joint venture required to be disclosed are not available when the qualified issuer publishes the initial announcement, it must publish subsequent announcement(s) to disclose the details as soon as practicable after they have been agreed or finalized.*

## WAIVERS

14A.102 The Exchange may waive any requirements under this Chapter in individual cases, subject to any conditions that it may impose.

### Transactions relating to non-executive directors

14A.103 The Exchange may waive all or some of the connected transaction requirements for a connected transaction with a non-executive director of the listed issuer or its subsidiaries if:

(1) the transaction is connected only because of the interest of a non-executive director; and

(2) the director does not control the listed issuer's group, and his principal business interest is not the listed issuer's group.

Where a waiver is granted from the shareholders' approval requirement under this rule, the Exchange may require the listed issuer's auditor or an acceptable financial adviser to give the opinion that the transaction is fair and reasonable to the shareholders as a whole.

**Provision of guarantees to connected subsidiaries or commonly held entities for public sector contracts awarded by tender**

14A.104 The Exchange may waive all or some of the connected transaction requirements for a joint and several guarantee or indemnity provided by the listed issuer's group to a third party creditor for the obligations of a connected subsidiary or a commonly held entity if:

(1) the guarantee or indemnity is required for a government or public sector contract awarded by tender;

(2) each of the other shareholders of the connected subsidiary or commonly held entity has given a similar joint and several guarantee or indemnity to the third party creditor; and

(3) each of the other shareholders of the connected subsidiary or commonly held entity has agreed to indemnify the listed issuer's group for the liability guaranteed, or indemnified at least in proportion to its equity interest in the subsidiary or entity. The listed issuer must demonstrate that such shareholder indemnity is sufficient.

**Continuing connected transactions of new applicants**

14A.105 The Exchange may waive the announcement, circular and shareholders' approval requirements for continuing connected transactions entered into by a new applicant or its subsidiaries. The new applicant must disclose in the listing document its sponsor's opinion on whether the transactions are in the ordinary and usual course of business of the listed issuer's group, on normal commercial terms or better, are fair and reasonable and in the interests of the shareholders as a whole.

# Chapter 15

## EQUITY SECURITIES

### OPTIONS, WARRANTS AND SIMILAR RIGHTS

15.01 This section applies both to options, warrants and similar rights to subscribe or purchase equity securities of an issuer which are issued or granted on their own by that issuer or any of its subsidiaries ("warrants") and to warrants which are attached to other securities but does not apply to any options which are granted under an employee or executive share scheme which complies with Chapter 17. Warrants which are attached to other securities but which are non-detachable are convertible securities and are also subject to the provisions of Chapters 16 (convertible equity securities) or 28 (convertible debt securities), as appropriate.

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 for equity securities (including treasury shares), 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 (including treasury shares) if the following requirements are complied with:—

(1) the securities to be issued or transferred out of treasury by the issuer on exercise of the warrants must not, when aggregated with all other equity securities which remain to be issued or transferred out of treasury by the issuer 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 (excluding treasury shares) 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;

(2) such warrants must expire not less than one and not more than five years from the date of issue or grant and must not be convertible into further rights to subscribe for securities which expire less than one year or more than five years after the date of issue or grant of the original warrants; and

(3) for the issue of new warrants to existing warrant holders, the circular must also contain a statement by the directors that the issuer has received a legal opinion from a lawyer of the relevant jurisdiction that the warrant proposal complies with the relevant provisions of the issuer's constitutive documents and the terms of the existing warrant instrument.

15.03 The circular or notice to be sent to shareholders convening the requisite meeting under rule 15.02 must include at least the following information:—

(1) the maximum number of securities which could be issued or transferred out of treasury on exercise of the warrants;

(2) the period during which the warrants may be exercised and the date when this right commences;

(3) the amount payable on the exercise of the warrants;

(4) the arrangements for transfer or transmission of the warrants;

(5) the rights of the holders on the liquidation of the issuer;

(6) the arrangements for the variation in the subscription or purchase price or number of securities to take account of alterations to the share capital of the issuer;

(7) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer; and

(8) a summary of any other material terms of the warrants.

15.04 Where application is made for the listing of warrants, the Exchange will normally apply the same requirements as would apply to the underlying securities to be subscribed or purchased. However, where such an application is contemplated, the Exchange should be consulted at the earliest opportunity as to the requirements which will apply.

15.05 Warrants may be listed only if the underlying securities to be subscribed or purchased are (or will become at the same time):—

(1) a class of listed equity securities; or

(2) a class of equity securities listed or dealt in on another regulated, regularly operating, open stock market recognised by the Exchange.

However, the Exchange may list warrants in other circumstances if it is satisfied that holders have the necessary information available to form an opinion concerning the value of the underlying securities to which such warrants relate.

15.06 Any alterations in the terms of warrants after issue or grant must be approved by the Exchange, except where the alterations take effect automatically under the terms of such warrants. In particular the Exchange should be consulted at the earliest opportunity where the issuer proposes to alter the exercise period or the exercise price.

# Chapter 15A

## STRUCTURED PRODUCTS

### Preliminary

15A.01 This Chapter sets out the requirements for the listing of structured products on the Exchange. These products may be listed by the methods, where applicable, set out in Chapter 7. Issuers of structured products are required to provide liquidity for those products. As a consequence, at the time of listing there is no requirement for there to be an adequate spread of holders of the structured product.

15A.02 The provisions of this Chapter are not exhaustive. Compliance with the relevant conditions may not of itself ensure the suitability of an issuer, a guarantor (if any), the securities or assets underlying a structured product or of a structured product issue and the Exchange retains an absolute discretion to accept or reject applications for listing. The Exchange may, whenever it considers it appropriate, impose additional requirements, make listing subject to special conditions, allow waivers from or modifications to the requirements of this Chapter or require an issuer to withdraw the listing of structured products that are held entirely by the issuer or members of its group (including any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated company of any of them).

15A.03 Prospective issuers should consult the Exchange at the earliest opportunity to seek confidential guidance as to their suitability and the suitability of a guarantor (if any). Approved issuers should consult the Exchange at the earliest opportunity as to the suitability for listing of a proposed structured product.

15A.04 The Listing Committee has delegated to the Executive Director – Listing the power to approve an application for listing of an issue (including Further Issue (as defined in rule 15A.52)) of structured products where the issuer (and, in the case of guaranteed issues, the guarantor) has been approved by the Listing Committee. The Executive Director – Listing may delegate this power within the Listing Division.

15A.05 [Repealed 1 July 2026]

15A.06 [Repealed 1 July 2026]

15A.07 [Repealed 1 July 2026]

15A.08 [Repealed 1 July 2026]

**Issuers**

15A.09 An issuer must be duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established and must be in conformity with those laws and its memorandum and articles of association or equivalent documents.

15A.10 An issuer (except in the case of a guaranteed issue under rule 15A.14(1)) must not be a private company within the meaning of section 11 of the Companies Ordinance or equivalent legislation of the jurisdiction in which it is incorporated or established.

15A.11 An issuer must be suitable to handle or capable of issuing and managing a structured product issue and listing. In assessing the suitability or capability of an issuer the Exchange will have regard to, inter alia, the issuer's and where appropriate, its group (meaning any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them) members' previous experience in issuing and managing the issue of other similar instruments and their risk management systems and procedures and whether they have satisfactory experience to manage the potential obligations under the structured product issue.

15A.12 An issuer of non-collateralised structured products must have a total shareholders' equity (i.e. the aggregate of share capital and reserves attributable to the equity holders of the issuer) of not less than HK$5 billion as set out in its latest published audited financial statements (or audited consolidated financial statements where the issuer is a holding company) and interim financial statements (or consolidated interim financial statements where the issuer is a holding company).

15A.13 An issuer of non-collateralised structured products:–

(1) (or, in case the issuer is not rated, the issuer's holding company) must also have an investment grade credit rating awarded by all credit rating agencies (as recognized by the Exchange) from which it has sought a credit rating. A credit rating which is presently of such grade but which is under review for possible downgrading to less than such grade will not be regarded as fulfilling this criteria; and

(2) [Repealed 1 July 2026]

(3) must also be regulated by one of the following authorities: (i) the Commission for the conduct of the business of dealing in securities in Hong Kong, (ii) the Hong Kong Monetary Authority or (iii) other regulatory authority acceptable to the Exchange (Note).

*Note: Corporations which have been either:*

*(a) licensed or registered under section 116(1) or 119(1) of the Securities and Futures Ordinance; or*

*(b) registered as a securities dealer under the repealed Securities Ordinance, and deemed to be licensed or registered under section 116(1) or 119(1) of the Securities and Futures Ordinance;*

*are required to notify the Intermediaries Division of the Commission as soon as possible of their intention to become an issuer of structured products listed on the Exchange and to give to the Commission as much detail of any proposed issue of structured products as is available at the time of notification.*

*Corporations regulated by the Hong Kong Monetary Authority are required to notify the Hong Kong Monetary Authority as soon as possible of their intention to become an issuer of structured products listed on the Exchange and to give to the Hong Kong Monetary Authority as much detail of any proposed issue of structured products as is available at the time of notification.*

*As soon as an applicant intends to become an issuer of structured products listed on the Exchange, such applicant shall procure the Liquidity Provider mentioned in rule 15A.20A to notify the Intermediaries Division of the Commission of the latter's intention to act as the Liquidity Provider.*

*A copy of the aforementioned notification(s) must be given to the Exchange before the Exchange will consider any application for listing structured* products.

(4) [Repealed 1 July 2026]

15A.14 Where:

(1) an issuer (or, as the case may be under rule 15A.13(1), its holding company) fails to satisfy any of the criteria in rules 15A.12 and 15A.13; or

(2) an issuer that fulfills both rules 15A.12 and 15A.13 would like to issue non-collateralised guaranteed issues,

the Exchange may accept an arrangement whereby the issuer's obligations arising under its non-collateralised structured products are unconditionally and irrevocably guaranteed or otherwise secured ("guaranteed") by another legal person (the "guarantor") which meets the criteria in rules 15A.12 and 15A.13, provided that in relation to rule 15A.13(1), the Exchange shall require the requisite credit ratings to be obtained by the guarantor, or (in case the guarantor is not rated) the issuer, or (in case neither the guarantor nor the issuer is rated) any of the guarantor's holding companies, or (in case none of the guarantor, the issuer or the guarantor's holding companies is rated) any of the issuer's holding companies.

15A.14A The Exchange will assess ongoing compliance with rules 15A.12 and 15A.13 by the issuer or the guarantor (in the case of guaranteed issues) as well as the issuer's performance in issuing and managing structured products issues (including but not limited to liquidity provision, the requirements of which will be published from time to time by the Exchange) whilst any of its structured products are listed on the Exchange. In particular,

(1) the issuer or the guarantor (in the case of guaranteed issues) shall continue to comply with rules 15A.12 and 15A.13(3); and

(2) the issuer or the guarantor (in the case of guaranteed issues) shall continue to, or shall ensure that their respective holding company (which is relied upon by the issuer or the guarantor (in the case of a guaranteed issue) for eligibility assessment under rule 15A.13(1)) will continue to, comply with rule 15A.13(1).

*Note: Where an issuer that fulfills both rules 15A.12 and 15A.13 issues non-collateralised guaranteed issues, the Exchange will conduct the assessment described in rule 15A.14A individually on each of the issuer and the guarantor.*

15A.14B Where listing of collateralised structured products is sought the Exchange will take into account such other factors as the Exchange may, in its discretion, consider appropriate. Issuers intending to issue collateralised structured products shall contact the Exchange to seek informal and confidential guidance as to their eligibility and suitability for listing at the earliest possible opportunity.

15A.14C Without prejudice to the Exchange's powers under rule 15A.02, the circumstances under which the Exchange may impose additional requirements or conditions on the issuance of structured products by an issuer include, without limitation where:

(1) in the Exchange's opinion, there has been an adverse change in the financial circumstances of the issuer or the guarantor (in the case of a guaranteed issue) or their holding companies that are relied upon by the issuer or the guarantor (in the case of a guaranteed issue) for eligibility assessment under rule 15A.13(1);

(2) in the Exchange's opinion, the issuer fails to properly issue and manage structured products issue; or

(3) the issuer is applying to list a new type of structured products.

15A.15 [Repealed 31 December 2023]

15A.15A Where an issuer that fulfills both rules 15A.12 and 15A.13 issues non-collateralised guaranteed issues, each of the issuer and the guarantor will be required to individually comply with the Exchange Listing Rules, to the extent that such rules are applicable to the respective party.

**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 11 of the Companies Ordinance or equivalent legislation of the jurisdiction in which it is incorporated or established;

(1A) the guarantor must be duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established and must be in conformity with those laws and its memorandum and articles of association or equivalent documents;

(2) the guarantor will normally be required to be the ultimate holding company of the group to which the issuer belongs; and

*Note: The Exchange may accept other group companies (meaning any of the issuer's holding companies, subsidiaries and fellow subsidiaries) to be the guarantor, taking into account the circumstances of the issuer and/or the guarantor as the Exchange may, in its discretion, consider appropriate.*

(3) the guarantor will be required to comply with the Exchange Listing Rules to the same extent as if it were the issuer of the structured products whilst any structured products guaranteed by it are listed on the Exchange.

(4) [Repealed 31 December 2023]

15A.17 The guarantee or other security must be issued in conformity with the laws of the place in which the guarantor is incorporated or otherwise established and in conformity with the guarantor's memorandum and articles of association or equivalent documents and all authorisations needed for its issue under such laws or documents must have been duly given.

**Legal Opinions**

15A.17A The issuer must submit to the Exchange legal opinions acceptable to the Exchange from legal advisers in such jurisdictions as the Exchange shall require, confirming that:–

(1) the obligations of the issuer under the structured products are legal, valid, binding and are enforceable in accordance with the terms of the structured products;

(2) the structured products are issued in conformity with the laws of the place in which the issuer is incorporated or otherwise established and in conformity with the issuer's memorandum and articles of association or equivalent documents;

(3) all authorisations needed for the creation and issue of the structured products under such laws or documents have been duly given;

(4) the issuer is duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established; and

(5) such other matter as the Exchange shall require depending on the circumstances of the issuer.

15A.18 In the case of a guaranteed issue, the guarantor must submit to the Exchange legal opinions acceptable to the Exchange from legal advisers in such jurisdictions as the Exchange shall require, confirming that:–

(1) the guarantee or other security constitutes legal, valid and binding obligations of the guarantor and is enforceable in accordance with its terms;

(2) the guarantor is, under the guarantee or other security, unconditionally and irrevocably liable for the due and punctual performance of the obligations of the issuer arising under any structured products as primary obligor in accordance with the terms and conditions of the structured products;

(3) (1) and (2) above will not be affected in the event of the liquidation, administration or analogous action of the issuer, irrespective of the validity, regularity or enforceability of the structured products, any waiver or consent by a holder of that product, any consolidation, merger, conveyance or transfer by the issuer or other event which would afford to a guarantor relief, legal or equitable, from its obligations under the guarantee or other security;

(3A) (in case of structured products issued pursuant to a base listing document of the issuer) the above conditions in rules 15A.18(1) to 15A.18(3) will apply to all structured products to be issued from time to time pursuant to the base listing document;

(3B) the guarantee or other security is issued in conformity with the laws of the place in which the guarantor is incorporated or otherwise established and in conformity with the guarantor's memorandum and articles of association or equivalent documents;

(3C) all authorisations needed for the issue of the guarantee or other security under such laws or documents have been duly given;

(3D) the guarantor is duly incorporated or otherwise established under the laws of the place in which it is incorporated or otherwise established; and

(4) such other matter as the Exchange shall require depending on the circumstances of the guarantor.

15A.19 [Repealed 1 July 2026]

15A.20 The legal opinions must be submitted to the Exchange in draft form as soon as practicable and a copy in its final form must be submitted to the Exchange on the date of publication of the base listing document or stand alone listing document.

**Liquidity Providers**

15A.20A The issuer must appoint an Exchange Participant (the "Liquidity Provider") to provide liquidity in each structured product issue in accordance with paragraph 5A of Appendix E5. Where the issuer is an Exchange Participant, it may be the Liquidity Provider for a structured product issue or it may appoint another Exchange Participant as the Liquidity Provider. In all cases, the Liquidity Provider need not be a member of the issuer's group. An issuer should seek approval from the Exchange before appointing a Liquidity Provider that is not a member of its group. Other than for the purposes of providing back up arrangements there shall be no more than one Liquidity Provider per structured product issue. The issuer may appoint different Exchange Participants to be the Liquidity Providers in different structured product issues.

## Continuing Obligations

15A.21 An issuer must comply with the continuing obligations as set out in Appendix E5 (subject to such modifications as shall be agreed to by the Exchange in accordance with rule 15A.26).

(1) [Repealed 1 July 2026]

(2) [Repealed 1 July 2026]

(3) [Repealed 1 July 2026]

(4) [Repealed 1 July 2026]

15A.22 [Repealed 1 July 2026]

15A.23 [Repealed 1 July 2026]

15A.24 [Repealed 1 July 2026]

15A.24A [Repealed 1 July 2026]

15A.25 [Repealed 31 December 2023]

15A.26 The Exchange may agree modifications to or impose additional requirements on the issuer and/or the guarantor (if any) as it considers appropriate in a particular case.

## Structured Products

15A.27 The structured products for which listing is sought must be issued in conformity with the laws of the place in which they are issued and in which the issuer is incorporated or otherwise established and in conformity with the issuer's memorandum and articles of association or equivalent documents. All authorisations needed for their creation and issue under such laws or documents must have been duly given.

15A.28 An issuer shall not list on the Exchange structured products where the underlying security is or includes securities of that issuer or members of its group (meaning any of the issuer's holding companies, subsidiaries and fellow subsidiaries) or a company of which the issuer is a controlling shareholder or has effective management control.

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 Code on Takeovers and Mergers, or Rule 5 of the Code on Share 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 Code on Takeovers and Mergers, or Rule 5 of the Code on Share 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.

**Underlying assets**

15A.30 Where the structured product relates to a single class of shares or exchange traded funds ("ETFs"), the structured product may only be listed if at the time of issue of the structured product such class of shares or ETFs is or will become at the same time:–

(1) [Repealed 1 July 2026]

(2) listed on the Exchange and is, on the day the structured product is launched, a stock or ETF eligible for the type of structured product proposed to be issued and specified as such by the Exchange pursuant to rule 15A.36(1B). In order to be on such list of eligible stocks or ETFs, the capitalisation of shares in the hands of the public ("public float capitalisation") shall be maintained at or above HK$4 billion (or in the case of ETFs, the assets under management shall be maintained at or above HK$1 billion) for a qualifying period.

A qualifying period ends on the cut off date for the preparation of the relevant list described in rule 15A.36(1B) and is either (i) a period of 60 consecutive business days during which dealings in the shares of the company or shares or units in the ETF underlying the structured product have not been suspended, or (ii) a period of no more than 70 consecutive business days comprising 60 business days during which dealings in the shares of the company or shares or units in the ETF underlying the structured product have not been suspended and no more than 10 business days during which dealings in the shares of the company or shares or units in the ETF underlying the structured product have been suspended; or

*Note: The Exchange may waive compliance with the above requirement where the public float capitalisation (in the case of stocks) or the assets under management (in the case of ETFs) exceeds HK$10 billion. Rules 8.08(1) and 8.24 provide guidance on calculating the number of shares "in the hands of the public." Shares which are subject to lock up arrangements will not be considered as being in the hands of the public until the lock up arrangements expire. The Exchange may amend or vary the basis of determining which stocks or ETFs may be included in the lists of eligible underlying assets as described in rule 15A.36(1B) where it considers appropriate to do so.*

(3) listed or dealt in on another regulated, regularly operating, open stock market recognised for this purpose by the Exchange, and such stocks and ETFs will be specified from time to time in the list of eligible stocks and ETFs described in rule 15A.36(1B).

(a) [Repealed 1 July 2026]

(b) [Repealed 1 July 2026]

15A.31 The Exchange will specify from time to time the factors that it will consider in determining the suitability of structured products which relate to (i) stocks and ETFs listed or dealt in on another regulated, regularly operating, open stock market and (ii) other assets. Such stocks, ETFs and other assets will be specified from time to time in the list of eligible underlying assets described in rule 15A.36(1B).

(1) [Repealed 1 July 2026]

(2) [Repealed 1 July 2026]

(3) [Repealed 1 July 2026]

(4) [Repealed 1 July 2026]

(5) [Repealed 1 July 2026]

(6) [Repealed 1 July 2026]

15A.32 [Repealed 1 July 2026]

15A.33 [Repealed 1 July 2026]

15A.34 [Repealed 1 July 2026]

15A.35 [Repealed 1 July 2026]

**Terms and Conditions**

15A.36 (1) Structured products listed or to be listed on the Exchange shall be subject to the terms and conditions (including but not limited to issue price, expiry period, entitlement ratio, market capitalisation, settlement and valuation method) approved by the Exchange. Modifications to terms and conditions must be approved by the Exchange. Structured products shall be issued in accordance with the permitted product terms for each product type published from time to time by the Exchange. The terms and conditions set out herein are not exhaustive. The structured products for which listing is sought must be freely transferable.

(1A) Structured products may relate to a single class of shares (or ETF) or a basket of shares (or ETFs). The Exchange will publish, as part of the permitted product terms, the criteria for shares and ETFs listed on the Exchange that are eligible as underlying securities for issuance over a single class of shares (or ETF) and a basket of shares (or ETFs). For structured products relating to the same underlying securities listed on the Exchange, the Exchange may limit the number of such products which expire or mature on any one day.

(1B) For each type of structured products, the Exchange will prepare and publish lists of eligible underlying assets (approximately quarterly or at shorter intervals as the Exchange may determine in the case of stocks and ETFs listed on the Exchange and from time to time in the case of other assets). The Exchange may from time to time publish further lists of stocks and ETFs listed on the Exchange that become eligible underlying assets between two scheduled publications. Issuers may only issue structured products relating to the underlying assets that are approved and specified as such from time to time by the Exchange. Notwithstanding the foregoing, the Exchange may impose restrictions and conditions on the issuance of structured products linked to any eligible underlying assets. Issuers should seek approval from the Exchange before issuing structured products relating to other assets that have not been approved or specified as such by the Exchange.

(2) An emulation issue is a structured product whose product terms (except for issue price and issue size), underlying asset and type (e.g. put or call) are required to be identical to an existing structured product (the "emulated issue") that is listed on the Exchange at the time the emulation issue is launched.

15A.37 [Repealed 1 July 2026]

15A.38 [Repealed 1 July 2026]

15A.39 [Repealed 1 May 2026]

15A.40 [Repealed 1 July 2026]

15A.41 [Repealed 1 July 2026]

15A.42 [Repealed 1 July 2026]

15A.43 [Repealed 1 May 2026]

15A.44 (1) The issuer must, at the time of launch, specify the settlement method of the structured product upon exercise or maturity. Options for the issuer to elect for settlement either in shares or cash, upon exercise (or maturity) of the structured product will not be acceptable.

(2) [Repealed 1 July 2026]

(3) [Repealed 1 July 2026]

*Note:* [Repealed 1 July 2026]

15A.45 [Repealed 1 July 2026]

15A.46 In relation to structured products which are, or which may be, settled by delivery of the underlying securities or assets the terms and conditions must:–

(1) where the issuer transfers the underlying securities or assets to the holder of the structured product, treat the holder as the beneficial owner of the underlying securities or assets and entitled to all rights, enjoyment, entitlement and benefit in respect thereof which exists as at or which arises as from the date such holder pays the exercise price, if any, and the delivery expenses, if any, (including any stamp duty on the transfer of securities) in accordance with the terms and conditions; and

(2) where the holder transfers the underlying securities or assets to the issuer, treat the issuer as the beneficial owner of the underlying securities or assets and entitled to all rights, enjoyment, entitlement and benefit in respect thereof which exists as at or arises as from the date the issuer pays to a holder the cash settlement amount; and

(3) provide for either settlement by physical delivery of documents of title (including certificates in the name of the holder or its nominee) to the holder (or its nominee) or settlement by way of electronic transfer through CCASS or other settlement platforms approved by the Exchange within such period following a valid exercise as shall be agreed to by the Exchange.

15A.47 In relation to structured products over securities or assets which are to be settled wholly in cash:–

(1) [Repealed 1 July 2026]

(2) [Repealed 1 July 2026]

(3) [Repealed 1 July 2026]

(4) an exercising holder shall not be required to deliver the exercise money at the time of exercise; and

(5) the terms and conditions must provide for automatic exercise on expiry or maturity (i.e., so that holders are not required to serve a notice of exercise) if the structured products are in the money at expiry or maturity.

**Collateralised Structured Products**

15A.48 In addition to the other requirements which apply generally to structured products, the following requirements apply to collateralised structured products:–

(1) the proposed security arrangements must be for the benefit of and must adequately protect the interests of holders of the structured product. In particular, the collateral must normally be held as security for the performance of the issuer's obligations under the collateralised structured product by an independent trustee or such other party as agreed by the Exchange ("collateral holder") for the benefit of holders of the structured product;

(2) the collateral must be clearly identified, properly segregated and ring-fenced for the benefit of the holders in respect of each series or tranche of the relevant structured product from all other series or tranches issued by the same issuer; and

(3) [Repealed 1 July 2026]

(4) the collateral must be unencumbered, the collateral must be held by the collateral holder for the benefit of holders of the structured product and the issuer must, in the event that it is unable to discharge its obligations under the collateralised structured products, be able to convey to holders of the structured product good title to the collateral free from all claims, charges, encumbrances, liens, equities and other third party rights whatsoever.

*Note: The requirements set out in rule 15A.48 are not intended to be exhaustive. The Exchange may impose additional requirements in a particular case (including but not limited to a Further Issue as defined in rule 15A.52 below).*

15A.49 For the purposes of rule 15A.48 the Exchange will normally require the collateral holder to be:–

(1) a bank licensed under section 16 of the Banking Ordinance;

(2) a trust company which is a subsidiary of such a bank; or

(3) [Repealed 1 July 2026]

(4) a banking institution or trust company incorporated outside Hong Kong which is acceptable to the Exchange.

However, the Exchange may in exceptional cases accept an alternative person to be collateral holder.

15A.50 In the case of an issue of collateralised structured products, in addition to the legal opinions required under rule 15A.17A, the issuer must submit to the Exchange legal opinions acceptable to the Exchange from legal advisers in such jurisdictions as the Exchange shall require, confirming:

(1) the validity and legally binding effect of the proposed trust or other security arrangements and that they are enforceable in accordance with their terms;

(2) all authorisations needed for the proposed trust or other security arrangements under the laws of the place in which the security provider is incorporated or otherwise established and the security provider's memorandum and articles of association or equivalent documents have been duly given; and

(3) such other matter as the Exchange shall require depending on the circumstances of the issuer and/or the security provider.

The required legal opinions must be submitted to the Exchange in draft form as soon as practicable and a copy in its final form must be submitted to the Exchange on the date of publication of the base listing document (and if required by the Exchange, each supplemental listing document) or stand alone listing document.

**Disclosure of Agreements**

15A.51 An issuer must disclose to the Exchange any agreement, arrangement or understanding (direct or indirect) in place at the date of structured product issue between the issuer or any member of its group (meaning any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated company of any of them) and any substantial shareholder of the company whose securities underlie the structured product.

**Further Issue**

15A.52 An issuer may issue a further issue or issues of structured products ("Further Issue") to form a single series with a structured product ("Existing Issue") which has been approved for listing by the Exchange. An issuer shall not issue a Further Issue unless it has applied for its listing. The issuer must comply with the following requirements for a Further Issue:

(1) The terms and conditions of the Existing Issue permit the Further Issue so as to form a single series with the Existing Issue.

(2) The terms and conditions of the Further Issue and the Existing Issue must be identical.

(3) [Repealed 1 July 2026]

(4) [Repealed 1 July 2026]

(5) An issuer may only launch a Further Issue when it holds, at the date of the launch of the Further Issue, no more than 50% of the Existing Issue. An issuer may retain up to 100% of the Further Issue at launch. In calculating the proportion of the total issue retained by an issuer, structured products held by any member of the issuer's group (meaning the issuer and any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated company of any of them) for the account of the issuer or for their own respective accounts shall be counted as belonging to the issuer.

(6) [Repealed 1 July 2026]

(7) [Repealed 1 July 2026]

(8) The listing fee prescribed in the Fees Rules for an issue of structured products is applicable and shall be paid by the issuer to the Exchange in respect of each Further Issue.

(9) [Repealed 1 July 2026]

**Marketing of Structured Products**

15A.53 An issuer may, subject to compliance with all relevant laws, regulations, rules and guidelines, release publicity material in relation to an issue of structured products.

15A.54 [Repealed 1 July 2026]

**Application Procedures and Requirements**

15A.55 An applicant must obtain the Exchange's clearance as to its suitability and the suitability of the structured product for which listing is sought prior to the launch of that structured product. Clearance on the suitability of a structured product may be obtained by submitting an indicative term sheet, setting out the principal features of that structured product, to the Exchange for its consideration.

15A.56 A listing of structured products pursuant to this Chapter must be supported by a listing document. An issuer may use a base listing document (as may be supplemented by a supplementary listing document from time to time) supported by a supplemental listing document (see rules 15A.68 to 15A.70) or a stand alone listing document.

(1) An issuer using a base listing document may not launch structured products until the base listing document has been finalised. One copy of each of the English language version and the Chinese language version of the publication version of the base listing document (dated and signed by a duly authorised officer of the issuer) must be submitted to the Exchange.

(2) An issuer using a stand alone listing document (which shall be dated and signed by a duly authorised officer of the issuer) may not launch the structured products to which that listing document relates until the Exchange has reviewed a draft of such listing document that is substantially complete except in relation to commercial or other information that by its nature can only be finalised and incorporated at a later date.

15A.57 An issuer may launch an issue of structured products relating to securities listed on the Exchange before trading on the Exchange on the day of launch has ceased.

15A.58 A stand alone listing document or supplemental listing document (to be read with a base listing document) must be published on the Exchange's website once the Exchange has confirmed it has no comments as soon as practicable after the structured products are launched and no later than the first business day following the day upon which the structured products are launched.

15A.59 [Repealed 1 July 2026]

15A.60 The application procedure for the listing of a Further Issue will follow the same procedure as a listing of Existing Issue, except that in relation to a Further Issue where the Existing Issue is non-collateralised and issued pursuant to a base listing document, the supplemental listing document may contain only the information set out in paragraph 31 of Appendix D1D.

15A.61 [Repealed 1 September 2008]

15A.62 [Repealed 1 July 2026]

15A.63 The items referred to below must be lodged with the Exchange for review as soon as practicable after the structured product is launched to allow sufficient time for review and clearance by the Exchange before the proposed listing date:

(1) a draft of the supplemental or stand alone listing document in compliance with the requirements of this Chapter and Appendix D1D.

(2) [Repealed 1 July 2026]

15A.64 The following documents must be supplied to the Exchange as soon as practicable after the launch of the structured product but before the listing of the structured product:–

(1) completed application form available from the Exchange signed by a duly authorised officer of the issuer; and

(2) a remittance in respect of the listing fee, levy and trading fees as determined pursuant to the Fees Rules.

(3) [Repealed 1 July 2026]

(4) [Repealed 31 December 2023]

(5) [Repealed 1 July 2026]

(6) [Repealed 31 December 2023]

(7) [Repealed 31 December 2023]

**Placing**

15A.65 Where structured products are listed on the Exchange by way of a placing, the guidelines set out in Appendix F1 shall not apply.

**Listing Documents**

15A.66 Listing documents (including any base listing document, stand alone listing document, supplemental listing document or supplementary listing document) must contain all of the specific items of information which are set out in this Chapter and Appendix D1D and must, as an overriding principle, contain such particulars and information necessary to enable an investor to make an informed assessment of the assets and liabilities and financial position of the issuer and the guarantor (if any) and of the structured products. The Exchange may require the inclusion in the listing document of such additional or alternative items of information as it considers appropriate. Conversely, the Exchange may be prepared to permit the omission or modification of certain items of information if, in its absolute discretion, it considers it appropriate. Issuers who wish to omit any of the prescribed information should consult the Exchange at the earliest opportunity.

15A.67 An issuer may use a base listing document containing the information required by this Chapter and Appendix D1D in relation to the issuer and the structured products and which the issuer considers will apply generally in respect of all structured products or in relation to a particular type of structured product in respect of which listing is sought on the Exchange during such period in which the base listing document is valid. Such base listing document may be updated by a supplemental listing document or a supplementary listing document from time to time.

15A.68 If an issuer uses a base listing document (as may be supplemented by a supplementary listing document from time to time), it shall be supported by a supplemental listing document containing the information required by this Chapter and Appendix D1D and which the issuer considers is specific to the structured product in respect of which listing is sought.

15A.69 The base listing document, the supplemental listing document and the supplementary listing document must together contain all the information required by this Chapter and Appendix D1D in relation to the issuer, the guarantor (if any), their respective holding company that is relied upon by the issuer or the guarantor (if any) for eligibility assessment under rule 15A.13(1) and the structured products.

15A.70 A base listing document shall be valid for a period of 12 months from the date on which it is published or (if earlier) until such date as the issuer publishes its annual financial statements in accordance with paragraph 5(1)(a) of Appendix E5 whereupon an issuer must file a further base listing document. A base listing document may not be amended without the prior approval of the Exchange. A base listing document may be amended to allow the inclusion of interim financial reports or quarterly interim financial reports.

15A.71 If, at any time after the issue of the listing document and before the commencement of dealings in the structured products for which listing is sought, 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 included in such listing document if it had arisen before such listing document was issued,

the issuer (unless the Exchange agrees otherwise) shall, as soon as practicable, submit to the Exchange for its review a supplementary listing document giving details of the change or new matters. For this purpose "significant" means significant for the purpose of making an informed assessment of the matters mentioned in rule 15A.66.

15A.72 No amendment to the final proof of the listing document shall be made without the prior consent of the Exchange.

15A.73 A listing document shall not be issued until the Exchange has confirmed to the issuer that it has no comments. Listing documents must be published on the Exchange's website as soon as practicable after the Exchange has confirmed it has no comments.

15A.74 Every issuer is required to accept responsibility for the information contained in a listing document and every guarantor is required to accept responsibility for the information in relation to the guarantor contained in a listing document and, unless otherwise required by law, this statement may be given on a corporate basis.

15A.75 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.

15A.76 Any base listing document in respect of structured product issues, stand alone listing document or 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, will not apply in the cases of supplemental listing documents.

**Documents of Title and Admission into CCASS**

15A.77 Structured products may be represented by global or definitive documents of title, which may be in bearer or registered form. Alternative forms of documents of title and alternative settlement arrangements may be used by agreement with the Exchange.

15A.78 Subject to rule 15A.77, structured products must be Eligible Securities from the date on which dealings in them are to commence.

15A.79 [Repealed 1 July 2026]

15A.80 [Repealed 1 July 2026]

15A.81 [Repealed 1 July 2026]

15A.82 [Repealed 1 July 2026]

**Withdrawal of Listing**

15A.83 An issuer may apply to withdraw the listing of a structured product prior to its expiry or maturity if the structured product is held entirely by the issuer or members of its group (including any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated company of any of them).

15A.84 Where a structured product has been fully exercised prior to expiry or maturity, an issuer is required to notify the Exchange of the full exercise as soon as practicable so that the Exchange may delist the structured product accordingly.

15A.85 [Repealed 1 July 2026]

15A.86 [Repealed 1 July 2026]

**Register**

15A.87 If the structured product is to be represented by definitive documents of title in registered form, the issuer must be an approved share registrar or employ an approved share registrar to maintain the register.

15A.88 [Repealed 1 July 2026]

**Authorised Representatives**

15A.89 Every issuer is required to appoint two authorised representatives in accordance with rules 3.05 to 3.07 save that one authorised representative must be a senior officer of the issuer, the guarantor (if any) or members of their group (including any of their holding companies, subsidiaries and fellow subsidiaries) and the other one must be a senior officer of the compliance department of the issuer, the guarantor (if any) or members of their group (including any of their holding companies, subsidiaries and fellow subsidiaries).

# Chapter 16

# EQUITY SECURITIES

## CONVERTIBLE EQUITY SECURITIES

16.01 All convertible equity securities which are convertible into new securities or outstanding securities of the issuer or a company in the same group as the issuer must, prior to the issue thereof, be approved by the Exchange and the Exchange should be consulted at the earliest opportunity as to the requirements which will apply.

16.02 Convertible equity securities may be listed only if the underlying shares are (or will become at the same time):—

(1) a class of listed shares; or

(2) a class of shares listed or dealt in on another regulated, regularly operating, open stock market recognised by the Exchange.

However, the Exchange may list convertible equity securities in other circumstances if it is satisfied that holders have the necessary information available to form an opinion concerning the value of the underlying shares to which such convertible equity securities relate.

16.03 Any alterations in the terms of convertible equity securities after issue must be approved by the Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities.

16.04 Paragraph 19 of Appendix D1A and paragraph 21 of Appendix D1B set out additional requirements for the contents of listing documents relating to convertible equity securities.

# Chapter 17

# EQUITY SECURITIES

## SHARE SCHEMES

### Application of chapter 17

17.01 (1) This chapter deals with:

(a) share schemes involving the grant by a listed issuer of (i) new shares of the listed issuer; or (ii) options over new shares of the listed issuer, to, or for the benefit of, specified participants of such schemes (which includes a grant of any such shares or options to a trust or similar arrangement for the benefit of a specified participant) (see rules 17.02 to 17.11);

(b) share schemes of a listed issuer that are funded by existing shares of the issuer (see rule 17.12);

(c) share schemes of a principal subsidiary of a listed issuer (see rules 17.13 to 17.15).

(2) Any arrangement involving the grant of shares or other securities of a listed issuer or a principal subsidiary of the issuer (including options over any such shares or securities) which, in the opinion of the Exchange, is analogous to a share scheme as described in this rule 17.01 must comply with the requirements of this chapter.

(3) Where the shares or other securities of the listed issuer or the principal subsidiary concerned are also listed on another stock exchange or GEM, the more onerous requirements shall prevail and be applied in the event of a conflict or inconsistency between the requirements of this chapter and the requirements of the other stock exchange or GEM.

(4) In this chapter 17, references to new shares or new securities include treasury shares, and references to the issue of shares or securities include the transfer of treasury shares.

## Definitions

17.01A In this Chapter, the following definitions apply:

| | |
|---|---|
| **"1% individual limit"** | has the meaning in rule 17.03D(1) |
| **"award"** | refers to shares granted or to be granted under a share award scheme |
| **"eligible participant"** | includes an employee participant, a service provider and a related entity participant |
| **"employee participant"** | has the meaning in rule 17.03A(1) |
| **"grant"** | includes "offer", "issue" and any other term used by a share scheme to describe the grant of shares or options under the scheme |
| **"principal subsidiary"** | has the meaning in rule 17.14 |
| **"purchase price"** | refers to the price payable by a grantee to purchase shares under a share award scheme |
| **"related entity participant"** | has the meaning in rule 17.03A(1) |
| **"scheme mandate limit"** | has the meaning in rule 17.03(3) |
| **"senior manager"** | refers to a senior manager disclosed in the issuer's annual report as required under paragraph 12 of Appendix D2 |
| **"service provider"** | has the meaning in rule 17.03A(1) |
| **"service provider sublimit"** | has the meaning in rule 17.03(3) |
| **"schemes" or "share schemes"** | include share option schemes and share award schemes |
| **"share award scheme"** | refers to a scheme involving the grant of shares by a listed issuer or its principal subsidiary (as the case may be) |
| **"share option scheme"** | refers to a scheme involving the grant of options over shares of a listed issuer or a principal subsidiary of the issuer (as the case may be) |

## Share schemes involving issue of new shares by listed issuers

### Adoption of a new scheme

17.02 (1) (a) The scheme of a listed issuer must be approved by shareholders of the listed issuer in general meeting. The listed issuer must publish an announcement on the outcome of the shareholders' meeting for the adoption of the scheme in the manner as set out in rule 13.39(5).

(b) A scheme adopted by a new applicant prior to its listing does not need to be approved by its shareholders after listing. However, all material terms of the scheme must be clearly set out in the prospectus. Where the scheme does not comply with the provisions of this chapter, options and awards granted to, or for the benefit of, specified participants before listing may continue to be valid after listing (subject to the Exchange granting approval for listing of the new applicant's shares to be issued in respect of such options and awards) but no further options or awards may be granted under the scheme after listing. The new applicant must also disclose in the prospectus full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards.

*Notes: (1) The Exchange reserves the right to review and consider these matters on a case-by-case basis.*

*(2) Where the new applicant is a principal subsidiary of a listed issuer, the scheme must comply with rules 17.13 to 17.15.*

(2) The scheme document itself does not need to be circulated to shareholders of the listed issuer. However, if the scheme document is not so circulated, it must be published on the Exchange's website and the issuer's own website for a period of not less than 14 days before the date of the general meeting and made available for inspection at the general meeting and the terms of the shareholders' resolution must approve the scheme as described in the circular to the shareholders of the listed issuer. The circular must include the following information:

(a) the provisions described in rule 17.03;

(b) an explanation as to how the terms of the scheme, in particular, how the provisions described in rules 17.03(2), (6), (7), (9) and (19), will align with the purpose of the scheme as set out in the scheme document;

(c) information relating to any directors of the listed issuer who are trustees of the scheme or have a direct or indirect interest in the trustees;

(d) a statement in the form set out in paragraph 2 of Appendix D1B;

(e) a statement of the issuer's intention to use treasury shares for the scheme, where applicable; and

(f) any additional information requested by the Exchange.

*Note: Where the scheme includes service providers and/or related entity participants as eligible participants, the Exchange may require the circular to include the views of the independent non-executive directors of the issuer on whether the inclusion of these participants aligns with the purpose of the scheme and the long term interests of the issuer and its shareholders. As general guidance, this will include the views of the independent non-executive directors as to whether the proposed categories of service providers/related entity participants are in line with the issuer's business needs or the industry norm and whether the criteria for the selection of eligible participants and the terms of the grants (such as vesting requirements and performance targets, if any) align with the purpose of the scheme. The Exchange may apply this requirement having regard to, for example, the nature of the operations of the issuer and its relationship with the service providers and related entity participants, the history of grants by the issuer to the service providers and related entity participants, or other circumstances that suggest the scheme may allow for substantial grants of options or awards to non-employee participants.*

(3) The listed issuer must provide a summary of the terms of the scheme to all participants on joining the scheme (and a copy of the scheme document to any participant who requests such a copy). The listed issuer must provide to all participants all details relating to changes in the terms of the scheme during the life of the scheme immediately upon such changes taking effect.

**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;

*Notes: (1) 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.*

*(2) See rule 17.03A for the requirements relating to participants of share schemes.*

(3) the total number of shares which may be issued in respect of all options and awards to be granted under the scheme and any other schemes (the **scheme mandate limit**), together with the percentage of the issued shares (excluding treasury shares) that it represents at the date of approval of the scheme; and, where the participants of the scheme include service providers, the sublimit on the total number of shares that may be issued in respect of all options and awards to be granted to service providers (the **service provider sublimit**) within the scheme mandate limit;

*Note: See rules 17.03B and 17.03C for the requirements relating to the scheme mandate limit and the service provider sublimit.*

(4) the maximum entitlement of each participant under the scheme;

*Note: See rule 17.03D for the limit on grants to individual participants.*

(5) the period within which an option may be exercised by the grantee under the scheme, which must not be more than 10 years from the date of grant of the option;

(6) the vesting period of options or awards to be granted under the scheme;

*Note: See rule 17.03F for the requirements on the vesting period.*

(7) a description (which may be qualitative) of the performance targets, if any, attached to options or awards to be granted under the scheme or, if none, a negative statement to that effect. Such description may include a general description of the target levels and performance related measures and the method for assessing how they are satisfied;

(8) the amount, if any, payable on application or acceptance of the option or award and the period within which payments or calls must or may be made or loans for such purposes must be repaid;

(9) the basis of determination of the exercise price of options or the purchase price of shares awarded, if any;

*Note: See rule 17.03E for the requirements on the exercise price of options.*

(10) the voting, dividend, transfer and other rights, including those arising on a liquidation of the listed issuer, attaching to the shares and (if appropriate) any such rights attaching to the options or awards themselves;

(11) the life of the scheme, which must not be more than 10 years;

(12) the circumstances under which options or awards will automatically lapse;

(13) a provision for adjustment of the exercise or purchase price and/or the number of shares subject to options or awards granted under 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, rounded to the nearest whole share, 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.*

(14) a provision for the cancellation of options or awards granted;

*Note: Where a listed issuer cancels options or awards granted to a participant, and makes a new grant to the same participant, such new grant may only be made under a scheme with available scheme mandate limit approved by shareholders as referred to in rule 17.03B or rule 17.03C. The options or awards cancelled will be regarded as utilised for the purpose of calculating the scheme mandate limit (and the service provider sublimit).*

(15) the shares subject to the scheme must be separately designated unless they are identical with other shares of the issuer in issue;

(16) where there is a provision for termination of the operation of the scheme before the end of its life, a provision for the treatment of options or awards granted under the scheme but not yet exercised or in respect of which shares are not yet issued to the participants at the time of termination;

*Note: Details of the options or awards granted (including options exercised or outstanding, or shares issued and to be issued in respect of the awards granted) under the scheme and (if applicable) options or awards that become void or non-exercisable as a result of the termination must be disclosed in the circular to shareholders seeking approval of the first new scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.*

(17) transferability of options or awards;

*Note: Options or awards granted under the scheme must be personal to the respective grantee. No options or awards may be transferred or assigned. The Exchange may consider granting a waiver to allow a transfer to a vehicle (such as a trust or a private company) for the benefit of the participant and any family members of such participant (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the scheme and comply with other requirements of this chapter. Where such waiver is granted, the Exchange shall require the issuer to disclose the beneficiaries of the trust or the ultimate beneficial owners of the transferee vehicle.*

(18) the specific terms of the scheme that can be changed by directors or scheme administrators without the approval of shareholders of the listed issuer in general meeting; and

*Notes: (1) Any alterations to the terms and conditions of a share scheme which are of a material nature or any alterations to the provisions relating to the matters set out in this rule 17.03 to the advantage of participants must be approved by shareholders of the listed issuer in general meeting.*

*(2) Any change to the terms of options or awards granted to a participant must be approved by the board, the remuneration committee, the independent non-executive directors and/or the shareholders of the listed issuer (as the case may be) if the initial grant of the options or awards was approved by the board, the remuneration committee, the independent non-executive directors and/or the shareholders of the listed issuer (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the scheme.*

*(3) The amended terms of the scheme or the options or awards must still comply with the relevant requirements of this Chapter 17.*

*(4) Any change to the authority of the directors or scheme administrators to alter the terms of the scheme must be approved by shareholders of the listed issuer in general meeting.*

(19) where the listed issuer has established a clawback mechanism to recover or withhold the remuneration (which may include any options or awards granted) to any participants in the event of serious misconduct, a material misstatement in the issuer's financial statements or other circumstances, a description of the clawback mechanism or, if none, a negative statement to that effect.

**Participants of the scheme**

17.03A (1) Participants of a scheme shall comprise one or more of the following:

(a) directors and employees of the issuer or any of its subsidiaries (including persons who are granted options or awards under the scheme as an inducement to enter into employment contracts with these companies) (**employee participants**);

(b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the issuer (**related entity participants**); and

(c) persons who provide services to the issuer group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the issuer group (**service providers**).

*Note: Service providers may include, for example, persons who work for the issuer as independent contractors where the continuity and frequency of their services are akin to those of employees. For the avoidance of doubt, service providers should exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions. They should also exclude professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.*

(2) The scheme document must clearly identify each category of service providers and the criteria for determining a person's eligibility under each category.

**Scheme mandate limit and service provider sublimit**

17.03B (1) The scheme mandate limit must not exceed 10% of the relevant class of shares of the listed issuer in issue (excluding treasury shares) as at the date of approval of the scheme (alternatively, in respect of a scheme of a new applicant that will become effective only upon its separate listing, the 10% limit may be calculated by reference to the relevant class of shares of the applicant in issue (excluding treasury shares) as at the date of its listing).

(2) Where the participants of the scheme include service providers, the service provider sublimit must be set within the scheme mandate limit and separately approved by shareholders of the issuer in general meeting. The circular must contain the basis for determining the service provider sublimit and an explanation as to why the service provider sublimit is appropriate and reasonable.

*Notes: (1) Options or awards lapsed in accordance with the terms of the scheme will not be regarded as utilised for the purpose of calculating the scheme mandate limit (and the service provider sublimit, if any).*

*(2) If the listed issuer conducts a share consolidation or subdivision after the scheme mandate limit or the service provider sublimit has been approved in general meeting, the maximum number of shares that may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate limit or the service provider sublimit 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, rounded to the nearest whole share.*

17.03C (1) (a) The listed issuer may seek approval by its shareholders in general meeting for "refreshing" the scheme mandate limit (and the service provider sublimit, if any) under the scheme after three years from the date of shareholders' approval for the last refreshment (or the adoption of the scheme).

(b) Any "refreshment" within any three year period must be approved by shareholders of the issuer subject to the following provisions:

(i) any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and

(ii) the issuer must comply with the requirements under rules 13.39(6) and (7), 13.40, 13.41 and 13.42.

(c) The requirements under paragraphs (i) and (ii) of rule 17.03C(1)(b) do not apply if the refreshment is made immediately after an issue of securities by the issuer to its shareholders on a pro rata basis as set out in rule 13.36(2)(a) such that the unused part of the scheme mandate (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole share.

(2) The total number of shares which may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate as "refreshed" must not exceed 10% of the relevant class of shares in issue (excluding treasury shares) as at the date of approval of the refreshed scheme mandate. The listed issuer must send a circular to its shareholders containing the number of options and awards that were already granted under the existing scheme mandate limit and the existing service provider sublimit (if any), and the reason for the "refreshment".

(3) A listed issuer may seek separate approval by its shareholders in general meeting for granting options or awards beyond the scheme mandate limit provided the options or awards in excess of the limit are granted only to participants specifically identified by the listed issuer before such approval is sought. The listed issuer must send a circular to the shareholders containing the name of each specified participant who may be granted such options or awards, the number and terms of the options or awards to be granted to each participant, and the purpose of granting options or awards to the specified participants with an explanation as to how the terms of the options or awards serve such purpose. The number and terms of options or awards to be granted to such participant must be fixed before shareholders' approval. In respect of any options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the exercise price under rule 17.03E.

**Limit on granting options or awards to individual participants**

17.03D (1) Where any grant of options or awards to a participant would result in the shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of shares of the listed issuer in issue (excluding treasury shares) (the **1% individual limit**), such grant must be separately approved by shareholders of the listed issuer in general meeting with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting. The listed issuer must send a circular to the shareholders.

(2) The circular must disclose the identity of the participant, the number and terms of the options or awards to be granted (and those previously granted to such participant in the 12-month period), the purpose of granting options or awards to the participant and an explanation as to how the terms of the options or awards serve such purpose. The number and terms of the options or awards to be granted to such participant must be fixed before shareholders' approval. In respect of any options to be granted, the date of the board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under rule 17.03E.

**Exercise price of options**

17.03E The exercise price of options must be at least the higher of: (i) the closing price of the shares as stated in the Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the shares as stated in the Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. For the purpose of calculating the exercise price where an issuer has been listed for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

*Note: Rule 17.03E does not apply to a share award scheme.*

**Vesting period**

17.03F The vesting period for options or awards shall not be less than 12 months. Options or awards granted to employee participants may be subject to a shorter vesting period under specific circumstances as set out in the scheme document. Any such specific circumstances and an explanation by the issuer's board of directors (or the remuneration committee where the arrangements relate to grants of options or awards to the issuer's directors and/or senior managers) as to why the arrangements are appropriate and how the grants align with the purpose of the scheme must be clearly disclosed in the circular for the adoption of the scheme.

**Granting options or awards to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates**

17.04 (1) Any grant of options or awards to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, under a scheme of the listed issuer must be approved by the independent non-executive directors of the listed issuer (excluding any independent non-executive director who is the grantee of the options or awards).

*Note: For an issuer with WVR structure, the Corporate Governance Committee must make a recommendation on any grants of options or awards to a director who is a beneficiary of weighted voting rights under rule 8A.30(4).*

(2) Where any grant of awards (excluding grant of options) to a director (other than an independent non-executive director) or chief executive of the issuer, or any of their associates would result in the shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of shares in issue (excluding treasury shares), such further grant of awards must be approved by shareholders of the listed issuer in general meeting in the manner set out in rule 17.04(4).

(3) Where any grant of options or awards to an independent non-executive director or a substantial shareholder of the listed issuer, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of shares in issue (excluding treasury shares), such further grant of options or awards must be approved by shareholders of the listed issuer in general meeting in the manner set out in rule 17.04(4).

*Note: See also the recommended best practice relating to the grant of options or awards to independent non-executive directors under E.1.9 of the Corporate Governance Code in Appendix C1 to the Rules.*

(4) In the circumstances described in rule 17.04(2) or (3), the listed issuer must send a circular to the shareholders. The grantee, his/her associates and all core connected persons of the listed issuer must abstain from voting in favour at such general meeting. The listed issuer must comply with the requirements under rules 13.40, 13.41 and 13.42.

(5) The circular must contain:

(a) details of the number and terms of the options or awards to be granted to each participant, which must be fixed before the shareholders' meeting. In respect of any options to be granted, the date of board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price under rule 17.03E;

*Note: The description of the terms of the options or awards must include the information required under rules 17.03(5) to 17.03(10) and rule 17.03(19).*

(b) the views of the independent non-executive directors of the listed issuer (excluding any independent non-executive director who is the grantee of the options or awards) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the issuer and its shareholders as a whole, and their recommendation to the independent shareholders as to voting;

(c) the information required under rule 17.02(2)(c); and

(d) the information required under rule 2.17.

*Notes: (1) Any change in the terms of options or awards granted to a participant who is a director, chief executive or substantial shareholder of the listed issuer, or any of their respective associates, must be approved by shareholders of the issuer in the manner as set out in rule 17.04(4) if the initial grant of the options or awards requires such approval (except where the changes take effect automatically under the existing terms of the scheme).*

*(2) The requirements for the grant to a director or chief executive of a listed issuer set out in this rule 17.04 do not apply where the participant is only a proposed director or chief executive of the listed issuer.*

**Restriction on the time of grant of options or awards**

17.05 An issuer may not grant any options or awards after inside information has come to its knowledge until (and including) the trading day after it has announced the information. In particular, it may not grant any options or awards during the period commencing 30 days immediately before the earlier of:

(1) the date of the board meeting (as such date is first notified to the Exchange under the Listing Rules) for approving the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(2) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

*Note: No option or awards may be granted during any period of delay in publishing a results announcement.*

**Voting of unvested shares**

17.05A The trustee holding unvested shares of a share scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

**Despatch of circular**

17.06 Any circular required under this chapter should be despatched to the shareholders no later than the date on which the listed issuer gives notice of the general meeting to approve the scheme or other matter as required under this chapter.

**Announcement on grant of options or awards**

17.06A (1) As soon as possible upon the granting by the listed issuer of any options or awards under the scheme, the listed issuer must publish an announcement setting out the details in rule 17.06B.

(2) The disclosure must be made, on an individual basis, if the grantee is:

(a) a director, chief executive or substantial shareholder of the listed issuer, or an associate of any of them;

(b) a participant with options and awards granted and to be granted exceeding the 1% individual limit; or

(c) a related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue (excluding treasury shares).

(3) Information relating to grants of options or awards to other grantees may be disclosed by category. The Exchange may require the issuer to submit a list of the grantees in the format it prescribed for the time being.

17.06B The announcement must set out the following details in a tabular format:

(1) the date of grant;

(2) (a) where disclosure on an individual basis is required, the name of the grantee (and where the grantee is not a natural person, the name of its ultimate beneficial owner) and the relationship between the grantee and the issuer. Where the grantee is a related entity participant or service provider, the nature of services provided to the issuer; or

(b) where disclosure on an individual basis is not required, a description of each of the categories of grantees;

(3) the number of options or awards granted;

(4) the exercise price of options or purchase price of awards granted;

(5) the market price of the shares on the date of grant;

(6) the exercise period of the options;

(7) the vesting period of the options or awards. In the case of grants of options or awards to employee participants with a shorter vesting period as set out in rule 17.03F, the relevant circumstances that are specifically permitted by the scheme. Where the options or awards are granted to the issuer's directors and/or senior managers, the remuneration committee's views on why a shorter vesting period is appropriate;

(8) a description (which may be qualitative) of the performance targets attached to the options or awards granted, if any, and the clawback mechanism for the issuer to recover or withhold any awards or options granted, if any. Where options or awards are granted to the issuer's directors and/or senior managers without performance targets and/or clawback mechanism, the views of the remuneration committee on why performance targets and/or a clawback mechanism is/are not necessary and how the grants align with the purpose of the scheme;

(9) where options or awards are granted to a service provider or a related entity participant, the reasons for the grant and the views of the board how the grant aligns with the purpose of the scheme; and

(10) arrangements, if any, for the issuer or any of its subsidiaries to provide financial assistance to the grantee(s) to facilitate the purchase of shares under the scheme.

*Note: The issuer must comply with Chapter 14A for providing financial assistance to any grantee who is a connected person.*

17.06C The announcement must also disclose the number of shares available for future grant under the scheme mandate and the service provider sublimit (if applicable).

**Disclosure in annual report and interim report**

17.07 The listed issuer must disclose in its annual report and interim report the following information in relation to options and awards granted and to be granted under its share scheme(s) to: (i) each of the directors, chief executive or substantial shareholders of the listed issuer, or their respective associates; (ii) each participant with options and awards granted and to be granted in excess of the 1% individual limit; (iii) each related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue (excluding treasury shares); and (iv) other employee participants, related entity participants and service providers by category:

(1) a table showing the following details of awards and options granted to each participant or category of participants:

(a) name of the grantee or a description of each of the categories of grantees;

(b) particulars of the outstanding options and unvested awards at the beginning and at the end of the financial year/period, including the number of options and unvested awards, date of grant, vesting period, exercise period and exercise/purchase price;

(c) particulars of the options and awards granted during the financial year/period, including (i) the number of options and awards, (ii) the date of grant, (iii) the vesting period, exercise period, exercise/purchase price and performance targets (if any), (iv) (where the shares are listed) the closing price of the shares immediately before the date on which the options or awards were granted, and (v) the fair value of options and awards at the date of grant and the accounting standard and policy adopted;

*Note: The listed issuer should calculate the fair value of options and awards in accordance with the accounting standards and policies adopted for preparing its financial statements and disclose the methodology and assumptions used, including but not limited to:*

*(1) In the case of options, a description of the option pricing model and details of the significant assumptions and inputs used in that pricing model such as the expected volatility, expected dividends and the risk-free interest rate. The issuer should include an explanation of how these significant assumptions and inputs were determined.*

*(2) In the case of awards, a description of the basis for fair value measurement and information on whether and how the features of the awards (for example, the expected dividends) are incorporated into the measurement of fair value.*

(d) the number of options exercised and awards vested during the financial year/period with the exercise/purchase price and (where the shares are listed) the weighted average closing price of the shares immediately before the dates on which the options or awards were exercised or vested;

(e) the number of options and awards cancelled during the financial year/period together with the exercise/purchase price of the cancelled options and awards; and

(f) the number of options and awards which lapsed in accordance with the terms of the scheme during the financial year/period.

(2) the number of options and awards available for grant under the scheme mandate and the service provider sublimit (if applicable) at the beginning and the end of the financial year/period; and

(3) the number of shares that may be issued in respect of options and awards granted under all schemes of the issuer during the financial year/period divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the year/period.

17.07A The listed issuer must disclose in its remuneration report or corporate governance report a summary of material matters relating to share schemes that were reviewed and/or approved by the remuneration committee during the financial year. For matters relating to any grants of options or awards to the issuer's directors and senior managers as set out in rule 17.03(F) and rules 17.06B(7) and (8), the remuneration committee must explain why it was appropriate to approve those matters, the factors that it took into account and how the grants align with the purpose of the scheme (including how the grants align the grantees' interests with those of the issuer and its shareholders).

17.08 [Repealed 1 January 2023]

17.09 The listed issuer must include in its annual report a summary of each share scheme setting out:

(1) the purpose of the scheme;

(2) the participants of the scheme;

(3) the total number of shares available for issue under the scheme together with the percentage of the issued shares (excluding treasury shares) that it represents as at the date of the annual report;

(4) the maximum entitlement of each participant under the scheme;

(5) the period within which the option may be exercised by the grantee under the scheme;

(6) the vesting period of options or awards granted under the scheme;

(7) the amount, if any, payable on application or acceptance of the option or award and the period within which payments or calls must or may be made or loans for such purposes must be repaid;

(8) the basis of determining the exercise price of options granted or the purchase price of shares awarded, if any; and

(9) the remaining life of the scheme.

**Other requirements**

17.10 In respect of share schemes of a listed issuer with a WVR structure, the scheme mandate limit, the service provider sublimit, the 1% individual limit, the limits on grants to the issuer's directors, chief executive and substantial shareholders (and their respective associates) under rule 17.04 and the limit on grants to service providers and related entity participants under rule 17.06A(1)(c) are to be calculated with reference to the total number of issued shares of the issuer (including ordinary shares and shares that carry weighted voting rights but excluding treasury shares).

17.11 Listed issuers must comply with the terms of their share schemes in addition to the requirements of this Chapter 17. A breach of any such terms or requirements will constitute a breach of the Exchange Listing Rules.

**Share schemes involving existing shares of listed issuers**

17.12 In respect of share scheme(s) of a listed issuer involving its existing shares:

(1) The issuer must disclose in its annual report:

(a) the information set out in rule 17.07(1) relating to grants of options and awards to (i) each director of the issuer; (ii) the five highest paid individuals during the financial year in aggregate; and (iii) other grantees in aggregate; and

(b) a summary of each share scheme as required under rule 17.09.

(2) Rule 17.05A applies to unvested shares held by the trustee of the scheme.

**Share schemes involving new or existing shares of a principal subsidiary of a listed issuer**

17.13 Rules 17.02 to 17.04 and rules 17.06 to 17.09, with appropriate modifications, apply to share schemes of a principal subsidiary of a listed issuer (whether they involve new shares issued by the subsidiary or existing shares of the subsidiary held by or for the issuer) as if they were share schemes of the issuer as described in rule 17.01(1).

17.14 A "principal subsidiary" refers to a subsidiary whose revenue, profits or total assets accounted for 75% (or more) of that of the issuer under the percentage ratios in any of the latest three financial years.

17.15 The following modifications apply:

(1) The scheme mandate limit, the service provider sublimit, the 1% individual limit, the limits on grants to the issuer's directors, chief executive and substantial shareholders (and their respective associates) under rule 17.04 and the limit on grants to service providers and related entity participants under rule 17.06A(1)(c) are to be calculated with reference to the total issued shares of the subsidiary.

(2) Rule 17.03E does not apply to share option schemes of the subsidiary if the subsidiary's shares are not listed on the Exchange. However, the scheme must provide that the exercise price of options granted after the listed issuer has resolved to seek a separate listing of such subsidiary on the Exchange, GEM or an overseas stock exchange and up to the listing date of the subsidiary must be not lower than the new issue price (if any). In particular, any options granted during the period commencing six months before the lodgement of Form A1 (or its equivalent for listing on GEM or the overseas stock exchange) up to the listing date of the subsidiary are subject to this requirement. The scheme must therefore provide for any necessary adjustment of the exercise price of options granted during such period to not lower than the new issue price.

# Chapter 18

# EQUITY SECURITIES

## MINERAL COMPANIES

### Scope

This Chapter sets out additional listing conditions, disclosure requirements and continuing obligations for Mineral Companies. The additional disclosure requirements and continuing obligations will apply to a listed issuer which becomes a Mineral Company by undertaking a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets. Certain continuing obligations will apply to listed issuers that publish details of Resources and/or Reserves.

The main headings are:


| | |
|---|---|
| 18.01 | Definitions and interpretation |
| 18.02-18.04 | Conditions for listing of new applicant Mineral Companies |
| 18.05-18.08 | Contents of listing documents for new applicants |
| 18.09-18.13 | Relevant Notifiable Transactions involving the acquisition or disposal of Mineral or Petroleum Assets |
| 18.14-18.17 | Continuing obligations |
| 18.18-18.27 | Statements on Resources and/or Reserves |
| 18.28-18.34 | Reporting Standard |




### DEFINITIONS AND INTERPRETATION

18.01 For the purposes of this Chapter unless otherwise stated or the context otherwise requires:—

(1) terms signifying the singular include the plural and vice versa;

(2) the term mineral includes solid fuels; and

(3) the following terms have the meanings set out below:—

| | |
|---|---|
| **"CIMVAL"** | Standards and Guidelines for Valuation of Mineral Properties endorsed by the Canadian Institute of Mining, Metallurgy and Petroleum, February 2003 (final version) as amended from time to time. |

| | |
|---|---|
| **"Competent Evaluator"** | a Competent Person undertaking valuations that satisfies rule 18.23. |
| **"Competent Person"** | a person that satisfies rules 18.21 and 18.22. |
| **"Competent Person's Report"** | the public report prepared by a Competent Person on Resources and/or Reserves, in compliance with this Chapter (rules 18.18 to 18.33) and the applicable Reporting Standard as modified by this Chapter. |
| **"Contingent Resources"** | those quantities of Petroleum estimated, at a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. |
| **"Feasibility Study"** | a comprehensive design and costing study of the selected option for the development of a mineral project in which appropriate assessments have been made of realistically assumed geological, mining, metallurgical, economic, marketing, legal, environmental, social, governmental, engineering, operational and all other relevant factors, which are considered in enough detail to demonstrate at the time of reporting that extraction is reasonably justified and the factors reasonably serve as the basis for a final decision by a financial institution to finance the development of the project. |
| **"Indicated Resource"** | that part of a mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. |
| **"Inferred Resource"** | that part of a mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence, sampling and assumed but not verified geological and/or grade continuity. |

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| **"IOSCO Multilateral MOU"** | the International Organisation of Securities Commissions Multilateral Memorandum of Understanding Concerning Consultation and Co-operation and the Exchange of Information dated May 2002 as amended from time to time. |
| **"JORC Code"** | the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition), as published by the Joint Ore Reserves Committee, as amended from time to time. |
| **"Major Activity"** | an activity of an issuer and/or its subsidiaries which represents 25% or more of the total assets, revenue or operating expenses of the issuer and its subsidiaries. Reference should be made to the issuer's latest audited consolidated financial statements. |
| **"Measured Resource"** | that part of a mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. |
| **"Mineral or Petroleum Assets"** | mineral assets and/or Petroleum assets or the equivalent as defined in either CIMVAL, the SAMVAL Code, or the VALMIN Code. |
| **"Mineral Company"** | a new applicant whose Major Activity (whether directly or through its subsidiaries) is the exploration for and/or extraction of Natural Resources, or a listed issuer that completes a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets. |
| **"Natural Resources"** | mineral and/or Petroleum. |
| **"NPVs"** | net present values. |

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| **"NI 43-101"** | also referred to as National Instrument 43-101, the (Canadian) Standards of Disclosure for Mineral Projects, including Companion Policy 43-101 as amended from time to time. |
| **"Petroleum"** | a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid or solid phase, as further defined in PRMS. |
| **"Possible Reserves"** | those quantities of Petroleum which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. |
| **"Pre-feasibility Study"** | a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, for underground mining, or the pit configuration, for an open pit, has been established and an effective method of mineral processing has been determined. It includes a financial analysis based on realistically assumed or reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are enough for a Competent Person, acting reasonably, to determine if all or part of the mineral Resource may be classified as a mineral Reserve. |
| **"PRMS"** | the Petroleum Resources Management System published by the Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council, and Society of Petroleum Evaluation Engineers in March 2007 as amended from time to time. |
| **"Probable Reserves"** | (1) with regard to minerals, the economically mineable part of an Indicated, and in some circumstances, a Measured Resource. |

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| | (2) with regard to Petroleum, those quantities of Petroleum which analysis of geoscience and engineering data show are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. |
| **"Prospective Resources"** | those quantities of Petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. |
| **"Proved Reserves"** | (1) with regard to minerals, the economically mineable part of a Measured Resource.<br><br>(2) with regard to Petroleum, those quantities of Petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. |
| **"Recognised Professional Organisation"** | a self-regulatory organisation of professional individuals in the mining or Petroleum industry which admits individuals on the basis of their academic qualifications and experience, requires compliance with professional standards of competence and ethics established by the organisation and has disciplinary powers including the power to suspend or expel a member. |
| **"Relevant Notifiable Transaction"** | a transaction that constitutes a major transaction, very substantial disposal, very substantial acquisition, extreme transaction and reverse takeover. |

**"Reporting Standard"** a recognised standard acceptable to the Exchange, including:

(1) the JORC Code, NI 43-101, and the SAMREC Code, with regard to mineral Resources and Reserves;

(2) PRMS with regard to Petroleum Resources and Reserves; and

(3) CIMVAL, the SAMVAL Code, and the VALMIN Code, with regard to valuations.

**"Reserve"**

(1) with regard to minerals, the economically mineable part of a Measured, and/or Indicated Resource, taking into account diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments to a minimum of a Pre-feasibilty Study must have been carried out. Mineral Reserves are sub-divided in order of increasing confidence into Probable Reserves and Proved Reserves.

*Note: Although the term mineral Reserve is used throughout this Chapter it is recognised that the term ore reserve is used in the JORC Code.*

(2) with regard to Petroleum, those quantities of Petroleum anticipated to be commercially recoverable by the application of development projects to known accumulations from a given date forward under defined conditions.

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| **"Resource"** | (1) with regard to minerals, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for their eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured Resources, as defined in the JORC Code.<br><br>(2) with regard to Petroleum, Contingent Resources and/or Prospective Resources. |
| **"SAMREC Code"** | the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2007 edition) as amended from time to time. |
| **"SAMVAL Code"** | the South African Code for the Reporting of Mineral Asset Valuation (2008 edition) as amended from time to time. |
| **"Scoping Study"** | a preliminary evaluation of a mineral project, including an assessment of the economic viability of mineral Resources. Scoping Studies should include forecast production schedules and cost estimates based on data under which the Resources are identified. |

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| **"VALMIN Code"** | the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (2005 edition), as prepared by the VALMIN Committee, a joint committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Mineral Industry Consultants Association as amended from time to time. |
| **"Valuation Report"** | the public valuation report prepared by a Competent Evaluator on Mineral or Petroleum Assets in compliance with this Chapter (rule 18.34) and the applicable Reporting Standard, as modified by this Chapter. It may form part of a Competent Person's Report. |

**CONDITIONS FOR LISTING OF NEW APPLICANT MINERAL COMPANIES**

18.02 In addition to satisfying the requirements of Chapter 8, a Mineral Company which has applied for listing must also satisfy the requirements of this Chapter.

18.03 A Mineral Company must:—

(1) establish that it has the right to participate actively in the exploration for and/or extraction of Natural Resources, either:—

(a) through control over a majority (by value) of the assets in which it has invested together with adequate rights over the exploration for and/or extraction of Natural Resources; or

*Note: 'control over a majority' means an interest greater than 50%.*

(b) through adequate rights (arising under arrangements acceptable to the Exchange), which give it sufficient influence in decisions over the exploration for and/or extraction of the Natural Resources;

(2) establish that it has at least a portfolio of:—

(a) Indicated Resources; or

(b) Contingent Resources,

identifiable under a Reporting Standard and substantiated in a Competent Person's Report. This portfolio must be meaningful and of sufficient substance to justify a listing;

(3) if it has commenced production, provide an estimate of cash operating costs including the costs associated with:—

(a) workforce employment;

(b) consumables;

(c) fuel, electricity, water and other services;

(d) on and off-site administration;

(e) environmental protection and monitoring;

(f) transportation of workforce;

(g) product marketing and transport;

(h) non-income taxes, royalties and other governmental charges; and

(i) contingency allowances;

*Note: A Mineral Company must:*

- *set out the components of cash operating costs separately by category;*
- *explain the reason for any departure from the list of items to be included under cash operating costs; and*
- *discuss any material cost items that should be highlighted to investors.*

(4) demonstrate that it has available working capital for 125% of the group's present requirements, that is for at least the next 12 months, which must include:—

(a) general, administrative and operating costs;

(b) property holding costs; and

(c) the cost of any proposed exploration and/or development; and

*Note: Capital expenditures do not need to be included in working capital requirements. Where they are financed out of borrowings, relevant interest and loan repayments must be included.*

(5) ensure that its working capital statement in the listing document under Listing Rule 8.21A states it has available sufficient working capital for 125% of the group's present requirements, that is for at least 12 months from the date of its listing document.

18.04 If a Mineral Company is unable to satisfy either the profit test in rule 8.05(1), the market capitalisation/revenue/cash flow test in rule 8.05(2), or the market capitalisation/revenue test in rule 8.05(3), it may still apply to be listed if it can establish that its directors and senior managers, taken together, have sufficient experience relevant to the exploration and/or extraction activity that the Mineral Company is pursuing. Individuals relied on must have a minimum of five years relevant industry experience. Details of the relevant experience must be disclosed in the listing document of the new applicant.

*Note: A Mineral Company relying on this rule must demonstrate that its primary activity is the exploration for and/or extraction of Natural Resources.*

**CONTENTS OF LISTING DOCUMENTS FOR NEW APPLICANTS**

18.05 In addition to the information set out in Appendix D1A, a Mineral Company must include in its listing document:—

(1) a Competent Person's Report;

(2) a statement that no material changes have occurred since the effective date of the Competent Person's Report. Where there are material changes, these must be prominently disclosed;

(3) the nature and extent of its prospecting, exploration, exploitation, land use and mining rights and a description of the properties to which those rights attach, including the duration and other principal terms and conditions of the concessions and any necessary licences and consents. Details of material rights to be obtained must also be disclosed;

(4) a statement of any legal claims or proceedings that may have an influence on its rights to explore or mine;

(5) disclosure of specific risks and general risks. Companies should have regard to Guidance Note 7 on suggested risk analysis; and

(6) if relevant and material to the Mineral Company's business operations, information on the following:—

(a) project risks arising from environmental, social, and health and safety issues;

(b) any non-governmental organisation impact on sustainability of mineral and/or exploration projects;

(c) compliance with host country laws, regulations and permits, and payments made to host country governments in respect of tax, royalties and other significant payments on a country by country basis;

(d) sufficient funding plans for remediation, rehabilitation and, closure and removal of facilities in a sustainable manner;

(e) environmental liabilities of its projects or properties;

(f) its historical experience of dealing with host country laws and practices, including management of differences between national and local practice;

(g) its historical experience of dealing with concerns of local governments and communities on the sites of its mines, exploration properties, and relevant management arrangements; and

(h) any claims that may exist over the land on which exploration or mining activity is being carried out, including any ancestral or native claims.

**Additional disclosure requirements that apply to certain new applicant Mineral Companies**

18.06 If a Mineral Company has begun production, it must disclose an estimate of the operating cash cost per appropriate unit for the minerals and/or Petroleum produced.

18.07 If a Mineral Company has not yet begun production, it must disclose its plans to proceed to production with indicative dates and costs. These plans must be supported by at least a Scoping Study, substantiated by the opinion of a Competent Person. If exploration rights or rights to extract Resources and/or Reserves have not yet been obtained, relevant risks to obtaining these rights must be prominently disclosed.

18.08 If a Mineral Company is involved in the exploration for or extraction of Resources, it must prominently disclose to investors that its Resources may not ultimately be extracted at a profit.

## RELEVANT NOTIFIABLE TRANSACTIONS INVOLVING THE ACQUISITION OR DISPOSAL OF MINERAL OR PETROLEUM ASSETS

18.09 A Mineral Company proposing to acquire or dispose of assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must:—

(1) comply with Chapter 14 and Chapter 14A, if relevant;

(2) produce a Competent Person's Report, which must form part of the relevant circular, on the Resources and/or Reserves being acquired or disposed of as part of the Relevant Notifiable Transaction;

*Note: The Exchange may dispense with the requirement for a Competent Person's Report on disposals where shareholders have sufficient information on the assets being disposed of.*

(3) in the case of a major (or above) acquisition, produce a Valuation Report, which must form part of the relevant circular, on the Mineral or Petroleum Assets being acquired as part of the Relevant Notifiable Transaction; and

(4) comply with the requirements of rules 18.05(2) to 18.05(6) in respect of the assets being acquired.

*Note: Material liabilities that remain with the issuer on a disposal must also be discussed.*

### Requirements that apply to listed issuers

18.10 A listed issuer proposing to acquire assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must comply with rule 18.09.

18.11 On completion of a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets, unless the Exchange decides otherwise, a listed issuer will be treated as a Mineral Company.

### Requirements that apply to Mineral Companies and listed issuers

18.12 The Exchange may dispense with the requirement to produce a new Competent Person's Report or a Valuation Report under rules 18.05(1), 18.09(2) or 18.09(3), if the issuer has available a previously published Competent Person's Report or Valuation Report (or equivalent) which complies with rules 18.18 to 18.34 (where applicable), provided the report is no more than six months old. The issuer must provide this document and a no material change statement in the listing document or circular for the Relevant Notifiable Transaction.

18.13 An issuer must obtain the prior written consent of a Competent Person(s) or Competent Evaluator for their material to be included in the form and context in which it appears in a listing document or circular for the Relevant Notifiable Transaction, whether or not such person or firm is retained by the listing applicant or the issuer.

## CONTINUING OBLIGATIONS

### Disclosure in reports

18.14 A Mineral Company must include in its interim (half-yearly) and annual reports details of its exploration, development and mining production activities and a summary of expenditure incurred on these activities during the period under review. If there has been no exploration, development or production activity, that fact must be stated.

### Publication of Resources and Reserves

18.15 A listed issuer that publicly discloses details of Resources and/or Reserves must give an update of those Resources and/or Reserves once a year in its annual report, in accordance with the reporting standard under which they were previously disclosed or a Reporting Standard.

18.16 A Mineral Company must include an update of its Resources and/or Reserves in its annual report in accordance with the Reporting Standard under which they were previously disclosed.

18.17 Annual updates of Resources and/or Reserves must comply with rule 18.18.

*Note: Annual updates are not required to be supported by a Competent Person's Report and may take the form of a no material change statement.*

## STATEMENTS ON RESOURCES AND/OR RESERVES

### Presentation of data

18.18 Any data presented on Resources and/or Reserves by a Mineral Company in a listing document, Competent Person's Report, Valuation Report or annual report, must be presented in tables in a manner readily understandable to a non-technical person. All assumptions must be clearly disclosed and statements should include an estimate of volume, tonnage and grades.

**Basis of evidence**

18.19 All statements referring to Resources and/or Reserves:—

(1) in any new applicant listing document or circular relating to a Relevant Notifiable Transaction, must be substantiated in a Competent Person's Report which must form part of the document; and

(2) in all other cases, must at least be substantiated by the issuer's internal experts.

**Petroleum Competent Persons' Reports**

18.20 A Competent Person's Report for Mineral Companies involved in the exploration for and/or extraction of Petroleum Resources and Reserves must include the information set out in Appendix D3.

**Competent Person**

18.21 A Competent Person must:—

(1) have a minimum of five years experience relevant to the style of mineralization and type of deposit under consideration or to the type of Petroleum exploration, reserve estimate (as appropriate), and to the activity which the Mineral Company is undertaking;

(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 Commission for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and

(3) take overall responsibility for the Competent Person's Report.

18.22 A Competent Person must be independent of the issuer, its directors, senior management and advisers. Specifically the Competent Person retained must:—

(1) have no economic or beneficial interest (present or contingent) in any of the assets being reported on;

(2) not be remunerated with a fee dependent on the findings of the Competent Person's Report;

(3) in the case of an individual, not be an officer, employee or proposed officer of the issuer or any group, holding or associated company of the issuer; and

(4) in the case of a firm, not be a group, holding or associated company of the issuer. Any of the firm's partners or officers must not be officers or proposed officers of any group, holding or associated company of the issuer.

**Additional requirements of Competent Evaluators**

18.23 In addition to the requirements set out in rules 18.21(2) and 18.22, a Competent Evaluator must:—

(1) have at least ten years relevant and recent general mining or Petroleum experience (as appropriate);

(2) have at least five years relevant and recent experience in the assessment and/or valuation of Mineral or Petroleum Assets or securities (as appropriate); and

(3) hold all necessary licences.

*Note: A Competent Person's Report or Valuation Report may be performed by the same Competent Person provided he or she is also a Competent Evaluator.*

**Scope of Competent Persons' Reports and Valuation Reports**

18.24 A Competent Person's Report or Valuation Report must comply with a Reporting Standard as modified by this Chapter, and must:—

(1) be addressed to the Mineral Company or listed issuer;

(2) have an effective date (being the date when the contents of the Competent Person's Report or Valuation Report are valid) less than six months before the date of publishing the listing document or circular relating to a Relevant Notifiable Transaction required under the Listing Rules; and

(3) set out what Reporting Standard has been used in preparing the Competent Person's Report or Valuation Report, and explain any departure from the relevant Reporting Standard.

**Disclaimers and Indemnities**

18.25 A Competent Person's Report or Valuation Report may contain disclaimers of sections or topics outside their scope of expertise in which the Competent Person or Competent Evaluator relied upon other experts' opinions, but must not contain any disclaimers of the report in its entirety.

18.26 The Competent Person or Competent Evaluator must prominently disclose in the Competent Person's Report or Valuation Report the nature and details of all indemnities provided by the issuer. Indemnities for reliance placed on information provided by issuers and third party experts (for information outside the Competent Person's or Competent Evaluator's expertise) are generally acceptable. Indemnities for fraud and gross negligence are generally unacceptable.

**Obligations of sponsor**

18.27 Any sponsor appointed to or by a new applicant Mineral Company under Chapter 3A must ensure that any Competent Person or Competent Evaluator meets the requirements of this Chapter.

**REPORTING STANDARD**

**Mineral reporting standard**

18.28 In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting mineral Resources and Reserves must also satisfy rules 18.29 and 18.30.

18.29 A Mineral Company must disclose information on mineral Resources, Reserves and/or exploration results either:—

(1) under:

(a) the JORC Code;

(b) NI 43-101; or

(c) the SAMREC Code,

as modified by this Chapter; or

(2) under other codes acceptable to the Exchange as communicated to the market from time to time, provided the Exchange is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.

*Note: The Exchange may allow presentation of Reserves under other reporting standards provided reconciliation to a Reporting Standard is provided. A Reporting Standard applied to specific assets must be used consistently.*

18.30 A Mineral Company must ensure that:—

(1) any estimates of mineral Reserves disclosed are supported, at a minimum, by a Pre-feasibility Study;

(2) estimates of mineral Reserves and mineral Resources are disclosed separately;

(3) Indicated Resources and Measured Resources are only included in economic analyses if the basis on which they are considered to be economically extractable is explained and they are appropriately discounted for the probabilities of their conversion to mineral Reserves. All assumptions must be clearly disclosed. Valuations for Inferred Resources are not permitted;

(4) for commodity prices used in Pre-feasibility Studies, Feasibility Studies and valuations of Indicated Resources, Measured Resources and Reserves:—

(a) the methods to determine those commodity prices, all material assumptions and the basis on which those prices represent reasonable views of future prices are explained clearly; and

(b) if a contract for future prices of mineral Reserves exists, the contract price is used; and

(5) for forecast valuations of Reserves and profit forecasts, sensitivity analyses to higher and lower prices are supplied. All assumptions must be clearly disclosed.

**Petroleum reporting standard**

18.31 In addition to satisfying the requirements of Chapter 13 (as modified by this Chapter), a Mineral Company exploring for and/or extracting Petroleum Resources and Reserves must also satisfy rules 18.32 and 18.33.

18.32 A Mineral Company must disclose information on Petroleum Resources and Reserves either:—

(1) under PRMS as modified by this Chapter; or

(2) under other codes acceptable to the Exchange if it is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.

*Note: A Reporting Standard applied to specific assets must be used consistently.*

18.33 A Mineral Company must ensure that:—

(1) where estimates of Reserves are disclosed, the method and reason for choice of estimation are disclosed (i.e. deterministic or probabilistic methods, as defined in PRMS). Where the probabilistic method is used, the underlying confidence levels applied must be stated;

(2) if the NPVs attributable to Proved Reserves and Proved plus Probable Reserves are disclosed, they are presented on a post-tax basis at varying discount rates (including a reflection of the weighted average cost of capital or minimum acceptable rate of return that applies to the entity at the time of evaluation) or a fixed discount rate of 10%;

(3) Proved Reserves and Proved plus Probable Reserves are analysed separately and principal assumptions (including prices, costs, exchange rates and effective date) and the basis of the methodology are clearly stated;

(4) if the NPVs attributable to Reserves are disclosed, they are presented using a forecast price as a base case or using a constant price as a base case. The bases for the forecast case must be disclosed. The constant price is defined as the unweighted arithmetic average of the closing price on the first day of each month within the 12 months before the end of the reporting period, unless prices are defined by contractual arrangements. The basis on which the forecast price is considered reasonable must be disclosed and Mineral Companies must comply with rule 18.30(5);

*Note: In the forecast case under PRMS, the economic evaluation underlying the investment decision is based on the entity's reasonable forecast of future conditions, including costs and prices, which will exist during the life of the project.*

(5) if estimated volumes of Contingent Resources or Prospective Resources are disclosed, relevant risk factors are clearly stated;

*Note: Under PRMS, wherever the volume of a Contingent Resource is stated, risk is expressed as the chance that the accumulation will be commercially developed and graduate to the reserves class. Wherever the volume of a Prospective Resource is stated, risk is expressed as the chance that a potential accumulation will result in a significant discovery of Petroleum.*

(6) economic values are not attached to Possible Reserves, Contingent Resources or Prospective Resources; and

(7) where an estimate of future net revenue is disclosed, whether calculated without discount or using a discount rate, it is prominently disclosed that the estimated values disclosed do not represent fair market value.

**Mineral or Petroleum Asset Valuation Reports**

18.34 A Mineral Company must ensure that:—

(1) any valuation of its Mineral or Petroleum Assets is prepared under the VALMIN Code, SAMVAL Code, CIMVAL or such other code approved by the Exchange from time to time;

(2) the Competent Evaluator states clearly the basis of valuation, relevant assumptions and the reason why a particular method of valuation is considered most appropriate, having regard to the nature of the valuation and the development status of the Mineral or Petroleum Asset;

(3) if more than one valuation method is used and different valuations result, the Competent Evaluator comments on how the valuations compare and on the reason for selecting the value adopted; and

(4) in preparing any valuation a Competent Evaluator meets the requirements set out in rule 18.23.

# Chapter 18A

## EQUITY SECURITIES

### BIOTECH COMPANIES

#### Scope

This Chapter sets out additional listing conditions, disclosure requirements and continuing obligations for Biotech Companies that seek to list on the basis that they are unable to satisfy either the profit test in rule 8.05(1), the market capitalisation/revenue/cash flow test in rule 8.05(2), or the market capitalization/revenue test in rules 8.05(3).

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

#### DEFINITIONS AND INTERPRETATION

18A.01 For the purposes of this Chapter unless otherwise stated or the context otherwise requires the following terms have the meanings set out below:—

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| **"Approved Product"** | a Biotech Product which has been approved for commercialisation by a Competent Authority. |
| **"Biotech"** | the application of science and technology to produce commercial products with a medical or other biological application. |
| **"Biotech Company"** | A company primarily engaged in the research and development, application and commercialisation of Biotech Products. |
| **"Biotech Product"** | Biotech products, processes or technologies |
| **"Competent Authority"** | the US Food and Drug Administration, the China Food and Drug Administration, the European Medicines Agency.<br><br>The Exchange may, at its discretion, recognise another national or supranational authority as a Competent Authority for the purposes of this Chapter in individual cases (depending on the nature of the Biotech Product). |

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| **"Core Product"** | A Regulated Product that (alone or together with other Regulated Products) forms the basis of a Biotech Company's listing application under this chapter. |
| **"Regulated Product"** | A Biotech Product that is required by applicable laws, rules or regulations to be evaluated and approved by a Competent Authority based on data derived from clinical trials (i.e. on human subjects) before it could be marketed and sold in the market regulated by that Competent Authority. |

## CONDITIONS FOR LISTING OF BIOTECH COMPANIES

18A.02 An applicant that has applied for listing under this Chapter must, in addition to satisfying the requirements of this Chapter, also satisfy the requirements of Chapter 8 (other than rules 8.05, 8.05A, 8.05B and 8.05C).

18A.03 An applicant that has applied for listing under this Chapter must:—

(1) demonstrate that it is both eligible and suitable for listing as a Biotech Company;

(2) have an initial market capitalisation at the time of listing of at least HK$1,500,000,000;

(3) have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management; and

(4) ensure that it has available sufficient working capital to cover at least 125% of the group's costs for at least 12 months from the date of publication of its listing document (after taking into account the proceeds of the new applicant's initial listing). These costs must substantially consist of the following:—

(a) general, administrative and operating costs (including any production costs); and

(b) research and development costs.

*Note 1: The Exchange would expect that the issuer would use a substantive portion of the proceeds from its initial listing to cover these costs.*

*Note 2: Capital expenditures do not need to be included in the calculation of working capital requirements for the purpose of this rule. However, where capital expenditures are financed out of borrowings, relevant interest and loan repayments must be included in the calculation. For the avoidance of doubt, Biotech Companies must include research and development costs, irrespective of whether they are capitalised, in the calculation of working capital requirements for the purpose of this rule.*

**CONTENTS OF LISTING DOCUMENTS FOR BIOTECH COMPANIES**

18A.04 In addition to the information set out in Appendix D1A, a Biotech Company must disclose in its listing document:—

(1) its strategic objectives;

(2) the details of each Core Product, including:

(a) a description of the Core Product;

(b) details of any relevant regulatory approval required and/or obtained for each Core Product;

(c) summary of material communications with the relevant Competent Authority in relation to the its Core Product(s) (unless such disclosure is not permitted under applicable laws or regulations, or the directions of the Competent Authority);

(d) the stage of research and development for each Core Product;

(e) development details by key stages and its requirements for each Core Product to reach commercialisation, and a general indication of the likely timeframe, if the development is successful, for the product to reach commercialisation;

(f) all material safety data relating to its Core Product(s), including any serious adverse events;

(g) a description of the immediate market opportunity of each Core Product if it proceeds to commercialisation and any potential increased market opportunity in the future (including a general description of the competition in the potential market);

(h) details of any patent(s) granted and applied for in relation to the Core Product(s) (unless the applicant is able to demonstrate that such disclosure would require the applicant to disclose highly sensitive commercial information), or an appropriate negative statement;

(i) in the case of a Core Product which is biologics, disclosure of planned capacity and production related technology details; and

(j) to the extent that any Core Product is in-licensed, a clear statement of the issuer's material rights and obligations under the applicable licensing agreement;

(3) a statement that no material unexpected or adverse changes have occurred since the date of issue of the relevant regulatory approval for a Core Product (if any). Where there are material changes, these must be prominently disclosed;

(4) a description of Approved Products (if any) owned by the applicant and the length of unexpired patent protection period and details of current and expected market competitors;

(5) details of the Biotech Company's research and development experience, including:

(a) details of its operations in laboratory research and development;

(b) the collective expertise and experience of key management and technical staff; and

(c) its collaborative development and research agreements;

(6) details of the relevant experience of the Biotech Company's directors and senior management in the research and development, manufacturing and commercialisation of Biotech Products;

(7) the salient terms of any service agreements between the applicant and its key management and technical staff;

(8) measures (if any) that the applicant has in place to retain key management or technical staff (for example incentivisation arrangements and/or non-compete clauses), and the safeguards and arrangements that the applicant has in place, in the event of the departure of any of its key management or technical staff;

(9) a statement of any legal claims or proceedings that may have an influence on its research and development for any Core Product;

(10) disclosure of specific risks, general risks and dependencies, including:

(a) potential risks in clinical trials;

(b) risks associated with the approval process for its Core Product(s); and

(c) the extent to which its business is dependent on key individuals and the impact of the departure of key management or technical staff on the applicant's business and operations;

(11) if relevant and material to the Biotech Company's business operations, information on the following:—

(a) project risks arising from environmental, social, and health and safety issues;

(b) compliance with host country laws, regulations and permits, and payments made to host country governments in respect of tax, royalties and other significant payments on a country by country basis;

(c) its historical experience of dealing with host country laws and practices, including management of differences between national and local practice; and

(d) its historical experience of dealing with the concerns of local governments and communities on the sites of its research and trials, and relevant management arrangements;

(12) an estimate of cash operating costs, including costs relating to research and development and clinical trials incurred in the development of the Core Product and costs associated with:—

(a) workforce employment;

(b) direct production costs, including materials (if it has commenced production);

(c) research and development;

(d) product marketing (if any);

(e) non-income taxes, royalties and other governmental charges (if any);

(f) contingency allowances; and

(g) any other significant costs; and

*Note: A Biotech Company must:*

- *set out the components of cash operating costs separately by category;*
- *explain the reason for any departure from the list of items to be included under cash operating costs; and*
- *discuss any material cost items that should be highlighted to investors.*

(13) if the applicant has obtained an expert technical assessment and where relevant and appropriate, include such assessment in its listing document.

18A.05 A Biotech Company must, in respect of each Core Product, prominently disclose to investors a warning that the relevant Core Product may not ultimately be successfully developed and marketed.

18A.06 A Biotech Company must comply with rule 4.04 modified so that references to "three financial years" or "three years" in that rule shall instead reference to "two financial years" or "two years", as the case may be.

18A.07 [Repealed 4 August 2025]

## CONTINUING OBLIGATIONS

### Disclosure in Reports

18A.08 A Biotech Company must include in its interim (half-yearly) and annual reports details of its research and development activities during the period under review, including:

(1) details of the key stages for each of its Core Products under development to reach commercialisation, and a general indication of the likely timeframe, if the development is successful, for the Core Product to reach commercialisation;

(2) a summary of expenditure incurred on its research and development activities; and

(3) a prominently disclosed warning that a Core Product may not ultimately be successfully developed and marketed.

*Note: Details to be disclosed should be in line with those disclosed in the listing document of the Biotech Company under rules 18A.04 and 18A.05.*

**Sufficient Operations**

18A.09 Where the Exchange considers that a Biotech Company listed under this chapter fails to comply with rule 13.24, the Exchange may suspend dealings or cancel the listing of its securities under rule 6.01. The Exchange may also under rule 6.10 give the relevant issuer a period of not more than 12 months to re-comply with rule 13.24. If the relevant issuer fails to re-comply with rule 13.24 within such period, the Exchange will cancel the listing.

**Material Changes**

18A.10 Without the prior consent of the Exchange, a Biotech Company listed under this chapter must not effect any acquisition, disposal or other transaction or arrangement or a series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in the principal business activities of the relevant issuer as described in the listing document issued at the time of its application for listing.

**Stock Marker**

18A.11 The listed equity securities of a Biotech Company listed under this chapter must have a stock name that ends with the marker "B".

**Dis-application of rules 18A.09 to 18A.11**

18A.12 Upon application by the listed Biotech Company and demonstration that it is able to meet the requirements of rule 8.05, rules 18A.09 to 18A.11 do not apply to a Biotech Company listed under this chapter.

# Chapter 18B

## EQUITY SECURITIES

### SPECIAL PURPOSE ACQUISITION COMPANIES

#### Scope

The Exchange Listing Rules apply as much to SPACs and Successor Companies with, or seeking, a listing as they do to other issuers, subject to the additional requirements, modifications or exceptions set out or referred to in this Chapter.

SPACs are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the applicable requirements set out in this Chapter.

#### DEFINITIONS

18B.01 The following definitions apply:

| | |
|---|---|
| **"connected person"** | the definition of a "connected person" in rule 14A.07, with respect to a SPAC, is modified to include a SPAC Promoter, a SPAC Director and an associate of these parties |
| **"core connected person"** | the definition of a "core connected person" in rule 1.01, with respect to a SPAC, is modified to include a SPAC Promoter, a SPAC Director and a close associate of any of these parties |
| **"De-SPAC Target"** | the target of a De-SPAC Transaction |
| **"De-SPAC Transaction"** | an acquisition of, or a business combination with, a De-SPAC Target by a SPAC that results in the listing of a Successor Company |
| **"Institutional Professional Investors"** | persons falling under paragraphs (a) to (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO |
| **"Non-Institutional Professional Investors"** | persons falling under paragraph (j) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO |

| | |
|---|---|
| **"Professional Investor"** | an Institutional Professional Investor or a Non-Institutional Professional Investor |
| **"Promoter Share"** | a share of a separate class to SPAC Shares issued by a SPAC exclusively to a SPAC Promoter at nominal consideration |
| **"Promoter Warrant"** | a warrant of a separate class to SPAC Warrants issued by a SPAC exclusively to a SPAC Promoter |
| **"SPAC Director"** | a director of a SPAC |
| **"SPAC Share"** | a share of a SPAC that is not a Promoter Share |
| **"SPAC Warrant"** | a warrant issued by a SPAC that is not a Promoter Warrant |
| **"Successor Company"** | the listed issuer resulting from the completion of a De-SPAC Transaction |
| **"warrants"** | have the same meaning as defined in rule 15.01 and for the avoidance of doubt, include SPAC Warrants and Promoter Warrants |

## CONDITIONS FOR LISTING

### Basic Conditions

18B.02 Rules 8.05, 8.05A, 8.05B and 8.05C do not apply to a SPAC.

### Restrictions on Marketing to and Trading by the Public

18B.03 The Exchange must be satisfied that adequate arrangements have been made to ensure that the securities of a SPAC will not be marketed to or traded by the public in Hong Kong (without prohibiting marketing to or trading by Professional Investors). For this reason a SPAC will be required to:

(1) have a board lot size and subscription size of a value of at least HK$1,000,000 for its SPAC Shares;

(2) demonstrate to the Exchange that each intermediary involved in marketing or selling securities for and on its behalf, as part of its "know your client" procedures under the Code of Conduct, satisfy itself that each placee is a Professional Investor; and

(3) demonstrate to the Exchange that all other aspects of the structure of any SPAC securities offering preclude access by the public (other than Professional Investors).

*Note: For the purpose of compliance with this rule, the initial offering of a SPAC must not involve a public subscription tranche of securities.*

18B.04 Rules 8.07, 8.13 (save that a SPAC's securities must be freely transferable between Professional Investors only), 8.23 and Practice Note 18 do not apply to the initial offering of a SPAC.

**Open Market Requirements**

18B.05 Rule 8.08(2) is modified to require that, at the time of listing, there must be an adequate spread of holders of the securities to be listed which must, in all cases, be at least 75 Professional Investors, of whom at least 20 must be Institutional Professional Investors and such Institutional Professional Investors must hold at least 75% of the securities to be listed.

*Note: A SPAC must meet all other open market requirements applicable to a new listing, including the requirements of rule 8.08(1) on the prescribed percentage of securities to be held by the public (see rule 8.24) and rule 8.08(3) that not more than 50% of the securities in public hands (see rule 8.24) at the time of listing can be beneficially owned by the three largest public shareholders.*

18B.05A Rule 8.09(4) does not apply to SPAC Warrants.

**Trading Arrangements**

18B.06 SPACs must apply to list SPAC Shares and SPAC Warrants that trade separately from the date of initial listing onwards.

**Issue Price**

18B.07 Each SPAC Share for which a listing is sought must have an issue price of at least HK$10.

**Fund Raising Size**

18B.08 At the time of listing, the gross funds raised by a SPAC from its initial offering must be at least HK$1,000,000,000.

## CONTENTS OF LISTING DOCUMENTS

18B.09 In addition to the information set out in Appendix D1A, a SPAC must include in its listing document:—

(1) a prominent statement on the front cover of the listing document stating that the securities of a SPAC are only to be issued to, or traded by, Professional Investors, and that the listing document is to be distributed to Professional Investors only;

(2) the information required by rule 15.03 for all warrants issued or granted by the SPAC;

(3) the information referred to in rule 18B.10 regarding the SPAC Promoters as at the latest practicable date;

(4) the identity of the trustee or custodian referred to in rule 18B.17 and the details of the SPAC's trust or custodian arrangements (including the circumstances under which the funds in the escrow account may be released);

(5) full disclosure of the SPAC's structure, the types of securities issued or to be issued by the SPAC and their nature, including details of any proposed earn-out rights referred to in Note 1 to rule 18B.29(1) and the mechanism under which the Promoter Shares are to be converted into the shares of the Successor Company;

(6) prominent disclosure of the major risk factors relating to investment in the SPAC (including those relating to liquidity and volatility of its securities);

(7) its business strategy including its criteria for selecting a De-SPAC Target (including its target business sector, types of assets, and geographic area for the purpose of undertaking a De-SPAC Transaction);

(8) a statement by the SPAC Directors that the SPAC has not entered into a binding agreement with respect to a potential De-SPAC Transaction;

(9) terms of (a) the initial investment in the SPAC by; and (b) the benefits and/or rewards prior to or upon completion of the De-SPAC Transaction that will be provided to, the SPAC Promoters, the SPAC Directors, the senior management of the SPAC and their respective close associates (including justification for any discounts to the initial investment, and value of the benefits and/or rewards, and a commentary on the alignment of their interests with the interests of other shareholders);

(10) (a) prominent disclosure on the impact of dilution to shareholders due to (i) there being less equity contribution from the SPAC Promoters in respect of the Promoter Shares (and such other known dilutive factors or events); (ii) the exercise of the warrants; and (b) any mitigating measures taken to minimise the impact of dilution to shareholders; and

(11) voting, redemption and liquidation rights of SPAC shareholders including the basis of the computation of their entitlements in the event of a redemption of shares and liquidation of the SPAC.

## SPAC PROMOTERS AND SPAC DIRECTORS

### SPAC Promoters

18B.10 At listing of the SPAC and on an ongoing basis for the lifetime of the SPAC, the Exchange must be satisfied as to the character, experience and integrity of all SPAC Promoters and that each is capable of meeting a standard of competence commensurate with its position. For the purpose of demonstrating the above, a SPAC must ensure that:

(1) at listing and on an ongoing basis, at least one of its SPAC Promoters is a firm that holds a Type 6 (advising on corporate finance) and/or a Type 9 (asset management) licence issued by the Commission; and

(2) it provides the Exchange with information that the Exchange requests in accordance with guidance published on the Exchange's website as amended from time to time.

*Note 1: The Exchange reserves the right to request that a SPAC provide further information regarding any SPAC Promoter's character, experience and integrity for the purpose of rule 18B.10.*

*Note 2: The Exchange may waive rule 18B.10(1), based on the merits of an individual case, in accordance with guidance published on the Exchange's website as amended from time to time.*

18B.11 At least one of the SPAC Promoters satisfying rule 18B.10(1) must be the beneficial holder of at least 10% of the Promoter Shares issued by the SPAC.

### SPAC Directors

18B.12 At listing of the SPAC and on an ongoing basis for the lifetime of the SPAC, in addition to meeting the requirements of these rules, any director nominated by a SPAC Promoter for appointment to the board of a SPAC must be an officer (as defined under the SFO) of the SPAC Promoter (whether or not Commission licensed) representing the SPAC Promoter who nominated him or her.

*Note: Where a SPAC Promoter is an individual, that person must be a director of the SPAC.*

18B.13 At listing of the SPAC and on an ongoing basis for the lifetime of the SPAC, the board of a SPAC must include at least two individuals licensed by the Commission to carry out Type 6 (advising on corporate finance) and/or Type 9 (asset management) regulated activities for a Commission licensed corporation.

18B.14 At least one of the individuals referred to in rule 18B.13 must be a licensed person of a SPAC Promoter referred to in rule 18B.10(1).

## DEALING RESTRICTIONS

18B.15 The following persons and their close associates are prohibited from dealing in any of the SPAC's listed securities prior to the completion of a De-SPAC Transaction:

(1) SPAC Promoters, their respective directors and employees;

(2) SPAC Directors; and

(3) employees of the SPAC.

## CONTINUING OBLIGATIONS

### Escrow Account

18B.16 A SPAC must hold 100% of the gross proceeds of its initial offering (excluding proceeds raised from the issue of Promoter Shares and Promoter Warrants) in a ring-fenced escrow account domiciled in Hong Kong.

18B.17 The escrow account referred to in rule 18B.16 must be operated by a trustee or custodian whose qualifications and obligations are consistent with the requirements of Chapter 4 of the UT Code.

18B.18 The monies held in the escrow account referred to in rule 18B.16 must be held in the form of cash or cash equivalents.

*Note: It is the SPAC's responsibility to ensure that funds are held in a form that allows them to meet the requirement to give full redemption to shareholders under rules 18B.57 and 18B.74. The Exchange may publish guidance on the Exchange's website, as amended from time to time, on its interpretation of "cash equivalents" for the purpose of this rule.*

18B.19 Save as permitted under rule 18B.20, the monies held in the escrow account referred to in rule 18B.16 must not be released to any person other than to:

(1) meet redemption requests of the SPAC shareholders in accordance with rule 18B.59;

(2) complete a De-SPAC Transaction;

(3) return funds to SPAC shareholders in accordance with rule 18B.74; or

(4) return funds to SPAC shareholders upon the liquidation or winding up of the SPAC.

*Note: Save as permitted under rule 18B.20, the expenses incurred by a SPAC before the De-SPAC Transaction must not be funded from the monies held in the escrow account referred to in rule 18B.16.*

18B.20 Any interest, or other income earned, on monies held in the escrow account referred to in rule 18B.16 may be used by a SPAC to settle its expenses.

**Warrants**

18B.21 All warrants must, prior to the allotment, issue, or grant thereof by a SPAC, be approved:

(1) by the Exchange; and

(2) in the case of warrants proposed to be allotted, issued or granted by a SPAC after its listing, by SPAC shareholders in a general meeting.

*Note: For the avoidance of doubt, SPAC Promoters and their close associates will be regarded by the Exchange as having a material interest in resolutions regarding the allotment, issue and/or grant of Promoter Warrants to them and must abstain from voting at the general meeting referred to in rule 18B.21(2).*

18B.22 Each warrant allotted, issued or granted by a SPAC must:

(1) have an exercise price representing at least a 15% premium to the issue price of the SPAC Shares that it issued at its initial listing;

(2) have an exercise period that commences after the completion of a De-SPAC Transaction;

(3) expire not less than one year and not more than five years from the date of the completion of a De-SPAC Transaction, and must not be convertible into further rights to subscribe for securities which expire less than one year or more than five years after the date of the completion of a De-SPAC Transaction; and

(4) only result in the issuance of shares in a Successor Company upon exercise.

18B.23 The number of shares to be issued or transferred out of treasury by the SPAC upon exercise of all outstanding warrants issued or granted by a SPAC must not, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 50% of the number of shares in issue (excluding treasury shares) at the time such warrants are issued.

*Note: The reference to "the number of shares in issue" in this rule includes Promoter Shares issued by a SPAC.*

18B.24 Rule 15.02 does not apply to a SPAC.

**Promoter Shares and Promoter Warrants**

18B.25 A SPAC must not apply to list Promoter Shares or Promoter Warrants.

18B.26 A SPAC Promoter who is allotted, issued or granted any Promoter Shares or Promoter Warrants by a SPAC must remain as the beneficial owner of those Promoter Shares or Promoter Warrants at the listing of the SPAC and for the lifetime of the Promoter Shares or Promoter Warrants.

*Note 1: The Exchange would consider there to be a change in beneficial owner if a SPAC Promoter enters into any arrangement for another person to be entitled to the economic interest in the Promoter Shares or to have control over the voting rights attached to them (through voting proxies or otherwise).*

*Note 2: If a SPAC Promoter departs from a SPAC, or where there is a change in beneficial ownership contrary to this rule, the SPAC Promoter must surrender the relevant Promoter Shares and Promoter Warrants it beneficially owns to the SPAC and the SPAC must cancel those Promoter Shares and Promoter Warrants.*

*Note 3: In exceptional circumstances (e.g. the revocation of the licence of a SPAC Promoter resulting in the departure of the transferor SPAC Promoter), the Exchange may waive this rule, based on the merits of an individual case, to permit the transfer of Promoter Shares or Promoter Warrants between SPAC Promoters of the same SPAC. This is on the condition that the transfer is subject to approval of a resolution on the matter by shareholders at a general meeting. SPAC Promoters and their close associates would be regarded by the Exchange as having a material interest and must abstain from voting on such a resolution.*

18B.27 A SPAC must only allot, issue or grant Promoter Shares or Promoter Warrants to a SPAC Promoter.

*Note: A SPAC may allot, issue or grant these securities to a limited partnership, trust, private company or other vehicle to hold on behalf of a SPAC Promoter provided that such an arrangement does not result in a transfer of beneficial ownership of the securities to a person other than the SPAC Promoter.*

18B.28 A SPAC must not register, certify or otherwise facilitate the transfer of title of any Promoter Shares or Promoter Warrants to a person other than the SPAC Promoter to whom they were originally allotted, issued or granted.

*Note 1: A SPAC may register, certify or otherwise facilitate the transfer of legal title of these securities to a limited partnership, trust, private company or other vehicle to hold on behalf of the SPAC Promoter to which they were originally allotted, issued or granted provided that such an arrangement does not result in a transfer of beneficial ownership of the securities to a person other than that SPAC Promoter.*

*Note 2: The Exchange may waive this rule in accordance with Note 3 to rule 18B.26.*

18B.29 (1) A SPAC must not allot, issue or grant any Promoter Shares to SPAC Promoters that represent more than 20% of the total number of shares the SPAC has in issue (excluding treasury shares) as at the date of its listing.

*Note 1: The Exchange is willing to consider, on a case by case basis, requests to issue rights to a SPAC Promoter entitling it to receive additional ordinary shares of the Successor Company after completion of the De-SPAC Transaction ("earn-out rights") on the following conditions:*

*(a) the total number of ordinary shares of the Successor Company to be issued under (i) such earn-out rights ("earn-out shares") and (ii) all Promoter Shares must, altogether, represent an amount not more than 30% of the total number of shares that the SPAC had in issue (excluding treasury shares) as at the date of its listing;*

*(b) the earn-out rights must only be convertible into earn-out shares subject to the satisfaction of objective performance targets. If those performance targets are determined by changes in the price of the Successor Company's shares, such targets must be (i) at least 20% higher than the issue price of the SPAC Shares at listing of the SPAC; and (ii) satisfied by reference to the volume weighted average price of the Successor Company's shares (calculated based on the Exchange's daily quotations sheets) over a period of not less than 20 trading days within a 30 consecutive trading day period, with such period commencing at least 6 months after the listing of the Successor Company;*

*(c) the listing document produced for the SPAC's initial listing must disclose any proposed earn-out rights to be issued to a SPAC Promoter upon the completion of the De-SPAC Transaction, including details of such earn-out rights, e.g. the performance targets;*

*(d) any instruments or other securities representing the earn-out rights must only carry the earn-out rights, and must not entitle their holder to any other rights such as voting and dividend rights;*

*(e) the material terms of the earn-out rights negotiated and agreed between the parties to the De-SPAC Transaction must be disclosed in the announcement referred to in rule 18B.44 and the listing document referred to in rule 18B.49;*

*(f) SPAC shareholders granting approval for the earn-out rights at the general meeting called to approve the De-SPAC Transaction referred to in rule 18B.53, with such earn-out rights included in the resolution approving the De-SPAC Transaction. For the avoidance of doubt, the requirement in rule 18B.54 shall apply and the SPAC Promoter and its close associates must abstain from voting on the relevant resolution; and*

*(g) if the De-SPAC Transaction does not complete, the earn-out rights are cancelled and become void.*

*Note 2: A SPAC Promoter must notify the Successor Company in writing as soon as a performance target for the conversion of all or part of the earn-out rights are met.*

*Note 3: A Successor Company must announce a notification referred to in Note 2 to this rule as soon as practicable following its receipt.*

*Note 4: A Successor Company must publish an announcement, as soon as practicable, upon the issuance of the earn-out shares.*

(2) If the Promoter Shares are convertible, they must only be converted into ordinary shares of the Successor Company and such conversion must be on a one-for-one basis. Promoter Shares must only be convertible at or after the completion of a De-SPAC Transaction.

*Note: If the SPAC conducts any sub-division or consolidation of shares and, as a result of which, the number of shares into which they are convertible is required to be adjusted, the Exchange will accept a change in the number of Promoter Shares if it is satisfied that any such adjustment is on a fair and reasonable basis, and will not result in the SPAC Promoter being entitled to a higher proportion of Promoter Shares or SPAC Shares than it was originally entitled to as at the date of the listing of the SPAC.*

18B.30 (1) Promoter Warrants must not be issued at a price that is less than 10% of the issue price of SPAC Shares at the SPAC's initial offering.

(2) Each Promoter Warrant must not entitle the holder, upon exercise, to receive more than one share in the Successor Company.

(3) Promoter Warrants must not contain terms that are more favourable than the terms of other warrants issued or granted by the SPAC.

*Note: Examples of more favourable terms include: (a) an exemption from the forced exercise of the warrants if the shares of the Successor Company trade above a prescribed price (unless such exemption is also provided to other warrant holders); (b) an option to exercise on a cashless basis (unless such option is also provided to other warrant holders); and (c) a warrant to share conversion ratio that is more favourable than that of the other warrants issued or granted by the SPAC.*

18B.31 Promoter Warrants must not be exercisable during the period ending 12 months from the date of the completion of a De-SPAC Transaction.

**Material Change in SPAC Promoters and SPAC Directors**

18B.32 In the event of a material change in: (1) any SPAC Promoter who, alone or together with its close associates, controls or is entitled to control 50% or more of the Promoter Shares in issue (or where no SPAC Promoter controls or is entitled to control 50% or more of the Promoter Shares in issue, the single largest SPAC Promoter); (2) any SPAC Promoter referred to in rule 18B.10(1); (3) the eligibility and/or suitability of a SPAC Promoter referred to in (1) or (2); or (4) a director referred to in rule 18B.13, the continuation of the SPAC following such a material change must be approved by:

(a) a special resolution of the shareholders of the SPAC at a general meeting (on which the SPAC Promoter(s) and their respective close associates must abstain from voting) within one month from the date of the material change; and

(b) the Exchange.

*Note 1: For the purpose of rule 18B.32(1) and (2), a material change includes but is not limited to:*

*(a) the departure or addition of a SPAC Promoter; and*

*(b) a change in control of a SPAC Promoter.*

*Note 2: For the purpose of rule 18B.32(3), a material change includes but is not limited to:*

*(a) the suspension or revocation of a SPAC Promoter's licence(s) issued by the Commission; and*

*(b) breaches of laws, rules and regulations and any other matters bearing on the integrity and/or competence by a SPAC Promoter.*

*Note 3: For the purpose of rule 18B.32(4), a material change includes but is not limited to the suspension or revocation of such director's licence(s) issued by the Commission and/or resignation of such director, unless a replacement director is appointed within six months of the event to ensure compliance with rule 18B.13. Such an appointment can be one that is made to fill a casual vacancy and is subject to an election by SPAC shareholders at the first annual general meeting following the appointment.*

*Note 4: The Exchange retains the discretion to determine whether an event constitutes a material change. This may depend upon the manner in which a SPAC is managed and controlled, and the nature of the change (e.g. a simultaneous change in multiple SPAC Promoters that, in aggregate, hold 50% or more of the Promoter Shares would constitute a material change). If there is any uncertainty as to whether an event constitutes a material change, a SPAC should consult the Exchange as soon as possible.*

*Note 5: No written shareholders' approval will be accepted in lieu of holding the general meeting referred to in rule 18B.32(a).*

18B.33 Prior to the vote on the continuation of the SPAC following a material change referred to in rule 18B.32, shareholders of the SPAC (other than holders of Promoter Shares) must be given the opportunity to elect to redeem their shares in accordance with rule 18B.57.

18B.34 If a SPAC fails to obtain the requisite approvals as required under rule 18B.32, rules 18B.73 to 18B.75 in relation to return of funds and de-listing of a SPAC will apply.

## DE-SPAC TRANSACTION REQUIREMENTS

### Application of New Listing Requirements

18B.35 The terms of a De-SPAC Transaction must include a condition that the transaction will not complete unless listing approval of the Successor Company's shares is granted by the Exchange.

18B.36 A Successor Company must meet all new listing requirements of these rules.

*Note: These include all the applicable requirements under Chapter 8, and the application procedures and requirements for a new listing set out in Chapter 9. The Successor Company will be required, among other things, to issue a listing document and pay the non-refundable initial listing fee. Chapters 8A, 18, 18A and 18C will also apply where applicable.*

18B.37 (1) A Successor Company must appoint at least one sponsor to assist it with the application for listing in accordance with Chapter 3A. The sponsor(s) must comply with the requirements as set out in Chapter 3A, including, among other things, the requirement in rule 3A.07 such that at least one sponsor must be independent of the Successor Company.

(2) The sponsor(s) must be formally appointed at least two months prior to the date of the listing application of the Successor Company.

*Note: If a De-SPAC Target has been considering an application for listing not via a De-SPAC Transaction at the same time as it is considering listing via a De-SPAC Transaction (i.e. it is taking a "dual-track" approach to listing), then the Exchange will take into account the due diligence performed by the sponsor(s) of the De-SPAC Target during the whole dual-track process for the purpose of considering whether the minimum engagement period of two months referred to in rule 18B.37(2) has been satisfied. However, the sponsor(s) must be formally engaged by the Successor Company for the purpose of its listing application.*

**Eligibility of De-SPAC Targets**

18B.38 The Exchange will not consider a Successor Company to be eligible for the purpose of rule 18B.36 if it qualifies for listing only by virtue of the application of Chapter 21 of the Listing Rules.

18B.39 At the time of entry into a binding agreement for the De-SPAC Transaction, a De-SPAC Target must have a fair market value representing at least 80% of the funds raised by the SPAC from its initial offering (prior to any redemptions referred to in rule 18B.57).

**Independent Third Party Investment**

18B.40 The terms of a De-SPAC Transaction must include investment from third party investors who must meet independence requirements consistent with those that apply to an independent financial adviser under rule 13.84. Such third party investors must be Professional Investors.

*Note 1: For the purpose of this rule, references in rule 13.84 to the appointment of an independent financial adviser and its duties should be disregarded.*

*Note 2: Such independent third party investors must submit a confirmation in writing to the Exchange of their independence as required by this rule.*

18B.41 The total funds to be raised from the independent third party investors referred to in rule 18B.40 must constitute at least the following percentage of the negotiated value of the De-SPAC Target as stated in the announcement referred to in rule 18B.44.

| **Negotiated value of the De-SPAC Target ("A")** | **Minimum independent third party investment as a percentage of (A)** |
|---|---|
| Less than HK$2,000,000,000 | 25% |
| HK$2,000,000,000 or more but less than HK$5,000,000,000 | 15% |
| HK$5,000,000,000 or more but less than HK$7,000,000,000 | 10% |
| HK$7,000,000,000 or more | 7.5% |

*Note 1: The Exchange may accept a lower percentage than 7.5% in the case of a De-SPAC Target with a negotiated value larger than HK$10,000,000,000.*

*Note 2: A SPAC must demonstrate to the Exchange that the required minimum independent third party investments have been committed by the time of the announcement referred to in rule 18B.44.*

18B.42 The independent third party investment referred to in rule 18B.41 must include significant investment from sophisticated investors, as defined by the Exchange in guidance published on the Exchange's website, as amended from time to time.

18B.43 The investments made by the independent third party investors referred to in rule 18B.40 must result in their beneficial ownership of the listed shares in the Successor Company.

*Note: Other forms of investments (such as investments resulting in the receipt of convertible bonds) will not be counted for the purpose of determining the satisfaction of the thresholds set out in rule 18B.41.*

**Announcement of De-SPAC Transaction**

18B.44 A SPAC must make an announcement of the terms of a De-SPAC Transaction as soon as possible after the terms of the De-SPAC Transaction have been finalised.

18B.45 The content of the announcement referred to in rule 18B.44 must comply with rules 14.58 to 14.61, as applicable.

*Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, on requirements regarding the contents of the announcement referred to in rule 18B.44.*

18B.46 A SPAC must submit the announcement referred to in rule 18B.44 to the Exchange prior to publication and must not publish it until the Exchange has no further comments on the announcement.

18B.47 A SPAC must state in the announcement referred to in rule 18B.44 when it expects the listing document for the De-SPAC Transaction to be issued.

18B.48 A SPAC must comply with all applicable rules regarding notifiable transactions and reverse takeovers, including rules 14.35 to 14.37, 14.54 to 14.57 and 14.57A.

**Listing Document Requirements**

18B.49 A SPAC must issue a listing document for the De-SPAC Transaction that complies with the requirements of these rules.

*Note: This means the listing document must comply with the requirements of Chapter 11 including the requirements on profit forecasts of rules 11.16 to 11.19 and the requirements on a reverse takeover in rules 14.63 and 14.69.*

18B.50 The listing document referred to in rule 18B.49 must not be issued until the Exchange has confirmed to the SPAC that it has no further comments on the document.

18B.51 The listing document issued for the De-SPAC Transaction must contain:

(1) all the information required for a new listing applicant by these rules;

(2) the information required by rules 14.63 and 14.69 for a reverse takeover;

(3) prominent disclosure of the potential dilution effect of the De-SPAC Transaction (whether resulting from the conversion or exercise of the Promoter Shares, Promoter Warrants and SPAC Warrants, any earn-out rights referred to in Note 1 to rule 18B.29(1) or any other securities issued as part of the De-SPAC Transaction) to the number and value of the holdings of non-redeeming SPAC shareholders;

(4) the identities of, the amount of investment by, and any other material terms of the investment committed by third party investors to complete the De-SPAC Transaction; and

(5) how the Successor Company proposes to provide liquidity in the trading of the warrants following the listing of the Successor Company.

18B.52 A SPAC must despatch the listing document referred to in rule 18B.49 to SPAC shareholders at the same time as or before the SPAC gives notice of the general meeting to approve the De-SPAC Transaction.

**Shareholder Vote**

18B.53 A De-SPAC Transaction must be made conditional on approval by the SPAC's shareholders at a general meeting. Written shareholders' approval will not be accepted in lieu of holding a general meeting.

18B.54 Shareholders and their close associates must abstain from voting on the relevant resolution(s) at the general meeting referred to in rule 18B.53 if they have a material interest in the transaction.

*Note: For the avoidance of doubt, SPAC Promoters and their respective close associates will be regarded by the Exchange as having a material interest in the transaction and must abstain from voting.*

18B.55 The terms of any third party investment to complete a De-SPAC Transaction must be the subject of the SPAC shareholders' vote at the general meeting referred to in rule 18B.53.

*Note: This matter may be voted on together with the De-SPAC Transaction as one resolution, or separately.*

### De-SPAC Transactions Involving Connected De-SPAC Targets

18B.56 With respect to a De-SPAC Transaction that is a connected transaction under Chapter 14A, a SPAC must comply with the applicable connected transaction requirements in Chapter 14A and, in addition, a SPAC must:

(1) demonstrate that minimal conflicts of interest exist in relation to the proposed transaction;

(2) support, with adequate reasons, its claim that the transaction would be on an arm's length basis; and

(3) include an independent valuation of the transaction in the listing document referred to in rule 18B.49.

*Note: Rule 18B.56 (1) and (2) may be evidenced, for example, by:*

*(a) demonstrating that the SPAC and/or its connected persons are not controlling shareholders of the De-SPAC Target; and*

*(b) no cash consideration is paid to connected persons, and any consideration shares issued to the connected persons are subject to a lock-up period of 12 months.*

## SHARE REDEMPTIONS

18B.57 Prior to a general meeting to approve any of the following matters, a SPAC must provide its shareholders with the opportunity to elect to redeem all or part of their holdings of SPAC Shares (for an amount per SPAC Share which must be not less than the price at which the SPAC Shares were issued at the SPAC's initial offering) to be paid out of the monies held in the escrow account referred to in rule 18B.16:

(1) the continuation of the SPAC following a material change referred to in rule 18B.32;

(2) a De-SPAC Transaction referred to in rule 18B.53; or

(3) the extension of any of the deadlines referred to in rule 18B.69 or 18B.70.

18B.58 A SPAC must provide a period for the elections referred to in rule 18B.57 starting on the date of the notice of the general meeting to approve the relevant matter(s) referred to in rule 18B.57 and ending on the date and time of commencement of that general meeting. The notice of the meeting should inform shareholders that they have the opportunity to elect to exercise their redemption right referred to in rule 18B.57.

18B.59 The redemption and the return of funds to the redeeming SPAC shareholders must be completed:

(1) in the case of a shareholder vote referred to in rule 18B.57(2), within five business days following completion of the associated De-SPAC Transaction; and

(2) in the case of a shareholder vote referred to in rule 18B.57(1) or (3), within one month of the approval of the relevant resolution at a general meeting.

18B.60 A SPAC must not limit the number of SPAC Shares a shareholder (alone or together with their close associates) may redeem.

18B.61 A SPAC must not accept elections to redeem unless those elections are accompanied by delivery of the relevant number of shares.

18B.62 SPAC Shares that have been redeemed in accordance with rule 18B.59 must be cancelled.

18B.63 A SPAC must announce the amount of share redemption as soon as practicable after the general meeting referred to in rule 18B.57.

## SUCCESSOR COMPANY

### Open Market in Successor Company's Securities

18B.64 The restrictions on marketing to and trading by the public set out in rule 18B.03 will not apply to a Successor Company.

18B.65 The minimum number of 300 shareholders of rule 8.08(2) is modified to 100 Professional Investors at the time of listing of a Successor Company.

*Note: A Successor Company must meet all other open market requirements applicable to a new listing, including the requirements of rule 8.08(1) on the prescribed percentage of securities to be held by the public (see rule 8.24) and rule 8.08(3) that not more than 50% of the securities in public hands at the time of listing can be beneficially owned by the three largest public shareholders, provided that the open market requirements of rule 8.08 do not apply to warrants issued by the Successor Company upon the completion of the De-SPAC Transaction to replace any SPAC Warrants.*

### Market Value of Successor Company's Warrants

18B.65A Rule 8.09(4) does not apply to warrants issued by the Successor Company upon the completion of a De-SPAC Transaction to replace any SPAC Warrants.

**Lock-Up Period**

18B.66 A SPAC Promoter must not, during the period ending 12 months from the date of the completion of a De-SPAC Transaction, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any securities of the Successor Company that are, as shown in the Successor Company's listing document, beneficially owned by the SPAC Promoter.

*Note: The restriction applies to any securities of the Successor Company beneficially owned by the SPAC Promoter as a result of the issue, conversion or exercise of Promoter Shares, Promoter Warrants and earn-out rights referred to in Note 1 to rule 18B.29(1).*

18B.67 The controlling shareholder(s) of a Successor Company must comply with rule 10.07 on the disposal of their shareholdings (and holdings of other securities, if applicable) in the Successor Company, following its listing.

**Announcement on Dilution Impact**

18B.68 As soon as practicable upon its listing, a Successor Company must publish an announcement setting out the information referred to in rule 18B.51(3), taking into account the actual amount of redemption.

**DE-LISTING CONDITIONS**

**Deadlines**

18B.69 A SPAC must publish the announcement referred to in rule 18B.44 within 24 months of the date of its listing.

*Note: A SPAC may submit a request to the Exchange for an extension of the deadline referred to in this rule.*

18B.70 A SPAC must complete a De-SPAC Transaction within 36 months of the date of its listing.

*Note: A SPAC may submit a request to the Exchange for an extension of the deadline referred to in this rule.*

**Deadline Extensions**

18B.71 Any request to the Exchange for an extension of any of the deadlines referred to in rule 18B.69 or 18B.70 must include the grounds for the request and a confirmation to the Exchange that the SPAC has received the approval of the extension by an ordinary resolution of its shareholders at a general meeting (on which the SPAC Promoters and their respective close associates must abstain from voting).

18B.72 The Exchange retains the discretion to approve or reject an extension request submitted under rule 18B.71.

*Note: Any extension granted by the Exchange in response to a request submitted under rule 18B.71 will be for a period of up to six months.*

**Return of Funds and De-Listing**

18B.73 The Exchange may suspend the trading of a SPAC that:

(1) fails to obtain the requisite approvals in respect of the continuation of the SPAC following a material change referred to in rule 18B.32; or

(2) fails to meet any of the deadlines (extended or otherwise) referred to in rule 18B.69 or 18B.70.

18B.74 Following a suspension imposed on it under rule 18B.73, a SPAC must, within one month of the suspension, return the funds it raised at its initial offering by distributing or paying to all holders of SPAC Shares the monies held in the escrow account referred to in rule 18B.16 on a pro rata basis, for an amount per SPAC Share that must be not less than the price at which the SPAC Shares were issued at the SPAC's initial offering.

*Note: Upon the return of funds under this rule, the Exchange will cancel the listing of the SPAC's securities following the Exchange's publication of an announcement notifying the cancellation of listing.*

18B.75 Upon the return of funds made in accordance with rule 18B.74, a SPAC must publish an announcement regarding the return of funds and the upcoming cancellation of listing in accordance with rule 13.25(1).

## EXCEPTIONS

18B.76 The following rules do not apply to a SPAC from the time of its listing until the completion of a De-SPAC Transaction:

(1) rules 6.01(3) and 13.24 on the carrying out, directly or indirectly, of a business with a sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of an issuer's securities;

(2) rule 8.11 only to the extent that a SPAC is permitted to issue Promoter Shares at a nominal value to a SPAC Promoter that carry the right to vote at general meetings and may carry a special right to nominate and/or appoint persons to the board of a SPAC;

(3) rule 14.82 on the suitability for listing of cash companies; and

(4) rules 14.89 and 14.90 on the prohibition, in the period of 12 months from the date of listing, of any acquisition, disposal or other transaction or arrangement, or a series of acquisitions, disposals or other transactions or arrangements, that would result in a fundamental change in the principal business activities of the listed issuer as described in the listing document issued at the time of its application for listing.

18B.77 With regards to a sponsor's conduct of due diligence, Paragraph 17 of the Code of Conduct and Practice Note 21 of these rules should be complied with by a sponsor of a SPAC to the extent applicable.

18B.78 Rule 3A.02B on the submission of a listing application for or on behalf of a new applicant is modified to require that a listing application for a SPAC must not be submitted less than one month after the date of the last sponsor's formal appointment.

# Chapter 18C

# EQUITY SECURITIES

## SPECIALIST TECHNOLOGY COMPANIES

### Scope

The Exchange Listing Rules apply as much to Specialist Technology Companies with, or seeking, a listing as they do to other issuers, subject to the additional requirements, modifications and exceptions set out or referred to in this Chapter.

This Chapter sets out rules and modifications to existing rules applicable to Specialist Technology Companies that seek to list on the basis that they are unable to satisfy either the profit test in rule 8.05(1), the market capitalisation/revenue/cash flow test in rule 8.05(2), or the market capitalisation/revenue test in rule 8.05(3).

Issuers are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the applicable requirements set out in this Chapter.



### DEFINITIONS

18C.01 Unless otherwise stated or the context otherwise requires, the following terms have the meanings set out below:

| | |
|---|---|
| **"Commercial Company"** | a Specialist Technology Company that has met the revenue requirement as set out in rule 18C.03(4) at the time of listing |
| **"Pre-Commercial Company"** | a Specialist Technology Company that has not met the revenue requirement as set out in rule 18C.03(4) at the time of listing |
| **"Specialist Technology"** | science and/or technology applied to products and/or services within an acceptable sector of a Specialist Technology Industry |

| | |
|---|---|
| **"Specialist Technology Company"** | a company primarily engaged (whether directly or through its subsidiaries) in the research and development of, and the commercialisation and/or sales of, Specialist Technology Product(s) within an acceptable sector of a Specialist Technology Industry |
| **"Specialist Technology Industry" or "an acceptable sector of a Specialist Technology Industry"** | an industry or an acceptable sector (as the case may be) that is included in a list of Specialist Technology Industries set out in guidance published on the Exchange's website, as updated from time to time |
| **"Specialist Technology Product"** | a product and/or service (alone or together with other products or services) that applies Specialist Technology |
| **"weighted voting right"** | has the meaning in rule 8A.02 |
| **"WVR structure"** | has the meaning in rule 8A.02 |

## CONDITIONS FOR LISTING

### Basic Conditions

18C.02 An applicant that has applied for listing under this Chapter must, in addition to satisfying the requirements of this Chapter, also satisfy the requirements of Chapter 8 (other than rules 8.05, 8.05A and 8.05B).

18C.03 An applicant applying for listing under this Chapter must:

(1) demonstrate that it meets the definition of a Specialist Technology Company, and is both eligible and suitable for listing as either a Commercial Company or a Pre-Commercial Company;

*Note: The Exchange will publish guidance on the Exchange's website, as amended from time to time, on any additional eligibility or suitability criteria.*

(2) have been in operation in its current line of business for at least three financial years prior to listing under substantially the same management;

*Note: The Exchange may accept a shorter trading record period under this rule in exceptional circumstances where the issuer or its group has a trading record of at least two financial years if the Exchange is satisfied that the listing of the issuer is desirable in the interests of the issuer and investors and that investors have the necessary information available to arrive at an informed judgement concerning the issuer and the securities for which listing is sought. In such cases the Exchange should be consulted at an early stage and additional conditions will be imposed pursuant to rule 2.04.*

(3) for a Commercial Company, have an initial market capitalisation at the time of listing of at least HK$6,000,000,000; or for a Pre-Commercial Company, have an initial market capitalisation at the time of listing of at least HK$10,000,000,000; and

(4) for a Commercial Company, have revenue of at least HK$250,000,000 for its most recent audited financial year.

*Note: For the purpose of this rule, only revenue arising from the applicant's Specialist Technology business segment(s) (excluding any inter-segmental revenue from other business segments of the applicant), and not items of revenue and gains that arise incidentally or from other businesses, will be recognised. Revenue arising from "book" transactions, such as banner barter transactions, the writing back of accounting provisions and other similar activities resulting from mere book entries, will be disregarded.*

18C.04 An applicant applying for listing under this Chapter must:

(1) have engaged in the research and development of its Specialist Technology Product(s) for at least three financial years prior to listing;

(2) have incurred expenditure on the research and development of its Specialist Technology Product(s) that amounted to:

(a) for a Commercial Company, at least 15% of its total operating expenditure;

(b) for a Pre-Commercial Company with revenue of at least HK$150,000,000 but less than HK$250,000,000 for its most recent audited financial year, at least 30% of its total operating expenditure; and

(c) for a Pre-Commercial Company with revenue of less than HK$150,000,000 for its most recent audited financial year, at least 50% of its total operating expenditure; and

(3) meet the applicable percentage threshold under rule 18C.04(2):

(a) on a yearly basis for at least two of the three financial years prior to its listing; and

(b) on an aggregate basis over all three financial years prior to listing,

with the percentage ratio calculated as the total amount of its expenditure on the research and development of its Specialist Technology Product(s) incurred for the period specified in this rule 18C.04(3)(a) or (b) above (as the case may be), divided by its total operating expenditure for the same period.

*Note 1: The Exchange will publish guidance on the Exchange's website, as amended from time to time, on the items that qualify as: (a) expenditure on research and development and (b) total operating expenditure for the purpose of this rule.*

*Note 2: With respect to rule 18C.04(1), where the Exchange has permitted an applicant to list with a shorter trading record period pursuant to the note to rule 18C.03(2), the Exchange will accept a research and development engagement period of a length that is the same as the permitted shorter trading record period. In such cases, the applicant must meet the applicable percentage threshold of rule 18C.04(2) on a yearly basis for each of the most recent two financial years prior to its listing.*

18C.05 An applicant that has applied for listing under this Chapter must have received meaningful investment from sophisticated independent investors.

*Note: The Exchange will publish guidance on the Exchange's website, as amended from time to time, on the definition of sophisticated independent investors, and the nature and extent of investment that would meet this rule.*

**Additional Conditions for Pre-Commercial Companies**

18C.06 A Pre-Commercial Company must demonstrate to the Exchange and disclose in its listing document a credible path to the commercialisation of its Specialist Technology Product(s), as appropriate to the relevant Specialist Technology Industry, that will result in it achieving the revenue requirement as set out in rule 18C.03(4).

*Note: The Exchange will publish guidance on the Exchange's website, as amended from time to time, on examples of a "credible path" for the purpose of this rule.*

18C.07 A Pre-Commercial Company must ensure that it has available sufficient working capital to cover at least 125% of its group's costs for at least 12 months from the date of publication of its listing document (after taking into account the proceeds of the new applicant's initial listing). These costs must substantially consist of the following:

(1) general, administrative and operating costs (including any production costs); and

(2) research and development costs.

*Note 1: The Exchange would expect that the issuer would use a substantive portion of the proceeds from its initial listing to cover these costs.*

*Note 2: Capital expenditures do not need to be included in the calculation of working capital requirements for the purpose of this rule. However, where capital expenditures are financed out of borrowings, relevant interest and loan repayments must be included in the calculation. A Pre-Commercial Company must include research and development costs, irrespective of whether they are capitalised, in the calculation of working capital requirements for the purpose of this rule.*

## INITIAL PUBLIC OFFERING OF A SPECIALIST TECHNOLOGY COMPANY

### Allocation of Shares

18C.08 At least 50% of the total number of shares offered in the initial public offering (excluding any shares to be issued pursuant to the exercise of any offer size adjustment option and/or over-allotment option) of a Specialist Technology Company must be taken up by independent price setting investors in the placing tranche (whether as Cornerstone Investors or otherwise).

*Note: The Exchange will publish guidance on the Exchange's website, as amended from time to time, on the meaning of independent price setting investors for the purpose of this rule.*

18C.08A Paragraph 3.2 of Practice Note 18 does not apply to the initial public offering of a Specialist Technology Company.

18C.09 Paragraph 4.2 of Practice Note 18 is modified with respect to the allocation of shares in the initial public offering of a Specialist Technology Company, such that where an initial public offering of a Specialist Technology Company includes both a placing tranche and a public subscription tranche, the prescribed allocation of shares to the public subscription tranche must be as follows:

(1) an initial allocation of 5% of the shares offered in the initial public offering;

(2) a clawback mechanism that increases the number of shares to 10% when the total demand for shares in the subscription tranche is 10 times or more but less than 50 times the initial allocation; and

(3) a clawback mechanism that increases the number of shares to 20% when the total demand for shares in the subscription tranche is 50 times or more the initial allocation.

Shares may be transferred from the subscription tranche to the placing tranche where there is insufficient demand in the subscription tranche to take up the initial allocation.

**Offer Size**

18C.10 [Repealed 4 August 2025]

18C.11 The Exchange would expect the listing of a Specialist Technology Company to be accompanied by an offer (including both the placing tranche and the public subscription tranche) of a meaningful size and reserves the right not to approve the listing of a Specialist Technology Company if the offer size is not significant enough to facilitate price discovery, or may otherwise give rise to orderly market concerns.

## CONTENTS OF LISTING DOCUMENTS FOR SPECIALIST TECHNOLOGY COMPANIES

18C.12 A Specialist Technology Company must disclose in its listing document any information required by the Exchange that is due to it being a Specialist Technology Company.

*Note: The Exchange will publish guidance on the Exchange's website, as amended from time to time, on the information that a Specialist Technology Company must disclose in its listing document for the purpose of this rule.*

## RESTRICTIONS ON THE DISPOSAL OF SECURITIES FOLLOWING A NEW LISTING

18C.13 The controlling shareholder(s) of a Specialist Technology Company must comply with rule 10.07 modified as follows:

(1) the reference to "6 months" in rule 10.07(1)(a) is read as "12 months" for the controlling shareholder(s) of a Commercial Company and "24 months" for those of a Pre-Commercial Company;

(2) rule 10.07(1)(b) does not apply to the controlling shareholder(s) of a Specialist Technology Company; and

(3) the reference to "12 months" in note 3 to rule 10.07(2) is read as "24 months" for the controlling shareholder(s) of a Pre-Commercial Company.

18C.14 The following persons and their respective close associates, as identified in the listing document of a Specialist Technology Company, must not, and must procure that the relevant registered holder(s) must not, in the period commencing on the date by reference to which disclosure of their respective shareholdings is made in the listing document and ending on the applicable dates upon the expiry of the period as prescribed below (counting from the date on which dealings in the securities of the Specialist Technology Company commence on the Exchange), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the Specialist Technology Company in respect of which they are shown by that listing document to be the beneficial owner(s):

| **Person(s)** | **The restrictions end upon the expiry of the following period** | |
|---|---|---|
| | **Commercial Companies** | **Pre-Commercial Companies** |
| (1) The key persons of a Specialist Technology Company, comprising the following persons:<br><br>(a) founder(s) (including the founding member(s) of key operating subsidiaries of the Specialist Technology Company)<br><br>(b) the beneficiaries of weighted voting rights (if the Specialist Technology Company is to be listed with a WVR structure)<br><br>(c) executive directors and senior management<br><br>(d) key personnel responsible for the Specialist Technology Company's technical operations and/or the research and development of its Specialist Technology Product(s) | 12 months | 24 months |
| (2) Such existing investors in a Specialist Technology Company as identified by the Exchange in guidance published on the Exchange's website, as amended from time to time | 6 months | 12 months |

*Note 1: Any offer for sale contained in a listing document must not be subject to such restrictions.*

*Note 2: Rules 10.07(2) and 10.07(3) including the notes to rule 10.07(2) apply mutatis mutandis, to the persons referred to in this rule and their respective close associates, as if (a) all references to "controlling shareholder(s)" were references to the relevant person(s) and their respective close associates; and (b) the reference to "12 months" in note 3 to rule 10.07(2) were a reference to the relevant periods as prescribed in this rule.*

*Note 3: The restrictions under rule 18C.14(1) apply to a person identified as a key person of the Specialist Technology Company as at the time of its listing, and will continue to apply even if the person ceases to hold the relevant position (either because of a change in position or resignation or otherwise).*

18C.15 Rules 18C.13 and 18C.14 do not prevent the disposal of any interest of the relevant person in the securities of the Specialist Technology Company in the following circumstances:

(1) on the death of such person; or

(2) in any other exceptional circumstances to which the Exchange has given its prior approval.

18C.16 Any deemed disposal of securities resulting from the allotment, grant or issue of securities by a Specialist Technology Company in compliance with the Listing Rules will not be regarded as a breach of rule 18C.13 or 18C.14.

**DISCLOSURE OF SHAREHOLDINGS**

18C.17 A Specialist Technology Company must disclose in its listing document the total number of securities in the issuer held by each person that are subject to the requirements of rule 18C.13 or 18C.14.

18C.18 A Specialist Technology Company must disclose in its interim (half-yearly) and annual reports the information referred to in rule 18C.17, based on information that is publicly available to the issuer or otherwise within the knowledge of its directors as at the latest practicable date prior to the issue of the relevant report, for so long as the relevant person remains as a shareholder.

## ADDITIONAL CONTINUING OBLIGATIONS FOR PRE-COMMERCIAL COMPANIES

### Disclosure in Reports

18C.19 A Pre-Commercial Company listed under this Chapter must include in its interim (half-yearly) and annual reports details of its research and development and commercialisation activities during the period under review, including:

(1) details of the development progress of its Specialist Technology Product(s) under development;

(2) the timeframe for, and any progress made towards, achieving the revenue requirement as set out in rule 18C.03(4), including updates on the information previously disclosed to demonstrate the path to achieving such revenue requirement in its listing document or any subsequent update as published by the Pre-Commercial Company;

(3) updates on any revenue, profit and other business and financial estimates as provided in the listing document and any subsequent update to those estimates as published by the Pre-Commercial Company;

(4) a summary of expenditure on its research and development activities; and

(5) a prominently disclosed warning that it may not achieve the revenue requirement as set out in rule 18C.03(4).

*Note: Details to be disclosed under this rule should be consistent with those disclosed in the listing document of the Pre-Commercial Company pursuant to the relevant guidance referred to in rule 18C.12 to enable its shareholders and potential investors to assess how well the company is adhering to its intentions as previously disclosed.*

### Sufficient Operations

18C.20 Where the Exchange considers that a Pre-Commercial Company listed under this Chapter fails to comply with rule 13.24, the Exchange may suspend dealings or cancel the listing of its securities under rule 6.01. The Exchange may also under rule 6.10 give the relevant issuer a period of not more than 12 months to re-comply with rule 13.24. If the relevant issuer fails to re-comply with rule 13.24 within such period, the Exchange will cancel the listing.

**Material Changes**

18C.21 Without the prior consent of the Exchange, a Pre-Commercial Company listed under this Chapter must not effect any acquisition, disposal or other transaction or arrangement or a series of acquisitions, disposals or other transactions or arrangements, that would result in a fundamental change in the principal business activities of the relevant issuer as described in the listing document issued at the time of its application for listing.

**Removal of Designation as a Pre-Commercial Company**

18C.22 A Pre-Commercial Company that wishes to cease being regarded as a Pre-Commercial Company after listing must make an application to the Exchange for that purpose.

18C.23 A Pre-Commercial Company must provide the Exchange with published audited financial statements in support of an application made under rule 18C.22 demonstrating that:

(1) for its most recent audited financial year, it has met the revenue requirement as set out in rule 18C.03(4); or

(2) as a result of its operations as a whole, it has met at least one of the tests in rule 8.05.

*Note 1: Upon the notification by the Exchange confirming that an issuer will no longer be regarded as a Pre-Commercial Company, rules 18C.19 to 18C.21 cease to apply to it.*

*Note 2: The periods during which the relevant shareholders of a Pre-Commercial Company are subject to the restrictions on disposal of securities as set out in rules 18C.13 to 18C.14 will expire on the later of: (1) the date on which such lock-up periods would have ended if the issuer had applied for listing as a Commercial Company; and (2) the date falling on the 30th day after the announcement on the removal of designation as a Pre-Commercial Company as required under rule 18C.24.*

18C.24 As soon as practicable after the notification by the Exchange referred to in note 1 to rule 18C.23, a Specialist Technology Company must announce (1) the removal of designation as a Pre-Commercial Company and (2) the dates on which the respective restrictions on disposal of securities applicable to the relevant shareholders will end in accordance with note 2 to rule 18C.23.

# Chapter 19

# EQUITY SECURITIES

## PRIMARY LISTINGS OF OVERSEAS ISSUERS

### Preliminary

19.01 The Exchange Listing Rules apply as much to overseas issuers as they do to Hong Kong issuers. This Chapter sets out the additional requirements, modifications or exceptions that apply to an overseas issuer whose primary listing is or is to be on the Exchange. This includes an overseas issuer that has a dual primary listing.

19.02 The Exchange may exercise its power under rule 2.04 to waive, modify or not require compliance with an Exchange Listing Rule for issuers with, or seeking, a listing under this chapter, on a case by case basis.

19.03 Overseas issuers are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the relevant requirements.

19.04 [Repealed 1 January 2022]

### Qualifications for Listing

19.05 The following additional requirements apply:—

(1) the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an overseas issuer if it believes that it is not in the public interest to list them;

(a) [Repealed 1 January 2022]

(b) [Repealed 1 January 2022]

(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 and 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 16 of the Companies Ordinance, if applicable.*

(3) (a) in the case of registered securities (other than those transferable by endorsement and delivery), provision must be made for a register of holders to be maintained in Hong Kong, or such other place as the Exchange may agree, and for transfers to be registered locally. The Exchange may, however, consider an alternative proposal for registering transfers for Hong Kong holders in exceptional circumstances; and

(b) in the case of bearer securities, provision must be made for the payment of dividends or interest and repayment of capital in Hong Kong, or such other place as the Exchange may agree;

(4) unless the Exchange otherwise agrees only securities registered on the Hong Kong register may be traded on the Exchange. In the case of depositary receipts, an issuer is only required to ensure that the depositary maintains a register of holders of the depositary receipts in Hong Kong in order for the depositary receipts to be traded in Hong Kong;

(5) where two or more share registers are maintained it will not be necessary for the Hong Kong register to contain particulars of the shares registered on any other register; and

(6) where an overseas issuer wishes to obtain its primary listing on the Exchange by way of an introduction in the circumstances set out in rule 7.14(3), it must, if requested to do so by the Exchange, appoint an independent financial adviser acceptable to the Exchange to confirm that the proposals are in the interests of the holders of the securities of the existing listed company or companies.

(a) [Repealed 1 January 2022]

(b) [Repealed 1 January 2022]

(c) [Repealed 1 January 2022]

**Application Procedures and Requirements**

19.06 [Repealed 1 October 2013]

19.07 The following modifications apply:—

(1) in rules 9.03, 9.09, 9.11(17b), 9.11(17d), 9.11(28) and 9.20(1) the references to "directors" should be read as references to members of the overseas issuer's governing body.

(2) [Repealed 2 November 2009]

(3) [Repealed 31 December 2023]

**Listing Documents**

19.08 [Repealed 1 January 2022]

19.09 The Exchange may be prepared to permit the omission of information where it considers it appropriate. In considering requests for any such omissions, the Exchange will have regard to:—

(1) whether the overseas issuer has a listing on a regulated, regularly operating, open stock market recognised for this purpose by the Exchange and conducts its business and makes disclosure according to the accepted standards in Hong Kong; and

(2) the nature and extent of the regulatory standards and controls to which the overseas issuer is subject in its country of incorporation or other establishment.

Overseas issuers who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

19.10 The following modifications and additional requirements apply:—

(1) some of the items of information specified in Appendices D1A and D1B may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given;

(2) the listing document must contain a summary of all provisions of the constitutive documents of the overseas issuer in so far as they may affect shareholders' rights and protections and directors' powers (using, and covering at the least, the same subject headings as required under the attachment to Appendix D1A);

(3) the listing document must contain a summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established in a form to be agreed upon by the Exchange on a case by case basis and in the Exchange's absolute discretion;

(4) if the overseas issuer does not have a board of directors, the statement of responsibility required under paragraph 2 of Appendices D1A and D1B must be made by all the members of the overseas issuer's equivalent governing body and the listing document should be modified appropriately;

(5) for an introduction in the circumstances in rule 7.14(3), the following modifications, exceptions and additional requirements apply:—

(a) the following may be published on the Exchange's website and the issuer's own website rather than set out in the listing document:

(i) (without in any way limiting the scope of the summary required by rule 19.10(2)) a comparison between the provisions of the listed Hong Kong issuer's existing articles of association and the proposed content of the constitutive documents of the overseas issuer;

*Notes:*

1. *In such cases the details of the articles of association or equivalent document required to be set out in the listing document by paragraph 7 of Appendix D1A may be limited to a summary of the changes, if any, between the Hong Kong issuer's articles of association and the overseas issuer's proposed constitutive documents, in respect of each of the areas set out in that paragraph, provided that the summary also includes details of any differences or additional provisions in the proposed new constitutive documents which confer on directors of the overseas issuer any special powers, the exercise of which would affect the rights or interests of the shareholders.*

2. *[Repealed 1 August 2023]*

(ii) a summary of the provisions of the constitutive documents of the overseas issuer, which is required by rule 19.10(2); and

(iii) a summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established which is required by rule 19.10(3) together with a copy of all relevant statutes and/or regulations;

(b) the details of the rights of shareholders required by paragraph 25 of Appendix D1A may be limited to a summary of any changes which will occur, if any, as a result of the exchange of securities;

(c) the particulars of any alterations in the capital of any member of the group which is required to be included by paragraph 26 of Appendix D1A may be limited to particulars of any alterations since the date to which the latest published audited accounts of the Hong Kong issuer were made up;

(d) where the consolidated assets and liabilities of the overseas issuer are substantially the same as those of the issuer or issuers whose securities have been exchanged, the requirement for a valuation and other information on all the overseas issuer's property interests (see paragraph 51A of Appendix D1A and Chapter 5) will normally only be required by the Exchange if:—

(i) the Hong Kong issuer does not have a policy of revaluing its properties (or a large part of its property portfolio) on an annual basis;

(ii) the Hong Kong issuer has not published a revaluation of its property interests in the last 12 months; and

(iii) the overseas issuer is unwilling to revalue its property interests in its next annual report and accounts.

In determining whether property valuations are required in such cases the Exchange will have regard to the following factors:—

A) the percentage of the book value of the total assets of the Hong Kong issuer (as disclosed in the latest published audited accounts or consolidated accounts, as appropriate) represented by the properties;

B) the date on which the properties were last valued; and

C) whether the properties are held for the Hong Kong issuer's own use or purely for investment purposes; and

(e) any valuations required to be included by paragraph 51A of Appendix D1A and Chapter 5 (as modified by rule 19.10(5)(d)) need only be summarised in the listing document, if a copy of the full valuation report is published on the Exchange's website and the issuer's own website;

(6) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 53 of Appendix D1A and paragraph 43 of Appendix D1B. 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 published on the Exchange's website and the issuer's own website. In addition, where rule 19.10(3) applies, the overseas issuer must publish on the Exchange's website and the issuer's own website 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 published on the Exchange's website and the issuer's own website; and

*Note: The Exchange may consider an application for a waiver from strict compliance with the requirement to publish on the Exchange's website and the issuer's own website the relevant statutes or regulations under rule 19.10(6) for issuers having a dual primary listing, subject to the conditions that the website addresses of the relevant statutes and regulations applicable to the issuer are disclosed in the listing document; and these websites are easily accessible to the public free of charge.*

(7) overseas issuers which are subject to public reporting and filing obligations in their country of incorporation or other establishment (or listing, if different) may be permitted to incorporate in listing documents relevant documents so published. Such documents must be in English, or accompanied by a certified English translation. For example, overseas issuers subject to Securities and Exchange Commission filing requirements in the United States of America may be able to utilise such documents. The Exchange should be consulted in such cases.

19.10A Rules 19.10(2) and (3) do not apply to listing documents issued by listed issuers unless they are issued in connection with an introduction or a deemed new listing under the Exchange Listing Rules.

**Accountants' Reports**

19.11 [Repealed 1 January 2022]

19.12 An accountants' report will not normally be regarded as acceptable unless the relevant accounts have been audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

*Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.*

19.13 Accountants' reports are required to conform with financial reporting standards acceptable to the Exchange, which are normally HKFRS or IFRS.

19.14 Where the Exchange allows a report to be drawn up otherwise than in conformity with HKFRS or IFRS, the report will be required to conform with financial reporting standards acceptable to the Exchange. In such cases the Exchange will normally require the report to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

*Notes:*

1. *The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.*

2. *A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.*

3. *The reconciliation statement must be reviewed by the reporting accountant that reports on the relevant financial statements.*

4. *An overseas issuer with a dual primary listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its accountants' reports must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual and interim financial statements that fall due under the Exchange Listing Rules, and are published, after the first anniversary of the date of its de-listing.*

19.15 As indicated in rules 4.14 to 4.16, where the figures in the accountants' report differ from those in the audited annual accounts, a statement of adjustments must be submitted to the Exchange enabling the figures to be reconciled.

**Restrictions and Notification Requirements on Overseas Issuers Purchasing their own Shares on a Stock Exchange**

19.16 An overseas issuer may purchase its own shares on the Exchange and hold them as treasury shares in accordance with the provisions of rules 10.05 and 10.06.

19.17 [Repealed 1 January 2022]

19.18 [Repealed 1 January 2022]

**Annual report and accounts and auditors' report**

19.19 The following modifications and additional requirements apply to Appendix D2 insofar as an issuer is an overseas issuer. To the extent such modifications and additional requirements conflict with the provisions of Appendix D2, the following provisions shall apply.

19.20 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the overseas issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the International Federation of Accountants and, if the overseas issuer's primary listing is or is to be on the Exchange, must be either:—

(1) a Registered PIE Auditor under the AFRCO; or

(2) an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the AFRCO.

*Note: In relation to an application for the recognition of an overseas firm of practising accountants under the AFRCO, on a request made by an overseas issuer, the Exchange may provide a statement of no objection to that issuer for appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the AFRCO (see note 2 to rule 4.03(1)).*

19.21 The annual accounts must be audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

*Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.*

19.22 The report of the auditors must be annexed to all copies of the annual accounts and indicate whether in the opinion of the auditors the accounts give a true and fair view:—

(1) in the case of the overseas issuer's balance sheet, of the state of its affairs at the end of the financial year and in the case of the overseas issuer's profit and loss account, of the profit or loss and cash flows for the financial year; and

(2) in the case where consolidated accounts are prepared, of the state of affairs and profit or loss of the overseas issuer and cash flows of the group.

19.23 The report of the auditors must indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.

19.24 If the overseas issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange. If an overseas issuer is in doubt as to what more detailed and/or additional information should be provided, it should contact the Exchange for guidance.

19.25 An auditors' report in a different form may be applicable in the case of banking and insurance companies. The wording of such an auditors' report should make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.

19.25A The annual accounts are required to conform with financial reporting standards acceptable to the Exchange, which are normally HKFRS or IFRS. Where the Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Exchange. In such cases the Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

*Notes:*

1. *The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.*

2. *A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.*

3. *An overseas issuer is also required to include a reconciliation statement in its interim report. The reconciliation statement contained in the annual accounts or interim report must be reviewed by its auditor.*

4. *An overseas issuer with a dual primary listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its annual accounts must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual and interim financial statements that fall due under the Exchange Listing Rules, and are published, after the first anniversary of the date of its de-listing.*

19.26 [Repealed 1 January 2022]

**General**

19.27 All documents furnished by an overseas issuer, including accounts, which are in a language other than English must be accompanied by a certified English translation. If the Exchange so requires, an additional translation must be prepared in Hong Kong at the overseas issuer's expense by such person or persons as the Exchange shall specify.

19.28 Information to be supplied by overseas issuers in a listing document or accounts notwithstanding any obligation in the Exchange Listing Rules, the Statutory Rules or any obligation imposed by the laws of Hong Kong shall not be less than that required to be supplied by the overseas issuer in its place of incorporation or other establishment.

19.29 [Repealed 1 January 2022]

19.30 [Repealed 1 January 2022]

19.31 [Repealed 1 January 2022]

19.32 [Repealed 1 October 2013]

19.33 [Repealed 1 January 2022]

19.34 [Repealed 1 January 2022]

19.35 [Repealed 1 January 2022]

19.36 [Repealed 1 January 2022]

19.37 [Repealed 1 January 2022]

19.38 [Repealed 1 January 2022]

19.39 [Repealed 1 January 2022]

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19.53 [Repealed 1 January 2022]

19.54 [Repealed 1 January 2022]

19.55 [Repealed 1 January 2022]

19.56 [Repealed 1 January 2022]

19.57 [Repealed 1 January 2022]

**Common Waivers**

19.58 The Exchange will consider applications for waivers from issuers with, or seeking, a dual primary listing under this chapter, based on the underlying principle that the issuer can demonstrate that strict compliance with both the relevant Exchange Listing Rules and the overseas regulations would be unduly burdensome or unnecessary (including where the requirements under the Exchange Listing Rules contradict the applicable overseas laws or regulations and strict compliance with the Exchange Listing Rules would result in a breach of applicable overseas laws or regulations) and that the granting of such waivers by the Exchange will not prejudice the interest of the investing public. In particular, the Exchange will consider applications for waivers from strict compliance with rules 2.07C(4)(a), 9.09, 11.06, 19.10(6), paragraph 15(2)(c) of Appendix D1A and paragraph 49(2)(c) of Appendix D1E from overseas issuers with, or seeking, a dual primary listing under this chapter. The Exchange will consider these applications on individual merit based on all relevant facts and circumstances, including compliance with the prescribed conditions as set out in the relevant rules.

19.59 An overseas issuer may apply for waivers from the requirements of other rules which the Exchange will consider on a case by case basis, based on the general principles set out in Chapter 2 and rule 19.02.

**Company Information Sheet**

19.60 An overseas issuer with a primary listing or dual primary listing that meets any of the following criteria should publish a Company Information Sheet on the relevant information as soon as possible on the Exchange's website and the overseas issuer's website:

(1) there are novel waiver(s) granted to the issuer (for example, where an overseas issuer is allowed to take alternative measures to meet any core shareholder protection standards set out in Appendix A1 without providing such standards in its constitutional documents);

(2) the laws and regulations in its home jurisdiction and primary market are materially different from those required by Hong Kong laws regarding:

(a) the rights of holders of its securities and how they can exercise their rights;

(b) directors' powers and investor protection; and

(c) the circumstances under which its minority shareholders may be bought out or may be required to be bought out after a successful takeover or share repurchase;

(3) it is subject to any withholding tax on distributable entitlements or any other tax that is payable by shareholders (e.g. capital gains tax, inheritance or gift taxes); or

(4) it is listing depositary receipts.

The Exchange may also at its own discretion require an issuer to publish a Company Information Sheet if it is of the view it will be informative to investors.

*Notes:*

*1. The purpose of the Company Information Sheet is to enable investors to easily locate specific information on the differences between the overseas requirements to which an overseas issuer is subject and the Hong Kong requirements.*

*2. The relevant information to be disclosed under Rule 19.60(3) includes details of the relevant tax(es) and whether Hong Kong investors have any tax reporting obligations.*

*3. The relevant information to be disclosed under Rule 19.60(4) includes a summary of the terms and conditions in the depositary agreement and deed poll.*

19.61 An overseas issuer that is required to publish a Company Information Sheet must update it from time to time to reflect any material change to the information disclosed within it as soon as practicable after such a change occurs.

# Chapter 19A

## EQUITY SECURITIES

### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

#### Preliminary

19A.01 [Repealed 1 August 2023]

19A.02 The Exchange Listing Rules apply as much to PRC issuers as they do to Hong Kong issuers. This Chapter sets out the additional requirements, modifications and exceptions which apply to PRC issuers seeking or maintaining a primary listing on the Exchange. Rules 19.01 to 19.61 (inclusive) do not apply in the case of such PRC issuers.

19A.02A The Exchange may exercise its power under rule 2.04 to waive, modify or not require compliance with an Exchange Listing Rule for a PRC issuer with, or seeking, a listing under this chapter on a case by case basis. For PRC issuers with, or seeking, a dual primary listing under this chapter, the Exchange will consider applications for waivers from strict compliance with an Exchange Listing Rule based on the underlying principle that the issuer can demonstrate that strict compliance with both the relevant Exchange Listing Rule and the regulations of the other exchange of primary listing would be unduly burdensome or unnecessary (including where the requirements under the Exchange Listing Rules contradict the applicable overseas laws or regulations and strict compliance with the Exchange Listing Rules would result in a breach of applicable overseas laws or regulations) and that the granting of such waivers by the Exchange will not prejudice the interest of the investing public.

19A.03 [Repealed 1 August 2023]

**Definitions and Interpretation**

19A.04 The following terms, save where the context otherwise requires, have the following meanings:—

**"A shares"** shares of a PRC issuer that are listed on a PRC stock exchange

**"close associate"** for a PRC issuer:—

(a) in relation to an individual means:—

(i) his spouse;

(ii) any child or step-child, natural or adopted, under the age of 18 years of the individual or of his spouse (together with (a)(i) above, the "family interests");

(iii) the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object;

(iv) [Repealed 3 June 2010]

(v) any company (including an equity joint venture established under PRC law) in the equity capital of which he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or any amount specified in applicable PRC law as the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this company; and

(vi) any company with which or individual with whom he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested in a cooperative or contractual joint venture (whether or not constituting a separate legal person) under PRC law where he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together directly or indirectly have 30% (or any amount specified in applicable PRC law as the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more interest either in the capital and/or assets contributions to such joint venture or in the contractual share of profits or other income from such joint venture; and

(b) in relation to a company means:—

(i) its subsidiary or holding company or a fellow subsidiary of its holding company;

(ii) the trustees, acting in their capacity as trustees, of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to the company's knowledge) a discretionary object;

(iii) [Repealed 3 June 2010]

(iv) any other company (including an equity joint venture established under PRC law) in the equity capital of which the company, its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or any amount specified in applicable PRC law as the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this other company; and

(v) any other company with which or any individual with whom the company, its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested in a cooperative or contractual joint venture (whether or not constituting a separate legal person) under PRC law where it, its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together directly or indirectly have 30% (or any amount specified in applicable PRC law as the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more interest either in the capital and/or assets contributions to such joint venture or in the contractual share of profits or other income from such joint venture.

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|---|---|
| **"Company Law"** | the Company Law (公司法) of the PRC adopted at the Fifth Session of the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective from 1 July 1994, as amended, supplemented or otherwise modified from time to time |
| **"H shares"** | shares of a PRC issuer which are listed on the Exchange |
| **"Hong Kong register"** | for a PRC issuer, the part of its register of members located and maintained in Hong Kong pursuant to its articles of association |
| **"other listed shares"** | shares of a PRC issuer in the class to which H shares belong that are listed on other regulated market(s), such as A shares |
| **"PRC"** | for purposes of the Exchange Listing Rules, the People's Republic of China, other than the regions of Hong Kong, Macau and Taiwan |
| **"PRC Governmental Body" (中國政府機關)** | for purposes of rules 19A.14 and 19A.19, includes (but not limited to)<br><br>(a) PRC Central Government, including the State Council of the PRC (中國國務院), State Ministries and Commissions (國家部委), Bureaus and Administrations directly under the State Council (國務院直屬機構), State Council Offices and Institutions (國務院辦事機構及直屬國務院事業單位), Bureaus supervised by State Ministries and Commissions (國家部委代管局);<br><br>(b) PRC Provincial-level Governments, including Provincial Governments (省政府), Municipalities directly under the Central Government (直轄市) and Autonomous Regions (自治區), together with their respective administrative arms, agencies and institutions. |

(c) PRC local governments immediately under the PRC Provincial-level Governments, including prefectures (區), municipalities (市) and counties (縣), together with their respective administrative arms, agencies and institutions.

*Note: For clarity, entities under the PRC Government that are engaging in commercial business or operating another commercial entity will be excluded from this definition.*

| | |
|---|---|
| **"PRC issuer"** | an issuer which is duly incorporated in the PRC as a joint stock limited company (股份有限公司) |
| **"PRC law"** | the applicable provisions of the PRC constitution, or any statute, ordinance, regulation, rule or normative statement from time to time in force in the PRC, as the context may require |
| **"PRC stock exchange"** | the Shanghai Stock Exchange or the Shenzhen Stock Exchange or the Beijing Stock Exchange |
| **"promoter"** | as to any PRC issuer, any person who undertook the establishment of such issuer, subscribed for shares of such issuer and assumes liability for such issuer's establishment, prepared the initial articles of association of such issuer and convened the inaugural meeting of the subscribers of shares of such issuer, or any person who performed a similar role under PRC law in the establishment of a PRC issuer |
| **"supervisor"** | a member elected to the supervisory committee (監事會) 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 |
| **"unlisted shares"** | shares of a PRC issuer in the class to which H shares belong that are not listed on any regulated market |

19A.04A In addition to the requirements under rule 3.09B, every director of a PRC issuer must also, in the exercise of his powers and duties as a director of the PRC issuer:

(1) comply to the best of his ability with all applicable laws, rules, regulations and normative statements (規範聲明) from time to time in force in the PRC relating to the governing, operation, conduct or regulation of public companies in the PRC or elsewhere;

(2) comply to the best of his ability with the provisions of the PRC issuer's articles of association (including all provisions regarding the duties of directors) and use his best endeavours to procure the PRC issuer to act at all times in accordance with its articles of association;

(3) inform the Exchange forthwith and in writing, at any time while he is a director of the PRC issuer (or within 12 months of his ceasing to be a director of the PRC issuer), of any administrative or governmental notice or proceeding alleging a breach by the PRC issuer or any of its subsidiaries or directors of any applicable laws, rules, regulations or normative statements (規範聲明) in force in the PRC relating to the governing, operation, conduct or regulation of public companies; and

(4) use his best endeavours to procure any alternate of his to comply with the provisions set out in rule 19A.04A (1) to (3) and rule 3.09B (1), (2) and (4).

19A.04B Every supervisor of a PRC issuer must, in the exercise of his powers and duties as a supervisor of the PRC issuer:

(1) comply to the best of his ability with all applicable laws, rules, regulations and normative statements (規範聲明) from time to time in force in the PRC relating to the responsibilities, duties and obligations of a supervisor in connection with the governing, operation, conduct or regulation of public companies in the PRC or elsewhere;

(2) comply to the best of his ability with the provisions of the PRC issuer's articles of association (including all provisions regarding the duties of supervisors) and use his best endeavours to procure the PRC issuer and its directors to act at all times in accordance with its articles of association;

(3) use his best endeavours to procure the PRC issuer and its directors to comply with the Listing Rules, the Takeovers Code, the Share Buy-backs Code and all other relevant securities laws and regulations from time to time in force in Hong Kong;

(4) inform the Exchange forthwith and in writing, at any time while he is a supervisor of the PRC issuer, of the initiation by the PRC issuer's supervisory committee of legal proceedings against any director of the PRC issuer;

(5) comply to the best of his ability, as if the same applied to supervisors to the same extent as it does to directors, with Parts XIVA and XV of the Securities and Futures Ordinance, the Model Code set out in Appendix C3 to the Listing Rules, the Takeovers Code, the Share Buy-backs Code, and all other relevant securities laws and regulations from time to time in force in Hong Kong; and

(6) use his best endeavours to procure that any alternate of his to comply with the provisions set out in (1) to (5) above.

19A.04C The requirements under rules 3.09A, 3.09C and 3.20 shall apply to every supervisor of a PRC issuer with the term "director" being replaced by "supervisor".

19A.05 [Repealed 1 August 2023]

19A.06 [Repealed 1 August 2023]

19A.07 [Repealed 1 August 2023]

19A.07A In the case of a PRC issuer, the requirements of rules 3.09A and 3.20 also apply to supervisors of the issuer with the term "directors" replaced by "supervisors".

19A.07B In the case of a PRC issuer, references to directors in rules 13.67 and 13.68 shall also mean and include supervisors.

**Chapter 4 — Accountants' Reports and Pro Forma Financial Information**

19A.08 The reporting accountants for a PRC issuer must normally be qualified and be independent to the same extent as required under rule 4.03 for the reporting accountants of any other issuer. The Exchange also accepts, under the mutual recognition agreement, a PRC firm of practising accountants which has been approved by the China Ministry of Finance and the China Securities Regulatory Commission as being suitable to act as an auditor or a reporting accountant for a PRC incorporated company listed in Hong Kong on the condition that the PRC issuer has adopted CASBE for the preparation of its annual financial statements. Such a PRC firm of practising accountants must be independent to the same extent as required under rule 4.03 for the reporting accountants of any other issuer.

*Notes:*

*1. The mutual recognition agreement means the agreement between the Mainland of China and Hong Kong in 2009 for mutual recognition of qualified auditors from either jurisdiction (home jurisdiction) to act as auditors of corporations incorporated in the home jurisdiction and listed in the other jurisdiction.*

2. *Where the preparation of an accountants' report constitutes a PIE Engagement under the AFRCO, that PRC firm of practising accountants must also be regulated under the AFRCO and be a Recognised PIE Auditor under section 20ZT of the AFRCO.*

19A.09 A report will not normally be regarded as acceptable unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong or under International Standards on Auditing or China Auditing Standards.

19A.10 Reports for PRC issuers will normally be required to conform with the requirements as to accounting standards set out in rules 4.11 to 4.13.

19A.11 As indicated in rules 4.14 to 4.16, where the figures in the accountants' report differ from those in the audited annual accounts, a statement of adjustments must be submitted to the Exchange enabling the figures to be reconciled.

**Chapter 6 — Trading Halt, Suspension, Cancellation and Withdrawal of Listing**

19A.12 The references in rules 6.11, 6.12, 6.15 and 6.16 to shareholders shall be construed to mean holders of H shares.

**Chapter 8 — Qualifications for Listing**

19A.13 The following modifications and additional requirements apply:—

(1) the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of a PRC issuer if it believes that it is not in the public interest to list them;

(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 and 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 16 of the Companies Ordinance, if applicable.*

(3) (a) in the case of registered securities (other than those transferable by endorsement and delivery), provision must be made for a register of holders to be maintained in Hong Kong, or such other place as the Exchange may agree, and for transfers to be registered locally. The Exchange may, however, consider an alternative proposal for registering transfers for Hong Kong holders in exceptional circumstances; and

(b) in the case of bearer securities, provision must be made for the payment of dividends or interest and repayment of capital in Hong Kong, or such other place as the Exchange may agree;

(4) unless the Exchange otherwise agrees, only securities registered on the Hong Kong register may be traded on the Exchange;

(5) where two or more share registers are maintained it will not be necessary for the Hong Kong register to contain particulars of the shares registered on any other register; and

(6) rules 8.08(1), 8.08A and 8.09A are amended and replaced by rules 19A.13A, 19A.13C and 19A.13D, respectively, in their entirety, when applied to PRC issuers.

**Open market requirements**

19A.13A There must be an open market in the securities for which listing is sought.

*PRC issuers with no other listed shares*

(1) Where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that, at least a minimum prescribed percentage of shares in the class to which H shares belong must be H shares held by the public at the time of listing, determined by reference to the following table:—

| **Expected market value of the class of shares to which H shares belong at the time of listing** | **Minimum number of H shares held by the public at the time of listing as a percentage of the total number of shares in the class to which H shares belong** |
|---|---|
| Not exceeding HK$6,000,000,000 | 25% |
| Over HK$6,000,000,000 but not exceeding HK$30,000,000,000 | The higher of: (i) the percentage that would result in the expected market value of H shares held by the public to be HK$1,500,000,000 at the time of listing; and (ii) 15% |
| Over HK$30,000,000,000 | The higher of: (i) the percentage that would result in the expected market value of H shares held by the public to be HK$4,500,000,000 at the time of listing; and (ii) 10% |

*Note: For the purpose of determining the expected market value and the denominator for the minimum percentage in this rule, only issued shares in the class to which H shares belong at the time of listing (excluding treasury shares) shall be counted.*

(1A) [Repealed 1 January 2026]

*PRC issuers with other listed shares*

(2) Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must:—

(a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or

(b) have an expected market value of not less than HK$3,000,000,000.

*Note: For the purpose of this sub-paragraph (2), only shares in the class to which H shares belong that are in issue at the time of listing (excluding treasury shares) shall be counted.*

(2A) [Repealed 1 January 2026]

19A.13B [Repealed 4 August 2025]

***Free float***

19A.13C There must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing.

*PRC issuers with no other listed shares*

(1) Where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or

(b) have an expected market value at the time of listing of not less than HK$600,000,000.

*PRC issuers with other listed shares*

(2) Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or

(b) have an expected market value at the time of listing of not less than HK$600,000,000.

*Notes:*

*1. While certain PRC issuers may have H shares that are not subject to any disposal restrictions, such H shares may otherwise not be available for trading at the time of listing. H shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 17.01A) must be excluded from the calculation of free float in this rule, regardless of whether they are considered as being "in public hands" (see Note to rule 8.24).*

*2. For the purpose of the calculation of free float in this rule, only H shares (for which listing is sought) that are in issue at the time of listing (excluding treasury shares) shall be counted.*

**Market value requirements**

19A.13D Where a new applicant is a PRC issuer and has shares apart from the H shares, for the purpose of calculating its expected market capitalisation at the time of listing, the expected issue price of the H shares shall be used as a basis for determining the market value of the other shares of the new applicant that are unlisted.

*Note: The Exchange may publish guidance on the Exchange's website, as amended from time to time, as to the calculation of the expected market capitalisation of a new applicant which has shares listed on other regulated market(s).*

19A.14 Under rule 8.10, the Exchange requires a new applicant to make disclosure where it has a controlling shareholder or a director with an interest in a business apart from the new applicant's business which competes or is likely to compete, either directly or indirectly, with the new applicant's business. In this connection, in the case of a new applicant which is a PRC issuer, "controlling shareholder" means any shareholder or other person or group of persons together entitled to exercise, or control the exercise of 30% (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) or more of the voting power at general meetings of the new applicant *(Note)* or who is in a position to control the composition of a majority of the board of directors of the new applicant. For the purposes of this rule, the Exchange will normally not consider a PRC Governmental Body (see definition in rule 19A.04) as a "controlling shareholder" of a PRC issuer.

*Note: Voting rights attaching to treasury shares are excluded.*

19A.15 The requirement in rule 8.12 for sufficient management presence in Hong Kong, including that normally at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong, shall apply except as otherwise permitted by the Exchange in its discretion. Where the new applicant wants to apply for a waiver from the requirement of rule 8.12, it must make a written submission for the Exchange's consideration. In exercising such discretion the Exchange will have regard to, among other considerations, the new applicant's arrangements for maintaining regular communication with the Exchange.

19A.16 [Repealed 1 January 2012]

19A.17 Rules 8.19, 8.20 and 13.26(1) only apply to H shares of a PRC issuer.

19A.18 (1) In addition to the requirements of Chapter 3, the independent non- executive directors of a PRC issuer must also be able to demonstrate an acceptable standard of competence and adequate commercial or professional experience to ensure that the interests of the general body of shareholders will be adequately represented. Moreover, at least one of the independent non-executive directors must be ordinarily resident in Hong Kong.

(2) Supervisors of a PRC issuer must have the character, experience and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors. The Exchange may request further information regarding the background, experience, other business interests or character of any supervisor or proposed supervisor.

19A.19 [Repealed 1 August 2023]

## Chapter 9 — Application Procedures and Requirements

19A.20 [Repealed 1 October 2013]

19A.21 (1) [Repealed 2 November 2009]

(2) [Repealed 31 December 2023]

19A.22 [Repealed 2 November 2009]

19A.22A [Repealed 1 August 2023]

19A.22B [Repealed 1 March 2019]

19A.23 [Repealed 2 November 2009]

## Chapter 10 — Restrictions on Purchase and Subscription

19A.24 A PRC issuer may purchase its own shares on the Exchange and hold them as treasury shares in accordance with the provisions of this rule and rules 10.05 and 10.06. Although the share repurchase provisions of rules 10.05 and 10.06 normally apply to a PRC issuer's equity securities which are listed on the Exchange and which are or are proposed to be purchased on the Exchange, when seeking shareholders' approval to make purchases of such securities on the Exchange or when reporting such purchases, a PRC issuer should provide information on the proposed or actual purchases of any or all of its equity securities, whether or not listed or traded on the Exchange. Therefore, in the case of a PRC issuer, rule 10.06(6)(c) is amended and restated in its entirety to read as follows:

(c) for the purposes of rules 10.05, 10.06 and 19A.24, "shares" shall mean shares of all classes listed on the Exchange and securities listed on the Exchange which carry a right to subscribe or purchase shares of the PRC issuer, provided that references to "shares" in rules 10.06(1)(b), 10.06(4) and 10.06B shall also include shares of all classes listed on any stock exchange and securities that are listed on any stock exchange which carry a right to subscribe or purchase shares of such PRC issuer, and provided further that the Exchange may waive the requirements of those rules in respect of any fixed participation shares which are, in the opinion of the Exchange, more analogous to debt securities than equity securities. References to purchases of shares include purchases by agents or nominees on behalf of the PRC issuer or subsidiary of the PRC issuer, as the case may be.

19A.25 (1) [Repealed 1 August 2023]

(2) For a PRC issuer, rule 10.06(1)(b)(vii) is restated in its entirety as follows:—

(vii) a statement as to the consequences of any purchases which will arise under either or both of the Takeovers Code and any similar applicable law of which the directors are aware, if any;

(3) For a PRC issuer, the reference to "10 per cent. of the number of issued shares (excluding treasury shares) of the issuer" in rule 10.06(1)(c)(i) shall mean "10 per cent. of the total number of issued H shares (excluding treasury shares) of the PRC issuer".

**Chapter 11 — Listing Documents**

19A.26 [Repealed 1 August 2023]

19A.27 The following modifications and additional requirements apply to the contents of listing documents:

(1) some of the items of information specified in Appendices D1A and D1B may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given;

(2) the listing document must contain a summary of all provisions of the constitutive documents of the PRC issuer in so far as they may affect shareholders' rights and protection and directors' powers (using, and covering at the least, the same subject headings as required under the attachment to Appendix D1A);

(3) the listing document must contain a summary of the relevant PRC law in a form to be agreed upon by the Exchange on a case by case basis and in the Exchange's absolute discretion; and

*Note: In general the relevant PRC law to be summarized normally would be expected to cover matters such as taxation on the PRC issuer's income and capital, tax (if any) deducted on distributions to shareholders, foreign exchange controls or restrictions, company law, securities regulations or other relevant laws or regulations, and any PRC law which regulates or limits the PRC issuer's major business(es) or the industry in which it mainly operates.*

(4) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 53 of Appendix D1A and paragraph 43 of Appendix D1B. 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 published on the Exchange's website and the issuer's own website. In addition, where rule 19A.27(3) applies, the PRC issuer must publish on the Exchange's website and the issuer's own website 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 published on the Exchange's website and the issuer's own website.

19A.27A Rules 19A.27(2) and (3) do not apply to listing documents issued by listed issuers unless they are issued in connection with an introduction or a deemed new listing under the Exchange Listing Rules.

## Chapter 13 — Continuing Obligations

19A.27B Rules 13.32A to 13.32G are amended and replaced by rules 19A.28A to 19A.28G in their entirety, respectively, when applied to PRC issuers.

19A.28 [Repealed 1 August 2023]

### Public float

#### *Definitions and determination of percentage and market value of public float*

19A.28A For the purpose of rules 19A.28B to 19A.28G, save where the context otherwise requires:

(1) the following terms shall have the following meanings:

| | |
|---|---|
| "Alternative Threshold" | in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 19A.28B(1)(b) |
| "Initial Prescribed Threshold" | in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 19A.28B(1)(a) |
| "Significant Public Float Shortfall" | has the meaning given to it in rule 19A.28F(1) or (2) (as the case may be) |
| "trading day" | in the case of a PRC issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the PRC issuer's H shares was halted or suspended |

(2) the percentage of a PRC issuer's public float is the portion of H shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in the class to which H shares belong (excluding treasury shares);

(3) in the case of a PRC issuer with no other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted average price of the PRC issuer's H shares over the 125 trading days immediately prior to the date of determination; and

(4) in the case of a PRC issuer with other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted average price of the PRC issuer's H shares over the 125 trading days, or all trading days since listing, whichever is shorter, immediately prior to the date of determination.

*Note: The volume weighted average price of a PRC issuer's H shares referred to in sub-paragraphs (3) and (4) of this rule is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of H shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days, or all trading days since listing, as the case may be, immediately prior to the date of determination, as adjusted for any applicable corporate actions.*

***Minimum prescribed public float***

19A.28B There must be an open market in the shares listed on the Exchange.

*PRC issuers with no other listed shares*

(1) For a PRC issuer with no other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:

(a) represent at least 25% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 19A.13A(1) (the "Initial Prescribed Threshold"); or

(b) alternatively:

(i) have a market value of at least HK$1,000,000,000; and

(ii) represent at least 10% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares),

(the "Alternative Threshold").

*Note: Where a PRC issuer with no other listed shares was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 19A.13A(1) (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.*

*PRC issuers with other listed shares*

(2) For a PRC issuer with other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:

(a) have a market value of at least HK$1,000,000,000; or

(b) represent at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

19A.28C If a PRC issuer with no other listed shares changes its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 19A.28B, the PRC issuer must, as soon as practicable, publish an announcement containing the reasons for the change and a statement setting out the market value and percentage of its public float as at the latest practicable date.

*Notes:*

*1. The Alternative Threshold is not available to a PRC issuer with no other listed shares if the PRC issuer's H shares have traded for fewer than 125 trading days since listing on the Exchange.*

*2. In the case of a PRC issuer with no other listed shares intending to change its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 19A.28B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed H shares have been suspended from trading for more than five consecutive business days, the Exchange may require the PRC issuer to extend the*

*reference period for the purpose of rule 19A.28A(3) to demonstrate that the market value of its H shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such a PRC issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.*

*3. In the case of a PRC issuer with no other listed shares changing its reliance on the Alternative Threshold to the Initial Prescribed Threshold for compliance with rule 19A.28B, the PRC issuer must, as soon as practicable, publish an announcement containing the reasons for the change and the percentage of its public float as at the latest practicable date.*

***Disclosure in monthly returns and annual reports***

19A.28D (1) A PRC issuer must include, in each monthly return made under rule 13.25B:

(a) a statement confirming compliance with rule 19A.28B, or an appropriate negative statement;

(b) for a PRC issuer with no other listed shares:

(i) relying on the Initial Prescribed Threshold for compliance with rule 19A.28B, the minimum percentage threshold applicable to the PRC issuer; or

(ii) relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 19A.28B, a statement setting out the market value and percentage of its public float; and

(c) for a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), a statement setting out the market value and percentage of its public float,

as at the end of the month to which the monthly return relates.

(2) A PRC issuer must include, in its annual report:

(a) a statement confirming compliance with rule 19A.28B, or an appropriate negative statement;

(b) for a PRC issuer with no other listed shares relying on the Initial Prescribed Threshold for compliance with rule 19A.28B, the minimum percentage threshold applicable to the PRC issuer; and

(c) a statement setting out:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), for compliance with rule 19A.28B, the market value of its public float; and

(iii) the composition of (1) the ownership of the H shares listed on the Exchange and (2) the PRC issuer's share capital,

as at the end of the financial year to which the annual report relates.

(3) For: (i) a PRC issuer with no other listed shares that has relied on the Alternative Threshold (instead of the Initial Prescribed Threshold); or (ii) a PRC issuer with other listed shares that has relied on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)) for compliance with rule 19A.28B at any time within a financial year, the PRC issuer must, in addition to the requirement referred to in sub-paragraph (2) of this rule, also include in its annual report for that financial year:

(a) in respect of each month in which the PRC issuer relied on:

(i) in the case of a PRC issuer with no other listed shares, the Alternative Threshold; or

(ii) in the case of a PRC issuer with other listed shares, the market value threshold under rule 19A.28B(2)(a),

as at the end of that month, the market value and percentage of its public float as at the end of that month; and

(b) a commentary on all material changes to its public float levels during that financial year.

(4) The statements referred to in sub-paragraphs (1) to (3) of this rule should be based on information that is publicly available to the PRC issuer or otherwise within the knowledge of its directors or supervisors as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

*Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.*

***Public float shortfall***

19A.28E (1) Upon becoming aware of its non-compliance with rule 19A.28B, a PRC issuer must:

(a) take active steps to re-comply with rule 19A.28B at the earliest possible moment; and

(b) publish an announcement within one business day to inform the public of the non-compliance and the relevant information, including:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), at the point of its non-compliance with rule 19A.28B, the market value of its public float;

(iii) the reason(s) for the non-compliance;

(iv) its plan and expected timeline to restore its public float;

(v) the composition of ownership of the H shares listed on the Exchange; and

(vi) any such other information as the Exchange may from time to time prescribe.

*Notes:*

*1. A PRC issuer may announce details in relation to its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the PRC issuer becoming aware of its non-compliance with rule 19A.28B.*

*2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).*

(2) For so long as a PRC issuer remains non-compliant with rule 19A.28B, the PRC issuer must:

(a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 13.25B, to provide an update on:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), at the point of its non-compliance with rule 19A.28B, the market value of its public float;

(iii) the status of its public float restoration plan, including action(s) taken during the relevant period to restore its public float; and

(iv) the expected timing for restoration; and

(b) not take any action that may further lower the percentage of its public float, unless the PRC issuer can demonstrate that there are exceptional circumstances.

*Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the PRC issuer to the procedures set out in rule 19A.28G, and to exercise its powers under rule 6.01(2)) if, in the opinion of the Exchange, the PRC issuer fails to re-comply with rule 19A.28B within a reasonable period.*

(3) For so long as a PRC issuer remains non-compliant with rule 19A.28B, each director and supervisor must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the PRC issuer's public float, unless the director or supervisor can demonstrate that there are exceptional circumstances.

*Significant Public Float Shortfall*

19A.28F (1) A PRC issuer with no other listed shares that fails to comply with rule 19A.28B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

(a) represents at least 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or

(b) has a market value of at least HK$500,000,000 and represents at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

*Note: If the H shares of the PRC issuer with no other listed shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:*

*"A PRC issuer with no other listed shares that fails to comply with rule 19A.28B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public represents at least 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold."*

(2) A PRC issuer with other listed shares that fails to comply with rule 19A.28B(2) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

(a) has a market value of at least HK$500,000,000; or

(b) represents at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

19A.28G (1) In addition to the obligation under rule 19A.28E, a PRC issuer must publish an announcement to inform the public of the occurrence of a Significant Public Float Shortfall within one business day after becoming aware of such shortfall.

(2) From the day on which a PRC issuer first has a Significant Public Float Shortfall up to and until the PRC issuer has re-complied with rule 19A.28B, any listing document, circular, announcement or notice issued by the PRC issuer pursuant to the Exchange Listing Rules must contain, on its front cover or inside front cover or as a heading, a prominent and legible warning statement in the following form:

"[*The PRC issuer*] is regarded as having a Significant Public Float Shortfall under Rule 19A.28F. Accordingly, shareholders and potential investors of [*the PRC issuer*] are advised to exercise caution when dealing in the H shares of [*the PRC issuer*] because:

(a) [*the PRC issuer*] has failed to maintain the minimum public float required under Rule 19A.28B, resulting in a shortfall that constitutes a Significant Public Float Shortfall as defined under Rule 19A.28F; and

(b) the Exchange will cancel the listing of the H shares of [*the PRC issuer*] if [*the PRC issuer*] fails to re-comply with Rule 19A.28B within the prescribed period under Rule 19A.28G(3) (i.e. by [*date*])."

(3) The Exchange will cancel the listing of a PRC issuer's H shares if the PRC issuer has a Significant Public Float Shortfall and fails to re-comply with rule 19A.28B for a continuous period of 18 months beginning from the commencement of the Significant Public Float Shortfall.

*Notes:*

*1. The Exchange will add a designated marker to the stock name of the listed H shares of a PRC issuer with a Significant Public Float Shortfall.*

*2. The designated marker referred to in note 1 to this rule will be removed if the PRC issuer can demonstrate to the Exchange, and publish an announcement to inform the public, that it has re-complied with rule 19A.28B.*

19A.29 [Repealed 1 August 2023]

19A.29A The reference to "every member" in rule 13.46(2) shall mean and refer to only registered holders of the PRC issuer's H shares.

***Annual report and accounts and auditors' report***

19A.30 The following modifications and additional requirements apply to Appendix D2 insofar as an issuer is a PRC issuer. To the extent such modifications and additional requirements conflict with the provisions of Appendix D2, the following provisions shall apply.

19A.31 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the PRC issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the International Federation of Accountants and, if the PRC issuer's primary listing is or is to be on the Exchange, must be:

(1) a Registered PIE Auditor under the AFRCO; or

(2) an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the AFRCO; or

(3) [Repealed 1 January 2022]

(4) under the mutual recognition agreement, a PRC firm of practising accountants which has been approved by the China Ministry of Finance and the China Securities Regulatory Commission as being suitable to act as an auditor or a reporting accountant for a PRC incorporated company listed in Hong Kong and is a Recognised PIE Auditor under section 20ZT of the AFRCO on the condition that the PRC issuer has adopted CASBE for the preparation of its annual financial statements.

*Notes:*

*1. In relation to an application for the recognition of an overseas firm of practising accountants under the AFRCO, on a request made by a PRC issuer, the Exchange may provide a statement of no objection to that issuer for appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the AFRCO (see note 2 to rule 4.03(1)).*

*2. The mutual recognition agreement referred to in (4) above means the agreement between the Mainland of China and Hong Kong in 2009 for mutual recognition of qualified auditors from either jurisdiction (home jurisdiction) to act as auditors of corporations incorporated in the home jurisdiction and listed in the other jurisdiction.*

19A.32 The accounts must be audited to a standard comparable to that required in Hong Kong or under International Standards on Auditing or China Auditing Standards.

19A.33 The report of the auditors must be annexed to all copies of the annual accounts required to be sent by the PRC issuer and indicate whether in the opinion of the auditors the accounts give a true and fair view:

(1) in the case of the PRC issuer's balance sheet, of the state of its affairs at the end of the financial year and in the case of the PRC issuer's profit and loss account, of the profit or loss and in the case of the PRC issuer's cash flow statement, of the cash flows for the financial year; and

(2) in the case where consolidated accounts are prepared, of the state of affairs, the profit or loss, and the cash flows of the PRC issuer and the group of which the PRC issuer is the holding company.

19A.34 The report of the auditors must indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.

19A.35 If the PRC issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange.

19A.36 [Repealed 1 August 2023]

19A.37 An auditors' report in a different form may be applicable in the case of banking and insurance companies. The wording of such an auditors' report should make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.

***Pre-emptive rights***

19A.38 For a PRC issuer, the references to shareholder(s) that is/are resident outside Hong Kong in rule 13.36(2)(a) and note 2 to rule 13.36(2)(a) shall mean shareholder(s) that is/are resident outside the PRC and Hong Kong.

## Chapter 14 — Notifiable Transactions

19A.38A Rule 14.07(4) is amended by adding the following provisions:

> Where a PRC issuer has other listed shares, the market value of its other listed shares is to be determined based on the average closing price of those shares for the 5 days on which trading is conducted on the relevant regulated market immediately preceding the transaction.
>
> Where a PRC issuer has issued unlisted shares, the market value of its unlisted shares is calculated by reference to the average closing price of its H shares for the 5 business days preceding the transaction.

19A.39 [Repealed 1 August 2023]

### Despatch of circular and listing document

19A.39A [Repealed 1 August 2023]

19A.39B [Repealed 1 August 2023]

## Chapter 17 — Share Schemes

19A.39C The Exchange may waive the exercise price requirement under rule 17.03E for a share option scheme of a PRC issuer dually listed on the Exchange and a PRC stock exchange, provided that: (i) the scheme involves only shares listed on the PRC stock exchange; and (ii) the scheme contains provisions to ensure that the exercise price of the options is no less than the prevailing market price of the relevant shares on the PRC stock exchange at the time of grant of the options.

19A.39D For a PRC issuer, rule 17.01(4) is restated in its entirety as follows:

> In this chapter 17, references to new shares or new securities of a PRC issuer include its treasury shares listed on the Exchange, and references to the issue of shares or securities include the transfer of treasury shares listed on the Exchange.

19A.39E For a PRC issuer, a share scheme funded by its treasury shares not listed on the Exchange is subject to rule 17.12. The transfer of treasury shares not listed on the Exchange to a connected person pursuant to such scheme may be exempt as a de minimis transaction under rule 14A.76.

## Listing Fees

19A.40 [Repealed 1 August 2023]

## Appendix D1A

**Contents of Listing Documents where listing is sought for equity securities of a PRC issuer no part of whose share capital is already listed on the Exchange**

19A.41 References to directors or proposed directors in paragraphs 13, 28(1), 33(2), 41, 45(1), 46(1), 46(2), 46(3), 47(1), 47(2) and 49(1) in Appendix D1A shall also mean and include supervisors and proposed supervisors, as appropriate.

*Note: For purposes of applying paragraph 45(1) to each supervisor of a PRC issuer, paragraph 45(1) should be interpreted as if Part XV of the Securities and Futures Ordinance applied to such persons to the same extent as directors.*

19A.42 Appendix D1A is further supplemented by adding below paragraph 53 thereof, but before the Notes thereto, the following new caption heading and new paragraphs 54 to 65:

**"Additional information on PRC issuers**

54. Where a public or private issue or placing of securities of the PRC issuer other than H shares is being made simultaneously with the issue of H shares in Hong Kong or is proposed to be made as part of such issuer's share issue plan which was approved at the inaugural meeting or any shareholders' meeting of the issuer:—

(1) information concerning such securities and such issue or placing, including the information described in paragraphs 11,15,17, 20, 22, 25, 48, 49 and 50;

(2) a statement of whether or not such issue plan has been approved by the China Securities Regulatory Commission (or if no such approval is required, whether the PRC issuer has completed the filing of its issue plan with the China Securities Regulatory Commission where applicable) and the timetable for the share issues under such plan, and if such plan has not been approved or the requisite filing procedures have not been completed, when such approval or completion of the filing procedures is expected (as the case may be);

(3) a statement of whether or not the issue in Hong Kong is conditional (in whole or in part) on such issue or placing of securities;

(4) a description of the effect on the PRC issuer's future plans, prospects and financial condition (including profit forecast, if any) if such issue or placing of securities is not being completed in the manner described in the listing document or if the approval or the completion of filing of the share issue plan referred to in (2) above does not take place by the expected date;

(5) if such securities are not admitted for listing on any stock exchange, a statement of whether there is (or is proposed to be) trading or dealing in such securities on any other authorised trading facility;

(6) a breakdown of the PRC issuer's shares issued or proposed to be issued; and

(7) information concerning each legal person or individual expected to hold shares other than H shares constituting 10% or more of the existing issued share capital (excluding treasury shares) of the PRC issuer upon the completion of such issue or placing of shares other than H shares, and the number of shares other than H shares to be held by each such legal person or individual.

55. Where any securities of the PRC issuer are already issued and outstanding:—

(1) information concerning such securities, including the information described in paragraphs 11, 23 and 25;

(2) if such securities are not admitted for listing on any stock exchange, a statement of whether there is trading or dealing in such securities on any other authorised trading facility;

(3) a breakdown of the PRC issuer's shares already issued; and

(4) information concerning each legal person or individual holding such securities constituting 10% or more of the existing issued share capital (excluding treasury shares) of the PRC issuer, and the number of shares held by each such legal person or individual.

56. Particulars of the quorum and voting requirements for general meetings of shareholders.

57. Particulars of the legal form(s) and enabling PRC law under which the PRC issuer operated at any time during the trading record period under rule 8.05 and prior to its conversion into a joint stock limited company.

58. In regard to every company referred to in paragraph 29(1) which is an equity joint venture or which operates as or under a cooperative or contractual joint venture, particulars of the joint venture arrangement including the names of all joint venture

partners; their respective capital contributions and percentage interests in the profits, dividends or other distributions of the joint venture; the term of the joint venture; any pre-emption rights of the joint venture partners and other restrictions on the sale, assignment or transfer of a partner's interest in the joint venture; arrangements concerning the management of the joint venture's business and operations; any special supply, production or licensing arrangements involving any of the joint venture partners; provisions on termination of the joint venture; and any other material terms of the joint venture contract.

59. [Repealed 1 August 2023]

60. Particulars of the tax rates applicable to the PRC issuer's income or profits during the trading record period under rule 8.05 and in the next three years, including any preferential tax rates or exemptions.

61. A statement of whether or not the PRC issuer will have sufficient foreign exchange to pay forecasted or planned dividends on H shares and to meet its foreign exchange liabilities as they become due, with particulars of the anticipated sources of such foreign exchange.

62. [Repealed 1 August 2023]

63. [Repealed 1 August 2023]

64. [Repealed 1 August 2023]

65. [Repealed 1 August 2023]

**Appendix D1B**

**Contents of Listing Documents where listing is sought for equity securities of a PRC issuer some part of whose share capital is already listed on the Exchange**

19A.43 References to directors or proposed directors in paragraphs 8,26(1), 31(2), 34, 38(1), 39, 40(1) and 40(2) in Appendix D1B shall also mean and include supervisors and proposed supervisors, as appropriate.

*Note: For purposes of applying paragraph 38(1) to each supervisor of a PRC issuer, paragraph 38(1) should be interpreted as if Part XV of the Securities and Futures Ordinance applied to such persons to the same extent as directors.*

19A.44 Appendix D1B is further supplemented by adding below paragraph 43 thereof, but before the Notes thereto, the following new caption heading and new paragraphs 44 and 47:

**"Additional information on PRC issuers**

44. Where a public or private issue or placing of securities of the PRC issuer other than H shares is being made simultaneously with the issue of H shares in Hong Kong or is proposed to be made prior to the end of three months after the issue of the listing document in Hong Kong:—

    (1) information concerning such securities and such issue or placing, including the information described in paragraphs 6,10,11,12,14 and 17;

    (2) a statement of whether or not the issue in Hong Kong is conditional (in whole or in part) on such issue or placing of securities, and if not conditional, a description of the effect on the PRC issuer's future plans, prospects and financial condition (including profit forecast, if any) as a result of such issue or placing of securities not being completed in the manner described in the listing document;

    (3) if such securities are not admitted for listing on any stock exchange, a statement of whether there is (or is proposed to be) trading or dealing in such securities on any other authorised trading facility;

    (4) a breakdown of the PRC issuer's shares issued or proposed to be issued; and

    (5) information concerning each legal person or individual expected to hold shares other than H shares constituting 10% or more of the existing issued share capital (excluding treasury shares) of the PRC issuer upon the completion of such issue or placing of shares other than H shares, and the number of shares other than H shares to be held by each such legal person or individual.

45. [Repealed 3 June 2010]

46. [Repealed 3 June 2010]

47. [Repealed 1 August 2023]

48. [Repealed 3 June 2010]

49. [Repealed 3 June 2010]

50. [Repealed 3 June 2010]

### Appendix A1 — Articles of Association or equivalent constitutional documents

19A.45 [Repealed 1 August 2023]

19A.46 [Repealed 1 January 2022]

19A.47 [Repealed 1 January 2022]

19A.48 [Repealed 1 January 2022]

19A.49 [Repealed 1 January 2022]

### Other Requirements Applicable to PRC Issuers

19A.50 [Repealed 1 August 2023]

19A.50A [Repealed 1 August 2023]

19A.51 A PRC issuer shall appoint one or more receiving agents in Hong Kong and pay to such agents dividends declared and other monies owing in respect of securities listed on the Exchange to be held, pending payment, in trust for the holders of such securities.

19A.52 [Repealed 1 August 2023]

19A.53 [Repealed 1 August 2023]

19A.54 [Repealed 1 August 2023]

19A.55 [Repealed 1 August 2023]

19A.56 [Repealed 1 August 2023]

### General

19A.57 All documents furnished by a PRC issuer, including accounts, which are in a language other than English must be accompanied by a certified English translation. If the Exchange so requires, an additional translation must be prepared in Hong Kong at the PRC issuer's expense by such person or persons as the Exchange shall specify.

19A.58 Information to be supplied by PRC issuers in a listing document or accounts notwithstanding any obligation in the Exchange Listing Rules, the Statutory Rules or any obligation imposed by the laws of Hong Kong shall not be less than that required to be supplied by the PRC issuer under applicable PRC law.

# Chapter 19B

## EQUITY SECURITIES

### DEPOSITARY RECEIPTS

#### Preliminary

19B.01 The Exchange Listing Rules, including Chapters 19 and 19A, apply to the listing of depositary receipts subject to the additional requirements, modifications, exceptions and interpretations set out in this Chapter. The primary principle underlying the Exchange Listing Rules dealing with depositary receipts is that the holders of depositary receipts are to be treated as generally having equivalent rights and obligations as those afforded to shareholders in an issuer under:

(a) the issuer's constitution;

(b) the law governing the rights and liabilities as between shareholders and the issuer;

(c) the Exchange Listing Rules; and

(d) the Securities and Futures Ordinance and subsidiary legislation (including but not limited to the provisions relating to market misconduct and disclosure of inside information and of interests).

19B.02 References in the Exchange Listing Rules to:

(a) "holder of depositary receipts" means the holder of one or more depositary receipt certificates as evidenced by the register of depositary receipts maintained by the depositary in Hong Kong;

(b) "shares" or "securities" shall include depositary receipts; and

(c) "shareholder" or "member of the issuer" shall include the holder of depositary receipt(s).

19B.03 For the purpose of the Exchange Listing Rules, a depositary shall not be:

(a) an "associate" or "close associate";

(b) a "controlling shareholder";

(c) a "substantial shareholder"; or

(d) excluded from being treated as a member of the public under rule 8.24,

merely by reason of the fact that it is holding shares of an issuer as depositary for the benefit of depositary receipt holders.

19B.04 If an application is made for the listing of depositary receipts, which are instruments which evidence the interests and rights in shares, the issuer of the shares which the depositary receipts represent is the issuer for the purposes of the Exchange Listing Rules and the application will be dealt with as if it were an application for the admission of the shares which they represent. Prospective issuers should consult the Exchange at the earliest opportunity to seek confidential guidance as to their suitability and the suitability of the depositary.

19B.05 A depositary issues depositary receipts as agent of the issuer. The depositary holds the shares represented by the depositary receipts for the benefit of the holders of the depositary receipts. The issuer must ensure that the depositary performs the depositary's obligations under the deposit agreement and the Exchange Listing Rules, and that the rights of depositary receipt holders are fully recognised and are generally equivalent to the rights of shareholders of the issuer.

19B.06 Depositary receipts may be issued in respect of newly issued shares and/or in respect of shares placed with a depositary by existing shareholders provided that the issuer applies to be the issuer of such depositary receipts and assumes the obligations and duties imposed on an issuer by the Exchange Listing Rules. An application for the listing of depositary receipts will not be allowed if the shares which the depositary receipts would represent are already listed on the Exchange and vice versa.

19B.07 (1) Subject to (2) below, rule 8.19 is not applicable to any application for listing in respect of depositary receipts.

(2) An application for the listing of depositary receipts should allow free conversion between the depositary receipts and the issuer's shares from time to time placed with the depositary up to the entire class of the issued shares which the depositary receipts represent or such lower amount as the issuer may prescribe. For the avoidance of doubt, where approval for the listing of the depositary receipts has been granted, the creation or cancellation of depositary receipts resulting from the conversion of any issued shares into depositary receipts or vice versa up to the prescribed amount of the issued shares which the depositary receipt represent for which listing has been sought will not require a further application to the Exchange.

(3) Listing must be sought for all further issues of depositary receipts in excess of those depositary receipts already listed. For the avoidance of doubt, nothing in rule 8.20 shall be construed as requiring listing to be sought for any further issues of shares which the depositary receipts represent.

19B.08 For the purpose of determining the public float of the depositary receipts 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.

**Depositary receipts**

19B.09 The following requirements must be satisfied as conditions to the listing of depositary receipts:–

(a) the depositary receipts must be freely transferable; and

(b) the securities which the depositary receipts represent must be fully paid and free from all liens and any restriction on the right of transfer to the depositary.

19B.10 The law of the issuer's place of incorporation, as supplemented by the issuer's constitution, must not be inconsistent with the rights of shareholders or of the holders of depositary receipts under Hong Kong law and the Exchange Listing Rules.

**Issuer**

19B.11 An issuer must be duly incorporated or otherwise validly established under the laws of the place in which it is incorporated or established, and it must operate in conformity with those laws and its memorandum and articles of association or equivalent constitutional documents.

19B.12 An issuer must obtain all necessary statutory or other consents in relation to the listing of depositary receipts from the relevant authorities in the place of its incorporation or establishment prior to the listing of depositary receipts.

19B.13 The issuer is not required to keep a register in Hong Kong of holders of the shares represented by depositary receipts. However, the issuer must ensure that the depositary maintains through an approved Hong Kong share registrar a register of holders of the depositary receipts and the transfers of the depositary receipts in Hong Kong. Only the depositary receipts registered on the Hong Kong register may be traded on the Exchange.

**The depositary**

19B.14 The depositary must be duly incorporated or otherwise validly established under the laws of the place in which it is incorporated or otherwise established and must operate in conformity with those laws and its memorandum and articles of association or equivalent constitutional documents.

19B.15 The depositary, including any replacement depositary, must be a suitably authorised and regulated financial institution acceptable to the Exchange. In assessing suitability, the Exchange will also have regard to the depositary's experience in issuing and managing depositary receipts programmes in Hong Kong or overseas.

**The deposit agreement**

19B.16 The deposit agreement must be in a form acceptable to the Exchange. It must be executed by the depositary and the issuer and must provide that the depositary holds on trust (or equivalent arrangements) for the sole benefit of the holders of depositary receipts the securities to which the depositary receipt certificates relate, all rights relating to the securities and all money and benefits that it may receive in respect of them, subject only to payment of the remuneration and proper expenses of the depositary. It must also provide, without limitation, for:

(a) The appointment of the depositary by the issuer with authorisation to act on behalf of the issuer in accordance with the deposit agreement.

(b) The status of depositary receipts as instruments representing ownership interests in shares of an issuer that have been deposited with the depositary.

(c) The status of registered holders of depositary receipts as the legal owners of those depositary receipts, without prejudice to the issuer's right under the Securities and Futures Ordinance to investigate the ownership of its shares.

(d) The role of the depositary to issue depositary receipts as agent of the issuer, and to arrange for the deposit of the shares which the depositary receipts represent.

(e) The duties of the depositary, including the duty to keep in Hong Kong and make available for inspection a register of holders of depositary receipts and the transfers of the depositary receipts and the duty to keep a record of the deposits of shares which the depositary receipts represent, the issue of depositary receipts, the cancellation of depositary receipts and the withdrawal of shares.

(f) The role and duties of the custodian appointed by the depositary to hold the deposited shares for the account of the depositary on behalf of the holders of the depositary receipts, segregated from all other property of the custodian.

(g) The mechanism for the issue and registration of depositary receipts by the depositary upon receipt of shares in the issuer and the form of the depositary receipt.

(h) The right of depositary receipt holders to transfer their depositary receipts and the mechanism for so doing.

(i) The right of depositary receipt holders to surrender depositary receipts to be cancelled in exchange for the delivery of the shares which the depositary receipts represent, subject to payment of any applicable charges and taxes and any legal or regulatory restrictions.

(j) The right of depositary receipt holders to receive distributions made on the shares which the depositary receipts represent except in the circumstances (if any) expressly provided for in the deposit agreement. The deposit agreement should separately address the rights and procedures applying to cash distributions, distributions of shares, rights issues or any other distribution accruing to the shares which the depositary receipts represent, in each case adopting the underlying principle that holders of depositary receipts are to be treated as having generally equivalent rights to holders of the shares which the depositary receipts represent. Any conversion of dividends paid in a foreign currency must occur at the market rates prevailing at the time of conversion.

(k) The right of depositary receipt holders to exercise the voting rights attached to the shares represented by the depositary receipts and the procedures by which depositary receipt holders will be notified of shareholder meetings or solicitations of proxy votes and be entitled to issue instructions to the depositary as to how to exercise their voting rights.

(l) The manner in which any consolidation or split-up or change in the par value or other reclassification of the issuer's shares will be represented by and accrue to the depositary receipts, in accordance with the principle that holders of depositary receipts are to be treated as having generally equivalent rights to holders of the shares which the depositary receipts represent.

(m) The procedures by which the depositary and/or the custodian at the direction of the depositary will, in consultation with the issuer, fix record dates for transactions affecting the depositary receipts including distributions, rights issues and notices of shareholder meetings.

(n) The procedures by which the depositary will at the direction of the issuer despatch to holders of depositary receipts copies of all notices, reports, voting forms or other communications sent by the issuer to its shareholders, and make available for inspection at its principal office and at the office of the custodian copies of any such notices, reports or communication received from the issuer.

(o) The conditions and process for the issue of new depositary receipts if any depositary receipt certificate is lost, destroyed, stolen or mutilated.

(p) The obligations of holders of depositary receipts, including any liabilities for taxes and other charges and the obligation to disclose the beneficial ownership of the depositary receipts on request of the issuer or the depositary or any regulator.

(q) A clear statement of the fees and charges payable by holders of depositary receipts to the depositary and the custodian.

(r) Procedures for the replacement or removal of the depositary and/or the custodian by or with the consent of the issuer including an obligation to inform depositary receipt holders by advance announcement of any prospective resignation, removal and replacement of the depositary and/or the custodian, and an obligation to inform depositary receipt holders in advance of and seek their prior consent to any material changes to their existing rights and obligations under the deposit agreement.

(s) Procedures for the amendment of the deposit agreement, including a requirement to provide prior notice to and seek the consent of depositary receipt holders to any material change affecting their existing rights or obligations.

(t) The governing law of the deposit agreement should be that of Hong Kong or, if other jurisdiction is chosen, one that is generally used in accordance with international practice. The deposit agreement must not contain provisions that preclude any party from electing to submit to the jurisdiction of the courts of Hong Kong for the resolution of any disputes or claims arising from the deposit agreement.

**Continuing obligations**

19B.17 The issuer is responsible for ensuring the continued suitability of the depositary. The issuer is responsible for ensuring that prior announcement is given to holders of depositary receipts of any change of depositary which identifies the incoming depositary and seeks the consent of holders of depositary receipts to any material changes to the deposit agreement including changes to the rights and obligations of holders of depositary receipts and any changes to the fees and charges payable to the depositary.

19B.18 The issuer is required to issue a prior announcement of any change of custodian.

**Trading and settlement**

19B.19 The issuer shall comply, or shall ensure that the depositary complies on behalf of the issuer, with the trading and settlement rules at rules 13.58 to 13.62, 13.64 and 13.66 of Chapter 13 of the Exchange Listing Rules subject to any additional charges provided for by the deposit agreement. References in those rules to "securities" shall be read as references to "depositary receipts".

19B.20 In the event of any amendment to the capital structure of depositary receipts or any amendment to the board lot size-whether because of amendment to the issuer's capital structure of otherwise-the Exchange reserves the right to request that adequate arrangements are made to enable resulting odd lot holders either to dispose of odd lots or round them up to a board lot. It may be appropriate for the issuer, through the depositary, to appoint a broker as its agent to match the sales and purchases of odd lots or for any major depositary receipt holder itself or by its agent to stand in the market to buy or sell odd lot depositary receipts. The particular circumstances of an issuer may dictate the method by which odd lot holders are to be accommodated and issuers and depositaries are urged to consult the Exchange at the earliest opportunity to agree the appropriate trading method.

**Purchase of depositary receipts by the issuer**

19B.21 If depositary receipts are purchased by the issuer, the issuer shall surrender the purchased depositary receipts to the depositary. The depositary shall then cancel the surrendered depositary receipts and shall arrange for the shares which the surrendered depositary receipts represent to be transferred to the issuer and such shares shall be cancelled by the issuer.

# Chapter 19C

# EQUITY SECURITIES

## SECONDARY LISTINGS OF OVERSEAS ISSUERS

### Scope

The Exchange Listing Rules apply as much to overseas issuers with, or seeking, a secondary listing as they do to other issuers, subject to the additional requirements, modifications or exceptions set out or referred to in this chapter.

Overseas issuers are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the applicable requirements set out in this chapter.

### 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"** | has the meaning given to it in rule 1.01 |
| **"WVR structure"** | has the meaning given to it in rule 8A.02 |

### Basic Conditions

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

19C.02A The following additional requirements apply:—

(1) the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an overseas issuer if in its opinion:

(a) it believes that it is not in the public interest to list them;

(b) the overseas issuer's primary listing is or is to be on an exchange that cannot provide the shareholder protection standards that are at least equivalent to those provided in Hong Kong;

(c) the overseas issuer has received waivers from or is exempt from rules, regulations or legislation that result in it being subject to regulatory requirements that are materially less stringent than those that generally apply to entities of its nature listed on its primary market;

(d) the application constitutes an attempt to avoid rules that apply to a primary listing on the Exchange; or

(e) the majority of its worldwide trading will take place in Hong Kong upon or shortly after its listing in Hong Kong;

(2) listing on the overseas issuer's primary exchange must have been granted before listing on the Exchange can be granted;

(3) an overseas issuer must comply with rule 19.05(2) on the appointment and maintenance of a person authorised to accept service of process and notices on its behalf in Hong Kong; and

(4) an overseas issuer must comply with the securities registration requirements of rules 19.05(3), 19.05(4) and 19.05(5).

*Note: For the purpose of rule 19C.02A(1)(d), the Exchange may apply the test set out in rule 14.06B to determine whether, in the opinion of the Exchange, a transaction and/or arrangement or series of transactions and/or arrangements an applicant for secondary listing conducted on its primary exchange constituted a reverse takeover. If a material part of the applicant's business is listed on its primary exchange by way of a reverse takeover, the Exchange will normally consider its application for secondary listing on the Exchange to be an attempt to avoid rules that apply to primary listing.*

19C.03 [Repealed 1 January 2022]

**Qualifications for Secondary Listing**

19C.04 An overseas issuer with a WVR structure must have a track record of good regulatory compliance of at least two full financial years on a Qualifying Exchange.

19C.05 An overseas issuer with a WVR structure must satisfy one of the following criteria:

(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.

19C.05A An overseas issuer without a WVR structure must satisfy either paragraphs (1) and (2) ("Criteria A") or paragraphs (3) and (4) ("Criteria B") below:

Criteria A

(1) a track record of good regulatory compliance of at least five full financial years on a Qualifying Exchange (for any overseas issuer without a WVR structure) or on any Recognised Stock Exchange (only for overseas issuers without a WVR structure and without a centre of gravity in Greater China); and

(2) a market capitalisation of at least HK$3,000,000,000 at the time of listing.

*Note: Applications for secondary listing from issuers with a centre of gravity in Greater China and without a WVR structure that are primary listed on a Recognised Stock Exchange other than a Qualifying Exchange will be considered only in exceptional circumstances on the basis of the issuer's individual circumstances and the merits of the case.*

Criteria B

(3) a track record of good regulatory compliance of at least two full financial years on a Qualifying Exchange; and

(4) a market capitalisation of at least HK$10,000,000,000 at the time of listing.

*Note: A waiver of the listing track record criteria of paragraphs (1) and (3) above may be granted if the applicant seeking a secondary listing is well-established and has a market capitalisation at listing that is significantly larger than HK$10,000,000,000.*

19C.06 [Repealed 1 January 2022]

19C.07 [Repealed 1 January 2022]

19C.08 [Repealed 1 January 2022]

19C.09 [Repealed 1 January 2022]

**Directors**

19C.09A Rule 3.16 is modified to require that, if an issuer does not have a board of directors, all members of the issuer's equivalent governing body must accept full responsibility, collectively and individually, for the listed issuer's compliance with the Exchange Listing Rules. If the issuer's board of directors or equivalent governing body is not empowered to take collective responsibility, this responsibility must be accepted by all the individuals empowered to do so.

*Note: The governing body of an overseas issuer, in accordance with the laws and regulations of its jurisdiction of incorporation, may have a form other than that of a board of directors. In these circumstances, this rule aims to ensure that individual and collective responsibility by relevant persons continues to be taken for compliance with the Exchange Listing Rules.*

**Application Procedures and Requirements**

19C.09B The following modifications apply:—

(1) for rules 9.03, 9.09, 9.11(17b), 9.11(17d), 9.11(28) and 9.20(1) the references to directors should be read as references to members of the overseas issuer's governing body;

(2) [Repealed 31 December 2023]

(3) [Repealed 31 December 2023]

## Listing Documents

19C.10 An overseas 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. An overseas 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.*

19C.10A Overseas issuers that wish to omit any of the information prescribed for listing documents should consult the Exchange at the earliest possible opportunity. The Exchange may be prepared to permit the omission of information from a listing document with regard to the principles set out in rule 19C.11A.

19C.10B The following modifications and additional requirements apply:—

(1) where items of information specified in Appendices D1A and D1B are inappropriate or not fully applicable, the item should be adapted so that equivalent information is given;

(2) if the overseas issuer does not have a board of directors, the statement of responsibility required under paragraph 2 of Appendices D1A and D1B must be made by all the members of the overseas issuer's equivalent governing body and the listing document should be modified appropriately. If the issuer's board of directors or equivalent governing body is not empowered to take collective responsibility, the responsibility statement must be signed by all the individuals empowered to do so. The statement of responsibility must be modified according to the appropriate circumstances;

(3) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 53 of Appendix D1A and paragraph 43 of Appendix D1B. 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 published on the Exchange's website and the issuer's own website. In particular cases, the Exchange may require additional documents to be published on the Exchange's website and the issuer's own website. In lieu of publishing these documents on the Exchange's website and the issuer's own website, an overseas issuer can instead disclose the website addresses of the relevant statutes and regulations in the listing document on condition that the websites are easily accessible to the public free of charge;

(4) overseas issuers that are subject to public reporting and filing obligations in their jurisdictions of incorporation or other establishment (or primary listing, if different) may be permitted to incorporate in listing documents relevant documents so published. Such documents must be in English, or accompanied by a certified English translation;

*Note: An example is where overseas issuers subject to Securities and Exchange Commission filing requirements in the United States of America may be able to utilise such documents.*

(5) the listing documents 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;

(6) for the purposes of rule 2.11, the overseas issuer must appoint at least one authorised representative who need not be a director or secretary but must be a person acceptable to the Exchange. The authorised representative may also be the person authorised to accept service that is required to be appointed under the provisions of rule 19C.02A(3). The authorised representative should act as the principal channel of communication between the overseas issuer and the Exchange;

(7) an overseas issuer must clearly disclose in its listing document:

(a) a summary of the waivers and exemptions that have been granted to the issuer;

(b) a summary of the provisions in the laws and regulations in its home jurisdiction and primary market that are different from those required by Hong Kong laws regarding:

(i) the rights of holders of its securities and how they can exercise their rights;

(ii) directors' powers and investor protection; and

(iii) the circumstances under which its minority shareholders may be bought out or may be required to be bought out after a successful takeover or share repurchase;

(c) details of withholding tax on distributable entitlements or any other tax that is payable by shareholders (e.g. capital gains tax, inheritance or gift taxes) and whether Hong Kong investors have any tax reporting obligations; and

(d) where an overseas issuer is listing depositary receipts, a summary of the terms and conditions in the depositary agreement and deed poll; and

(8) an overseas issuer that is a Foreign Private Issuer must prominently disclose in all its listing documents the exemptions from obligations in the United States of America that it enjoys because of its status as a Foreign Private Issuer and to inform investors that they should exercise care when investing in the listed shares of the issuer.

**Accountants' Reports**

19C.10C An accountants' report will not normally be regarded as acceptable unless the relevant accounts have been audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

*Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.*

19C.10D Accountants' reports are required to conform with financial reporting standards acceptable to the Exchange, which are normally HKFRS or IFRS. Where the Exchange allows a report to be drawn up otherwise than in conformity with HKFRS or IFRS, the Exchange may, having regard to the exchange on which the overseas issuer has its primary listing, require the report to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

*Notes:*

1. *The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.*

2. *A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.*

3. *The reconciliation statement must be reviewed by the reporting accountant that reports on the relevant financial statements.*

4. *An overseas issuer with a secondary listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its accountants' reports must adopt HKFRS or IFRS if it de-lists from the jurisdiction*

*of that alternative standard and must do so for any annual and interim financial statements that fall due under the Exchange Listing Rules, and are published, after the first anniversary of the date of its de-listing.*

5. *For US-listed secondary listing applicants, the requirement for the preparation of a reconciliation statement in respect of the accountants' report prepared under US GAAP in a listing document applies to listing applications submitted on or after 1 January 2023.*

19C.10E As indicated in rules 4.14 to 4.16, where the figures in the accountants' report differ from those in the audited annual accounts, a statement of adjustments must be submitted to the Exchange enabling the figures to be reconciled.

**Exceptions to the Rules**

19C.11 The following rules do not apply to an overseas issuer that has, or is seeking, a secondary listing on the Exchange: 3.09F; 3.09G; 3.09H; 3.12A; 3.13A; 3.17; 3.21 to 3.23; 3.25 to 3.27C; 3.28; 3.29; 4.06; 4.07; Chapter 7; 8.08(1); 8.08A; 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); 10.06A(1); 10.06A(3); 10.06B; 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); 13.32A to 13.32G; 13.36; 13.37; 13.38; 13.39(1) to (5A); 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) (except that each director or member of the overseas issuer's governing body must provide their contact information and personal particulars as soon as possible as required under rule 3.20); 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; 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 C3; Appendix C1; Appendix D2; and Appendix C2.

**Basis for Waivers, Modifications and Exceptions**

19C.11A The Exchange may exercise its power under rule 2.04 to waive, modify or not require compliance with the Exchange Listing Rules for an overseas issuer with, or seeking, a listing under this chapter, on a case by case basis, based on the underlying principle that:

(1) the overseas issuer is primary listed on a Recognised Stock Exchange and so reliance can be placed upon: (a) the standards of shareholder protection of the regulatory regime to which overseas issuers listed on that exchange are subject; and (b) the enforcement of those standards by the regulatory authorities of that regime;

(2) regulatory co-operation arrangements are in place with the Commission as required by rule 8.02A;

(3) the majority of trading in the overseas issuer's listed shares is not expected to migrate, or has not yet migrated, to the Exchange's markets on a permanent basis; and

*Note: See note 1 to rule 19C.13 for when the Exchange will regard the majority of trading in an overseas issuer's listed shares as having migrated to the Exchange's markets on a permanent basis.*

(4) the overseas issuer can demonstrate that strict compliance with both the relevant Exchange Listing Rules and the overseas regulations would be unduly burdensome or unnecessary (including where requirements under the Exchange Listing Rules contradict the applicable overseas laws or regulations and strict compliance with the Exchange Listing Rules would result in a breach of applicable overseas laws or regulations) and that the granting of such waivers by the Exchange will not prejudice the interest of the investing public.

**Common Waivers**

19C.11B The Exchange will consider applications for waivers from strict compliance with rules 2.07C(4)(a), 9.09, 11.06, 13.25B, 13.55(1), 13.71 to 13.73, Practice Note 5, paragraph 15(2)(c), 41(4) and 45 of Appendix D1A, paragraphs 34 and 38 of Appendix D1B, paragraphs 41(4) and 45 of Appendix D1E, paragraph 49(2)(c) of Appendix D1E and paragraphs 30 and 34 of Appendix D1F from issuers with, or seeking, a secondary listing under this chapter. The Exchange will consider these applications on individual merit based on all relevant facts and circumstances, including compliance with the prescribed conditions as set out in the relevant rules.

19C.11C An overseas issuer may apply for waivers from the requirements of other rules that the Exchange will consider in individual cases, based on the general principles set out in rule 19C.11A.

19C.12 [Repealed 1 January 2022]

**Migration of the Majority of Trading to the Exchange's Markets**

19C.13 If the majority of trading in an overseas 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 rules 19C.11, 19C.11A, 19C.11B and 19C.11C (as applicable) will no longer apply to the issuer.

*Notes:*

1. *The Exchange will regard the majority of trading in an overseas issuer's listed shares to have migrated 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.*

2. *An overseas 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 first 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.*

3. *Any continuing transaction of an overseas 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 overseas issuer must comply with the relevant requirements under the rules at such time. For the avoidance of doubt, this exemption does not apply to any other circumstances unless otherwise stated in the Listing Rules.*

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

**De-listing**

19C.13A If an overseas issuer's shares or depositary receipts issued on its shares (as the case may be) cease to be listed on the Recognised Stock Exchange on which it is primary listed, the Exchange will regard the issuer as having a primary listing in Hong Kong and consequently rules 19C.11, 19C.11A, 19C.11B and 19C.11C (as applicable) will no longer apply to the issuer.

*Note: In the event that an overseas issuer is expected to be involuntarily de-listed from the Recognised Stock Exchange on which it is primary listed, the Exchange is prepared to allow an exemption in respect of any continuing transaction that will continue after the effective date of the involuntary de-listing if the transaction is entered into before the issuer notifies the Exchange that it reasonably expects to be involuntarily de-listed from the overseas exchange. Such transaction 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 notification about the expected involuntary de-listing. However if such transaction is subsequently amended or renewed before the expiry of the three-year period, the overseas issuer must comply with the relevant requirements under the rules at such time. For the avoidance of doubt, the Exchange retains the discretion to modify or not grant the exemption if the issuer fails to notify the Exchange of the expected involuntary de-listing on a timely basis.*

19C.14 [Repealed 1 January 2022]

**Annual report and accounts and auditors' report**

19C.15 The following modifications and additional requirements apply to Appendix D2 insofar as an issuer is an overseas issuer. To the extent such modifications and additional requirements conflict with the provisions of Appendix D2, the following provisions shall apply.

19C.16 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the overseas issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the International Federation of Accountants and must be either:—

(1) a Registered PIE Auditor under the AFRCO; or

(2) an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the AFRCO.

*Note: In relation to an application for the recognition of an overseas firm of practising accountants under the AFRCO, on a request made by an overseas issuer, the Exchange may provide a statement of no objection to that issuer for appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the AFRCO (see note 2 to rule 4.03(1)).*

19C.17 The annual accounts must be audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

*Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.*

19C.18 The report of the auditors must be annexed to all copies of the annual accounts and indicate whether in the opinion of the auditors the accounts give a true and fair view:—

(1) in the case of the overseas issuer's balance sheet, of the state of its affairs at the end of the financial year and in the case of the overseas issuer's profit and loss account, of the profit or loss and cash flows for the financial year; and

(2) in the case where consolidated accounts are prepared, of the state of affairs and profit or loss of the overseas issuer and cash flows of the group.

19C.19 The report of the auditors must indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.

19C.20 If the overseas issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange. If an overseas issuer is in doubt as to what more detailed and/or additional information should be provided, it should contact the Exchange for guidance.

19C.21 An auditors' report which conforms to the requirements of the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants or the alternative overseas auditing standards acceptable to the Exchange referred to in rule 19C.17 is acceptable.

19C.22 An auditors' report in a different form may be applicable in the case of banking and insurance companies. The wording of such an auditors' report should make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.

19C.23 The annual accounts are required to conform with financial reporting standards acceptable to the Exchange, which are normally HKFRS or IFRS. Where the Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Exchange. In such cases the Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

*Notes:*

1. *The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.*

2. *A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.*

3. *An overseas issuer is also required to include a reconciliation statement in its interim report. The reconciliation statement contained in the annual accounts or interim report must be reviewed by its auditor.*

4. *An overseas issuer with a secondary listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its annual accounts must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual and interim financial statements that fall due under the Exchange Listing Rules, and are published, after the first anniversary of the date of its de-listing.*

5. *For US-listed issuers with a secondary listing on the Exchange that adopted US GAAP in the preparation of their financial statements, the requirement for the preparation of a reconciliation statement applies to the first annual financial statements for the financial year commencing on or after 1 January 2022 and subsequent interim and annual financial statements.*

**Company Information Sheet**

19C.24 An overseas issuer with, or seeking, a secondary listing must disclose the information required by rule 19C.10B(7) separately as a Company Information Sheet for publication on the Exchange's website and the overseas issuer's website.

*Note: The purpose of the Company Information Sheet is to enable investors to easily locate specific information on the differences between the overseas requirements to which an overseas issuer is subject and the Hong Kong requirements.*

19C.25 An overseas issuer that is required to publish a Company Information Sheet must update it from time to time to reflect any material change to the information disclosed within it as soon as practicable after such a change occurs.

**General**

19C.26 Rules 19.27 and 19.28 also apply to an overseas issuer with, or seeking, a secondary listing under this chapter.

# Chapter 20

## INVESTMENT VEHICLES

### AUTHORISED COLLECTIVE INVESTMENT SCHEMES

#### General

20.01 This Chapter sets out the requirements for the listing of interests in any Collective Investment Scheme (or "CIS" in this Chapter) which has been authorised by the Commission. Applications will be considered in respect of both existing and newly formed Collective Investment Schemes.

*Notes:*

*i) The Commission is empowered by Section 104 of the Securities and Futures Ordinance to authorise Collective Investment Schemes in accordance with the requirements of the respective codes applicable to Collective Investment Schemes issued by the Commission from time to time. Its authorisation process includes vetting of the Hong Kong offering documents or such other product description documents as required by various codes (referred to as the "CIS Disclosure Document" in this Chapter).*

*ii) The Exchange is responsible for the listing of authorised Collective Investment Schemes including vetting the listing documents and other relevant documents in respect of listing issues not covered by the Commission's codes, supervising the conduct of the listing process and monitoring continuing compliance with the Listing Rules, in each case in accordance with the applicable rules of the Exchange.*

*iii) Where required by the codes issued by the Commission, marketing materials and announcements or notices should be submitted to the Commission for approval or filing.*

*iv) The Collective Investment Scheme must remain authorised by the Commission for so long as it is listed under this Chapter.*

*v) (1) In the case of a new applicant or listed issuer in respect of a class of securities new to listing, the securities for which listing is sought must be Eligible Securities from the date on which dealings in the securities are to commence.*

*(2) The new applicant or the listed issuer must make all necessary arrangements to comply with sub-paragraph (1).*

*vi) The trust deed or memorandum and articles of association or other documents constituting the CIS shall not contain any restrictions against the proposed issuance of any securities for which listing is sought.*

*(3) Sub-paragraph (1) does not apply in the case of a new applicant or a listed issuer which is unable to satisfy the eligibility criteria as determined from time to time by HKSCC by reason only of a provision of law affecting the transferability or ownership of the new applicant's or the listed issuer's securities.*

*(4) The Exchange may, in exceptional circumstances and in the absolute discretion of the Exchange, waive compliance with sub-paragraph (1).*

*(5) An issuer shall ensure, so far as it is able, that its securities remain Eligible Securities.*

20.02 The Exchange will normally grant a listing in respect of a Collective Investment Scheme which has been authorised by the Commission. However, authorisation by the Commission does not ensure that listing will be granted and the Exchange has the discretion to accept or reject applications for listing of the interests in authorised Collective Investment Schemes.

20.03 New applicants (including existing Collective Investment Schemes) are encouraged to contact the Exchange to discuss their plans of listing at the earliest opportunity.

20.04 The Exchange requires every application for listing of interests in a Collective Investment Scheme to be supported by a listing document (comprising the CIS Disclosure Document) which must comply with the relevant requirements of this Chapter.

20.04A The Exchange shall be authorised by new applicants and listed issuers to file their "applications" (as defined in section 2 of the Securities and Futures (Stock Market Listing) Rules) and those corporate disclosure materials within the meaning of sections 7(1) and (2) of the Securities and Futures (Stock Market Listing) Rules received by the Exchange with the Commission pursuant to sections 5(2) and 7(3) of the Securities and Futures (Stock Market Listing) 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.

20.05 All of the requirements of this Chapter will apply to every application for the listing of a new class of interest in a Collective Investment Scheme (including one which has one or more class of interest already listed), as if it were a new applicant.

## Application Procedures and Requirements

### Preliminary

20.06 A new CIS listing applicant must appoint an agent, with sufficient experience, to discharge the following functions:

(1) Communications with the Exchange – the agent will deal with the Exchange on all matters arising in connection with the listing application and ensure that all the applicable procedural and documentary requirements of this Chapter be complied with; and

(2) Overall management of the listing process – the agent will ensure that the listing process is managed and conducted in a fair, timely and orderly manner. Where the new CIS listing applicant intends to conduct an initial public offer of its CIS interests or in circumstances the Exchange or the Commission may otherwise determine, the listing process includes, but is not limited to, the following activities:

(a) processing of offer applications;

(b) allocations of interest in the CIS;

(c) underwriting and distribution activities;

(d) administration of subscription lists; and

(e) processing of subscription monies.

*Notes:*

*(1) Subject to (2), the CIS Operator or its authorised representative will normally, but not necessarily, be eligible to be appointed as the listing agent.*

*(2) Where the new CIS listing applicant intends to conduct an initial public offering of its CIS interests, or in other circumstances as the Exchange or the Commission may otherwise determine, we require the appointed agent to have all the necessary licences to oversee the management of the matters in rule 20.06(2)(a) to (e).*

20.07 No formal application of listing under this Chapter may be made unless and until the Commission has issued a conditional authorisation letter in relation to the CIS Disclosure Document.

20.08 A new applicant must apply to the Exchange for a listing application on Form A2 (published in Regulatory Forms). The listing application form must be accompanied by a non-refundable deposit of the initial listing fee payable. The listing application form must contain (i) a proposed timetable and (ii) an undertaking from each of the CIS, the CIS Operator, and the custodian or the trustee or its functional equivalent. If the issuer fails to submit the necessary documentation in accordance with this Chapter, the Exchange reserves the right to require an issuer to amend the timetable, and the deposit may be forfeited as a result.

20.08A The making of the application for listing and the issuance of the listing document must be duly authorised and approved by the resolutions of the boards of directors or other governing bodies (or their functional equivalent) of the new CIS applicant or CIS listed issuer (as the case may be), the CIS Operator and the custodian or trustee or its functional equivalent (as appropriate).

20.09 [Repealed 1 September 2003]

20.10 [Repealed 1 September 2003]

20.11 [Repealed 1 September 2003]

20.12 The listing document must not be issued until the Exchange has confirmed to the issuer that it has no further comments thereon.

20.13 In addition, an applicant for listing must supply any further documents and information which the Exchange may require in each particular case.

20.13A New CIS applicants, CIS listed issuers, CIS Operators and the custodians or trustees or their functional equivalents must comply with this Chapter and Appendix E3.

**Documentary Requirements**

20.14 The following documents must be lodged with the Exchange at the time of submission of Form A2 in accordance with rule 20.08:

(1) the advanced proof of the listing document comprising the CIS Disclosure Document;

(2) a copy of the Commission's conditional authorisation letter in relation to the CIS Disclosure Document;

(3) [Repealed 31 December 2023]

(4) [Repealed 31 December 2023]

(5) a final copy of any application form to subscribe or purchase the CIS interests for which listing is sought; and

(6) a copy of the most recent annual report and accounts of the CIS (unless the CIS is newly formed), the CIS Operator, trustee or custodian or its functional equivalent, and (if applicable) the investment adviser to the CIS.

20.15 In the case of a listed CIS issuer (other than an open-end CIS), the following must be lodged with the Exchange 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:

(1) a formal application for listing in the form set out in Form C3 (published in Regulatory Forms), signed for and on behalf of the CIS, and the CIS Operator.

(2) [Repealed 31 December 2023]

20.16 [Repealed 31 December 2023]

20.17 As soon as practicable after the issue of the listing document but before dealings commence any annual listing fee which is payable and which has not previously been paid (see Fees Rules) must be settled.

**Listing Documents**

20.18 Every listing document which is issued by or on behalf of the Collective Investment Scheme must:

(1) contain a statement that application has been made to the Exchange for listing of and for permission to deal in the CIS interests;

(2) contain the CIS Disclosure Document authorised by the Commission and other relevant information relating to the listing of the CIS;

(3) contain particulars of any other stock exchange on which any part of the CIS interests is listed or dealt in or where listing or permission to deal is being or will be sought, the name of the stock exchange on which the primary listing is or is to be and particulars of the dealing and settlement arrangements on each such exchange and between such exchanges, or an appropriate negative statement; and

(4) be in the English language and (to the extent required by the Commission) be accompanied by a Chinese translation.

20.19 Every further listing document issued by or on behalf of the Collective Investment Scheme must contain a statement that the CIS interests which have already been issued are listed on the Exchange.

20.19A All listing documents (including any supplemental listing document(s) or subsequent amendments to the listing document(s)) issued by an applicant must be made available in electronic form on the Exchange's website and the issuer's own website or such other form as may be approved by the Commission.

*Note: Companies (Winding Up and Miscellaneous Provisions) Ordinance states that it shall not be lawful to issue any form of application for shares in or debentures of a company unless the application form is issued with a prospectus that is compliant with that ordinance. The Exchange would expect the combination of this statutory requirement and rule 20.19A to result in the issue of both listing documents and application forms in the same medium, i.e. in electronic format only.*

20.20 [Repealed 31 December 2023]

20.21 [Repealed 31 December 2023]

20.22 [Repealed 31 December 2023]

20.23 [Repealed 31 December 2023]

**Bookbuilding and placing activities**

20.23A In the case of offerings involving bookbuilding activities (as defined under the Code of Conduct) of interests in a REIT by a new REIT listing applicant or an existing authorized REIT, Chapter 3A and the other relevant Exchange Listing Rule provisions relating to sponsor-overall coordinator, overall coordinator and other capital market intermediaries shall apply.

*Note: These requirements include but are not limited to those provisions relating to (a) the appointment of overall coordinator(s) and sponsor-overall coordinator(s); (b) obligations of new applicants, issuers and their directors; (c) engagement of capital market intermediaries; and (d) related reporting, publication and disclosure requirements.*

20.23B In the context of a REIT, where references are made to the requirements under these Exchange Listing Rules, unless the context otherwise requires, the following modifications shall apply:

(a) references to the "issuer" shall be construed as references to the REIT seeking the Commission's authorisation;

(b) references to the "listed issuer" shall be construed as references to the REIT;

(c) references to the "directors" of the new applicant or the listed issuer shall be construed as references to the directors of the management company of the REIT;

(d) references to "controlling shareholders" shall be construed as references to "controlling unitholders";

(e) references to "shares" and "equity securities or interests" in relation to a new applicant or a listed issuer, shall be construed as references to interests in a REIT;

(f) references to "shareholders" shall be construed as references holders of the interests in a REIT;

(g) references to "substantial shareholder" shall be construed as references to "substantial holder" as defined in the Code on Real Estate Investment Trusts;

(h) references to "sponsor" shall mean the listing agent in the context of a REIT seeking the Commission's authorisation;

(i) references to "expected hearing date" of the Listing Committee shall refer to the expected date of issue of the conditional authorisation letter by the Commission in the context of a REIT seeking the Commission's authorisation;

(j) references to "listing application" shall refer to the Application Form for Real Estate Investment Trusts submitted by a REIT seeking the Commission's authorisation; and

(k) in the context of the exercise of discretion and powers by the Exchange, and administration of the requirements (for example, provide notifications, seek guidance, prior consent or approval, provide relevant information and document to demonstrate compliance and make relevant applications to/from the Exchange), references to the Exchange should include the Commission as the party with whom the management company of the scheme shall contact and consult.

*Note: The management company should consult the Commission at an early stage if it is in any doubt as to the application of the relevant requirements to a REIT.*

**Disclaimer**

20.24 Every listing document required pursuant to this Chapter 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."

**Publication Requirements**

20.25 A new applicant with a listing agent appointed which is required to discharge the functions equivalent to those of a sponsor must publish its Application Proof on the Exchange's website in accordance with rule 2.07C and Practice Note 22.

20.26 A new applicant with a listing agent appointed which is required to discharge the functions equivalent to those of a sponsor must publish its Post Hearing Information Pack on the Exchange's website in accordance with rule 2.07C and Practice Note 22.

# Chapter 21

# INVESTMENT VEHICLES

## INVESTMENT COMPANIES

### General

21.01 The Exchange Listing Rules apply as much to issues of equity securities or debt securities by investment companies as they do to issues of such securities by other companies. However, notwithstanding that the normal requirements for listing are not met, applications for listing of securities issued by investment companies, unit trusts, mutual funds or any other collective investment scheme not falling within the requirements of Chapter 20, (in this Chapter all referred to as "investment companies") will be considered under this Chapter.

21.02 Applications under this Chapter will be considered in respect of both existing and newly formed investment companies investing in securities, listed or unlisted, including warrants, money market instruments, bank deposits, currency investments, commodities, options, futures contracts and precious metals and investment companies investing in other collective investment schemes. Investments may also take the form of partnership arrangements, participations, joint ventures and other forms of non-corporate investment.

21.03 New applicants are reminded (see Chapter 3A, in particular rule 3A.02) that they must be sponsored by a sponsor who is responsible for preparing the new applicant for listing, for lodging the formal application for listing and all supporting documents with the Exchange and for dealing with the Exchange on all matters arising in connection with the application. The sponsor of an investment company need not be independent of the management company or the investment adviser, if any.

### Qualifications for Listing

21.04 The qualifications for listing contained in Chapter 8 shall apply, save for rules 8.05, 8.06, 8.07, 8.08(1) 8.09, 8.10 and 8.21 and save as otherwise agreed with the Exchange. However, the Exchange may be prepared to waive the guideline regarding the minimum number of shareholders which is set out in rule 8.08(2) in appropriate circumstances (for example, where the securities of the investment company are not marketed to the public in Hong Kong). The following additional conditions will apply in respect of an application made under this Chapter:—

(1) each of the directors of any investment company, its management company and/or its investment adviser (if any) must have the character, experience and integrity and must be able to demonstrate a standard of competence commensurate with their position in relation to the issuer. Each of the directors of the issuer, its management company and/or

its investment adviser must be suitable and competent, and the executive management committee must have had satisfactory experience in the professional management of investments on behalf of third party investors. The Exchange will reserve the right to request further information regarding any such proposed director's or adviser's background, experience or other business interests. The Exchange will not approve an application for listing under this Chapter unless the foregoing provisions are met;

(2) the investment company should generally have a custodian or trustee which must be acceptable to the Exchange;

(3) the investment company and its management must normally be bound, either in its articles of association or trust deed or equivalent constitutive document or in such other manner as is acceptable to the Exchange, to ensure compliance at all times while it remains listed under this Chapter with the following requirements:—

(a) that the investment company will not either on its own or in conjunction with any core connected person take legal, or effective, management control of underlying investments and that in any event the investment company will not own or control more than 30% (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the voting rights in any one company or body;

(b) that a reasonable spread of investments will be maintained by the investment company. Generally this will mean that the value of its holding of investments issued by any one company or body shall not exceed twenty per cent. of the investment company's net asset value at the time when such investment is made;

(c) that shareholders' meetings are convened and conducted in a manner which is acceptable to the Exchange;

(d) that any custodian, management company, any of their core connected persons and every director of any investment company and management company is prohibited from voting their own shares at, or being part of a quorum for , any meeting to the extent that they have or any of their close associates has, a material interest in the business to be conducted; and

(e) that the investment company's auditors are independent of the investment company, any management company and any custodian, to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants and that, in the case of an overseas investment company, the accounts of the investment company are audited to a standard comparable to that required in Hong Kong and all reports conform to International Financial Reporting Standards;

(4) it will normally be a condition of the listing that, in the case of a newly formed investment company, at the conclusion of the initial offering of shares or units or, in the case of an existing investment vehicle, at the time of listing, no person shall control 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 votes exercisable at any general meeting of the investment company. For these purposes, the interests of all the close associates of a shareholder and any persons acting in concert (within the meaning of the Takeovers Code) with a shareholder will be aggregated;

(5) in the case of a newly formed investment company, save to the extent agreed otherwise with the Exchange and set out in the listing document at the time of listing, the investment objectives, policies and restrictions set out in the listing document must not be changed for a minimum period of three years, without shareholders' consent and the restrictions required by rule 21.04(3)(a) and (b) must not be changed at all if the investment company wishes to retain its listing under this Chapter; and

(6) in the case of an investment company which becomes a mutual fund at any time after its initial listing on the Exchange, it will normally be a condition of maintaining its listing that it obtains authorisation from the Commission under the Code and pursuant to section 104 of the Securities and Futures Ordinance not later than the time at which it becomes a mutual fund.

21.04A The Exchange shall be authorised by new applicants and listed issuers to file their "applications" (as defined in section 2 of the Securities and Futures (Stock Market Listing) Rules) and those corporate disclosure materials within the meaning of sections 7(1) and (2) of the Securities and Futures (Stock Market Listing) Rules received by the Exchange with the Commission pursuant to sections 5(2) and 7(3) of the Securities and Futures (Stock Market Listing) 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.

**Application Procedures and Requirements**

21.05 The proof of the listing document lodged with the Exchange under rules 9.19(1) or 24.10(1) must be marked in the margin so as to indicate where the relevant items from this Chapter as well as the relevant items from Chapters 11 and/or 25 and Appendix D1A, D1B or D1C (as the case may be) have been met. The provisions of Chapter 12 will apply, with appropriate modifications.

**Listing Documents**

21.06 An investment company may omit the following items of information in circumstances where they would otherwise be required by these Exchange Listing Rules:—

(1) the following paragraphs of Appendix D1A:—

26, 28 to 30 (inclusive), 34(1) and 36; and

(2) the following paragraphs of Appendix D1B:—

24, 26, 29(1) and 30.

In addition, the Exchange may be prepared to permit the omission of other information where it considers it appropriate. Investment companies who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

21.07 Some of the items of information specified in Appendices D1A, D1B and D1C may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given.

21.08 In addition to the information required by Chapter 11, every listing document issued by or on behalf of an investment company no part of whose share capital or units is already listed must contain the following:—

(1) details of all costs and charges e.g. the fees of any management company payable from the investment company's assets which an investor would be likely to consider material, and all deductions made from money subscribed for securities;

(2) a statement of any costs of establishing the investment company which are to be paid by the investment company together with an estimate of their size and the period over which they are to be amortised;

(3) details of the investment objectives, policies and restrictions which will be observed on the investment of the investment company's assets and the intended diversification

of assets by country or region and, in the case of a newly formed investment company, a statement that (save to the extent agreed otherwise with the Exchange at the time of listing) such investment objectives, policies and restrictions will not be changed for at least three years following the issue of the listing document without the consent of the shareholders of the investment company in general meeting. In addition the listing document shall clearly distinguish between those investment objectives, policies and restrictions which may only be altered with shareholders' approval, those which may be altered without shareholders' approval and those which are required by rule 21.04(3)(a) and (b) to be complied with in order for the investment company to maintain its listing under this Chapter. The listing document must also disclose the extent to which it is intended to invest in options, warrants, commodities, futures contracts, unlisted securities and precious metals and must include an appropriate negative statement if there is an intention not to invest in any such investments;

(4) details of the distribution policy and the approximate dates on which distributions will be made;

(5) details of the principal taxes levied on the investment company's income and capital (including taxes withheld at source on distributions received by the investment company) and tax, if any, deducted on distributions to shareholders;

(6) a summary of the borrowing powers of the investment company, if any, stating that at no time will it exceed a certain amount, and stating the circumstances under which borrowings might take place;

(7) a statement as to whether certificates for securities will be issued in registered or bearer form, or in both forms;

(8) the name, address and description of any management company, custodian, investment adviser, distribution company and any alternate custodian;

(9) the full names, addresses and descriptions of every director of the investment company and every director of the management company;

(10) a description of the relevant experience of any management company, investment adviser and the directors of the investment company;

(11) particulars of what reports will be sent to registered shareholders and when;

(12) a statement as to whether or not the directors of the investment company, the management company, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the investment company, or any re-allowance of other types on purchases charged to the investment company;

(13) a warning that an investment in the investment company is subject to abnormal risks, if the nature of the investment policy so dictates;

(14) details of the investment company's foreign exchange policy and in particular details of any foreign exchange controls or restrictions of relevance to the investment company or its investment policy or objectives;

(15) in the case of an existing investment company, full details of all listed investments and all other investments with a value of more than five per cent. of the investment company's gross assets, and details of at least the ten largest investments, stating:—

(a) a brief description of the business;

(b) proportion of the share capital owned;

(c) cost;

(d) directors' valuation and, in the case of listed investments, market value;

(e) dividends or other income received during the year from such investment (indicating any abnormal dividends);

(f) dividend cover or underlying earnings; and

(g) [Repealed 1 January 2013]

(h) net assets attributable to the investment; and

(16) in the case of an existing investment company, an analysis of any provision for diminution in value of investments, naming the investments against which provision has been made and stating for each investment:—

(a) cost;

(b) provision made;

(c) book value; and

(d) reason for the provision.

21.09 In addition to the information required by Chapter 11 every listing document issued by or on behalf of an investment company some part of whose share capital is already listed must contain the information required by rules 21.08(1), (3), (4), (5), (6), (8), (9), (12) to (16) above.

21.10 The statement of responsibility required under paragraph 2 of Appendices D1A, D1B and D1C must be given by the directors of the management company as well as the directors of the investment company and the statement in the listing document should be modified accordingly.

## Continuing Obligations

21.11 [Repealed 31 December 2023]

21.11A An investment company and its management company must each comply with the applicable Exchange Listing Rules in force from time to time, and, where new listing of the investment company's interest is applied for, each undertake in the investment company's application for listing (Form C3Z published in Regulatory Forms) to comply with the applicable Exchange Listing Rules in force from time to time, once any of its interests have been admitted to listing on the Exchange and so long as any of its interests are listed on the Exchange.

21.11B Failure by a listed investment company or its management company to comply with a continuing obligation in this Chapter may result in the Exchange taking disciplinary action in addition to exercising its power to suspend or cancel a listing.

21.11C The directors or members of other governing bodies (or their functional equivalent) of an investment company are collectively and individually responsible for ensuring the investment company's full compliance with the applicable Exchange Listing Rules. The management company of an investment company is also responsible for procuring the investment company's full compliance with the applicable Exchange Listing Rules.

21.12 An investment company must ensure the following continuing obligations are observed:—

(1) the annual report and accounts shall include:—

(a) a list of all investments with a value greater than 5 per cent. of the investment company's gross assets, and at least the 10 largest investments stating, with comparative figures where relevant:—

(i) a brief description of the business;

(ii) proportion of share capital owned;

(iii) cost;

(iv) directors' valuation and, in the case of listed investments, market value;

(v) dividends received during the year (indicating any abnormal dividends);

(vi) dividend cover or underlying earnings; and

(vii) [Repealed 1 January 2013]

(viii) net assets attributable to investment;

(b) an analysis of any provision for diminution in the value of investments, naming the investments against which provision has been made and stating for each investment:—

(i) cost;

(ii) provision made; and

(iii) book value; and

(c) an analysis of realised and unrealised surpluses, stating separately profits and losses as between investments which are listed on a regulated, regularly operating, open stock market which is recognised by the Exchange and those investments which are not so listed;

(2) the interim report and any preliminary announcement of results for the full year shall include a division of income between:—

(a) dividend and interest received; and

(b) other forms of income (which may be income of associated companies),

distinguishing where significant between underwriting income and the results of dealings by subsidiaries;

(3) the investment company must publish in accordance with rule 2.07C an announcement containing a statement of its net asset value as at the end of each month within 15 days of that date;

(4) in the case of a unit trust, mutual fund or collective investment scheme not authorised under the Code and pursuant to section 104 of the Securities and Futures Ordinance, an undertaking that units, shares and interests in the scheme will not be advertised, promoted, marketed or sold in Hong Kong in any way which breaches the laws and regulations (including the Code) in Hong Kong; and

(5) an undertaking to comply with the requirements of rules 21.04(3), (5) and (6), if applicable.

21.13 The provisions of Chapter 14 do not apply to investment companies save for rules 14.06(3), 14.06(4), 14.34 to 14.37, 14.38A, 14.40 to 14.46, 14.48 to 14.53 (for very substantial disposals), 14.58, 14.60 to 14.63, 14.66 to 14.68, 14.70 to 14.77, 14.85 and 14.86.

**Investment Companies with Restricted Marketing**

21.14 Applications for listing of units or shares in investment companies which are not marketed to the public in Hong Kong (including unit trusts, mutual funds or other collective investment schemes not authorised under the Code and pursuant to section 104 of the Securities and Futures Ordinance) may be considered under this Chapter subject to the following modifications and/or additional requirements:—

(1) the investment company and the securities must, in the opinion of the Exchange, be suitable for listing and the Exchange must be satisfied that there is not likely to be significant public demand for the securities of the investment company because of either the nature of the investment company or the size of the minimum subscription and/or investment;

(2) the qualifications for listing contained in rules 8.12, 8.13 and 8.13A will not apply;

(3) the Exchange must be satisfied that adequate arrangements have been made to ensure that the securities of the investment company will not be permitted to be marketed to the public in Hong Kong. This provision does not prohibit marketing to "professional persons" in Hong Kong;

(4) the provisions of rule 21.04(6) will not apply;

(5) the Exchange reserves the right to impose a minimum investment and/or minimum board lot size if it deems it necessary, by virtue of the nature of the investment company;

(6) the investment company need not include a summary of the regulatory provisions in its place of incorporation or other establishment (see rule 19.10(3)) in its initial listing document;

(7) the initial listing document need not be accompanied by a Chinese translation;

(8) in addition to the provisions of rule 21.06 and rule 21.14(4), the initial listing document need not contain the information required by the following paragraphs of Appendix D1A:—

35, 37, 38, 39 and such other paragraphs as the Exchange may agree, provided that in the case of an existing investment company the listing document must contain the latest published consolidated audited financial statements (including the accompanying notes thereto) and the auditors report thereon together with a statement by the directors of any material adverse change in the financial or trading position of the group since the date to which those accounts have been made up, or an appropriate negative statement;

(9) any subsequent listing document must normally comply with requirement of Appendices D1A, D1B and D1C (subject as provided in rules 21.06 and 21.07 and subject to the omission of such other paragraphs of that Appendix as the Exchange may agree on a case by case basis);

(10) [Repealed 31 December 2023]

(11) if the investment company is an overseas issuer then the Exchange will normally be prepared to waive the requirements of rule 19.05(3)(a), provided that adequate arrangement are made to have a share transfer agent in Hong Kong; and

(12) the formal notice for listings under this rule shall be modified to note that listing documents will be available in Hong Kong for information only. A Chinese translation of the notice is, however, required.

21.15 In the case of an investment company whose primary listing is or is to be on another stock exchange and which is listed by way of introduction the Exchange will normally be prepared to permit the following additional modification:—

(1) the listing document need not be accompanied by a Chinese translation.

(2) [Repealed 1 January 2022]

# Chapter 22

# DEBT SECURITIES



## METHODS OF LISTING

22.01 This Chapter does not apply to debt issues to professional investors only. All other debt securities may be brought to listing by any one of the methods described below.

### Offer for Subscription

22.02 An offer for subscription is an offer to the public by or on behalf of an issuer of its own debt securities for subscription.

22.03 The subscription of the debt securities need not be underwritten, provided that full disclosure to that effect is made and the minimum nominal amount of debt securities referred to in rule 23.08 is actually issued.

22.04 In the case of offers by tender, the Exchange must be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of debt securities receives equal treatment.

22.05 An offer for subscription must be supported by a listing document which must comply with the relevant requirements of Chapter 25.

### Offer for Sale

22.06 An offer for sale is an offer to the public by an intermediary of debt securities already in issue or agreed to be subscribed.

22.07 In the case of offers by tender, the Exchange must be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of debt securities receives equal treatment.

22.08 An offer for sale must be supported by a listing document which must comply with the relevant requirements of Chapter 25.

## Placing

22.09 A placing is the obtaining of subscriptions for debt securities by an issuer or intermediary from persons selected or approved by the issuer or intermediary.

22.10 The Exchange must be satisfied that the placing arrangements will ensure an open market in the debt securities after listing has been granted. This will usually mean that at least two issuing houses which normally make markets (by quoting both offer and bid prices) in the relevant type of debt security must be involved in the placing. These need not be members of the management or selling group, but must be independent of each other and at least one must be independent of the issuer.

22.11 A placing must be supported by a listing document which must comply with the relevant requirements of Chapter 25.

## Exchange, etc.

22.12 Debt securities may be brought to listing by an exchange or a substitution of debt securities for or a conversion of debt securities into other classes of securities.

22.13 An exchange, substitution or conversion of debt securities must be effected in accordance with the terms and conditions of the debt securities to be exchanged, substituted or converted or otherwise with the consent of all the holders of such securities.

22.14 An exchange or a substitution of debt securities must be supported by a listing document in the form of a circular to holders of the debt securities concerned which must comply with the relevant requirements of Chapter 25.

## Other Methods

22.15 Debt securities may also be brought to listing by:—

(l) the exercise of options, warrants or similar rights to subscribe or purchase debt securities (see Chapter 27); or

(2) such other methods as the Exchange may from time to time approve.

# Chapter 23

# DEBT SECURITIES

## QUALIFICATIONS FOR LISTING

### Preliminary

23.01 This Chapter does not apply to debt issues to professional investors only. It sets out the basic conditions which have to be met as a pre-requisite to the listing of debt securities, except those issued by States and Supranationals. They apply to every method of listing and to both new applicants and listed issuers, except where otherwise stated. The conditions which have to be met by States and Supranationals are set out in Chapters 31 and 32 respectively. Modified requirements for State corporations and banks are set out in Chapters 33 and 34 respectively.

23.02 Issuers are reminded:—

(1) that these requirements are not exhaustive and that the Exchange may impose additional conditions in a particular case; and

(2) that the Exchange retains an absolute discretion to accept or reject applications for listing and that compliance with the relevant conditions may not of itself ensure an applicant's suitability for listing.

Prospective issuers, and in particular new applicants, are therefore encouraged to contact the Exchange to seek informal and confidential guidance as to the eligibility of a proposed issue for listing at the earliest possible opportunity.

### Basic Conditions

23.03 The issuer and the guarantor, in the case of a guaranteed issue, must each be duly incorporated or otherwise established under the laws of the place where it is incorporated or otherwise established and must be in conformity with those laws and its memorandum and articles of association or equivalent documents. They must each be duly authorised to commence their respective business.

23.04 An issuer which is a Hong Kong company must not be a private company within the meaning of section 11 of the Companies Ordinance.

23.05 If the shares of the issuer or the guarantor, in the case of a guaranteed issue, are not listed then both the issuer and the guarantor, in the case of a guaranteed issue, and their respective businesses must, in the opinion of the Exchange, be suitable for listing.

23.06 A new applicant or the guarantor, in the case of a guaranteed issue, must have produced audited accounts in accordance with its national law covering the three financial years preceding the application for listing. In very exceptional cases the Exchange may accept a shorter period of two years.

23.07 In the case of a new applicant, the latest financial period reported on by the reporting accountants (see Chapter 4) must not have ended more than nine months before the date of the listing document.

23.08 If the shares of the issuer or the guarantor, in the case of a guaranteed issue, are not listed then the issuer or the guarantor, in the case of a guaranteed issue, must have total shareholders' funds of at least HK$100,000,000, and the nominal amount of each class of debt securities for which listing is sought must be at least HK$50,000,000, or such other amount as the Exchange may from time to time prescribe. Further issues of debt securities which are or are to be uniform in all respects with debt securities of a class already listed are not subject to these limits. In exceptional cases, a lower minimum nominal amount may be acceptable where the Exchange is satisfied as to marketability. In the case of options, warrants or similar rights to subscribe or purchase debt securities, the same limits will apply as would apply to the underlying debt securities to be subscribed or purchased.

23.09 The debt securities for which listing is sought must be freely transferable.

23.10 The debt securities for which listing is sought must be issued in conformity with the law of the place where the issuer is incorporated or otherwise established and in conformity with the issuer's memorandum and articles of association or equivalent documents and all authorisations needed for their creation and issue under such law or documents must have been duly given. The same applies, mutatis mutandis, to the giving of any related guarantee by a guarantor.

23.11 Debt securities to which options, warrants or similar rights to subscribe or purchase equity securities or debt securities are attached must also comply with the requirements applicable to such options, warrants or similar rights (see Chapter 15 or Chapter 27, as appropriate).

23.12 The issuer must maintain a paying agent at an address in Hong Kong until the date on which no debt security is outstanding unless the issuer performs that function himself.

## Stabilisation

23.13 Any activities or transactions carried out prior to the commencement of dealings with a view to stabilising or maintaining the market price of the debt securities at levels other than those which might otherwise prevail must only be effected in accordance with all applicable statutory provisions or regulations. If any such activities or transactions are not effected in accordance with such provisions or regulations the application for listing will be rejected by the Exchange.

# Chapter 24

# DEBT SECURITIES

## APPLICATION PROCEDURES AND REQUIREMENTS

### Preliminary

24.01 This Chapter does not apply to debt issues to professional investors only. It sets out the procedures and requirements for applications for the listing of debt securities, whether by new applicants or by listed issuers. Modified requirements for States, Supranationals and State corporations are set out in Chapters 31, 32 and 33 respectively.

24.02 In the case of debt securities issued or guaranteed by the Government of Hong Kong or its regional or local authorities or by State corporations incorporated in Hong Kong, the Exchange will have regard to information already available to the public in deciding on the application of these requirements.

24.03 In order to allow the Exchange sufficient time to consider an application for listing on the basis of its supporting documents and to maintain an orderly new issues market, a new applicant must normally apply for a listing application on the prescribed form set out in Form A1 (published in Regulatory Forms) to the Exchange at the earliest possible opportunity and normally not less than 14 clear days prior to the date on which the listing document is to be finalised for publication. The listing application form must be accompanied by a non-refundable deposit of the initial listing fee payable. The listing application form must contain a draft timetable which has been agreed in advance with the Exchange. Any changes in that timetable must also be agreed in advance with the Exchange. If it is not possible to lodge documents with the Exchange within these time limits, they should be submitted as soon as they become available. Issuers should appreciate that any significant delay in lodging the documents may affect the listing timetable.

24.04 In order to maintain an orderly new issues market the Exchange reserves the right to refuse a booking if there are too many existing reservations in the relevant period.

24.05 Where any document is amended after submission, further copies must be submitted to the Exchange for review, marked in the margin to indicate where the relevant items from Appendix D1C have been met. Such documents must also be marked in the margin to indicate amendments made to conform with points raised by the Exchange.

24.06 No material amendment to the final proof listing document will be allowed without the consent of the Exchange.

24.07 The listing document must not be issued until the Exchange has confirmed to the issuer that it has no further comments thereon. However, circulation of a draft or preliminary listing document, which is clearly marked as such, is permitted for the purposes of arranging underwriting.

24.08 All publicity material released in Hong Kong relating to an issue of debt securities by a new applicant must not be released until the Exchange has reviewed it and confirmed to the issuer that it has no comments thereon. In addition, the publicity material must comply with all statutory requirements. For these purposes, publicity material does not relate to an issue of debt securities if its purpose is the promotion of the issuer or its products or business and not the promotion of the debt securities to be issued. Moreover, circulation is permitted of documents of a marketing nature such as the invitation or offering document (or its equivalent) and documents which consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the debt securities, provided that any obligations created thereunder to issue, subscribe, purchase or underwrite the debt securities are conditional on listing being granted. These documents will not be considered as falling within the scope of this rule and need not be submitted for prior review. Any publicity material or announcement referring to a proposed listing by a new applicant which is issued before the Exchange's meeting to consider the application must state that application has been or will be made to the Exchange for listing of and for permission to deal in the debt securities concerned. If no such statement is made, the Exchange may reject the application. Listed issuers must comply with their obligations under the Exchange Listing Rules to maintain confidentiality before the announcement of an issue.

24.09 Issuers are also reminded that these requirements are not exhaustive and that an applicant for listing must also supply any further documents and information which the Exchange may require in a particular case.

**Documentary Requirements**

24.10 The following documents must be lodged with the Exchange for initial review, at least fourteen clear days prior to the date on which the listing document is to be finalised for publication:

(1) a copy of a draft of the listing document, marked in the margin to indicate where the relevant items from Chapter 25 and/or Appendix D1C have been met;

(2) a copy of a draft of the formal notice, where applicable;

(3) a copy of a draft of any application form (including any excess or preferential application form) to subscribe or purchase the debt securities for which listing is sought;

(4) a copy of a draft of any temporary document of title proposed to be issued which must comply with Appendix B1, if available;

(5) a copy of a draft of the definitive certificate or other document of title proposed to be issued, which must comply with Appendix B2, if available;

(6) a copy of a draft of the trust deed or other document securing or constituting the debt securities, which must comply with Appendix A2, if available;

(7) where the listing document contains an accountants' report, a copy of a draft of any statement of adjustments relating to the accountants' report; and

(8) the contact information and personal particulars as described in rule 3.20(1) of each director/member of the issuer's governing body (in such form and manner as prescribed by the Exchange from time to time).

24.11 The following documents must be lodged with the Exchange in the case of a new applicant at least three clear business days prior to the date of hearing of the application by the Listing Committee and in the case of a listed issuer at least two clear business days prior to the date on which the listing document is to be finalised for publication:

(1) a formal application for listing in the form set out in Form C2 (published in Regulatory Forms), signed by a duly authorised officer of the issuer;

(2) (a) a copy of the final proof of the listing document, where applicable;

(b) a copy of the final proof of the formal notice, where applicable;

(c) one copy of the final proof of any application form (including any excess or preferential application form) to subscribe or purchase the debt securities for which listing is sought; and

(d) unless previously supplied, a copy of the documents referred to in rules 24.10(4), (5) and (6);

(3) [Repealed 31 December 2023]

(4) (a) [Repealed 31 December 2023]

(b) the annual report and accounts for each of the three completed financial years of the issuer or its group and the guarantor or its group, in the case of a guaranteed issue, immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Exchange or, if such accounts have previously been supplied in connection with a previous listing, a certificate from the auditors of the issuer and the guarantor, in the case of a guaranteed issue, that there has been no material adverse change in the financial position and prospects of the issuer or guarantor, as the case may be, since the date of the latest audited accounts. (see rule 23.06); and

(5) [Repealed 31 December 2023]

(6) [Repealed 31 December 2023]

(7) [Repealed 31 December 2023]

(8) a copy of a draft of the trust deed or other document securing or constituting the debt securities, unless previously supplied.

(9) [Repealed 31 December 2023]

24.12 [Repealed 31 December 2023]

24.13 [Repealed 31 December 2023]

(1) [Repealed 1 September 2008]

(2) [Repealed 31 December 2023]

(3) [Repealed 31 December 2023]

(4) [Repealed 1 September 2008]

24.14 As soon as practicable after the issue of the listing document, the following documents must be lodged with the Exchange as a condition for granting listing approval:—

(1) [Repealed 25 June 2007];

(2) [Repealed 31 December 2023]

(3) [Repealed 25 June 2007];

(4) [Repealed 25 June 2007];

(5) a specimen of any temporary document of title;

(6) when available, a specimen of the definitive certificate or other document of title; and

(7) [Repealed 31 December 2023]

(8) a declaration substantially in the form set out in Form F (published in Regulatory Forms), duly signed by a director or the secretary of the issuer and a director or secretary of the guarantor, in the case of a guaranteed issue, together with any annual listing fee which is payable and which has not previously been paid (see Fees Rules).

(9) [Repealed 31 December 2023]

24.15 The provisions of Chapter 11A apply equally to debt securities.

**Miscellaneous**

24.16 The making of the application for listing, the issue and allotment of all debt securities for which listing is sought, and the issue of the listing document, must be duly authorised and approved by the resolution(s) of the board of directors, other governing body or persons to whom powers have been properly delegated and/or resolution(s) at general meetings (as the case may be) of the issuer. In the case of a guaranteed issue, the making of the application for listing, the giving and signing of the guarantee(s) and authorising the issue of the listing document must be duly authorised and approved by the resolution(s) of the board of directors, other governing body and/or resolution(s) at general meetings of the guarantor.

24.17 Each director and member of the issuer's governing body must:

(a) ensure that all information in the listing document referred to in rule 24.11(2)(a) above and each draft listing document subsequently submitted to the Exchange during the listing application process contains all information about his biographical details as set out in rule 13.51(2) and that those details are true, accurate and complete; and

(b) where, before dealings of securities commence, there are any changes in the biographical details as referred to in rule 24.17(a) above, inform the Exchange as soon as practicable of such changes.

# 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. 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, in which case the procedures for registration as set out in Chapter 11A and rule 9.11(33) shall also be complied with. 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, will not apply in the cases of supplemental listing documents. 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 (published in Regulatory Forms)).

25.02 Issuers are reminded (see rule 24.11 (2)) that the final proof of the listing document must be lodged with the Exchange, in the case of a new applicant, at least three clear business days before the date of hearing of the formal application for listing and, in the case of listed issuers, at least two clear business days before it is finalised for publication and that no material amendment to the final proof listing document will be allowed without the consent of the Exchange.

25.02A The Exchange shall be authorised by new applicants and listed issuers to file their "applications" (as defined in section 2 of the Securities and Futures (Stock Market Listing) Rules) and those corporate disclosure materials within the meaning of sections 7(1) and (2) of the Securities and Futures (Stock Market Listing) Rules received by the Exchange with the Commission pursuant to sections 5(2) and 7(3) of the Securities and Futures (Stock Market Listing) 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

25.03 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. 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

25.04 The methods of listing required by these Exchange Listing Rules to be supported by a listing document are:—

(1) offers for subscription;

(2) offers for sale;

(3) placings; and

(4) exchanges or substitutions of securities.

25.05 Other methods of listing 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

25.06 Subject to rule 25.08, listing documents must contain all of the specific items of information which are set out in Appendix D1C.

25.07 In addition to these detailed requirements all listing documents issued by a new applicant or a listed issuer in support of an application for listing of debt securities of a class new to listing where those debt securities are offered otherwise than to existing shareholders must, as an overriding principle, contain such particulars and information which, according to the particular nature of the issuer and guarantor, in the case of a guaranteed issue, and the debt 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 and management and prospects of the issuer and guarantor, in the case of a guaranteed issue, and of their respective profits and losses and of the rights attaching to such debt securities.

25.08 Special requirements apply to listing documents issued by:—

| | |
|---|---|
| Investment companies | — see Chapter 21 |
| States | — see Chapter 31 |

| | |
|---|---|
| Supranationals | — see Chapter 32 |
| State corporations | — see Chapter 33 |
| Banks | — see Chapter 34 |

25.09 Negative statements are required only where so indicated in Appendix D1C.

25.10 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**

25.11 Issuers and guarantors, in the case of a guaranteed issue, are reminded that each of their directors 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 in the case of States and Supranationals.

**Subsequent Events**

25.12 The Exchange must be notified immediately if, before the commencement of dealings in any debt 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.

For this purpose "significant" means significant for the purpose of making an informed assessment of the matters mentioned in rule 25.07 above. The Exchange will consider in each case what action should be taken and whether any publication of the change or new matter is required.

**Language**

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

**Illustrations**

25.14 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.

**Publication**

25.15 No listing document may be issued until the Exchange has confirmed to the issuer that it has no further comments thereon.

25.16 (1) In the case of an offer for sale or an offer for subscription a formal notice stating the information set out in rule 25.17 must be published in accordance with rule 2.07C on the date of issue of the listing document.

(2) Where a formal notice is also published in the newspapers, whether pursuant to rule 2.07C or otherwise, and unless otherwise agreed by the Exchange, the formal notice must be not less than 12 centimetres by 16 centimetres (4 inches by 6 inches approximately) in size.

25.17 In every other case a formal notice stating the following information must be published in accordance with rule 2.07C not less than two clear business days before dealings commence and, where it is also published in the newspapers, whether pursuant to rule 2.07C or otherwise, such formal notice must be not less than 12 centimetres by 16 centimetres (4 inches by 6 inches approximately) in size:—

(1) the name and country of incorporation or other establishment of the issuer;

(2) the name and country of incorporation or other establishment of the guarantor, in the case of a guaranteed issue;

(3) the amount and title of the debt securities for which listing is sought;

(4) the websites at which the listing document (if any) is published;

(5) the date of publication of the notice;

(6) in the case of tap issues, the total amount of the debt securities which would be issued under such an arrangement;

(7) in the case of a placing, the names of the issuing houses involved in the placing;

(8) a statement that application has been made to the Exchange for listing of and permission to deal in the debt securities;

(9) a statement that the formal notice appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for debt securities;

(10) the date upon which dealings in the debt securities are expected to commence; and

(11) in the case of an offer for sale or an offer for subscription a statement that applications will only be considered on the basis of the listing document.

25.18 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.

25.19 [Repealed 5 July 2021]

**Publication of listing document**

25.19A Listing documents (including any supplemental listing document(s) or subsequent amendments to the listing document(s)) published by a new applicant must be made available in electronic form on the Exchange's website and the issuer's own website.

**Publication of electronic form prospectus and printed application form**

25.19B [Repealed 27 June 2025]

25.20 In the case of an offer for subscription or an offer for sale, an announcement of the results of the offer, the basis of allotment of the debt securities and the amount actually issued if not underwritten must be published in accordance with rule 2.07C as soon as possible but, in any event, not later than the morning of the issue date.

25.21 In the case of an offer for subscription or an offer for sale by tender, an announcement of the striking price must be published in accordance with rule 2.07C as soon as possible but, in any event, not later than the morning of the issue date.

**Disclaimer**

25.22 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."

# Chapter 26

# DEBT SECURITIES

## CONTINUING OBLIGATIONS

### Preliminary

26.01 This Chapter does not apply to debt issues to professional investors only. All other issuers and guarantors, in the cases of guaranteed issues, are required to comply with the applicable Exchange Listing Rules (including the continuing obligations in this Chapter and Appendix E4) in force from time to time so long as any of the issuers' debt securities are listed on the Exchange, unless specifically waived by the Exchange. These continuing obligations are designed to ensure that issuers keep the holders of their debt securities (and the public) fully informed of all factors which might affect their interests and treat the holders of their debt securities in a proper manner.

26.01A In this Chapter and Appendix E4, "listed debt securities" mean debt securities which are listed on the Exchange (but excludes debt issues to professional investors only).

26.02 [Repealed 31 December 2023]

26.03 [Repealed 31 December 2023]

26.04 [Repealed 1 January 2013]

26.05 Strict compliance with this Chapter and Appendix E4 is essential to the maintenance of a fair and orderly securities market and helps to ensure that all users of the market have simultaneous access to the same information. The issuer should ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

26.06 To maintain high standards of disclosure, the Exchange may require an issuer to announce further information, and impose additional requirements on it, where the Exchange considers that circumstances so justify. However, the Exchange will allow the issuer to make representations before imposing any requirements on it which are not imposed on listed issuers generally. The issuer must comply with the additional requirements failing which the Exchange may itself publish the information available to it.

26.07 Failure by an issuer or a guarantor of listed debt securities to comply with any continuing obligation in this Chapter and Appendix E4 may lead to the suspension of dealings in or cancellation of the listing of their debt securities.

26.07A The directors or members of other governing body of an issuer of debt securities listed or to be listed on the Exchange are collectively and individually responsible for ensuring the issuer's full compliance with the applicable Exchange Listing Rules. The directors or members of other governing body of a guarantor of debt securities listed or to be listed on the Exchange are collectively and individually responsible for ensuring the guarantor's full compliance with the applicable Exchange Listing Rules.

26.08 [Repealed 31 December 2023]

26.09 [Repealed 31 December 2023]

**Communication with the Exchange**

26.10 References in this Chapter and Appendix E4 to informing the Exchange mean delivery of the relevant information to the Exchange in the manner determined by the Exchange from time to time and promulgated by way of a practice note to the Exchange Listing Rules.

# Chapter 27

# DEBT SECURITIES

## OPTIONS, WARRANTS AND SIMILAR RIGHTS



27.01 This Chapter does not apply to debt issues to professional investors only. This Chapter applies both to options, warrants and similar rights to subscribe or purchase debt securities ("warrants") which are issued or granted on their own by an issuer or any of its subsidiaries and to warrants which are attached to other debt securities. Warrants which are attached to other securities but which are non-detachable are convertible securities and are also subject to the provisions of Chapter 16 (convertible equity securities) or 28 (convertible debt securities), as appropriate.

27.02 Where application is made for the listing of warrants, the Exchange will normally apply the same requirements as would apply to the underlying securities to be subscribed or purchased. However, where such an application is contemplated, the Exchange should be consulted at the earliest opportunity as to the requirements which will apply.

27.03 Warrants may be listed only if the underlying securities to be subscribed or purchased are (or will become at the same time):—

(1) a class of listed debt securities; or

(2) a class of debt securities listed or dealt in on another regulated, regularly operating, open stock market recognised by the Exchange.

However, the Exchange may list warrants in other circumstances if it is satisfied that holders have the necessary information available to form an opinion concerning the value of the underlying debt securities to which such warrants relate. This rule does not apply to an issue of options, warrants or similar rights by a State or a Supranational.

27.04 Any alterations in the terms of warrants after issue or grant must be approved by the Exchange, except where the alterations take effect automatically under the terms of such warrants. In particular the Exchange should be consulted at the earliest opportunity where the issuer proposes to alter the exercise period or the exercise price.

27.05 Paragraphs 32 and 33 of Appendix D1C set out additional requirements for the contents of listing documents relating to warrants.

# Chapter 28

# DEBT SECURITIES

## CONVERTIBLE DEBT SECURITIES

28.01 This Chapter does not apply to convertible debt issues to professional investors only. All convertible debt securities must, prior to the issue thereof, be approved by the Exchange and the Exchange should be consulted at the earliest opportunity as to the requirements which will apply.

28.02 All convertible debt securities which are convertible into new equity securities or outstanding securities of the issuer or a company in the same group as the issuer for which a listing is to be sought must comply both with the requirements applicable to the debt securities for which listing is sought and with the requirements applicable to the underlying equity securities to which such convertible debt securities relate. In the event of any conflict or inconsistency between the various requirements, those applicable to such equity securities shall prevail.

28.03 Convertible debt securities which are convertible into equity securities may be listed only if such equity securities are (or will become at the same time):—

(1) a class of listed equity securities; or

(2) a class of equity securities listed or dealt in on another regulated, regularly operating, open stock market recognised by the Exchange.

However, the Exchange may list convertible debt securities in other circumstances if it is satisfied that holders have the necessary information available to form an opinion concerning the value of the underlying equity securities to which such convertible debt securities relate. This rule does not apply to an issue of convertible debt securities by a State or a Supranational.

28.04 Convertible debt securities which are convertible into property other than equity securities may be listed only if the Exchange is satisfied that holders have the necessary information available to form an opinion concerning the value of the other property to which such convertible debt securities relate. This rule does not apply to an issue of convertible debt securities by a State or a supranational.

28.05 Any alterations in the terms of convertible debt securities after issue must be approved by the Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities.

28.06 Paragraphs 19 to 31 of Appendix D1C set out additional requirements for the contents of listing documents relating to the issue of convertible debt securities.

# Chapter 29

# DEBT SECURITIES

## TAP ISSUES, DEBT ISSUANCE PROGRAMMES AND ASSET-BACKED SECURITIES

29.01 This Chapter sets out the requirements in relation to tap issues, debt issuance programmes and asset-backed securities. It does not apply to issues to professional investors only.

### PART A — TAP ISSUES

29.02 Where application is made by an issuer for listing of a tap issue, the Exchange will normally apply the same requirements for each subsequent tranche as would apply to the initial tranche. However, where such an application is contemplated, the Exchange should be consulted at the earliest opportunity as to the requirements which will apply.

29.03 Any listing document issued in connection with a tap issue must specify the maximum nominal amount of debt securities which could be issued.

### PART B — DEBT ISSUANCE PROGRAMMES

Application Procedure and Requirements

29.04 The application for listing must cover the maximum amount of securities which may be in issue and listed at any one time under the programme. If the Exchange approves the application, it will admit to listing all securities which may be issued under the programme within 12 months after the publication of the listing document subject to the Exchange:

(a) being advised of the final terms of each issue;

(b) receiving and approving for publication any supplementary listing document that may be appropriate;

(c) receiving confirmation that the securities in question have been issued; and

(d) receiving any listing fees payable.

29.05 The final terms of each issue which is intended to be listed ("the pricing supplement") must be submitted in writing to the Exchange as soon as possible after they have been agreed and in any event no later than 2.00 p.m. on the business day before listing is required to become

effective. The pricing supplement may be submitted by the issuer, or one or more firms designated by the issuer so long as in the latter case the Exchange has received a letter of appointment signed by a duly authorised officer of the issuer.

29.06 The pricing supplement relating to an issue, when read together with the listing document and any supplementary listing document in respect of the programme, must provide an investor with the full terms and conditions of that issue.

29.07 Form C2 (published in Regulatory Forms) need not be submitted for issues made after the first issue in any 12 month period after publication of the listing document.

**Listing Documents**

29.08 The listing document must contain the general terms and conditions applicable to all securities that may be issued and listed under the programme.

29.09 In addition to those documents mentioned in paragraph 54 of Appendix D1C, the following must be published on the Exchange's website and the issuer's own website for as long as issues are made under the programme:

(a) the current listing document;

(b) any supplementary listing document published since the current listing document was published; and

(c) any pricing supplements issued since the current listing document was published.

29.10 The listing document must include a statement that the documents required by paragraph 54 of Appendix D1C (documents on display) are published on the Exchange's website and the issuer's own website throughout the life of the programme.

## PART C — ASSET-BACKED SECURITIES

Qualifications for listing

29.11 The following additions and exceptions to the qualifications for listing apply to issuers of asset-backed securities:

(a) the issuer must normally be a single purpose undertaking. (The requirement to be a single purpose undertaking does not preclude the addition to the pool of further assets

during the life of the securities. Furthermore, further classes of debt securities may be issued by the undertaking, backed by separate pools of similar assets);

(b) rule 23.06 (audited accounts) and rule 23.07 (latest financial period) do not apply;

(c) where an issue of asset-backed securities is backed by equity securities, those securities must be listed on a stock exchange or traded on another regulated and regularly operating open market; the equity securities must represent non-controlling interests in and must not confer legal or management control of the companies issuing the equity securities; where options or conversion rights relating to equity securities are used to back an issue, this paragraph applies in respect of the securities resulting from the exercise of those options or rights; and

(d) there must be a trustee or other appropriate independent party representing the interests of the holders of the asset-backed securities and with the right of access to appropriate information relating to the assets.

**Listing document**

29.12 The listing document must include the following additional information:

(a) a description of the assets used to back the asset-backed securities, giving at least the following (where relevant):

(i) the geographical location or legal jurisdiction of the financial assets;

(ii) the pool size and any specified minimum or maximum;

(iii) the types of loans;

(iv) the maturity of loans;

(v) the size of loans;

(vi) the loan to value ratio at origination where the loans in the pool are themselves secured or backed by other assets, if a valuation was available;

(vii) the principal lending criteria and extent to which loans may be included which do not meet these criteria;

(viii) an indication of significant representations and warranties given to the issuer relating to the loan pool;

(ix) the method of origination;

(x) any loan substitution rights;

(xi) any rights or obligations to make further advances;

(xii) the principal insurance policies, including the names, and where appropriate, the addresses and a brief description of the providers. Any concentration with one insurer should be disclosed if it is material to the transaction;

(xiii) where the assets consist of debt obligations of 10 or fewer borrowers or where a borrower accounts for 10% or more of the assets, the information required in respect of each borrower will be the same as that which would be required if it were itself the issuer of the securities to be listed unless it is already listed on a stock exchange or the debt obligations are guaranteed by an entity listed on a stock exchange, in which case only the name, address, country of incorporation, nature of business and name of the exchange on which its securities are listed must be disclosed in respect of the issuer and the guarantor (if applicable). The relationship with the guarantor, if any, must be included. The terms and conditions of the loans or debt securities must be stated, except where the assets are debt securities listed on a stock exchange; and

(xiv) where the assets consist of debt obligations of more than 10 borrowers, or where a borrower accounts for less than 10% of the assets the general characteristics and descriptions of the borrowers must be given;

however, due to the nature of the transaction, some of the above requirements may not be appropriate and additional information may be required. In such cases, the Exchange should be consulted at an early stage;

(b) a description of the material risks together with any methods whereby they are sought to be addressed;

(c) a description of the method and a statement of the date of the sale, transfer or assignment of the assets or of any rights in the assets to the issuer;

(d) a description of the structure of the transaction and explanation of the flow of funds including:

(i) how the cash flow from the assets is expected to meet the issuer's obligations to holders of the securities, in particular, information on any credit enhancements, an indication of where material potential liquidity shortfalls are expected to occur and the availability of any liquidity supports and indication of provisions to cover interest shortfall risks;

(ii) an indication of any investment parameters for the investment of temporary liquidity surpluses;

(iii) how payments are collected from borrowers of the loans in the pool;

(iv) the order of priority of payments made by the issuer, where relevant to the holders of the class of debt securities in question;

(v) the fees payable by the issuer out of cash flow received (for example, fees to the administrator);

(vi) details of any other arrangements upon which payments of interest and principal to investors are dependent;

(vii) information on whether or not there is any intention to accumulate surpluses in the issuer; and

(viii) details of any subordinated debt finance;

(e) the name, address and brief description of the originator of the financial assets backing the issue;

(f) the name, address and information to demonstrate the suitability of the administrator together with a summary of the administrator's responsibilities and a summary of the provisions relating to termination of the appointment of the administrator and whether or not an alternative administrator has been appointed, and

(g) the names and addresses and brief description of:

(i) any swap counterparties and any providers of other material forms of enhancement; and

(ii) the banks with which the main accounts relating to the transaction are held.

29.13 If an issue is guaranteed as to principal and interest by a listed company or a company that is suitable for listing, the Exchange may be prepared to accept a shorter form of disclosure as regards the additional information required under Chapter 29 in the listing document if it is satisfied that any information omitted is not material from the point of view of the investors likely to be concerned.

In a case when the information required with respect to each borrower will be the same as that which would be required if it were itself the issuer of the securities to be listed, and where the issuer of the underlying securities or borrower of the underlying loans does not cooperate with the preparation of the listing document, then, as an alternative to the declaration required under paragraph 2 of Appendix D1C, a declaration in the following form is acceptable:

"This document, for which the [issuer]/[directors of the issuer collectively and individually] accept[s] full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. Subject as set out below, the [issuer]/[directors], having made all reasonable enquiries, confirm[s] that to the best of [its] / [their] knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

The information relating to [the underlying issuer(s)/borrower(s)] has been accurately reproduced from the information published by that [issuer] [borrower]. So far as the issuer [and the directors] is [are] aware and/or is [are] able to ascertain from information published by [the underlying issuer(s)/borrower(s)] no facts have been omitted which would render the reproduced information misleading".

**Continuing Obligations**

29.14 If no other requirement for the preparation of annual reports and accounts exists, the Exchange may consider an application for a waiver of the requirements in Chapter 26 and Appendix E4 in respect of annual reports and accounts. If a waiver is granted, the terms and conditions of the issue must include a requirement for the issuer to provide written confirmation to the trustee (or equivalent), on an annual basis, that no event of default or other matter which is required to be brought to the trustee's attention has occurred.

# Chapter 30

## DEBT SECURITIES

### MINERAL COMPANIES

30.01 Chapter 18 applies to a listing of debt securities by a mineral company. Chapter 18 does not apply to debt securities issued by State Corporations and debt issues to professional investors only.

30.02 The items of information set out in rule 18.10 are not required to be given in an issue of debt securities by a mineral company (not being convertible debt securities).

# Chapter 31

# DEBT SECURITIES

## STATES

### Preliminary

31.01 Chapter 37 applies to debt issues to professional investors only by States. Chapters 22, 24 to 29 and, where relevant, 35 and 36 apply to other debt issues by States subject to the modifications or exceptions detailed in this Chapter.

### Qualifications for Listing

31.02 Chapter 23 does not apply. The basic conditions which have to be met as a pre-requisite to the listing of debt securities issued by States are:—

(1) the nominal amount of each class of securities for which listing is sought must be at least HK$50,000,000, or such other amount as the Exchange may from time to time prescribe. Further issues of debt securities which are or are to be uniform in all respects with debt securities of a class already listed are not subject to this limit. In exceptional cases, a lower minimum nominal amount may be acceptable where the Exchange is satisfied as to marketability. In the case of options, warrants or similar rights to subscribe or purchase securities, the same limits will apply as would apply to the underlying securities to be subscribed or purchased;

(2) the debt securities for which listing is sought must be freely transferable; and

(3) all authorisations needed for the creation and issue of the debt securities for which listing is sought must have been duly given.

### Application Procedures and Requirements

31.03 Rules 24.11(4) and 24.14(8) do not apply. However, copies of all enabling governmental or legislative acts, authorisations, consents or orders must be lodged with the Exchange.

31.04 Some or all of the following additional information may be required by the Exchange to be included:—

(1) details of the organisation and administration of the State;

(2) a description of the economic situation (according to category of issuer)

(a) States

(i) general information;

(ii) gross national product by economic sector for the past two years;

(iii) production trends in the various economic sectors: breakdown by principal production branches for the past two years;

(iv) price, wage and employment trends over the past two years;

(v) export and import trends by economic sector and country over the past two years;

(vi) balance of payments;

(vii) gold and currency reserves;

(b) Regional Authorities

(i) general information;

(ii) description of the principal sources of revenue;

(iii) production trends in the various economic sectors: breakdown by principal production branches for the past two years;

(c) Local Authorities

(i) general information;

(ii) description of the principal sources of revenue;

(3) finances

(a) income and expenditure for the past two years and budgetary forecasts for the current year;

(b) public debt for the past two years.

31.05 A State may omit the items of information required by the following paragraphs of Appendix D1C:—

2, 4 to 7, 9, 11, 18, 23 to 31, 34 to 53 and 54(1), (3) and (4).

In addition, the Exchange may be prepared to permit the omission of information where it considers it appropriate. States who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

31.06 Some of the items of information required in Appendix D1C may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given.

31.07 Rule 25.11 does not apply.

# Chapter 32

# DEBT SECURITIES

## SUPRANATIONALS

### Preliminary

32.01 Chapter 37 applies to debt issues to professional investors only by Supranationals. Chapters 22, 24 to 29 and, where relevant, 35 and 36 apply to other debt issues by Supranationals subject to the modifications or exceptions detailed in this Chapter.

### Qualifications for Listing

32.02 Chapter 23 does not apply. The basic conditions which have to be met as a pre-requisite to the listing of debt securities issued by Supranationals are:—

(1) the nominal amount of each class of securities for which listing is sought must be at least HK$50,000,000, or such other amount as the Exchange may from time to time prescribe. Further issues of debt securities which are or are to be uniform in all respects with debt securities of a class already listed are not subject to this limit. In exceptional cases, a lower minimum nominal amount may be acceptable where the Exchange is satisfied as to marketability. In the case of options, warrants or similar rights to subscribe or purchase debt securities, the same limits will apply as would apply to the underlying debt securities to be subscribed or purchased;

(2) the debt securities for which listing is sought must be freely transferable; and

(3) all authorisations needed for the creation and issue of the debt securities for which listing is sought must have been duly given.

### Application Procedures and Requirements

32.03 Rules 24.11(4) and 24.14(8) do not apply. However, copies of all enabling authorisations (such as governmental and legislative approvals) and copies of any relevant treaties or like constitutional documents establishing the issuer must be lodged with the Exchange.

32.04 Some or all of the following additional information may be required by the Exchange to be included:—

(1) details and location of the organisation and administration of the Supranational;

(2) a description of the activities of the Supranational;

(3) finances

(a) income and expenditure for the past two years and budgetary forecasts for the current year;

(b) publicly issued debt issued in the past two years.

32.05 A Supranational may omit the items of information required by the following paragraphs of Appendix D1C:—

2, 4, 9, 11, 18, 23 to 31, 34 to 45, 47 to 53 and 54(3) and (4).

In addition, the Exchange may be prepared to permit the omission of information where it considers it appropriate. Supranationals who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

32.06 Some of the items of information required in Appendix D1C may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given.

32.07 Rule 25.11 does not apply.

# Chapter 33

# DEBT SECURITIES

## STATE CORPORATIONS

### Preliminary

33.01 Chapter 37 applies to debt issues to professional investors only by State Corporations. Chapters 22 to 30 and, where relevant, 35 and 36 apply to other debt issues by State corporations subject to the modifications and exceptions detailed in this Chapter.

### Qualifications for Listing

33.02 In rule 23.06, the reference to three financial years is to be read as a reference to two financial years.

33.03 Rule 23.07 does not apply. The Exchange will not normally require an accountants' report in relation to a listing of debt securities issued by a State corporation incorporated or otherwise established in Hong Kong (see rule 24.02). In such case, the latest audited financial statements, which must relate to a financial period ended not more than 15 months before the date the listing document is issued, should be included in or appended to the listing document. The Exchange will not normally be prepared to list debt securities issued by a State corporation incorporated or otherwise established outside Hong Kong where the latest financial period reported on by the reporting accountants ended more than 15 months before the date of the listing document, unless interim financial statements relating to a period ended not more than nine months before the date of the listing document are included in the listing document and appropriate evidence is given to the Exchange that there has been no material adverse change in the financial condition of the issuer or the guarantor, in the case of a guaranteed issue, since the end of the period last reported on by the reporting accountants.

### Application Procedures and Requirements

33.04 [Repealed 31 December 2023]

### Listing Documents

33.05 A State corporation may omit the items of information required by the following paragraphs of Appendix D1C:—

34, 35, 36, 37(2) to (7), 38, 40, 41(2), (3) and (4), 44 and 49 to 52 and (in the case of a State corporation incorporated or otherwise established in Hong Kong) 42.

In addition, the Exchange may be prepared to permit the omission of information where it considers it appropriate. State corporations who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

33.06 Some of the items of information required in Appendix D1C may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given.

33.07 The extent (if any) to which the obligations of the issuer are, or are capable of being, guaranteed or assumed by a State and details of its share capital (or equivalent) and the extent to which such share capital (or equivalent) is beneficially owned by a State or a regional or local authority of a State should be set out.

# Chapter 34

# DEBT SECURITIES

## BANKS

### Preliminary

34.01 Chapter 37 applies to debt issues to professional investors only by Banks. Chapters 22 to 29 and, where relevant, 35 and 36 apply to other debt issues by banks subject to the modifications and exceptions detailed in this Chapter.

### Qualifications for Listing

34.02 In rule 23.06, the reference to three financial years is to be read as a reference to two financial years.

34.03 Rule 23.07 does not apply. The Exchange will not normally be prepared to list debt securities issued by a bank where the latest financial period reported on by the reporting accountants ended more than 15 months before the date of the listing document unless interim financial statements relating to a period ended not more than nine months before the date of the listing document are included in the listing document and appropriate evidence is given to the Exchange that there has been no material adverse change in the financial condition of the issuer or, in the case of a guaranteed issue, the guarantor since the end of the period last reported on by the reporting accountants.

### Listing Documents

34.04 A bank may omit the items of information required by the following paragraphs of Appendix D1C:—

34, 37(2) to (7), 38, 40, 41(2), (3) and (4), 44, 51 and 52.

In addition, the Exchange may be prepared to permit the omission of information where it considers it appropriate. Banks who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

34.05 Some of the items of information in Appendix D1C may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given.

**Accountants' Reports**

34.06 Reports in respect of banks need cover only the two financial years preceding the issue of the listing document or such shorter period as may be acceptable to the Exchange. Consequently, all references in Chapter 4 to three financial years are to be read as references to two financial years or such shorter period.

# Chapter 35

# DEBT SECURITIES

## GUARANTORS AND GUARANTEED ISSUES

35.01 Chapter 37 applies to guaranteed debt issues to professional investors only. In all other cases where listing is sought for debt securities of an issuer guaranteed or secured by another legal person not being its holding company, the guarantor will be required to comply with the Exchange Listing Rules to the same extent as if such guarantor were the issuer of the relevant debt securities. In particular:—

(1) a listing document issued in relation to a guaranteed issue must contain the same information regarding the guarantor as that regarding the issuer, so that, where appropriate, references in paragraphs of Appendix D1C to "issuer" should be read as applying equally to the guarantor; and

(2) a guarantor will be required to comply with Chapter 26 of the Exchange Listing Rules and Appendix E4.

35.02 The relevant guarantee must be issued in conformity with the law of the place where the guarantor is incorporated or otherwise established and in conformity with the guarantor's memorandum and articles of association or equivalent documents and all authorisations needed for its issue under such law or documents must have been duly given.

35.03 The matters to be included or reported on under rules 4.04 to 4.07 must be extended to the guarantor and its subsidiaries as well as the issuer.

# Chapter 36

# DEBT SECURITIES

## OVERSEAS ISSUERS

### Preliminary

36.01 Chapter 37 applies to debt issues to professional investors only by overseas issuers. The Exchange Listing Rules apply to other debt issues by overseas issuers as they do to Hong Kong issuers, subject to the additional requirements, modifications or exceptions set out or referred to in this Chapter.

36.02 Overseas issuers are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the relevant requirements.

### Qualifications for Listing

36.03 The following additional requirements apply:—

(1) the Exchange reserves the right, in its absolute discretion, to refuse a listing of debt securities of an overseas issuer if:—

(a) it believes that it is not in the public interest to list them; or

(b) where the overseas issuer's equity capital does not have a primary listing on the Exchange, it is not satisfied that the overseas issuer is incorporated or otherwise established in a jurisdiction where the standards of shareholder protection are at least equivalent to those provided in Hong Kong; and

*Note: Where the Exchange believes that the jurisdiction in which the overseas issuer is incorporated is unable to provide standards of shareholder protection at least equivalent to those provided in Hong Kong, but that it is possible by means of varying the overseas issuer's constitutive documents and/or imposing any requirements on the overseas issuer in addition to the continuing obligations set out in Chapter 26 and Appendix E4 of the Exchange Listing Rules under rule 36.10 to provide standards of shareholder protection equivalent to those provided in Hong Kong, then the Exchange may approve the listing of securities of the overseas issuer subject to the overseas issuer making such variations to its constitutive documents and/or undertaking to comply with the additional obligations imposed by the Exchange under rule 36.10 as the Exchange may require.*

(2) (a) in the case of registered securities (other than those transferable by endorsement and delivery), provision must be made for a register of holders to be maintained in Hong Kong, or such other place as the Exchange may agree, and for transfers to be registered locally. The Exchange may, however, consider an alternative proposal for registering transfers for Hong Kong holders in exceptional circumstances; and

(b) in the case of bearer securities, provision must be made for the payment of interest and repayment of principal in Hong Kong, or such other place as the Exchange may agree.

**Application Procedures and Requirements**

36.04 Attention is particularly drawn to the requirement in rule 24.10(1) that the proof of the listing document submitted for review must be marked in the margin to indicate where the relevant items from Chapter 25 and/or Appendix D1C have been met. This will expedite the application.

36.05 The following modifications apply:—

(1) in rules 24.13(1)(a) and 24.14(8) the references to "directors" should be read as references to members of the overseas issuer's governing body;

(2) the one signed copy of the listing document lodged with the Exchange pursuant to rule 24.13(1)(a) may be signed by two members of the governing body of the overseas issuer or guarantor, in the case of a guaranteed issue, or by their agents authorised in writing rather than signed by or on behalf of every director or proposed director; and

(3) the declaration to be lodged under rule 24.14(8) may require adjustment by virtue of the laws to which the overseas issuer is subject and may be signed by a director's and secretary's agent, authorised in writing, rather than by a director and the secretary.

Listing Documents

36.06 Attention is particularly drawn to:—

(1) the requirement to include a statement of responsibility (see rule 25.11); and

(2) the fact that the Exchange may require disclosure of such additional or alternative items of information as it considers appropriate in any particular case (see rule 25.10).

36.07 The Exchange may be prepared to permit the omission of information where it considers it appropriate. In considering requests for any such omissions, the Exchange will have regard to:—

(1) whether the overseas issuer has a listing on a regulated, regularly operating, open stock market recognised for this purpose by the Exchange and conducts its business and makes disclosure according to the accepted standards in Hong Kong; and

(2) the nature and extent of the regulatory standards and controls to which the overseas issuer is subject in its country of incorporation or other establishment.

Overseas issuers who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

36.08 The following modifications apply:—

(1) some of the items of information specified in Appendix D1C may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given;

(2) if the overseas issuer does not have a board of directors the statement of responsibility required under paragraph 2 of Appendix D1C must be made by all the members of the overseas issuer's equivalent governing body and the listing document should be modified appropriately;

(3) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 54 of Appendix D1C and where any of such documents are not in the English language, certified English translations thereof must be published on the Exchange's website and the issuer's own website. In particular cases, the Exchange may require additional documents to be published on the Exchange's website and the issuer's own website; and

(4) overseas issuers which are subject to public reporting and filing obligations in their country of incorporation or other establishment (or listing, if different) may be permitted to incorporate in listing documents relevant documents so published. Such documents must be in English, or accompanied by a certified English translation. For example, overseas issuers subject to Securities and Exchange Commission filing requirements in the United States of America may be able to utilise such documents. The Exchange should be consulted in such cases.

**Continuing Obligations**

36.09 [Repealed 31 December 2023]

36.10 The Exchange may impose requirements in addition to those set out in Chapter 26 and in Appendix E4 in a particular case. In particular, if the overseas issuer's equity capital has or is to have a primary listing on the Exchange, the Exchange may impose such additional requirements as it considers necessary to ensure that investors have the same protection as that afforded to them in Hong Kong.

36.11 Attention is particularly drawn to the obligations regarding the circulation and contents of an annual report and accounts which are set out in paragraphs 7 and 9 in Appendix E4 and the accompanying notes on the interpretation and application of those paragraphs and the obligation to ensure simultaneous release of information to other exchanges and to the market in Hong Kong which is set out in paragraph 1(2) in Appendix E4.

**Accountants' Reports**

36.12 Attention is particularly drawn to the requirement for the reporting accountant to be independent both of the overseas issuer and of any other company concerned (see rule 4.03).

36.13 A report will not normally be regarded as acceptable unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong.

36.14 Reports in respect of overseas issuers are required to conform with accounting standards acceptable to the Exchange which will normally be at least International Financial Reporting Standards. The relevant standards will normally be those current in relation to the last financial year reported on and, wherever possible, appropriate adjustments should be made to show profits for all periods in accordance with such standards.

36.15 Where the Exchange allows reports to be drawn up otherwise than in conformity with Hong Kong Financial Reporting Standards or International Financial Reporting Standards, the Exchange may, having regard to the jurisdiction in which the overseas issuer is incorporated or otherwise established, require the report to contain a statement of the financial effect of the material differences (if any) from either of those standards.

36.16 As indicated in rules 4.14 to 4.16, where the figures in the report differ from those in the audited annual accounts, a statement of adjustments must be submitted to the Exchange enabling the figures to be reconciled.

**Listing Fees**

36.17 Details of the initial listing fee, annual listing fee and other charges (if applicable) are set out in the Fees Rules.

**General**

36.18 All documents furnished by an overseas issuer, including accounts, which are in a language other than English must be accompanied by a certified English translation. If the Exchange so requires, an additional translation must be prepared in Hong Kong at the overseas issuer's expense by such person or persons as the Exchange shall specify.

36.19 Information to be supplied by overseas issuers in a listing document or accounts notwithstanding any obligation in the Exchange Listing Rules, the Statutory Rules or any obligation imposed by the laws of Hong Kong shall not be less than that required to be supplied by the overseas issuer in its place of incorporation or other establishment.

# Chapter 37

# DEBT SECURITIES

## DEBT ISSUES TO PROFESSIONAL INVESTORS ONLY



### Introduction

37.01 This Chapter deals with debt issues to Professional Investors only. It sets out the qualifications for listing, application procedures, contents of listing documents and the obligations that apply after listing.

### Listing Approval

37.02 A listing application may be approved by:

(a) a member of the Listing Division to whom the Executive Director – Listing has delegated authority;

(b) the Executive Director – Listing (who may also delegate approval authority within the Listing Division); or

(c) the Listing Committee.

### Applicants' Qualifications for Listing

37.03 An issuer must be a State, Supranational, body corporate (including a State corporation) or trust.

37.04 If an issuer is a body corporate it must be validly incorporated or established in its place of incorporation or establishment. If an issuer is a trust it must be validly established.

37.05 If an issuer is a body corporate or trust it must have net assets of HK$1 billion unless:

(a) it is a Supranational; or

(b) it is a State corporation; or

(c) its shares are listed on the Exchange; or

(d) its shares are listed on another stock exchange; or

(e) it is a special purpose vehicle formed for listing asset backed securities; or

(f) it has recourse to the assets of a real estate investment trust which units are listed on the Exchange in respect of the obligations under the debt securities.

If an issuer has recourse to the assets of a real estate investment trust in respect of the obligations under the debt securities, its fulfilment of the eligibility criterion above may be assessed by reference to the assets of the real estate investment trust.

37.06 If an issuer is a body corporate or trust it must have produced audited accounts for a minimum of two financial years before the listing application made up to a date at most 15 months before the intended date of the listing document unless:

(a) it is a Supranational; or

(b) it is a State corporation; or

(c) its shares are listed on the Exchange; or

(d) it is a special purpose vehicle formed for listing asset backed securities; or

(e) it has recourse to the assets of a real estate investment trust which units are listed on the Exchange in respect of the obligations under the debt securities.

If an issuer has recourse to the assets of a real estate investment trust in respect of the obligations under the debt securities, its fulfilment of the eligibility criterion above may be assessed by reference to the audited accounts of the real estate investment trust.

In cases where the latest audited annual accounts relate to a financial period ended more than 15 months before the intended date of the listing document, the issuer is not eligible for listing unless it has prepared audited interim financial statements in respect of at least the first six months of its financial year ended not more than 15 months before the intended date of the listing document. Such audited interim financial statements must be prepared in accordance with the same accounting standards that the issuer adopted in the preparation of its latest audited annual accounts.

37.07 If an issuer proposes to issue asset-backed securities:

(a) it must be a single purpose undertaking.

(b) it may add further assets to the pool of assets whilst its securities are listed.

(c) it may list further classes of securities backed by separate pools of assets.

37.08 If an issuer does not meet the eligibility criteria above it is eligible for a listing of guaranteed debt securities if:

(a) it is a body corporate that is validly incorporated or established; and

(b) it is wholly owned by a State, a Supranational or by a body corporate that meets the eligibility criteria above; and

(c) its owner guarantees its obligations; and

(d) it and its owner agree to comply with the Listing Rules.

**Securities' Qualifications for Listing**

37.09 The debt securities must be freely transferable with a denomination of at least HK$500,000 (or equivalent in other currencies).

37.09A Except in the case of a tap issue, the debt securities must be of a principal amount of at least HK$100 million (or equivalent in other currencies).

37.10 The debt securities must have been validly authorised.

37.11 If an issuer is a body corporate (including a State corporation) its debt securities:

(a) must comply with the law of the place where it is incorporated or established; and

(b) must comply with its memorandum and articles of association or equivalent documents.

37.12 If an issuer is issuing guaranteed debt securities under rule 37.08:

(a) the guarantee must have been validly authorised;

(b) the guarantee must comply with the guarantor's memorandum and articles of association or equivalent documents, if the guarantor is a body corporate (including a State corporation);

(c) the guarantee must comply with the law of the place where the guarantor is incorporated or established; and

(d) the guarantor must be validly incorporated or established in its place of incorporation or establishment.

**Asset-backed Securities**

37.13 This section sets out additional requirements that apply if debt securities are asset-backed securities.

37.14 If the asset backed securities are backed by equity securities or depositary receipts:

(a) the equity securities or depositary receipts must represent minority interests and must not confer legal or management control of the issuer of the equity securities; and

(b) they must be listed on the Exchange or another stock exchange.

37.15 If asset backed securities are backed by options or conversion rights relating to equity securities then rule 37.18 applies to the securities resulting from the exercise of the option or conversion rights.

37.16 There must be a trustee or appropriate independent party to represent the interests of the holders of the asset-backed securities. It must have a right of access to information relating to the assets.

**Convertible Debt Securities**

37.17 This section sets out additional requirements that apply if debt securities are convertible.

37.18 If debt securities are convertible they must be convertible into:

(a) shares listed or to be listed on the Exchange or another stock exchange; or

(b) depositary receipts listed or to be listed on the Exchange or another stock exchange; or

(c) other assets that the Exchange has agreed in writing are acceptable.

37.19 If debt securities are convertible into shares that have not yet been issued:

(a) the issuance of the shares must have been validly authorised; and

(b) the listing of the shares must have been validly authorised.

37.20 If debt securities are convertible into shares (or into depositary receipts) the terms of the issue must provide for appropriate adjustments to the conversion terms if there is a change in the capital of the issuer of those shares or a change in the capital of the issuer whose shares underlie the depositary receipts.

37.21 The Exchange treats debt securities with non-detachable warrants to subscribe for equity securities or other assets as convertible securities.

**Options, Warrants and Similar Rights**

37.22 This section sets out additional requirements that apply to options, warrants or similar rights.

37.23 The securities underlying the options, warrants or similar rights must be:

(a) debt securities that are listed or to be listed on the Exchange;

(b) debt securities listed or to be listed on another stock exchange; or

(c) other debt security that the Exchange has agreed in writing is acceptable.

37.24 If the underlying debt securities have not yet been issued:

(a) their issuance must have been validly authorised; and

(b) any listing of them must have been validly approved.

37.25 If options, warrants or similar rights are convertible into debt securities, the terms of the issue must provide for appropriate adjustments to the conversion terms if there is a change in those debt securities.

**Listing Document**

37.26 This section sets out the information that an issuer must disclose in its listing document and other requirements relating to the listing document. For debt issuance programmes these requirements apply to the base listing document and the supplementary listing document (including but not limited to the pricing supplement) for each issue under the programme.

37.27 A listing document must contain a disclaimer statement:

> "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."

The disclaimer must be legible and appear on the front cover or inside cover of the listing document.

37.28 A listing document must contain a responsibility statement:

> "This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading."

The Exchange may require appropriate modification to the statement if an issue is guaranteed or issued pursuant to a debt issuance programme. The Exchange may allow others to make the statement but an issuer must seek prior consent for this.

37.29 A listing document must contain the information that the investors an issuer is offering the securities to would customarily expect it to contain. It need not comply with Appendix D1C.

37.30 A listing document must contain any additional information that the Exchange requires.

37.31 A listing document must contain a statement limiting its distribution to Professional Investors only.

37.31A The front cover of a listing document must contain a statement on the intended investor market in Hong Kong (i.e. Professional Investors only) for the debt securities.

37.32 A listing document must be in English or Chinese.

37.33 A listing document may be in printed or electronic form.

**Application Procedures**

37.34 This section sets out the procedures that an issuer must follow to apply for listing of securities or listing of a debt programme. An application involves determining whether an issuer is eligible for listing and whether securities are eligible for listing. The Exchange will use the information that an issuer supplies to make these assessments. The documents an issuer submits must be in English or Chinese or translated into one of these languages.

37.35 An issuer must submit the following:

(a) completed application form. If an issue is guaranteed the guarantor must also complete the application form. This is set out in Form C2 (published in Regulatory Forms).

(b) listing fee as provided in the Fees Rules.

(c) draft listing document.

(d) draft formal notice of listing.

(e) [Repealed 1 November 2020]

(1) [Repealed 1 November 2020]

(2) [Repealed 1 November 2020]

(f) [Repealed 1 November 2020]

(1) [Repealed 1 November 2020]

(2) [Repealed 1 November 2020]

(g) [Repealed 1 November 2020]

(h) [Repealed 1 November 2020]

(i) [Repealed 1 November 2020]

(j) if an issue is convertible into shares listed on an exchange other than the Exchange a copy of the approvals authorising the issue and listing of those shares.

(k) [Repealed 31 December 2023]

(l) [Repealed 31 December 2023]

(m) if an issuer (or a guarantor on which the issuer relies in eligibility assessment pursuant to rule 37.08) is not exempted from rules 37.05 and 37.06, a copy of the audited financial statements of an issuer (or the guarantor on which the issuer relies in eligibility assessment pursuant to rule 37.08) to evidence its fulfilment of rules 37.05 and 37.06.

Where the required financial statements are disclosed in the listing document, it is not necessary to separately submit them to the Exchange.

An issuer may submit drafts of the application form in (a) to enable the Exchange to consider whether an issue and issuer are eligible for listing.

37.35A The issuer must have obtained all necessary internal authorisations approving the making of the listing application, the issue and allotment of all debt securities and the issuing of the listing document. In the case of a guaranteed issue, the guarantor must have obtained all necessary internal authorisations approving the listing application and the issuing of the listing document.

37.36 After the Exchange has considered an application it will issue a Listing Eligibility letter. In this letter it will advise an issuer whether it and its debt securities are eligible for listing. The Exchange will also indicate whether it requires inclusion of additional information in the listing document. The letter is valid for three months from the date of issue. For routine applications the Exchange aims to issue this letter 5 business days after it receives the application.

37.37 An issuer must not issue the listing document in final form until the Exchange has confirmed that the issuer may issue it. A draft may be circulated for the purpose of arranging underwriting, syndication and marketing of the offering to Professional Investors.

37.38 In the period from when the listing document is issued to the date of listing an issuer must advise the Exchange of any material event that it would have disclosed in the listing document if it had been aware of the event before the listing document was finalised.

37.39 An issuer must publish a formal notice before listing. The notice must be in English or Chinese.

37.39A An issuer must also publish on the Exchange's website the listing document (in English or Chinese) on the listing date. For debt issuance programmes this requirement applies to the base listing document and the supplementary listing document (including but not limited to the pricing supplement) for each issue of listed debt securities under the programme.

**Programmes**

37.40 This section sets out the procedures for listing securities under a programme that the Exchange has approved.

37.41 A debt programme that the Exchange has approved is valid for issuing and listing debt securities for one year after the date of the listing document.

37.42 An issuer must submit the pricing supplement for an issue under a programme before 2:00 pm of the business day before listing is required to become effective. It must not issue the pricing supplement until the Exchange has confirmed that the issuer may issue it.

37.43 The Exchange will approve the listing of all securities issued under a valid programme subject to the issuer:

(a) notifying it of the final terms of each issue;

(b) confirming that the securities have been issued; and

(c) paying the appropriate listing fee before listing.

**Continuing Obligations**

37.44 This section sets out the obligations that apply to an issuer if the Exchange agrees to list its securities. If the securities are guaranteed then the guarantor must also comply with the obligations set out in rules 37.45, 37.46, 37.46A, 37.47, 37.47A, 37.47D, 37.47E and 37.53 and accordingly, references in these rules to "issuer" shall be construed accordingly to mean the "guarantor" and references to "issuer's listed debt securities", "its listed debt securities" and "the listed debt securities" shall be construed accordingly to mean the listed debt securities guaranteed by the guarantor. An issuer (and a guarantor, if any) must comply with these obligations:

(a) until the securities expire; or

(b) until they are withdrawn from listing.

37.45 If an issuer is required to announce information then:

(a) it must do so by an announcement under rule 2.07C, except that the announcement may be in English or Chinese only; and

(b) the announcement must include the following disclaimer:

"Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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."

37.46 An issuer must comply with the Listing Rules in force from time to time.

37.46A Where the Exchange makes enquiries concerning unusual movements in the price or trading volume of an issuer's listed debt securities, the possible development of a false market in its listed debt securities, or any other matters, the issuer must respond promptly as follows:

(a) provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which is available to it, so as to inform the market or to clarify the situation; or

(b) if, and only if, the directors of the issuer, having made such enquiry with respect to the issuer as may be reasonable in the circumstances, are not aware of any matter or development that is or may be relevant to the unusual trading movement of its listed debt securities, or information necessary to avoid a false market, or any inside information which needs to be disclosed under the Inside Information Provisions, and if requested by the Exchange, make an announcement containing a statement to that effect.

37.47 An issuer must as soon as reasonably practicable, after consultation with the Exchange, announce any information which:

(a) [Repealed 1 January 2013]

(b) is necessary to avoid a false market in its listed debt securities where in the view of the Exchange there is or there is likely to be a false market in its listed debt securities.

*Note: If an issuer believes that there is likely to be a false market in its listed debt securities, it must contact the Exchange as soon as reasonably practicable.*

(c) [Repealed 1 January 2013]

37.47A The issuer must as soon as reasonably practicable announce any information which may have a material effect on its ability to meet the obligations under the listed debt securities.

37.47B (a) Where an issuer is required to disclose inside information under the Inside Information Provisions, it must also simultaneously announce the information.

(b) An issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosure under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy it to the Exchange.

37.47C An issuer must, as soon as reasonably practicable, apply for a trading halt or a trading suspension where there is:

(a) information under rule 37.47 or rule 37.47A; or

(b) inside information which must be disclosed under the Inside Information Provisions; or

(c) inside information which is the subject matter of an application to the Commission for a waiver but its confidentiality has been lost,

and the information cannot be announced promptly.

37.47D An issuer must, after trading in its listed debt securities has been suspended, publish quarterly announcements of its developments.

37.47E An issuer must as soon as reasonably practicable announce any information which relates to:

(a) a default on its listed debt securities;

(b) the appointment of a receiver or manager either by any court having jurisdiction or any application to any court having jurisdiction for the appointment of a receiver or manager, or equivalent action in the country of incorporation or other establishment, in respect of the business or any part of the business of the issuer or the property of the issuer;

(c) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator, or equivalent action in the country of incorporation or other establishment, against or in respect of the issuer; or

(d) the passing of any resolution by the issuer that it be wound up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment.

37.48 An issuer must announce as soon as possible:

(a) if aggregate redemptions or cancellations exceed 10% and every subsequent 5% interval of an issue; or

(b) any public disclosure made on another stock exchange about its listed debt securities.

37.49 An issuer must notify the Exchange in advance of any proposal to:

(a) replace a trustee for bondholders; or

(b) amend the trust deed or other document securing or constituting the listed debt securities; or

(c) amend the terms of convertible listed debt securities unless that amendment occurs automatically in accordance with their terms.

An issuer must not proceed with any proposed change until the Exchange has advised whether it will impose conditions for the change.

37.50 An issuer must notify the Exchange as soon as possible if:

(a) it has repurchased and cancelled all of an issue of its listed debt securities; or

(b) it has redeemed all of an issue of its listed debt securities prior to the maturity date; or

(c) all of an issue of convertible listed debt securities has been fully converted.

In each case, the issuer must apply to the Exchange for the listed debt securities to be delisted. The Exchange will then formally delist such debt securities.

37.51 An issuer must notify the Exchange as soon as possible if its listed debt securities are listed on another stock exchange.

37.52 An issuer must provide the Exchange with a copy of any circular that is sent to bondholders or to any trustee. If the circular is published on a website and the issuer notifies the Exchange when it is published on that site, it does not have to send it a printed copy.

37.53 If an issuer is a body corporate it must provide the Exchange with its annual accounts and any interim financial statements when they are issued. An issuer is exempt from this requirement if its securities are guaranteed by a body corporate in which case it must provide the guarantor's annual accounts and interim financial statements. If the annual accounts or interim financial statements are published on a website and the issuer notifies the Exchange when they are published on that site it does not have to send it a copy.

**Authorised Representatives**

37.54 An issuer must appoint two authorised representatives to communicate with the Exchange and must notify the Exchange of any change of representative. The representatives do not have to be resident in Hong Kong.

**Other**

37.55 If an issuer or its debt securities does not comply with these requirements the Exchange will not list them unless it agrees to modify these requirements.

37.56 The Exchange may accept or reject a listing application or make listing subject to additional conditions.

37.57 The Exchange may impose additional obligations on an issuer or guarantor. The Exchange will allow an issuer or guarantor to make representations before imposing requirements on it that are not imposed on issuers or guarantors of debt securities generally.

**Definitions**

37.58 In this Chapter the following definitions apply:

| | |
|---|---|
| **"asset-backed securities"** | debt securities backed by financial assets which, at the time of the relevant issues, are evidenced by agreements and intended to produce funds to be applied towards interest payments due on the securities and repayment of principal on maturity, except those debt securities which are directly secured, in whole or in part, on real property or other tangible assets |
| **"bearer securities"** | securities transferable to bearer |
| **"convertible debt securities"** | debt securities convertible into or exchangeable for equity securities or other property and debt securities with non-detachable options, warrants or similar rights to subscribe or purchase equity securities or other property attached |

| | |
|---|---|
| **"debt issuance programmes"** | issues of debt securities where only part of the maximum principal amount or aggregate number of securities under the issue is issued initially and a further tranche or tranches may be issued subsequently |
| **"debt securities"** | debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities |
| **"listed debt securities"** | debt securities that are listed on the Exchange |
| **"Professional Investor"** | (a) For a person in Hong Kong a professional investor as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance (including those prescribed by rules made under section 397 of that Ordinance); or<br><br>(b) For a person outside Hong Kong, a professional investor is a person to whom securities may be sold in accordance with a relevant exemption from public offer regulations in that jurisdiction |
| **"State"** | Includes any agency, authority, central bank, department, government, legislature, minister, ministry, official or public or statutory person of, or of the government of, a state or any regional or local authority thereof |
| **"State corporation"** | any company or other legal person which is directly or indirectly controlled or more than 50 per cent. of whose issued equity share capital (or equivalent) is beneficially owned by, and/or by any one or more agencies of, a State (which does not include any regional or local authority) or all of whose liabilities are guaranteed by a State or which is specified as such from time to time by the Exchange |
| **"stock exchange"** | Any stock exchange that is a member of the World Federation of Exchanges |
| **"Supranational"** | any institution or organisation which is specified as a multilateral agency in Part 4 of Schedule 1 to the Securities and Futures Ordinance as amended from time to time or which is specified as a Supranational from time to time by the Exchange |

# Chapter 38

## LISTING OF HKEC

38.01 This Chapter sets out requirements that must be satisfied for the securities of HKEC to be listed on the Exchange. HKEC is the holding company of the Exchange and a recognized exchange controller within the meaning in Division 4 of Part III of the Securities and Futures Ordinance. The Exchange is a company of which HKEC is the controller within the meaning in Division 4 of Part III of the Securities and Futures Ordinance.

38.02 In the context of the listing of HKEC, and as contemplated by section 74 of the Securities and Futures Ordinance:

(1) the Exchange has included this chapter in the Exchange Listing Rules; and

(2) HKEC and the Exchange have entered into a memorandum of understanding with the Commission.



**Powers and functions of the Commission and the Exchange**

38.03 Without limitation of the Commission's general powers and functions in relation to listing matters, the Commission has the following powers and functions in relation to HKEC's application for listing and status as a listed issuer:

(1) the powers and functions that the Exchange has in relation to an applicant for listing. The Exchange must not exercise powers or perform functions in relation to HKEC's own application, except in the case of any action or decision in respect of which the Commission states in writing that it is satisfied that a conflict of interest will not arise if that action were taken or decision made by the Exchange;

(2) if HKEC's application for listing is approved, the powers and functions that the Exchange has in relation to a listed issuer, except the power to make listing rules. The Exchange must not exercise powers or perform functions that this rule gives to the Commission, except in the case of any action or decision in respect of which the Commission states in writing that it is satisfied that a conflict of interest will not arise if that action were taken or decision made by the Exchange.

38.04 In circumstances where the Commission has stated in writing that a conflict of interest will not arise if an action or decision were to be taken or made by the Exchange, the Exchange shall have, and be entitled to exercise, its normal powers and functions in taking the relevant action or making the relevant decision.

**The SFC (HKEC Listing) Committee, SFC (HKEC Listing) Appeals Committee and SFC (HKEC Listing) Executive**

38.05 The Commission has established a framework for exercising its listing related powers and functions with respect to HKEC. The framework comprises committees established by the Commission pursuant to section 8 of the Securities and Futures Ordinance and persons who will exercise with respect to HKEC applicable powers and functions, in so far as is practicable and applicable, in a like manner to the Listing Committee, Listing Review Committee, Listing Division and the Chief Executive of the Exchange, respectively. The relevant committees and persons are:

(1) the SFC (HKEC Listing) Committee, which shall exercise applicable powers and functions equivalent to those of the Listing Committee;

(2) the SFC (HKEC Listing) Appeals Committee, which shall exercise applicable powers and functions equivalent to those of the Listing Review Committee;

(3) the SFC (HKEC Listing) Executive, comprising the Executive Director in charge of the Corporate Finance Division of the Commission and the members of staff of the Corporate Finance Division of the Commission, which shall exercise applicable powers and functions equivalent to those of the Listing Division;

(4) the Executive Director in charge of the Corporate Finance Division of the Commission, who shall exercise applicable powers and functions equivalent to those of the Executive Director - Listing and the Chief Executive of the Exchange; and

(5) the Secretary to the SFC (HKEC Listing) Committee and/or to the SFC (HKEC Listing) Appeals Committee, who shall exercise applicable powers and functions equivalent to those of the Secretary to the Listing Committee and/or Listing Review Committee.

38.06 The SFC (HKEC Listing) Committee shall consist of not less than 10 members, comprising at least five representatives from the Commission (each being an "SFC representative") and at least five individuals (not being directors or employees of the Commission) with experience of the securities market in Hong Kong appointed by the Commission (each of the latter individuals being a "market representative"). The SFC representatives shall consist of all Executive Directors of the Commission from time to time (except the Chairman of the Commission and the Executive Director in charge of the Corporate Finance Division) and such Senior Directors or Directors of all or any of the divisions of the Commission (except the Chairman's Office and the Corporate Finance Division) as the Commission shall appoint from time to time. The SFC representatives shall not be subject to any fixed term of appointment. The market representatives shall normally hold office for a one-year term and shall be eligible for re-appointment at the end of a term. The quorum necessary for the transaction of any business of the SFC (HKEC Listing) Committee shall be three individuals

including at least one Executive Director of the Commission and one market representative. Not more than five members shall normally attend any meeting of the SFC (HKEC Listing) Committee.

38.07 The SFC (HKEC Listing) Appeals Committee shall consist of the Chairman of the Commission and the non-Executive Directors of the Commission. The quorum necessary for the transaction of any business of the SFC (HKEC Listing) Appeals Committee shall be the Chairman of the Commission and two non-Executive Directors of the Commission or, in the absence of the Chairman of the Commission from Hong Kong or where he has a conflict of interest, three non-Executive Directors of the Commission.

38.08 Each of the SFC (HKEC Listing) Committee and the SFC (HKEC Listing) Appeals Committee may elect any of its members to be chairman and may regulate its own procedures and business subject to any directions given to it by the Commission for this purpose. In so doing, each such committee may have regard to (but shall not be bound by) the practices and procedures of the Listing Committee or Listing Review Committee as set out in Chapters 2A and 2B, as the case may be. The Chief Executive Officer of the Commission shall from time to time appoint a person or persons, who may be an employee or employees of the Commission, to act as Secretary of the SFC (HKEC Listing) Committee and/or SFC (HKEC Listing) Appeals Committee.

**Rights and obligations of HKEC as an applicant for listing and listed issuer**

38.09 HKEC as an applicant for listing has all the rights and obligations that any other applicant for listing has, except that the Commission acts in the place of the Exchange.

38.10 HKEC as a listed issuer has all the rights and obligations that any other listed issuer has, except that the Commission acts in the place of the Exchange.

**Rights and obligations of the Commission**

38.11 The Commission acting in the place of the Exchange has all the rights and obligations in relation to HKEC that the Exchange has in relation to any other applicant for listing or listed issuer.

**Procedures regarding forms, information and documents**

38.12 HKEC must complete any form, application or other document under the Exchange Listing Rules that it gives to the Commission with any necessary adaptation including to reflect that the Commission is acting in the place of the Exchange.

38.13 Where the Exchange Listing Rules require documents or information to be filed with or delivered to the Exchange, such documents or information shall be filed with or delivered to both the Commission and the Exchange in accordance with any procedures issued by them respectively from time to time.

**The Commission's role in relation to other applicants for listing and listed issuers**

38.14 Conflicts of interest may arise between the Exchange and persons whom the Exchange regulates, including applicants for listing and listed issuers. Any person that considers a conflict of interest may exist or may come into existence, or may have existed and may continue or be repeated, between the interests of HKEC, the Exchange or any other company of which HKEC is the controller and the interests of the proper performance of any regulatory function performed by the Exchange should bring the facts of the matter to the attention of the Executive Director in charge of the Corporate Finance Division of the Commission.

**The Commission's powers and functions in the event of a conflict of interest**

38.15 Pursuant to section 74 of the Securities and Futures Ordinance the Commission shall have those powers and functions in relation to conflicts of interests or potential conflicts of interest as are set out in this chapter and in the memorandum of understanding referred to in rule 38.02(2).

38.16 Where, pursuant to section 74 of the Securities and Futures Ordinance and this Chapter, the Commission exercises powers and functions with respect to other applicants for listing or listed issuers in place of the Exchange:

(1) the provisions of rules 38.03, 38.04 and 38.09 to 38.13 shall apply as between the Commission and the Exchange and such applicant or issuer as if references to HKEC were replaced with references to the relevant applicant or issuer;

(2) the Commission shall exercise such powers and functions through and within the framework described in rules 38.05 to 38.08.

# The Stock Exchange of Hong Kong Limited

# Guidance 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

## SUSPENSION AND RESTORATION OF DEALINGS

[Repealed 16 October 1995]

# The Stock Exchange of Hong Kong Limited

# Guidance Note 2

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## THE REQUIREMENT FOR RIGHTS ISSUES AND OPEN OFFERS TO BE FULLY UNDERWRITTEN

[Repealed 16 October 1995]

# The Stock Exchange of Hong Kong Limited

# Guidance Note 3

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## PARTLY-PAID SECURITIES

[Repealed 16 October 1995]

# The Stock Exchange of Hong Kong Limited

# Guidance Note 4

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## THE TRADING RECORD OF THE MANAGEMENT OF A NEW APPLICANT

[Repealed 16 October 1995]

# The Stock Exchange of Hong Kong Limited

# Guidance 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

## VALUATIONS OF PROPERTY SITUATED IN DEVELOPING PROPERTY MARKETS



[Repealed 16 October 1995]

# The Stock Exchange of Hong Kong Limited

# Guidance Note 6

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## COMMENTARY ON ANNUAL RESULTS

[Repealed 16 October 1995]

# The Stock Exchange of Hong Kong Limited

# Guidance Note 7

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued under rule 1.06 of the Exchange Listing Rules

## SUGGESTED RISK ASSESSMENT FOR MINERAL COMPANIES

**Risk Assessment**

Although other jurisdictions do not have a specific risk factor requirement, a listing of significant risk factors provides investors with a summary of significant risks to the company and its properties. A risk factor section is often included in reports filed in jurisdictions without a specific requirement for their inclusion. This can be particularly important for investors looking to invest in the mineral resource sector.

In their technical reports, most consulting firms include risk analysis tables that address common areas of risk along with an assessment of the degree of risk for the particular project. These assessments are necessarily subjective and qualitative. Risk has been classified from minor to major, which can be further clarified as:

- **Major Risk**: the factor poses an immediate danger of a failure, which if uncorrected, will have a material effect (>15% to 20%) on the project cash flow and performance and could potentially lead to project failure.

- **Moderate Risk**: the factor, if uncorrected, could have a significant effect (10% to 15% or 20%) on the project cash flow and performance unless mitigated by some corrective action.

- **Minor Risk**: the factor, if uncorrected, will have little or no effect (<10%) on project cash flow and performance.

  The likelihood of a risk must also be considered. Likelihood within a 7-year time frame can be considered as:

  - Likely: will probably occur
  - Possible: may occur
  - Unlikely: unlikely to occur

The degree or consequence of a risk and its likelihood are combined into an overall risk assessment as presented in Table 1.1.

**Table 1.1**
**Overall Risk Assessment**

| Likelihood of Risk (within 7 years) | Consequence of Risk Minor | Moderate | Major |
|---|---|---|---|
| Likely | Medium | High | High |
| Possible | Low | Medium | High |
| Unlikely | Low | Low | Medium |

Table 1.2 presents an example of a risk assessment for a coal project and shows how the likelihood and consequences of a risk are combined into an overall rating. Note that the detailed items considered are project specific.

**Table 1.2**
**Project Risk Assessment Table Before Mitigation**

| Hazard/Risk Issue | Likelihood | Consequence Rating | Risk |
|---|---|---|---|
| **Geological** | | | |
| Lack of Significant Resource | Unlikely | Minor | Low |
| Loss of Significant Reserve | Possible | Major | High |
| Significant Unexpected Faulting | Likely | Major | High |
| Significant Subsidence | Possible | Moderate | Medium |
| Poor Geological Roof | Likely | Moderate | Medium |
| Unexpected Groundwater Ingress | Possible | Moderate | Medium |
| Unexpected Seam Gas Outburst | Unlikely | Moderate | Low |
| **Mining** | | | |
| Significant Production Shortfalls | Possible | Major | High |
| Production Pumping System Adequacy | Unlikely | Major | Medium |
| Adverse Pre-Mining Stress | Possible | Moderate | Medium |
| Excessive Gas | Possible | Moderate | Medium |
| Spontaneous Combustion | Unlikely | Major | Medium |
| Significant Geological Structures | Likely | Moderate | High |
| Poor Development Roof/Rib Conditions | Possible | Minor | Low |
| Poor Development Floor Conditions | Unlikely | Moderate | Low |
| Poor Production Roof | Unlikely | Major | Medium |
| Excess Surface Subsidence | Possible | Major | High |
| Outbursts | Unlikely | Major | Medium |
| Windblasts | Unlikely | Moderate | Low |

| Hazard/Risk Issue | Likelihood | Consequence Rating | Risk |
|---|---|---|---|
| **Processing/Handling** | | | |
| Lower Yields | Possible | Minor | Low |
| Lower Plant Production Levels | Possible | Moderate | Medium |
| Higher Plant Production Costs | Possible | Moderate | Medium |
| Plant Reliability | Possible | Moderate | Medium |
| Handling System | Unlikely | Moderate | Low |
| **Environmental** | | | |
| Water Discharge Non-Compliance | Possible | Minor | Low |
| Significant Unpredicted Subsidence | Possible | Moderate | Medium |
| Regulatory Consent/Variation Delays | Possible | Minor | Low |
| **Capital and Operating Costs** | | | |
| Project Timing Delays | Possible | Moderate | Medium |
| Mine Management – Plan | Unlikely | Minor | Low |
| Capital Cost Increases – Start-Up | Possible | Moderate | Medium |
| Capital Costs – Ongoing | Unlikely | Minor | Low |
| Operating Costs Underestimated | Possible | Moderate | Medium |
| **Project Implementation** | | | |
| Critical Path Delays | Possible | Moderate | Medium |

There are five high risk areas identified in Table 1.2. While this approach is necessarily subjective and a number of issues are related, the areas with high risk rating may be summarized as follows:

- loss of significant reserve,
- significant production shortfalls,
- significant unexpected faulting,
- significant geological structures, and
- excess surface subsidence.

The areas of high risk, ranked by their importance, should be an important part of technical and valuation reports. Although general areas such as geology, reserve estimation, production, processing, financial issues, social and environmental issues, etc. are common major topics in risk assessments, the specific risks appropriate to each property and each company will differ from property to property and company to company. For a particular property or company, the number and order of risk factors will vary from year to year. In periods of low commodity prices, a risk factor relating to commodity prices will be far more important than during periods when commodity prices are high. Availability of needed equipment (drill rigs, trucks, shovels, etc.) also varies from year to year. The issuer is responsible for ensuring that appropriate risk factor disclosures are made.

# 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

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**1. Definitions**

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

**2. Applications for Listing and listing matters**

All applications for listing must be sent to the Listing Division 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.

**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 and marked for the attention of the Secretary of the Listing Committee.

**4. Contact Information**

References in Chapters 3, 9, 13, 19A, 24 and Appendix E4 of 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.

**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.

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 such 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.

9. This Practice Note takes effect from 13th March 2000.

Hong Kong, 15 February 2002

Revised on 31 March 2004

Revised on 1 April 2015

# The Stock Exchange of Hong Kong Limited

## Practice Note 2

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## WAIVERS OF CERTAIN KEY PROVISIONS OF THE SHARE BUYBACK RULES

[Repealed 31 December 1991]

# The Stock Exchange of Hong Kong Limited

# Practice Note 3

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## THE TRADING RECORD OF THE MANAGEMENT OF A NEW APPLICANT

### 1. Definitions

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

### 2. Introduction

Rule 8.05 sets out the basic conditions which have to be met as a pre-requisite to the listing of equity securities. One of those conditions is that a new applicant must have an adequate trading record under substantially the same management. This Practice Note is intended to give guidance on certain aspects of this condition and is not intended to be a general commentary on rule 8.05 in its entirety.

In all cases the trading record period of a new applicant must enable the Exchange and investors to make an informed assessment of the management's ability to manage the applicant's business and the likely performance of that business in the future. In order to make this assessment the applicant must be able to demonstrate that its main business or businesses, as at the time of listing, have normally been managed by substantially the same persons throughout the period of the qualifying trading record and that such persons are the management of the new applicant.

### 3. Early Consultation

The Exchange encourages potential new applicants which have made acquisitions during the qualifying trading record period, or which intend to make an acquisition prior to obtaining a listing, or where there has been a material change in the management or ownership of the applicant during that trading record period, to contact the Listing Division of the Exchange for confidential advice, before submitting a listing application.

The Exchange hopes that this Practice Note will prevent companies from incurring unnecessary expenditure when it is clear that they will not be able to meet the requirements set out in rule 8.05.

You are reminded that specific guidance on the interpretation of the Exchange Listing Rules cannot be given without full information.

**4. Consideration of an Application by the Exchange**

While a company is free to acquire or dispose of assets at any time, in some cases, it may be difficult for a new applicant to demonstrate that it meets the requirements of rule 8.05 where it has acquired a new business or businesses during the period of the qualifying trading record or where the companies comprising the group to be listed have been recently organised into a group.

In order to determine an applicant's suitability to listing in these circumstances, the Exchange will take into account the following factors:—

(a) whether the new business forms a material part of the new applicant's business at the time of listing. The acquisition of a new business which forms a material part of the new applicant's business at the time of listing may result in the Exchange rejecting the application;

(b) whether the new business is forecast to make a material contribution to the new applicant's profit forecast. A material contribution to forecast profits of a newly acquired business may result in the Exchange rejecting the application;

(c) whether the new business is in a similar line to that of the new applicant's previous business activities and is part of the logical growth trend of the business;

(d) whether the new applicant has retained the management of the new business and whether it can be demonstrated to the Exchange that continuity and synergy of the management necessary is provided;

(e) the period of time which has elapsed since the completion of the acquisition. Management's ability to manage the enlarged business may not be able to be determined until a sufficient period of time has elapsed after completion of the acquisition; and

(f) whether the new group has been formed solely for the purpose of satisfying the listing requirements or to enhance the apparent attractiveness of that group as a new applicant for listing.

The issue of materiality and compliance generally with rule 8.05 will be determined by the Exchange, in its sole discretion, having regard to all the relevant circumstances.

The Exchange emphasises that it retains an absolute discretion to accept or reject an application for listing and that compliance with the relevant conditions may not of itself ensure an applicant's suitability for listing.

**5. Accountants' Report Evidencing the Trading Record**

Rule 8.05 states that a new applicant must normally have an adequate trading record of not less than three years. To assess whether the trading record is acceptable, the Exchange will review the underlying audited accounts of the group companies and expects that the accountants' report on the results of a new applicant (or the consolidated results of a new applicant and its subsidiaries) which evidences the trading record, should not normally contain any modified opinion in respect of the latest two financial periods which relate to a matter of significance to investors.

**6.** This amended Practice Note takes effect from 16th October, 1995.

*Note: The applicant is taken to be a holding company together with all its subsidiaries and associated companies. The applicant must demonstrate that the management of the new applicant, as head of the group, has exercised overall and effective control of the main businesses operated through its subsidiaries throughout the qualifying trading record period.*

Hong Kong, 16th October, 1995

# The Stock Exchange of Hong Kong Limited

# Practice Note 4

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules



## ISSUE OF NEW WARRANTS TO EXISTING WARRANTHOLDERS

### 1. Definitions

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

For the purpose of this Practice Note the intrinsic value of a warrant is defined as the average closing price of the underlying security for the preceding three months prior to the date of the application, less the exercise price.

### 2. General

The Exchange has been concerned that proposals to issue new warrants to existing warrantholders (rather than to shareholders in proportion to their shareholdings) may be unfair to shareholders and to those warrantholders who have disposed of their existing warrants.

### 3. The Existing Requirements

Rule 15.02(2) stipulates that warrants must not expire less than one and not more than five years from the date of issue or grant and must not be convertible into further rights to subscribe securities which expire less than one or more than five years after the date of the issue or grant of the original warrants.

### 4. The Exchange's New Requirements

Where an issuer proposes to issue new warrants to existing warrantholders or to alter the exercise period or the exercise price of existing warrants, the Exchange will not approve the issue of the new warrants or the proposed alteration in the terms of existing warrants, unless the following requirements additional to rule 15.02(2) are met:—

a) the existing warrants must have a positive intrinsic value. The Exchange will not consider any such proposal where the existing warrants do not have a positive intrinsic value;

b) the number of new warrants offered to the holders of the existing warrants must not normally be larger than the number of existing warrants held by them;

c) the warrant proposal must be subject to the approval of shareholders and warrantholders in accordance with the provisions of the issuer's constitutive documents and terms of the relevant warrant instrument respectively, and must be approved at such meetings by special resolution. The Exchange reserves the right to require that any connected person of the issuer who holds more than 10% of the outstanding existing warrants shall abstain from voting on the matter;

d) the relevant circulars to shareholders and warrantholders must both contain details of any dealings by the issuer, and, where relevant, the manager of the issue of new warrants, or any of their respective close associates and any dealings by any core connected persons of the issuer (so far as is known to the issuer or any director of the issuer after making reasonable enquiries) in the existing warrants and the underlying securities to which the warrants relate, during the period commencing three months prior to the announcement of the warrant proposal and ending on the date of the relevant circular. If such disclosure reveals that any such persons have been actually dealing in either the warrants or the underlying securities the Exchange reserves the right not to approve the issue of the new warrants or the proposed alteration in the terms of the existing warrants;

e) the relevant circular to shareholders must contain an opinion by an independent financial adviser acceptable to the Exchange as to whether the proposed issue of new warrants or alteration in the terms of the existing warrants is fair and reasonable so far as the shareholders of the issuer are concerned;

f) the relevant circular to shareholders must contain a statement by the directors that the issuer has obtained a legal opinion from a lawyer of the relevant jurisdiction, that the warrant proposal complies with the relevant provisions of the issuer's constitutive documents and the terms of the existing warrant instrument;

g) the warrant proposal may not be announced unless the issuer can fulfil all of the above conditions, subject only to obtaining the approval of shareholders, warrantholders, and the Listing Committee. Such announcement should be made in accordance with rule 2.07C as soon as possible after the Listing Division have confirmed to the issuer that they are satisfied that the relevant requirements have been met; and

h) any such proposal must be approved by shareholders and warrantholders more than six months prior to the expiry of the existing warrants.

Listed issuers are reminded that they will also have to comply with the usual listing requirements, including but not limited to rules 8.08 and 8.09.

5. This Practice Note takes effect from 14 August 1991.

Hong Kong, 14 August 1991

Revised on 25 June 2007

# 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



### 1. Definitions

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

### 2. The requirements of the Exchange Listing Rules

Paragraphs 45 of Appendix D1A, 38 of Appendix D1B and 49 of Appendix D1C and paragraph 13 of Appendix D2 of the Exchange Listing Rules require issuers to disclose, in certain listing documents and annual and interim reports, details of substantial shareholders' and certain other persons' interests and short positions in the shares and underlying shares of the issuer and directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the issuer and any associated corporation, as recorded (or, in the case of a new listing, to be recorded) in the registers required to be kept under sections 336 and 352 of the Securities and Futures Ordinance ("SFO"), subject to certain stated exceptions or waivers that may be given by the Exchange. Certain circulars to shareholders may also be required to contain such information.

*Note: The Exchange may consider an application for a waiver from strict compliance with Practice Note 5, paragraphs 41(4) and 45 of Appendix D1A and paragraphs 34 and 38 of Appendix D1B, paragraphs 41(4) and 45 of Appendix D1E, and paragraphs 30 and 34 of Appendix D1F (where applicable) for issuers with, or seeking, a secondary listing under Chapter 19C, on conditions that:—*

*(a) the Commission grants a certificate of exemption from strict compliance with Part XV of the SFO;*

*(b) the issuer undertakes to file with the Exchange, as soon as practicable, any declaration of shareholding and securities transactions made to the overseas stock exchange by the directors, executive officers or substantial shareholders under relevant laws; and*

*(c) the following is disclosed in present and future listing documents:*
*(i) in the same manner as required under the SFO, any such interests that were reported to and published by the overseas stock exchange under the relevant law; and*
*(ii) the relationship between its directors, officers, members of committees and their relationship to any controlling shareholder.*

**3. Presentation of interests and short positions required to be disclosed under Part XV of the SFO**

3.1 In order to provide shareholders and investors with more meaningful information, the Exchange requires that any statement showing the "interests" (both long and short positions) of substantial shareholders and certain other persons, directors and chief executives, whose interests are recorded in the registers required to be kept under sections 336 and 352 of the SFO must set out the details of their interests in accordance with this Practice Note. 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 pursuant to Part XV of the SFO.

3.2 Statements disclosing interests and short positions in shares, underlying shares and debentures 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 by substantial shareholders and certain other persons, and directors and chief executives, when giving notice pursuant to sections 324 and 347 of Part XV of the SFO. 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.

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 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 17 of the Exchange Listing Rules, the statements should show such details as are required to be disclosed under rule 17.07(1)(b) of the Exchange 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 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.*

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) The term "substantial shareholder" has the same meaning as defined in Chapter 1 of the Exchange Listing Rules.*

*(2) The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer.*

*(3) 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.*

*(4) For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 17 of the Exchange Listing Rules, the statements should show such details as are required to be disclosed under rule 17.07(1)(b) of the Exchange 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 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.*

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 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.*

(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 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.*

**4. Duplication**

Every statement showing the interests of directors, chief executives or other persons in a listing document or annual or interim report or circular to shareholders must clearly indicate the extent to which there is duplication between the interests of each director, chief executive or such other person.

**5. Guidance**

Issuers who are in any doubt as to the appropriate category in which an interest should be shown are encouraged to consult the Exchange for further guidance.

**6. Effective Date**

6.1 This Practice Note takes effect from 1 April 2003 and, subject to paragraph 6.2 below, replaces Practice Note 5 issued on 22 August 1991.

6.2 In respect of disclosure of interests made referable to a date or a period ending before 1 April 2003, such interests may be disclosed in accordance with Practice Note 5 issued on 22 August 1991.

Hong Kong, 1 April 2003

# The Stock Exchange of Hong Kong Limited

# Practice Note 6

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## CERTAINTY OF OFFER PERIODS

### 1. Definitions

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as provided in the Exchange Listing Rules.

### 2. Introduction

The Exchange is concerned to ensure that all statements contained in a listing document are strictly adhered to by the issuer and such statements must not be misleading or inaccurate in any way. In this regard, the Exchange places particular importance on the details relating to an offer period set out in listing documents issued in support of an offer of securities. The Exchange considers the details of an offer period to be a material term of the listing document which must be able to be relied upon by all investors and which should remain the same for all investors. Furthermore, in order to ensure that all investors are treated fairly and equally, and so that there is no confusion or uncertainty surrounding the offer period, the offer period set out in the listing document should not normally be revised or extended.

### 3. Requirements for Offer Periods

Where details of the offer period are required to be included in a listing document in respect of an issue of equity or debt securities pursuant to the following paragraphs: paragraphs 15(2)(f) of Appendix D1A, 18(1) of Appendix D1B or 17(2) of Appendix D1C, as the case may be, the following shall apply to such details:—

(1) any right to revise or extend the offer period or period during which the subscription list is open, as stipulated in the listing document, or any right to reopen the subscription list must:—

(a) be limited to possible delays caused by a Bad Weather Signal or such similar extraneous factors, as are acceptable to the Exchange; and

(b) be set out in the details included in the listing document; and

(2) subject to any such qualifications acceptable to the Exchange, the closing date of the offer period and the period during which the subscription list is open, as stated in the listing document, may not be revised or extended and may not be subject to any unilateral right on the part of the issuer, the underwriter or any other person to revise or extend such date or period or to reopen the subscription list.

4. This Practice Note takes effect from 27 January 1992.

Hong Kong, 27 January 1992

Revised on 23 September 2024

# The Stock Exchange of Hong Kong Limited

# Practice Note 7

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## LISTING OF DERIVATIVE WARRANTS

[Repealed 1 July 1993]

# The Stock Exchange of Hong Kong Limited

# Practice Note 8

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## EMERGENCY SHARE REGISTRATION ARRANGEMENTS DURING BAD WEATHER SIGNALS

### 1. Definitions

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

In this Practice Note, the following terms, save where the context otherwise requires, have the following meanings:

| | |
|---|---|
| "HKSCC" | means the Hong Kong Securities Clearing Company Limited including, where the context so requires, its agents, nominees, representatives, officers and employees; |
| "Participant" | means a person admitted for the time being by HKSCC as a participant. |

### 2. Introduction

Under the T+2 settlement system, securities trade ex-entitlement for two trading days before the book close date. These two trading days are referred to in this Practice Note as the first ex-date and the second ex-date. Where an issuer decides on a record date without book closure, the record date and the second ex-date will fall on the same day.

This Practice Note sets out the emergency share registration arrangements which will apply when a Bad Weather Signal affects an ex-date or a book-close date. A listed issuer must notify the Exchange and make a further announcement in accordance with rule 2.07C where a change is made to the dividend payment date and/or the end of the book closure period is extended.

*Note: For the purpose of this paragraph 2, references to "trading day" shall have the same meaning as in the Rules of the Exchange.*

**3. The Exchange's Requirements**

(1) As from the date when a security issued by a listed issuer has been designated by the HKSCC as eligible for deposit and settlement in CCASS:

a) an issuer incorporated or otherwise established in Hong Kong, outside Hong Kong or the PRC (other than authorised Collective Investment Schemes) shall forward to each Participant regardless of whether the Participant is a member of the issuer, the corporate communications of the issuer that relate to the relevant eligible security, at the same time as they are despatched to the holders of those securities. Wherever practicable an issuer should provide a Participant with these documents as the Participant requests in advance and undertakes to forward to its bona fide clients who have a beneficial interest in those eligible securities; and

b) an issuer shall include in every listing document issued by it which relates to those eligible securities a statement to the effect that dealings in those securities may be settled through CCASS and that investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

*Note: HKSCC will provide listed issuers with up-to-date lists of Participants.*

**(2) Emergency Share Registration Arrangements During a No. 8 Typhoon Warning Signal or above ("No. 8 signal or above") or "Extreme Conditions"**

*Note: For the purposes of this paragraph 3(2) and the Table set out in Appendix A to this Practice Note only:—*

*(i) references to "normal business hours" in respect of a share registrar means at least 9 am to 4 pm;*

*(ii) [Repealed 23 September 2024]*

*(iii) references to "last time for accepting shares for registration" are subject to the actual operating hours of the share registrar of an issuer; and*

*(iv) where an issuer decides on a record date without book closure, the last day for accepting shares for registration is the record date and accordingly the deferment requirements with respect to the second ex-date apply to the record date.*

In the event of a No. 8 signal or above or "extreme conditions" occurring on the first ex-date, no change will be made in respect of the first ex-date, the last time for accepting shares for registration or the book-close date.

However, a No. 8 signal or above or "extreme conditions" occurring on the second ex-date may affect the ability of the purchaser to effect registration in time. Accordingly, in the event of a No. 8 signal or above or "extreme conditions" occurring on the second ex-date, the following arrangements will apply:

(a) Where the No. 8 signal or above is hoisted or remains hoisted, and/or "extreme conditions" are announced or remain in force, between 9 am and 12 noon and is/are not lowered or cancelled at or before 12 noon:—

i) the second ex-date shall be deferred to the next business day, and the last time for accepting shares for registration shall be deferred to the end of normal business hours on such deferred second ex-date; and

ii) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(b) Where the No. 8 signal or above is hoisted, and/or "extreme conditions" are announced, between 12 noon and 3 pm:—

i) the second ex-date shall be deferred to the next business day, and the last time for accepting shares for registration shall be deferred to the end of normal business hours on such deferred second ex-date; and

ii) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(c) [Repealed 23 September 2024]

(d) Where the No. 8 signal or above is hoisted, and/or "extreme conditions" are announced, between 3 pm and 4 pm but lowered or cancelled at or before 9 am on the next business day:—

i) the second ex-date shall be deferred to such next business day, and the last time for accepting shares for registration shall be deferred to 12 noon on such deferred second ex-date; and

ii) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(e) Where the No. 8 signal or above is hoisted, and/or "extreme conditions" are announced, between 3 pm and 4 pm but lowered or cancelled after 9 am but at or before 12 noon on the next business day:—

i) the second ex-date shall be deferred to such next business day, and the last time for accepting shares for registration shall be deferred to 5 pm on such deferred second ex-date; and

ii) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(f) Where the No. 8 signal or above is hoisted, and/or "extreme conditions" are announced, between 3 pm and 4 pm but not lowered or cancelled until after 12 noon on the next business day:—

i) the second ex-date shall be deferred to the following business day, and the last time for accepting shares for registration shall be deferred to 12 noon on such deferred second ex-date; and

ii) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(g) Where the No. 8 signal or above is lowered and/or "extreme conditions" are cancelled at or before 12 noon, the last time for accepting shares for registration shall be deferred to 5 pm on the same day but no change will automatically be made to the book-close date;

(h) In each of the above cases, listed issuers may alter the stated book-closure period in accordance with any delays made to the book-close date so that the length of book-closure period remains the same;

(i) Listed issuers shall not be required to notify the Exchange or make any announcements with respect to changes made in accordance with sub-paragraphs (a) - (g) above. All investors and practitioners should be aware of these emergency share registration arrangements as any subsequent announcement given of date changes after a typhoon is not likely to assist them. On the other hand, if the deferments referred to above affect the dividend payment date or the end of the book-closure period, a listed issuer must notify the Exchange in writing and publish in accordance with rule 2.07C an announcement of the new dividend payment date and any change in the book-closure period as soon as practicable;

(j) Where any of the events referred to in sub-paragraphs (a) - (g) above occurs on any deferred second ex-date or on a postponed book-close date, the same arrangements will apply mutatis mutandis;

(k) Listed issuers are required to ensure that where a book-close date is automatically altered by virtue of these arrangements any reference to such date in a resolution, listing document, announcement or circular to shareholders will include such altered date.

For clarity, the proposed arrangements have been set out in tabular form and are attached hereto as Appendix A.

**(3) Emergency Share Registration Arrangements During a Black Rainstorm Warning**

*Note: For the purposes of this paragraph 3(3) and the Table set out in Appendix B to this Practice Note only:—*

*(i) references to "normal business hours" in respect of a share registrar means at least 9 am to 4 pm;*

*(ii) [Repealed 23 September 2024]*

*(iii) references to "last time for accepting shares for registration" are subject to the actual operating hours of the share registrar of an issuer; and*

*(iv) where an issuer decides on a record date without book closure, the last day for accepting shares for registration is the record date and accordingly the deferment requirements with respect to the second ex-date apply to the record date.*

In the event of a black rainstorm warning occurring on the first ex-date, no change will be made in respect of the first ex-date, the last time for accepting shares for registration or the book-close date.

However, a black rainstorm warning occurring on the second ex-date may affect the ability of the purchaser to effect registration in time. Accordingly, in the event of a black rainstorm warning occurring on the second ex-date, the following arrangements will apply:—

(a) Where a black rainstorm warning is issued before 9 am and remains in effect at 12 noon:—

  i) the second ex-date shall be deferred to the next business day, and the last time for accepting shares for registration shall be deferred to the end of normal business hours on such deferred second ex-date; and

  ii) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(b) Where a black rainstorm warning issued before 9 am is cancelled at or before 12 noon, the last time for accepting shares for registration shall be deferred to 5 pm on the same day but no change will automatically be made to the book-close date;

(c) Where a black rainstorm warning is issued at or after 9 am, no changes shall be made in respect of the last time for accepting shares for registration or the book-close date as the share registrar will be open to the public as normal;

(d) In any of the above cases (if applicable), listed issuers may alter the stated book-closure period in accordance with any delays made to the book-close date so that the length of book-closure period remains the same;

(e) Listed issuers shall not be required to notify the Exchange or make any announcements with respect to changes made in accordance with sub-paragraphs (a)—(b) above. All investors and practitioners should be aware of these emergency share registration arrangements as any subsequent announcement given of date changes after a black rainstorm warning is not likely to assist them. On the other hand, if the deferments referred to above affect the dividend payment date or the end of the book-closure period, a listed issuer must notify the Exchange in writing and publish in accordance with rule 2.07C an announcement of the new dividend payment date and any change in the book-closure period as soon as practicable;

(f) Where any of the events referred to in sub-paragraphs (a)—(c) above occurs on any deferred second ex-date or on a postponed book-close date, the same arrangements will apply mutatis mutandis;

(g) Listed issuers are required to ensure that where a book-close date is automatically altered by virtue of these arrangements any reference to such date in a resolution, listing document, announcement or circular to shareholders will include such altered date.

For clarity, the proposed arrangements have been set out in tabular form and are attached hereto as Appendix B.

4. This Practice Note takes effect from 17th May, 1994.

Hong Kong, 17 May, 1994

Revised on 8 August, 2000

Revised on 31 March, 2004

Revised on 25 June, 2007

Revised on 1 September, 2008

Revised on 1 January, 2013

Revised on 1 October, 2020

Revised on 23 September, 2024

# APPENDIX A TO PRACTICE NOTE 8
# EMERGENCY SHARE REGISTRATION ARRANGEMENTS DURING A NO. 8 SIGNAL OR ABOVE OR "EXTREME CONDITIONS"

| Event | Issue/cancellation of a typhoon warning signal or "extreme conditions" on the second ex-date | | Second ex-date | Registrar | Book-Close Date | Closed Period for Transfer Books or Register of Members | Announcements Required |
|---|---|---|---|---|---|---|---|
| | Time | Status | | Last Time for Accepting Shares for Registration *(see Note (iii) to paragraph 3(2))* | | | |
| (a) | 9 am - 12 noon | No. 8 signal or above is hoisted or remains hoisted and is not lowered at or before 12 noon; and/or<br>"Extreme conditions" are announced or remain in force and are not cancelled at or before 12 noon | Deferred to the next business day | Deferred to the end of normal business hours on such deferred second ex-date | Automatically postponed to the day following such deferred second ex-date | The book-closure period may be extended in accordance with the delay to the book-close date so that the length of book-closure period remains the same | No announcement required unless:-<br>i) the dividend payment date is also deferred, in which case an announcement of the new payment date must be made by the listed issuer; or<br>ii) the end of the book-closure period is deferred.<br>In both cases the listed issuer must notify the Exchange in writing and publish in accordance with rule 2.07C an announcement of such change as soon as practicable |
| (b) | 12 noon - 3 pm | No. 8 signal or above is hoisted during this period; and/or<br>"Extreme conditions" are announced during this period | | | | | |
| (c) | [Repealed 23 September 2024] | | | | | | |
| (d) | 3 pm - 4 pm | No. 8 signal or above is hoisted but lowered at or before 9 am on the next business day; and/or<br>"Extreme conditions" are announced but cancelled at or before 9 am on the next business day | Deferred to such next business day | Deferred to 12 noon on such deferred second ex-date | Automatically postponed to the day following such deferred second ex-date | The book-closure period may be extended in accordance with the delay to the book-close date so that the length of book-closure period remains the same | No announcement required unless:-<br>i) the dividend payment date is also deferred, in which case an announcement of the new payment date must be made by the listed issuer; or<br>ii) the end of the book-closure period is deferred.<br>In which case the listed issuer must notify the Exchange in writing and publish an announcement of such change in accordance with rule 2.07C as soon as practicable |
| (e) | 3 pm - 4 pm | No. 8 signal or above is hoisted but lowered after 9 am but at or before 12 noon on the next business day; and/or<br>"Extreme conditions" are announced but cancelled after 9 am but at or before 12 noon on the next business day | Deferred to such next business day | Deferred to 5 pm on such deferred second ex-date | Automatically postponed to the day following such deferred second ex-date | | |
| (f) | 3 pm - 4 pm | No. 8 signal or above is hoisted but not lowered until after 12 noon on the next business day; and/or<br>"Extreme conditions" are announced but not cancelled until after 12 noon on the next business day | Deferred to the following business day | Deferred to 12 noon on such deferred second ex-date | Automatically postponed to the day following such deferred second ex-date | | |

| Event | Issue/cancellation of a typhoon warning signal or "extreme conditions" on the second ex-date | | Second ex-date | Registrar | Book-Close Date | Closed Period for Transfer Books or Register of Members | Announcements Required |
|---|---|---|---|---|---|---|---|
| | Time | Status | | Last Time for Accepting Shares for Registration *(see Note (iii) to paragraph 3(2))* | | | |
| (g) | At or before 12 noon | No. 8 signal or above is lowered and/or "extreme conditions" are cancelled | No change | Deferred to 5 pm on the same day | No change | No change | No announcement required |

N.B.: Where any of the above events happens on a deferred second ex-date or on a postponed book-close date, the relevant arrangements set out above will apply mutatis mutandis.

## APPENDIX B TO PRACTICE NOTE 8
## EMERGENCY SHARE REGISTRATION ARRANGEMENTS DURING A BLACK RAINSTORM WARNING

| Event | Issue/cancellation of a black rainstorm warning on the second ex-date | | Second ex-date | Registrar | Book-Close Date | Closed Period for Transfer Books or Register of Members | Announcements Required |
|---|---|---|---|---|---|---|---|
| | Time | Status | | Last Time for Accepting Shares for Registration *(see Note (iii) to paragraph 3(3))* | | | |
| (a) | Before 9 am | A black rainstorm warning is issued and remains in effect at 12 noon | Deferred to the next business day | Deferred to the end of normal business hours on such deferred second ex-date | Automatically postponed to the day following such deferred second ex-date | The book-closure period may be extended in accordance with the delay to the book-close date so that the length of book-closure period remains the same | No announcement required unless:-<br>i) the dividend payment date is also deferred, in which case an announcement of the new payment date must be made by the listed issuer; or<br>ii) the end of the book-closure period is deferred.<br>In both cases the listed issuer must notify the Exchange in writing and publish in accordance with rule 2.07C an announcement of such change as soon as practicable |
| (b) | Before 9 am | A black rainstorm warning is issued before 9 am but cancelled at or prior to 12 noon | No change | Deferred to 5 pm on the same day | No change | No change | No announcement required |
| (c) | At or after 9 am | A black rainstorm warning is issued at or after 9 am | No change | No change | No change | No change | No announcement required |

N.B.: Where any of the above events happens on a deferred second ex-date or on a postponed book-close date, the relevant arrangements set out above will apply mutatis mutandis.

# The Stock Exchange of Hong Kong Limited

# Practice Note 8A

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules



## ARRANGEMENTS FOR NEW APPLICANTS DURING BAD WEATHER SIGNALS

1. This Practice Note sets out the arrangements in relation to dealings with the Exchange regarding a listing document issued in the case of a New Listing that constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and related announcements when a Bad Weather Signal is in force during the period from the registration of a prospectus to the commencement of dealing of shares.

   *Note:*

   *(1) The arrangements set out in this Practice Note shall also apply to dealings with the Exchange regarding prospectuses issued in connection with offers for subscription (as defined in rule 7.02) conducted by listed issuers.*

   *(2) [Repealed 23 September 2024]*

2. New applicants should ensure their prospectuses set out the arrangements in the event of bad weather which may disrupt their listing timetable in order to have greater clarity on the arrangements and to avoid market confusion.

**Issue of certificate for registration of prospectus**

3. On the day of the publication of a prospectus ("P Day"), an electronic copy of the prospectus and application forms will be published on the Exchange's website in accordance with rule 2.07C.

4. [Repealed 23 September 2024]

5. If a Bad Weather Signal is issued before 9:00 a.m. and remains in force at 12:00 noon on the intended date of registration of the prospectus (which is the business day before the P Day) ("P-1 Day"), a new applicant may, at its discretion:

   (a) postpone its P-1 Day to the next business day after the Bad Weather Signal is lowered or cancelled. The new applicant should promptly notify the Exchange if it decides to postpone its P-1 Day under such circumstances. The Exchange will review the relevant documents and issue the registration certificate on that postponed P-1 Day; or

   (b) proceed with the registration of the prospectus on the P-1 Day and submit the relevant documents required under rule 9.11(33) to the Exchange by 11 a.m.

5A. If a Bad Weather Signal is issued before 9 a.m. but is cancelled at or prior to 12:00 noon on the intended P-1 Day, a new applicant should proceed with the registration of the prospectus as soon as practicable after the Bad Weather Signal is cancelled and the Exchange will review the relevant documents on P-1 Day.

6. If the new applicant postpones the registration of a prospectus with the Companies Registry and the actual issue and publication of the prospectus whereby:—

   (a) the time between the actual issue and publication of the prospectus and the opening of the subscription lists becomes less than the minimum period as required under section 44A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "Minimum Period"), the new applicant must revise its listing timetable to ensure compliance with the Minimum Period requirement. The applicant must include such revised timetable in the prospectus; and/or

(b) the prospectus would be published later than the date of the prospectus, the new applicant should prepare a letter to the Companies Registry stating the reason for the delay in publishing, circulating or distributing the prospectus for the purpose of registration with the Companies Registry. The new applicant is not required to amend the date of the prospectus.

7. [Repealed 27 June 2025]

**Opening or closing of the application lists in a public offer**

8. If a Bad Weather Signal is in force at any time between 9:00 a.m. and 12:00 noon on the scheduled date of the opening of the application lists ("A Day"), the application lists will not be opened on A Day but instead be opened between 11:45 a.m. and 12:00 noon on the next business day when no Bad Weather Signal is in force between 9:00 a.m. and 12:00 noon.

9. The new applicant is required to make an announcement on the change of the opening of the application lists as a result of the Bad Weather Signal on A Day, and such announcement is not required to be reviewed by the Exchange.

**Issue of the listing approval letter and publication of the allocation announcement under rule 12.08**

10. The Exchange normally issues the listing approval letter on the business day before listing ("L-1 Day"). The allocation announcement must be published on the Exchange's website after the listing approval letter is issued and no later than 11:00 p.m. on L-1 Day.

11. [Repealed 22 November 2023]

12. [Repealed 22 November 2023]

13. [Repealed 22 November 2023]

**Commencement of dealings in shares**

14. [Repealed 23 September 2024]

15. [Repealed 23 September 2024]

16. This Practice Note takes effect from 1 October 2020.

Hong Kong, 1 October 2020

Revised on 23 September 2024

# The Stock Exchange of Hong Kong Limited

# Practice Note 9

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## DERIVATIVE WARRANTS — ADDITIONAL PRACTICE

[Repealed 1 July 1993]

# 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

[Repealed 1 October 2020]

# The Stock Exchange of Hong Kong Limited

# Practice Note 11

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## TRADING HALT, SUSPENSION AND RESTORATION OF DEALINGS

### 1. Definitions

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

### 2. Requests for trading halt or suspension

Any request for trading halt or suspension of trading should be directed to the Listing Division of the Exchange. It will only be considered when it is received directly from the issuer's authorised representative or some other responsible officer, or from a recognised and authorised merchant bank, financial advisor or sponsor, or a member firm acting in either of those capacities. The Listing Division may request confirmation of the authority of the person requesting the trading halt or suspension. A formal letter supporting the request will be required, although because of time factors, this need not be delivered to the Listing Division when the initial request is made.

Issuers should not delay in contacting the Listing Division where it is felt a trading halt or suspension might be appropriate. However, full reasons supporting a request will be required before the Listing Division, or if necessary the Listing Committee, will give the request consideration.

### 3. Grounds for trading halt

A request for a trading halt will normally only be acceded to where the situation falls within rules 13.10A and/or 14.37.

The Exchange reserves the right to direct a trading halt without a request and will not hesitate to do so, if, in its judgement, this is in the best interest of the market and investors in general. Instances which are likely to give rise to the Exchange directing a trading halt without a request include, but are not limited to, those set out above and the following:

— unexplained unusual movements in the price or trading volume of the issuer's listed securities or where a false market for the trading of the issuer's securities has or may have developed where the issuer's authorised representative cannot immediately be contacted to confirm that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed securities or the development of a false market, or where the issuer delays in issuing an announcement in the form required under rule 13.10 and where applicable, paragraph 28 in Appendix E4;

— uneven dissemination or leakage of inside information in the market giving rise to an unusual movement in the price or trading volume of the issuer's listed securities.

**3A. Grounds for suspension**

A suspension request (other than a trading halt) will normally only be acceded to in the following circumstances:

— where an issuer is subject to an offer, but only where terms have been agreed in principle and require discussion with and agreement by one or more major shareholders. Suspensions will only normally be appropriate where no previous announcement has been made. In other cases, either the details of the offer should be announced, or if this is not yet possible, a 'warning' announcement indicating that the issuer is in discussions which could lead to an offer, should be issued, without recourse to a suspension;

— to maintain an orderly market;

— certain levels of notifiable transaction, such as substantial changes in the nature, control or structure of an issuer, where publication of full details is necessary to permit a realistic valuation to be made of the securities concerned, or the approval of shareholders is required;

— where an issuer is no longer suitable for listing, or becomes a 'cash' company;

— where an issuer is going into receivership or liquidation;

— where an issuer confirms that it will be unable to meet its obligation to disclose periodic financial information in accordance with the Exchange Listing Rules.

**4. Restoration of dealings**

In the interests of a fair and continuous market, the Exchange requires a trading halt or suspension period to be kept as short as is reasonably possible. This means that an issuer must publish an appropriate announcement as soon as possible after the trading halt or suspension arises. Under normal circumstances, the Exchange will restore dealings as

soon as possible following publication of an appropriate announcement, or after specific requirements have been met. Failure by an issuer to make an announcement when required, may, if the Exchange feels it to be appropriate, result in the Exchange issuing its own announcement and a restoration of dealings without an announcement by the issuer.

The Exchange re-emphasises the importance of proper security within an issuer, and the responsibility of the directors to ensure a proper and timely disclosure of all information necessary to investors to establish a fair and realistic valuation of securities traded in the market.

**5. Disclosure of information**

The Exchange is also concerned to ensure issuers' proper and timely disclosure of information. It condemns the practice of allowing information to leak before its announcement to 'test' the market, or to affect the price of the relevant security before details of a proposal are formally announced. It is particularly concerned where inside information is used to gain a personal advantage. It will not hesitate to direct a trading halt or suspend dealings where it considers that improper use is being made of inside information, whether by persons connected with the issuer or otherwise. It may require a detailed explanation from an issuer as to who may have had access to inside information, and why security had not been properly maintained. If it considers the result of its enquiries justifies, it may publish its findings. It places great importance on the responsibility of the directors of an issuer to ensure proper security with regard to inside information, and that information is disclosed in a proper, equitable manner, in the interests of the market as a whole, not to the benefit of a select group or individual.

Where the Exchange believes that an issuer or its advisers have permitted inside information regarding the issue of new securities to leak before its announcement, it will not normally consider an application for the listing of those securities.

**6. The Statutory Rules**

In accordance with the Statutory Rules the Exchange will continue to notify the Commission of trading halts, suspensions and restorations of dealings, and this Practice Note is issued without prejudice to the statutory powers of the Commission in respect of suspensions.

**7.** This Practice Note replaces Guidance Note 1 and takes effect from 16th October, 1995.

Hong Kong, 16th October, 1995

Revised on 31st March, 2004

Revised on 25th June, 2007

Revised on 1st January, 2009

Revised on 1st January, 2013

# The Stock Exchange of Hong Kong Limited

# Practice Note 12

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## VALUATIONS OF PROPERTY SITUATED IN DEVELOPING PROPERTY MARKETS

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**1. Definitions**

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

**2. Introduction**

Chapter 5 of these Rules sets out valuation and other disclosure requirements for property interests for any listing document or circular to shareholders. Rule 5.05 provides that all valuation reports must contain all material details of the basis of valuation which must follow The Hong Kong Institute of Surveyors ("HKIS") Valuation Standards on Properties published from time to time by the HKIS or the International Valuation Standards published from time to time by the International Valuation Standards Council. Rule 5.06 sets out the information a valuation report should normally include. Rule 5.06(9) provides that these reports shall contain other information the Exchange may require. This Practice Note is intended to set out the information to be included in a valuation report under rule 5.06(9) for property situated in a developing property market.

**3. Early consultation**

The Exchange encourages new applicants and listed issuers who have made or intend to make acquisitions of properties in any developing property market to contact the Listing Division of the Exchange for confidential advice as to whether, in the opinion of the Exchange, a valuation for such property is capable of being included, or will require to be included, in a listing document or any circular to shareholders and the information such document or valuation report should contain.

## 4. Professional qualifications of the Independent valuer

4.1 For the purpose of valuing properties in developing property markets, a valuer would normally be regarded as having the appropriate professional qualifications and experience for valuing properties in developing property markets if he is subject to the discipline of The Royal Institution of Chartered Surveyors ("RICS") or the HKIS or professional body of similar standing to the RICS or HKIS and has a minimum of 2 years experience in valuing properties in the relevant location or has relevant experience.

4.2 The professional qualifications of the valuer and his experience in valuing properties within the relevant location (and, where the valuation is made on behalf of a valuation company, his experience with the company) should be disclosed in the valuation report.

## 5. Establishment of title

5.1 A valuation report for any property must state whether the relevant party has vested legal title to the relevant property. The relevant document should also contain a statement of such fact and any material conditions affecting title. Such statement should clearly distinguish which properties (for which valuation reports are included in the document) are vested in the relevant party and which are not. Such statement should also summarise the material information regarding title and other relevant matters contained in any legal opinion, in the case of properties located in the People's Republic of China ("PRC"), referred to in paragraphs 5.2(a), (b), and 5.3 below.

5.2 In the case of a property located in the PRC:

(a) a long-term land use right certificate will be treated as the operative equivalent to the Hong Kong legal concept of vested title to the relevant property. The listing applicant or listed issuer should confirm, with the benefit of a PRC legal opinion from a firm authorised by an appropriate authority in the PRC to advise in relation to listed companies, whether a long-term land use right certificate has been obtained by the relevant party in respect of the relevant property. The Exchange may require production of the land use certificate and may require that it be made available for inspection; or

(b) in respect of a grant of land by a government land administration bureau in the PRC or with respect to a transfer of land use rights where the issue of a land use right certificate is pending, a properly approved land grant or land transfer contract in writing accompanied by a PRC legal opinion (as described in sub-paragraph (a) above) as to the validity of the approval may be acceptable as evidence of a transferee's pending title to the land to be granted or transferred. The Exchange may require production of the approved contract and may require that it be made available for inspection.

5.3 In the case of a property located in the PRC, where the relevant property is held or being acquired for development and where the residual method is used as the primary basis for the valuation, the relevant party should obtain an acceptable PRC legal opinion (as described in paragraph 5.2(a) above) which describes all consents, permits and regulations which need to be obtained or satisfied in respect of the development, or proposed development upon which any valuation is based. Such opinion should confirm whether and to what extent consent has been obtained for the proposed development and all such information should be included in the valuation report and in the relevant document.

## 6. Joint venture interests

6.1 In the case of property held by any joint venture entity or pursuant to some other form of joint arrangement, the legal opinions referred to in paragraphs 5.2 and 5.3 above should include a description of the significant terms of the joint venture arrangement including a description of the equity and profit sharing arrangements of the parties to the agreement. In addition, any opinion should state whether the relevant joint venture company has obtained all necessary licenses to operate in the location where the relevant property is situated. A summary of the content of such opinion should also be disclosed both in any valuation report and in the relevant document.

6.2 Where a new applicant or listed issuer has or is proposing to acquire an interest in a joint venture vehicle situated in the PRC where the relevant property asset is beneficially owned or retained by one of the parties to the joint venture agreement and does not vest in the joint venture entity, and where the listing applicant or listed issuer has or is intending to acquire some right to occupy or to enjoy income or profit therefrom, then the PRC legal opinion described in paragraph 5.2(a) above should also confirm:

(a) the exact nature of the interest in the joint venture vehicle which the listing applicant has or the listed issuer is intending to acquire;

(b) whether the terms of any joint venture agreement provide for the transfer of the legal title to any property to the joint venture vehicle and the status of such transfer;

(c) whether the right the new applicant has or the listed issuer is intending to acquire is capable, as a matter of PRC law, of being granted by the party in whom legal title to the relevant property is vested;

(d) whether and to what extent the right acquired or to be acquired is enforceable in the PRC and whether it will be freely transferable by the listing applicant or the listed issuer to any other third party; and

(e) whether all relevant regulatory approvals have been obtained.

**7. Disclosure of legal opinions to the valuer**

In all cases where a legal opinion is required, such opinion together with copies of any document referred to therein should be made available to the valuer carrying out any valuation in respect of relevant property prior to the completion of the valuation report and the valuer shall explain whether and if so how he has taken account of the content of such opinion in the valuation of the relevant property.

**8. Contents of the Valuation Report**

8.1 Where the relevant property has been valued on an open market basis, but such valuation is not by reference to comparable market transactions, the valuer may be required to discuss and disclose the assumptions underlying the open market valuation method in the context of the developing property market in which the relevant property is situated. Valuers may be asked to justify the assumptions they have made in the valuation report particularly where local market conditions or legal circumstances may differ greatly from those in Hong Kong.

8.2 The valuer in any valuation report must clearly state the nature of the interest which is being valued, taking account of the content of any legal opinion provided to him relating to the relevant property. In particular the valuation report should clearly state whether the valuation is of a vested legal right or of a right to acquire a vested legal right to the relevant property or, for example, only a right to occupy the relevant property for a fixed period or to enjoy rents or other income therefrom.

8.3 Where the property the subject of the valuation report has been valued on an open market basis and by reference to the residual method, the valuation report should:

(a) state this fact;

(b) describe the valuation method used together with a brief description of that method in simple language;

(c) provide a statement showing:—

(i) gross development value of the various components in the proposed development with an explanation of any comparables used and the adjustments made to arrive at the figure for gross development value;

(ii) construction costs based on the report of a properly qualified quantity surveyor as referred to in paragraph 8.4 below;

(iii) all fees charged or to be charged;

(iv) interest charges;

(v) developer's profit; and

(vi) any other component or comparable figure used in the residual method; and

(d) describe the assumed development potential for the relevant property, including relevant plot ratios. Any approval or any indication from any competent authority which differs from the development potential or plot ratios assumed by the valuer should be set out in the valuation report. If no relevant approval has been obtained from a competent authority the valuer should state the source of and the basis of the assumptions used.

8.4 Where the valuation figure is derived through use of the residual method, the new applicant and/or listed issuer should in addition instruct a professionally qualified quantity surveyor acceptable to the Exchange to verify the estimated costs of carrying out the development. The report of the quantity surveyor should be included together with the valuation report.

**9. Income or profit method of valuation**

Where relevant property (or part thereof) has been valued through use of the profit or income method of valuation, the valuation report should in addition state the assumptions upon which this method is based and whether there is any comparable market evidence, for example, in the case of a hotel, of room rates and occupancy levels in the same or similar location to the relevant property.

**10. Notifiable Transactions and Connected Transactions**

Where in any transaction which are subject to Chapters 14 and/or 14A of the Exchange Listing Rules, the relevant party is or intends to contribute capital or to contribute to or become liable for all or part of the cost of development of any property project or development, or to any company or venture involved in any development project, then the Exchange:

(a) may require further disclosure of how such capital contribution or development costs have been derived;

(b) may require an independent valuation report even if such report is not expressly required under Chapter 5 of these Rules; and

(c) may consider taking account of such capital or cost contributions when considering whether the transaction falls within any of the categories of notifiable transactions and connected transactions referred to in Chapters 14 and 14A of the Exchange Listing Rules.

**11. Statement by directors**

Where valuations are required under Chapter 5 of these Rules or under paragraph 10(b) of this Practice Note and where the primary method for valuing a property is the residual method, the Exchange may require the directors of the relevant party to include a statement in a prominent position in the relevant document with respect to the valuation of any property held for investment, development, future development and sale. In that statement the directors or, for a connected transaction, the independent directors, must:—

(a) critically discuss and assess the assumptions made by the valuer as disclosed in the valuation report for the aforesaid categories of property and the material effect that any variation of those assumptions may have on the valuation figure;

(b) critically discuss the effect of any material conditions affecting the status of the legal title to any such property as disclosed in any legal opinion obtained in respect of such property;

(c) describe in the case of property in the process of being developed or held for future development, and where the valuation is based on the expected sale value of the completed development, the exact stage at which any proposed development has reached; and

(d) describe all known relevant local taxes which may be charged in respect of any proposed property development project and explain how such taxes could affect the calculation of developers profit contained in any calculation pursuant to the residual method, and the consequent effect on any valuation figure.

**12. Accountancy Treatment**

In all cases where a valuation report is required the Exchange may also require the directors to describe the accounting treatment to be adopted in respect of any property assets situated in a developing property market.

**13. Warning Statement**

Where the residual method is used, the valuation report should include a general warning statement in the form attached hereto.

**14. Exchange Rates**

Where any figures or calculations rely on exchange rates, the rate used and relevant date should be stated. Where there has been a fluctuation in exchange rates between the date of the valuation and the date of the listing document or circular to shareholders, this fact together with the effect of the fluctuation on the valuation in the valuation report should be set out.

**15. Connected Transactions**

In the case of connected transactions, where the valuer has relied upon information supplied by a connected person this should be clearly stated in the valuation report and the extent to which the valuer has independently verified this information should be set out prominently in the relevant document.

**16. Date and Cost of Original Acquisitions**

Where the property the subject of the valuation has been acquired within five years of the date of valuation, the new applicant or the listed issuer should supply to the valuer for inclusion in his report the relevant date and cost of acquisition and the total costs expended on the property, which should be included alongside the current valuation figure.

**17. Risk Factors**

Where property assets situated in developing property markets represent substantially the whole or a majority of the assets of the new applicant or listed issuer, the warning in paragraph 13 above should, if applicable, also appear in the "Risk Factors" section of the relevant document.

**18.** This Practice Note replaces Guidance Note 5 and takes effect from 16th October, 1995.

Hong Kong, 16th October, 1995

Revised on 31st March, 2004

**Warning Statement**

"The valuation arrived at has not been determined by reference to comparable market transactions which is the most reliable method for valuing property assets and the most common method used for valuing properties in Hong Kong. In contrast, because of the lack of comparable market transactions in the locality in which the subject property is situated this valuation has used the residual method which is generally acknowledged as being a less reliable valuation method. The residual method is essentially a means of valuing land by reference to its development potential by deducting costs and developer's profit from its estimated completed development value. It relies upon a series of assumptions made by the valuer which produce an arithmetical calculation of the expected current sale value as at [date] of a property being developed or held for development or redevelopment. Where the property is located in a relatively under-developed market such as [place] those assumptions are often based on imperfect market evidence. A range of values may be attributable to the property depending upon the assumptions made. While the valuer has exercised its professional judgment in arriving at the value, investors are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report."

# The Stock Exchange of Hong Kong Limited

# Practice Note 13

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## DETERMINATION OF NOTIFIABLE TRANSACTIONS, DILUTION OF INTERESTS IN SUBSIDIARIES & MAJOR SUBSIDIARIES

[Repealed 31 March 2004]

# The Stock Exchange of Hong Kong Limited

# Practice Note 14

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## FURTHER ISSUE OF DERIVATIVE WARRANTS SO AS TO FORM A SINGLE SERIES WITH AN EXISTING ISSUE

[Repealed 1 July 2002]

# 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

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### 1. Definitions

Terms used in the Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

### 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 the changes in the beneficial ownership of the entity's issued shares in the period stated above.*

**3. Principles**

The principles, which apply equally whether the entity to be spun off is to be listed in Hong Kong or overseas, are as follows:

*(a) Newco to satisfy basic listing criteria*

Where the entity ("Newco") to be spun-off by the existing issuer ("Parent") is to be listed on the stock market operated by the Exchange other than GEM, it must satisfy all requirements of the Exchange Listing Rules falling on new listing applicants, including the basic listing criteria contained in Chapter 8 of the Exchange Listing Rules.

*(b) No spin-off within three years of Parent's original listing*

In recognition that the original listing of the Parent will have been approved on the basis of the Parent's portfolio of businesses at the time of listing, and that the expectation of investors at that time would have been that the Parent would continue to develop those businesses, the Listing Committee would not normally consider a spin-off application within three years of the date of listing of the Parent.

*Note: For a listed issuer that has transferred from GEM to the Main Board under Chapter 9A or 9B, its original listing date on GEM shall be regarded for the purpose of (b) as the date of listing of the Parent.*

*(c) The remaining business of the Parent*

The Listing Committee must be satisfied that, after the listing of Newco, the Parent would retain a sufficient level of operations and sufficient assets to support its separate listing status. In particular, it would not be acceptable to the Listing Committee that one business (Newco's) supported two listing statuses (the Parent's and Newco's). In other words, the Parent itself would be required to retain, in addition to its interest in Newco, sufficient assets and operations of its own, excluding its interest in Newco, to satisfy independently the requirements of Chapter 8 of the Exchange Listing Rules.

Where the Parent, excluding its interest in Newco, cannot meet the minimum profit requirement of rule 8.05, the Exchange may grant a waiver to the Parent if the Parent is able to demonstrate that it, excluding its interest in Newco, fails to meet the minimum profit requirement of rule 8.05 due solely to a significant market downturn. The Parent must also demonstrate that the circumstances that led to its inability to meet the minimum profit requirement was temporary and is not likely to continue

or recur in the future or that appropriate measures have been taken by the Parent to negate the impact on its profit of the market downturn (as the case may be). In addition, the Parent, excluding its interest in Newco, must have an aggregate profit attributable to shareholders of not less than HK$80 million in respect of any three out of the five financial years immediately preceding the spin-off application.

*Note: For the purpose of meeting the minimum aggregate profit requirement referred to above, the Parent must satisfy the following criteria:*

*(a) the profit/loss in the three consecutive financial years immediately preceding the spin-off application must in aggregate amount to a net profit of not less than HK$80 million; failing which*

*(b) the profit/loss in any three of the four consecutive financial years immediately preceding the spin-off application must in aggregate amount to a net profit of not less than HK$80 million; failing which*

*(c) the profit/loss of any three of the five consecutive financial years immediately preceding the spin-off application must in aggregate amount to a net profit of not less than HK$80 million.*

*The relevant profit/loss is the profit/loss attributable to shareholders of the Parent after excluding the Parent's interest in Newco, and should exclude any income or loss of the Parent generated by activities outside the ordinary and usual course of its business.*

*In the case of (b) or (c) above, the Parent must demonstrate that the profit/loss of any financial year whose profit/loss is not taken into account in the calculation of the minimum net profit of HK$80 million was affected by the significant market downturn.*

*(d) Principles applied in the consideration of spin-off applications*

In considering an application for listing by way of spin-off, the Listing Committee would apply the following principles:

(i) there should be a clear delineation between the business(es) retained by the Parent and the business(es) of Newco;

(ii) Newco should be able to function independently of the Parent. As well as independence as regards its business and operations, the Listing Committee would expect from Newco:

- independence of directorship and management. While common directors would not be a bar to qualification under this test, the Listing Committee would require to be satisfied that Newco would operate independently and in the interests of its shareholders as a general body, and not in the interests of the Parent only, where the former interests and the latter were actually or potentially in conflict;

- independence of administrative capability. The Listing Committee would expect that all essential administrative functions would be carried out by Newco without requiring the support of the Parent, although the Listing Committee is prepared to be flexible in the sharing of administrative, non-management functions, such as secretarial services; and

- the Listing Committee must be satisfied that ongoing and future connected transactions between the Parent and Newco would be properly transacted under Chapter 14A of the Exchange Listing Rules and/or waivers thereunder and, in particular, that the ongoing relationship would not, in the context of any waivers granted, be unduly artificial or difficult to monitor from the perspective of safeguarding the interests of the respective minority shareholders of the Parent and of Newco.

(iii) there should be clear commercial benefits, both to the Parent and to Newco, in the spin-off which should be elaborated upon in the listing document; and

(iv) there should be no adverse impact on the interests of shareholders of the Parent resulting from the spin-off.

*(e) Shareholder approval of the spin-off*

(1) At present, under the Exchange Listing Rules, as well as where the connected transaction provisions are applicable, shareholder approval will be required where, under rule 14.07, any of the percentage ratios of the transaction is 25% or more.

(2) The Exchange is of the view that the approval of shareholders of the Parent must be sought for the proposal if it falls within (1) above, and that the controlling shareholder and its associates must abstain from voting if the controlling shareholder has a material interest in the proposal.

(3) [Repealed 1 January 2009]

(4) In cases where the spin-off proposal requires approval by shareholders of the Parent, whether or not the controlling shareholder is required to abstain from voting, the Parent must comply with the requirements set out in rules 13.39(6) and (7). The circular to shareholders must contain full details of the spin-off and its effect on the Parent. The independent financial adviser appointed under rule 13.39(6)(b) may not also be the sponsor or co-sponsor or an underwriter of Newco.

(5) In any case where the controlling shareholder votes through the spin-off proposal in the face of significant minority opposition, the Exchange would expect to receive a report from the independent financial adviser as to the discussions at the relevant general meeting.

*(f) Assured entitlement to shares in Newco*

The Listing Committee expects the Parent to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in Newco, either by way of a distribution in specie of existing shares in Newco or by way of preferred application in any offering of existing or new shares in Newco. The percentage of shares in Newco allocated to the assured entitlement tranche would be determined by the directors of the Parent and by its advisers, and all shareholders of the Parent would be treated equally. There would be no bar to the controlling shareholder receiving his proportion of shares under such entitlement. Where Newco is proposed to be listed elsewhere than in Hong Kong, and where shares in Newco under the assured entitlement can only be made available to existing shareholders of the Parent by way of a public offering in Hong Kong, the Listing Committee would consider submissions as to why the assured entitlement requirement would not be for the benefit of the Parent or its shareholders. Further, the minority shareholders of the Parent may by resolution in general meeting resolve to waive the assured entitlement, even where Newco is to be listed in Hong Kong.

*Note: In case where Newco is made subject to this Practice Note by virtue of the Note to paragraph 2, the Parent should use its best endeavours to provide its shareholders an assured entitlement to the shares in Newco. Whether such assured entitlement is available will be taken into account by the Exchange when considering whether to approve the spin-off proposal.*

*(g) Announcement of spin-off*

An issuer must announce its spin-off listing application by the time it lodges the Form A1 (or its equivalent in any overseas jurisdiction). Where an overseas jurisdiction requires a confidential filing, the matter should be discussed with the Listing Division before the filing. Until announcement of the application, strict confidentiality should be maintained and, if there is a leakage of information or a significant, unexplained movement in the price or turnover volume of the Parent's securities, an earlier announcement would be required.

These are general principles intended to assist the market. The Listing Division should be consulted at an early stage of any spin-off proposal for clarification as to the application.

**4.** The Exchange emphasises that it retains an absolute discretion to accept or reject a proposal submitted by issuer to effect the separate listing of assets or businesses wholly or partly within its existing group. The principles in this Practice Note are not exhaustive and the Exchange may impose additional requirements or make a spin-off proposal subject to special conditions whenever it considers it appropriate.

**5. Effective Date**

This Practice Note takes effect from 12th May, 1997.

Hong Kong 8th May, 1997

Revised on 6th September, 2000

Revised on 16th July, 2001

Revised on 31st March, 2004

Revised on 25th June, 2007

Revised on 1st January, 2009

Revised on 1st January, 2013

# The Stock Exchange of Hong Kong Limited

# Practice Note 16

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## EXCLUSION OF PROPERTY VALUATION REPORTS ON PROPERTY UNDER OPERATING LEASE FROM LISTING DOCUMENTS AND CIRCULARS



[Repealed 1 January 2012]

# The Stock Exchange of Hong Kong Limited

# Practice Note 17

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## SUFFICIENCY OF OPERATIONS AND DELISTING PROCEDURES

*(This practice note applies only to suspended listed issuer subject to this note immediately before the effective date of rule 6.01A(1))*



**1. Definitions**

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

**2. Introduction**

2.1 Rule 13.24 requires an issuer to carry out a sufficient level of operations or have tangible assets of sufficient value or intangible assets for which a sufficient potential value can be demonstrated to warrant the continued listing of the issuer's securities on the Exchange.

2.2 Characteristics of issuers which are unable to comply with rule 13.24 include :

– financial difficulties to an extent which seriously impairs an issuer's ability to continue its business or which has led to the suspension of some or all of its operations; and/or

– issuers which have net liabilities as at their balance sheet date i.e. issuers whose liabilities exceed their assets.

2.3 Issuers that are unable to comply with rule 13.24 may be suspended – either at the request of the issuer or at the direction of the Exchange. Resumption of trading in the securities of these issuers will only be permitted where they are able to demonstrate that they comply with rule 13.24. In many cases it will be necessary for there to be some restructuring of these issuers' operations prior to resumption.

2.4 Paragraph 6.04 of the Exchange Listing Rules provides that *"... the continuation of a suspension for a prolonged period without the issuer taking adequate action to obtain restoration of listing may lead to the Exchange cancelling the listing."* Purpose of this Practice Note is to clarify the procedures it will adopt in allowing such issuers to present resumption proposals or, where no such proposals are received, the procedures that will be taken to cancel the listing of an issuer's securities.

**3. Delisting Procedures**

3.1 The Exchange will follow a four-stage procedure as set out below.

- During the initial period of six months following the suspension, the Exchange will monitor developments. The issuer must make periodic announcements of developments under rule 13.24A. At the end of this six month period, the Exchange will determine whether it is appropriate to extend this initial period or to proceed to the second stage.

- The second stage would involve the Exchange in writing to the issuer, drawing attention to its continued failure to meet rule 13.24 and requiring it to submit resumption proposals within the next six months. During this period, the Exchange will continue to monitor developments of the issuer and will require from its directors monthly progress reports. At the end of this period, the Exchange will consider the issuer's proposals and determine whether it is appropriate to proceed to the third stage.

- Where the Exchange determines to proceed to the third stage, it will announce that the issuer does not have sufficient assets or operations for listing, and impose a deadline (generally six months) for submitting resumption proposals. During the third stage, the issuer would again be required to provide monthly progress reports to the Exchange.

- At the end of the third stage, if no resumption proposals have been received, the listing will be cancelled. Both the Exchange and the issuer concerned would announce this.

4. This Practice Note takes effect from 1st February, 1998

Hong Kong 26th January, 1998

Revised on 31st March, 2004

Revised on 1st January, 2013

# The Stock Exchange of Hong Kong Limited

# Practice Note 18

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## INITIAL PUBLIC OFFER OF SECURITIES

### 1. Definitions

Terms used in this Practice Notice which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

### 2. Introduction

2.1 This practice note sets out certain procedures to be adopted in the allocation of shares in initial public offerings.

### 3. Allocation of Shares

3.1 The total number of securities available for public subscription (taking account of any clawback feature in the case of issues which involve both placement and public subscription tranches) are to be divided equally into pools: pool A and pool B. The securities in pool A should be allocated on an equitable basis to applicants who have applied for securities in the value of HK$5 million or less. The securities in pool B should be allocated on an equitable basis to applicants who have applied for securities in the value of more than HK$5 million and up to the value of pool B. Where one of the pools is undersubscribed, the surplus securities should be transferred to satisfy demand in the other pool and be allocated accordingly. No applications should be accepted from investors applying for more than the total number of shares originally allocated to each pool. Multiple applications within either pool or between pools should be rejected.

3.2 At least 40% of the total number of shares offered in the initial public offering (excluding any shares to be issued pursuant to the exercise of any offer size adjustment option and/or over-allotment option) must be allocated to investors in the placing tranche (other than Cornerstone Investors).

## 4. Offers Involving a Subscription Tranche

4.1 Issuers are reminded that in accordance with rule 7.10 of the Exchange Listing Rules, the Exchange may not permit a new applicant to be listed by way of placing if there is likely to be significant public demand for the securities. A key factor the Exchange will consider in reaching such a determination is the size of the offering.

4.2 Where an initial public offering includes both a placing tranche and a public subscription tranche, the prescribed allocation of shares to the subscription tranche must be either:

(a) (i) an initial allocation of 5% of the shares offered in the initial public offering;

(ii) a clawback mechanism that increases the number of shares to 15% when the total demand for shares in the subscription tranche is 15 times but less than 50 times the initial allocation;

(iii) a clawback mechanism that increases the number of shares to 25% when the total demand for shares in the subscription tranche is 50 times but less than 100 times the initial allocation; and

(iv) a clawback mechanism that increases the number of shares to 35% when the total demand for shares in the subscription tranche is 100 times or more the initial allocation; or

(b) a minimum initial allocation of 10% of shares offered in the initial public offering to the public subscription tranche with no clawback mechanism.

Shares may be transferred from the subscription tranche to the placing tranche where there is insufficient demand in the subscription tranche to take up the initial allocation.

4.3 Where the issuer has granted the overall coordinators an over-allotment option this may be divided between the public subscription tranche and placing tranche at the discretion of the overall coordinators. Overall coordinators should restrict the extent of any over-allocation of shares to the limit provided under the over-allotment option.

4.4 Before trading in the shares commences, issuers should disclose the level of indications of interest for shares in the placing tranche. This may be provided in either a numerical form or by way of a qualitative description.

4.5 Investors are free to select whether to apply in the placing tranche or the subscription tranche. Where the placing tranche and subscription tranche are completed simultaneously an investor may submit an application in one of the pools in the subscription tranche and indicate an interest in shares in the placing tranche. An investor may only receive shares in the placing tranche or the subscription tranche. Investors which have not received shares in the subscription tranche may receive shares in the placing tranche.

4.6 Issuers should reject multiple applications within either pool or between pools. Issuers, their directors, sponsors and underwriters are required to take reasonable steps to identify and reject indications of interest in the placing tranche from investors that received shares in the subscription tranche.

**5. Disclosure**

5.1 Sponsors should ensure that details of these procedures are included in prospectuses.

**6. Effective Date**

6.1 This practice note takes effect from 26th June, 1998

Hong Kong 26th June, 1998

Revised on 4 August 2025

# The Stock Exchange of Hong Kong Limited

## Practice Note 19

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## GUIDANCE ON SPECIFIC CIRCUMSTANCES THAT MAY REQUIRE TIMELY PUBLIC DISCLOSURE UNDER THE REQUIREMENTS OF PARAGRAPH 2 OF THE LISTING AGREEMENT

[Repealed 31 March 2004]

# The Stock Exchange of Hong Kong Limited

# Practice Note 20

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

## ALLOCATION OF SECURITIES SUBSCRIBED FOR BY AN ISSUER'S EMPLOYEES IN CONJUNCTION WITH ITS INITIAL SHARE OFFER ("Pink Form Allocation")

### 1. Definitions

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

In this Practice Note, the following term, save where the context requires otherwise, has the following meaning:

"Pink Form" refers to the form used for subscription by employees in conjunction with an issuer's initial share offer.

### 2. General

The Exchange is minded to ensure that securities allotted to an issuer's employees in connection with Pink Form applications are allotted on a fair basis. In this regard, the Exchange will apply the guidelines set out in new Practice Note 20 in assessing the fairness of the basis of Pink Form Allocation. Issuers are notified that the following guidelines are not exhaustive and that the Exchange reserves the right to consider other factors as appropriate in particular circumstances.

**3. Pink Form Allocation Guidelines**

(a) The Issuer shall demonstrate the fairness of the basis of allocation. The basis of allocation shall be fully disclosed in the Prospectus. The factors underlying any subjective basis of allocation adopted by the Issuer shall be set out in the Prospectus to the extent reasonably possible. The Issuer is advised to consult the Exchange in advance in respect of these matters.

(b) The Issuer shall issue written guidance to all employees on the allocation of shares under the Pink Form application detailing the basis of allocation.

(c) The Issuer shall not accept application from employees for shares in excess of the number available under the Pink Forms. All applications in excess of the shares available under the Pink Form shall be rejected. Such information shall also be included as one of the conditions on the Pink Form application.

(d) If a "scale down" ratio formula is used by the Issuer to determine the allotment of shares to employees, such ratio shall be applied in an equitable manner and shall not favour employees applying for a large number of shares.

(e) The Issuer shall include in the announcement of the results of allotment any exception(s) noted in the Pink Form Allocation.

**4. Effective Date**

This practice note takes effect from 15 June, 2000

Hong Kong, 1 June, 2000

# 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



1. This Practice Note should be read together with Chapter 3A of the Exchange Listing Rules and the SFC Sponsor Provisions. Chapter 3A, amongst other things, requires that sponsors conduct reasonable inquiries ("due diligence") to enable the sponsor to discharge its obligations under rule 3A.11. The SFC Sponsor Provisions provide a regulatory basis for defining the expected quality of work as a sponsor.

1A. In undertaking due diligence inquiries a sponsor must have regard to this Practice Note and the SFC Sponsor Provisions. To the extent that any matters under this Practice Note and the SFC Sponsor Provisions overlaps, the more onerous provisions imposing a higher standard of conduct on sponsors will prevail.

2. The sponsor should make such inquiries as may be necessary until the sponsor can reasonably satisfy itself on the disclosure in the listing document. In undertaking its role a sponsor should examine with professional scepticism the accuracy and completeness of statements and representations made, or other information given, to it by the new applicant or its directors. An attitude of professional scepticism means making a critical assessment with a questioning mind and being alert to information, including information from experts, that contradicts or brings into question the reliability of these statements, representations and information.

3. This Practice Note sets out the Exchange's expectations of due diligence sponsors will typically perform. It is not in any way intended to set out the actual steps that may be appropriate in any particular case. Each new applicant is unique and so will be the due diligence steps necessary for the purpose of its listing application. The scope and extent of appropriate due diligence by a sponsor may be different from (and in some cases, considerably more extensive than) the more typical examples in this Practice Note. The sponsor must exercise its judgment as to what investigations or steps are appropriate for a particular new applicant and the extent of each step.

4. The Exchange expects sponsors to document their due diligence planning and significant deviations from their plans. This includes demonstrating that they have turned their minds to the question of what inquiries are necessary and reasonably practicable in the context and circumstances of the case. The Exchange also expects sponsors to document the conclusions they reach on the new applicant's compliance with all the conditions in Chapter 8 of the Exchange Listing Rules taking into account the extent to which compliance with those rules has been waived by the Exchange.

5. It may be appropriate for a sponsor to engage third party professionals to assist it to undertake tasks related to certain due diligence inquiries. For example, assistance in reviewing the circumstances of all current legal proceedings to which the new applicant is a party. In such cases, the Exchange expects the sponsor to satisfy itself that it is reasonable to rely on information or advice provided by the third party professional. That would include, for example:

   a) being satisfied as to the competence of the professional, the scope of work to be undertaken by the professional and the methodology proposed to be used by the professional; and

   b) being satisfied that the third party professional's report or opinion is consistent with the other information known to the sponsor about the new applicant, its business and its business plans.

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 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.

**Interpretation of this Practice Note**

7. Unless otherwise stated, all terms used in this Practice Note have the same meanings as in the Exchange Listing Rules.

8. All references in this Practice Note to the new applicant's listing document include supporting or supplementary documents, for example, correspondence with the Exchange in relation to the new applicant's initial listing application and relied on by the Exchange in assessing that application.

9. All references in this Practice Note to the new applicant include the new applicant's group of companies.

10. Unless otherwise stated, all references in this Practice Note to directors include executive and non-executive directors.

**Due diligence**

11. Typical due diligence inquiries in relation to the collective and individual experience, qualifications, competence and integrity of the directors include:

    a) reviewing written records that demonstrate each director's past performance as a director of the new applicant including participation in board meetings and decision making relating to the management of the new applicant and its business;

    b) assessing individually and collectively the financial literacy, corporate governance experience and competence generally of the directors with a view to determining the extent to which the board of the new applicant as a whole has a depth and breadth of financial literacy and understanding of good corporate governance, having regard to any code on corporate governance practices that the Exchange publishes from time to time; and

    c) reviewing the financial and regulatory track record of each publicly listed company (this includes companies listed on other exchanges as well as on the Exchange) of which any of the new applicant's directors is or was an executive or non-executive director, for example, by reference to company disclosures, media articles and information about those companies on the website of the relevant stock exchange.

12. Typical due diligence inquiries in relation to the new applicant's compliance with the qualifications for listing include:

    a) searching the company registry in the new applicant's place of incorporation to confirm that the new applicant is duly established in that place and that the new applicant is in compliance with its memorandum and articles of association or equivalent constitutive documents;

    b) reviewing material financial information, including:

        (i) financial statements of the new applicant;

        (ii) financial statements of all subsidiaries of the new applicant and other companies that are material to the group's financial statements; and

        (iii) the internal financial records, tax certificates and supporting documents to the tax certificates for the trading record period.

    Such review would in most cases include interviewing the new applicant's accounting staff and internal and external auditors and reporting accountants and, where relevant, obtaining comfort from the new applicant's external auditors or reporting accountants based upon agreed procedures; and

c) assessing the accuracy and completeness of the information submitted by the new applicant to demonstrate that it satisfies the trading record requirement.

13. Typical due diligence inquiries in respect of each new applicant and the preparation of its listing document and supporting information include:

a) assessing the financial information to be published in the listing document including:

(i) obtaining written confirmation from the new applicant and its directors that the financial information (other than that already reported upon by a reporting accountant) has been properly extracted from the relevant underlying accounting records; and

(ii) being satisfied that the confirmation referred to at paragraph (i) has been given after due and careful inquiry by the new applicant and its directors;

b) assessing the new applicant's performance and finances, business plan and any profit forecast or estimate, including an assessment of the reasonableness of budgets, projections and assumptions made when compared with past performance, including historical sales, revenue and investment returns, payment terms with suppliers, costs of financing, long-term liabilities and working capital requirements. This would normally include interviewing the new applicant's senior management and would often involve interviewing the new applicant's major suppliers and customers, creditors and bankers;

c) assessing whether there has been any change since the date of the last audited balance sheet included in the listing document that would require disclosure to ensure the listing document is complete and not misleading;

d) assessing whether it is reasonable to conclude that the proceeds of the issue will be used as proposed by the new applicant, taking into account the outcome of the sponsor's assessment of, in particular, the new applicant's existing cash and liquid reserves, projected liabilities, working capital requirements and expenditure controls;

e) undertaking a physical inspection of material assets, whether owned or leased, including property, plant, equipment, inventory and biological assets (for example, livestock or crops) used or to be used in connection with the new applicant's business;

*Notes:*

*1. By physical inspection the Exchange means the sponsor should visit the site of the asset in order to view the asset and to assess its extent, quality and quantity and the purpose for which it is used.*

2. *Where, in the reasonable opinion of the sponsor, assessment of an asset, including as to its extent, quality, quantity and use, genuinely cannot be achieved without the use of an expert (for example, in undertaking the physical inspection the sponsor becomes suspicious that the asset does not exist as to the extent represented or exists but is not used for the purpose claimed) the sponsor should ensure that the new applicant instructs an appropriately qualified independent expert to conduct all or part of the inspection. In such cases the sponsor should ensure the expert is required to provide a written report in respect of the inspection.*

f) reaching an understanding of the new applicant's production methods;

g) reaching an understanding of the manner in which the new applicant manages its business, including as relevant actual or proposed marketing plans, including distribution channels, pricing policies, after-sales service, maintenance and warranties;

h) reviewing the business aspects of all contracts material to the new applicant's business;

*Note: By business aspects the Exchange means non-legal aspects.*

i) reviewing legal proceedings and other material disputes that are current or recently resolved (for example, resolved in the previous 12 months) and in which the new applicant is involved, and all proceedings or material disputes the new applicant knows to be contemplated and which may involve the new applicant or one of its subsidiaries;

j) analysing the business aspects of economic, political or legal conditions that may materially affect the new applicant's business;

k) considering the industry and target markets in which the new applicant's business has principally operated and is intended to principally operate, including geographical area, market segment and competition within that area and/or segment (including existing and potential principal competitors and their relative size, aggregate market share and profitability);

l) assessing whether there is appropriate documentation in place to confirm that the material assets, whether owned or leased, including property, plant, equipment, inventory and biological assets used or to be used, in connection with the new applicant's business, are appropriately held by the new applicant (for example, reviewing the relevant certificates of title and rights of land use);

m) assessing the existence, validity and business aspects of proprietary interests, intellectual property rights, licensing arrangements and other intangible rights of the new applicant;

n) reaching an understanding of the technical feasibility of each new product, service or technology developed, being developed or proposed to be developed under the new applicant's business plan that may materially affect the new applicant's business; and

o) assessing the stage of development of the new applicant's business and assessing the new applicant's business plan and any forecasts or estimates, including reaching an understanding of the commercial viability of its product(s), service(s) or technology, including an assessment of the risk of obsolescence as well as market controls, regulation and seasonal variation.

14. Typical due diligence inquiries in relation to the expert sections of the listing document include:

a) interviewing the expert, reviewing the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the expert's report, opinion or statement) and reviewing publicly available information about the expert to assess:

(i) the expert's qualifications, experience and resources; and

(ii) whether the expert is competent to undertake the required work;

b) reviewing the expert sections of the draft listing document to form an opinion as to whether the following are disclosed and commented on appropriately:

(i) the factual information on which the expert relies;

(ii) the assumptions on which the expert opinion is based; and

(iii) the scope of work performed by the expert in arriving at his opinion;

c) verifying factual information for the purpose of discharging its obligations under rule 3A.11;

d) where the sponsor is aware that the new applicant has made formal or informal representations to an expert in respect of an expert section or in respect of a report made in connection with the listing application, assessing whether the representations are consistent with the sponsor's knowledge of the new applicant, its business and its business plans;

e) by reference to the sponsor's knowledge of the new applicant, its business and its business plans assessing whether the assumptions disclosed by the expert as those on which the expert's opinion is based, are fair, reasonable and complete;

f) if the expert's opinion is qualified, assessing whether the qualification is adequately disclosed in the listing document; and

g) where the standard of independence is not set by a relevant professional body, obtaining written confirmation from the expert that it is independent from the new applicant and its directors and controlling shareholder(s), and being satisfied that there is no cause to inquire further about the truth of this confirmation. This would include confirming that the expert does not have a direct or indirect material interest in the securities or assets of the new applicant, its core connected persons, or any close associate of the new applicant beyond that allowed by rule 3A.07.

15. Typical due diligence inquiries in relation to the new applicant's accounting and management systems and in relation to the directors' appreciation of their and the new applicant's obligations include:

a) assessing the new applicant's accounting and management systems that are relevant to:

(i) the obligations of the new applicant and its directors under the Exchange Listing Rules and other legal and regulatory requirements, in particular the financial reporting, disclosure of notifiable and connected transaction and inside information requirements; and

(ii) the directors' ability to make a proper assessment of the financial position and prospects of the new applicant and its subsidiaries, both immediately before and after listing.

This assessment should cover the new applicant's compliance manuals, policies and procedures including corporate governance policies and any letters from the reporting accountants to the new applicant commenting on the new applicant's accounting and management systems or other internal controls; and

b) interviewing all directors and senior managers with key responsibilities for ensuring compliance with the Exchange Listing Rules and other legal and regulatory requirements (including the staff responsible for the accounting and financial reporting function, company secretary and any compliance officers) to assess:

(i) their individual and collective experience, qualifications and competence; and

(ii) whether they appear to understand relevant obligations under the Exchange Listing Rules and other relevant legal and regulatory requirements and the new applicant's policies and procedures in respect of those obligations.

16. To the extent that the sponsor finds that the new applicant's procedures or its directors and/or key senior managers are inadequate in any material respect on issues referred to at paragraph 15 above, the sponsor should typically discuss the inadequacies with the new applicant's board of directors and make recommendations to the board regarding appropriate remedial steps. It should also typically ensure that these steps be taken before listing. These steps might include training tailored to the needs of individual directors and senior managers.

# 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, OC ANNOUNCEMENTS AND POST HEARING INFORMATION PACKS (PHIPs)

### Definitions and Interpretation

1. For the purposes of this Practice Note:

| | |
|---|---|
| "institutional or other professional investors" | means the actual or potential investors under the placing tranche of an offer |
| "HKEx-ESS" | means the Exchange's electronic submission system or by whatever name the system is called for submitting Application Proofs, OC Announcements and PHIPs for publication on the Exchange's website |
| "Returned Application" | means any application returned by the Listing Division under rule 9.03(3) or the Commission (as the case may be) where all related review procedures on the decision to return the application have been completed or the time for invoking them has lapsed |

2. Unless the context otherwise requires:

   (a) the reference to a "new applicant" or "applicant" includes a new CIS applicant which is required to publish an Application Proof, an OC Announcement and a PHIP under rules 20.25 and 20.26 of the Exchange Listing Rules (where applicable); and

   (b) the reference to a "sponsor" includes a "listing agent" or a person under whatever description appointed by a new CIS applicant which is required to discharge the functions equivalent to those of a sponsor for the purpose of a listing of interests in a CIS under Chapter 20 of the Exchange Listing Rules.

**Language**

3. Every Application Proof and PHIP for publication must be:

   (a) in English and Chinese; and

   (b) concise, easy to understand and in plain language.

3A. OC Announcements must be in English and Chinese.

**Content of Application Proofs, OC Announcements and PHIPs**

4. For the purpose of publication on the Exchange's website, an Application Proof, an OC Announcement and a PHIP must be prepared on the following principles:

   (a) there must not be any information about the offering, price or means to subscribe for the equity securities or interests (which include equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) of a new applicant until a final listing document is published;

   (b) the OC Announcement shall include the name(s) of a new applicant's overall coordinator(s) (including sponsor-overall coordinator(s)) appointed. In the case of the termination of the engagement of any overall coordinator(s) (including sponsor-overall coordinator(s)), the OC Announcement shall disclose such termination and the name(s) of all remaining overall coordinator(s), if any;

   (c) there must not be any other information regarding the proposed offering or other information that would constitute the Application Proof, OC Announcement or PHIP 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 as amended from time to time; and

   (d) there must be appropriate disclaimer and warning statements to advise readers of the legal status of an Application Proof, an OC Announcement and a PHIP to the effect that:

      (i) it is not an offer to sell or an invitation to induce/solicit an offer to acquire, purchase or subscribe for securities;

      (ii) (for an Application Proof and PHIP) it is not in a final form and is subject to change;

(iii) no investment decision should be based on the information contained in the Application Proof, OC Announcement and PHIP;

(iv) there is no guarantee that there will be an offering; any offer of securities will require a final listing document which is the only document investors should rely on to make investment decisions; and

(v) there is no indication that the application to which the document relates has been approved for listing.

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).

5A. A new applicant must also include adequate warning and disclaimer statements on the Exchange's website and in every Application Proof, OC Announcement 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, OC Announcement and PHIP on the Exchange's website complies with paragraphs 4, 5 and 5A above. Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance and other laws and regulations remains the primary responsibility of every new applicant.

7. To ensure compliance, a new applicant must provide the Exchange with a confirmation from its legal adviser that the new applicant has complied with the Exchange's guidance on redactions in its Application Proof and PHIP and inclusion of appropriate warning and disclaimer statements for publication of any Application Proof, OC Announcement and PHIP.

8. Where a new applicant is concerned that the publication of any Application Proof, OC Announcement and PHIP on the Exchange's website may violate securities laws in other overseas jurisdictions in which an offer of securities is intended to be marketed, it should include sufficient warning statements in the Application Proof, the OC Announcement and the PHIP to make clear that these documents are intended for access by Hong Kong residents only or that the readers need to confirm prior to reading these documents that there are no laws or regulations prohibiting the readers from gaining access (for viewing and downloading) to the Application Proof, OC Announcement and/or PHIP.

**Prescribed Timing for Publishing Application Proofs**

9. A new applicant must submit its Application Proof through HKEx-ESS for publication on the Exchange's website:

   (a) in the case of a new applicant for listing equity securities, on the same day the new applicant files a listing application with the Exchange; or

   (b) in the case of a new CIS applicant required to publish its Application Proof under rule 20.25, on the same day the new CIS applicant files an authorisation application with the Commission.

10. Where an applicant re-submits its listing application or authorisation application, no Application Proof is required to be submitted for publication on the Exchange's website if at the time of the submission of the application the following conditions are satisfied:

   (a) a PHIP or a final listing document has been published on the Exchange's website; and

   (b) the sponsor provides a written confirmation to the Exchange or the Commission (as the case may be) that the PHIP or the final listing document published on the Exchange's website does not need to be updated and remains valid.

11. Where a new Application Proof is submitted for publication on the Exchange's website, no mark-up against the previous proof is required.

**Prescribed Timing for Publishing PHIPs**

12. A new applicant must at the earliest practicable time submit a PHIP through HKEx-ESS for publication on the Exchange's website upon the following taking place:

   (a) in the case of the new applicant for listing of equity securities, receipt of a post hearing letter from the Exchange together with a request to post a PHIP; and in the case of a new CIS applicant required to publish its PHIP under rule 20.26, receipt of a conditional authorisation letter from the Commission together with a request to post a PHIP; and

   (b) the directors of the new applicant concluding that the material comments of the Exchange or the Commission (as the case may be) have been addressed;

provided that where the new applicant intends to offer equity securities or interests in a CIS to the public in Hong Kong, the publication of the PHIP on the Exchange's website must not be later than the first occurrence of:

(i) the time at which the new applicant first distributes any red herring document to institutional or other professional investors;

(ii) the time at which the book-building process commences irrespective of whether the process involves a meeting (whether held physically or by video conference or any other media) between the new applicant and institutional or other professional investors, or whether any red herring document has been distributed; and

(iii) if a new applicant has also scheduled a listing of its securities on an overseas exchange at or around the time as its prospective listing in Hong Kong, simultaneously with any overseas publication of similar information.

13. A new applicant does not need to publish its PHIP:

(a) if it delays its listing plan by informing the Exchange or the Commission (as the case may be) accordingly; or

(b) if the listing is by way of an introduction and the final listing document is to be issued immediately after the obligation to publish a PHIP arises.

14. When a new applicant resumes its listing plan after a delay under paragraph 13(a), it must publish a PHIP as set out in paragraph 12.

**Publication of Subsequent PHIPs**

15. If at any time after the issue of a PHIP, a new applicant circulates to institutional or other professional investors an addendum to its red herring document that will be included in its final listing document or a replacement red herring document, the new applicant must, as soon as practicable, re-submit through HKEx-ESS for publication on the Exchange's website an addendum to the PHIP or a replacement PHIP, as the case may be. The re-submitted PHIP must be marked up against the previous proof and give the same level of detail that the new applicant has made available to institutional or other professional investors.

16. For any other cases, whenever a revised PHIP is submitted to replace an existing PHIP after the latter's publication on the Exchange's website, the replacement PHIP must be marked up against the previous proof to show all changes made.

17. Where a listing application lapsed after the publication of a PHIP and the new applicant re-submits a new Application Proof, any PHIP that immediately follows the re-submitted Application Proof is not required to be marked up against the previously published PHIP.

**Prescribed Timing for Publishing the OC Announcements**

17A. A new applicant must submit an OC Announcement through HKEx-ESS for publication on the Exchange's website on the same date as it files the listing application and publishes the Application Proof (or where applicable, on the same date as it files an authorisation application with the Commission and publishes the Application Proof in accordance with rule 20.25 of the Exchange Listing Rules).

A new applicant must appoint all other overall coordinator(s) no later than 2 weeks following its submission (or re-filing, as the case may be) of the listing application (or where applicable, the authorisation application with the Commission) and publish an OC Announcement informing the investing public of the name of the newly appointed overall coordinator(s) as soon as each appointment is made and in any event no later than the first business day after the date of the appointment.

Where the engagement of an overall coordinator is terminated after the submission (or re-filing, as the case may be) of the listing application (or where applicable, the authorisation application with the Commission), the new applicant shall publish an announcement on the termination (which shall include the name(s) of all remaining overall coordinator(s), if any) as soon as practicable.

**Confidential Filings**

18. A new applicant applying for a secondary listing under rule 19C.05 or Criteria B under rule 19C.05A at the time of filing its listing application is entitled to make a confidential filing of its Application Proof. For a new applicant which has been listed on a Recognised Stock Exchange or is applying for secondary listing under Criteria A under rule 19C.05A, the Exchange will consider a request for confidential filing of an Application Proof on the basis of the issuer's individual circumstances and the merits of the case. A new applicant allowed to make a confidential filing (i) is not subject to the publication requirements for its Application Proof unless it is requested to comply with them by the Exchange or the Commission (as the case may be); and (ii) is not required to publish an OC Announcement at the prescribed timing set out in paragraph 17A above. Instead, such new applicant shall publish an OC Announcement on the same date as it publishes its PHIP. All other requirements under the Exchange Listing Rules apply unless a waiver is granted.

19. The Exchange or the Commission (as the case may be) may waive or modify the publication requirements for an Application Proof and an OC Announcement in a spin-off from an overseas listed parent upon application by a new applicant. A new applicant is encouraged to consult the Exchange or the Commission (as the case may be) if it envisages any difficulties in complying with the publication requirements at least 2 months before the filing of its Application Proof and OC Announcement.

**No pre-vetting of Application Proofs, OC Announcements or PHIPs**

20. Application Proofs, OC Announcements, 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.

**Status Marks and Information on the Exchange's Website**

21. The Exchange will publish the following status marks and information on the Exchange's website to indicate the status of each listing application:

| **Status Mark** | **Status of Listing Application** | **Information on the Exchange's Website** |
|---|---|---|
| "Active" | Any valid listing or authorisation application and includes an application of which the review of a decision to return or reject the application is pending | • The contents of the latest submitted Application Proof, OC Announcement and any PHIPs and statements under rule 9.08(2)(c) submitted thereafter |
| "Inactive" comprising<br>• "Lapsed"<br>• "Withdrawn"<br>• "Rejected" | Any lapsed application<br>Any withdrawn application<br>Any rejected application | • The name of the new applicant<br>• A record of the date and description of the documents previously published<br>Note:<br>The contents of all previously published documents will no longer be accessible but there will be a record of these documents |

| Status Mark | Status of Listing Application | Information on the Exchange's Website |
|---|---|---|
| "Listed" | Any application of which the applicant is subsequently listed on the Exchange | • The contents of the latest submitted Application Proof, OC Announcement and any PHIPs and statements under rule 9.08(2)(c) submitted thereafter<br><br>Note:<br><br>The contents of all previously published documents which have been categorised as "Inactive" will no longer be accessible, but there will be a record of these documents |
| "Returned" | Any Returned Application | • The name of the new applicant<br><br>• The name of the sponsor or listing agent<br><br>• The date of the Exchange's or the Commission's return decision<br><br>Note:<br><br>All other information previously categorised as "Active" will be removed |

22. The status marks are subject to change from time to time as the Exchange considers appropriate.

# A. Shareholder Protection and Constitutional Documents

## Appendix A1

### Core Shareholder Protection Standards

An 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 this appendix. For this purpose, the Exchange may require the issuer to amend its constitutional documents to provide them. An issuer must further monitor its on-going compliance with these standards and notify the Exchange if it becomes unable to comply with any of these after listing. This appendix does not apply to an issuer which has only debt securities listed.

1. [Repealed 1 January 2022]

2. [Repealed 1 January 2022]

3. [Repealed 1 January 2022]

**As regards Directors**

4. [Repealed 1 January 2022]

(2) That any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment, and shall then be eligible for re-election.

*Note: In respect of Grandfathered Greater China Issuers and Non-Greater China Issuers that are permitted to have a WVR structure that does not comply with Chapter 8A of these Exchange Listing Rules, the Exchange will consider the applicability of this requirement on a case-by-case basis based on the circumstances of each individual case.*

(3) That, where not otherwise provided by law, members in general meeting shall have the power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his term of office.

*Note: In respect of Grandfathered Greater China Issuers and Non-Greater China Issuers that are permitted to have a WVR structure that does not comply with Chapter 8A of these Exchange Listing Rules, the Exchange will consider the applicability of this requirement on a case-by-case basis based on the circumstances of each individual case.*

(4) [Repealed 1 January 2022]

(5) [Repealed 1 January 2022]

5. [Repealed 1 January 2022]

6. [Repealed 1 January 2022]

7. [Repealed 1 January 2022]

8. [Repealed 1 January 2022]

9. [Repealed 1 January 2022]

10. [Repealed 1 January 2022]

11. [Repealed 1 January 2022]

12. [Repealed 1 January 2022]

13. [Repealed 1 January 2022]

**As regards Proceedings at General Meetings**

14. (1) That an issuer must hold a general meeting for each financial year as its annual general meeting.

*Note: Generally, an issuer must hold its annual general meeting within six months after the end of its financial year.*

(2) That an issuer must give its members reasonable written notice of its general meetings.

*Note: "Reasonable written notice" normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings. This is unless it can be demonstrated that reasonable written notice can be given in less time.*

(3) That members must have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a member is required, by these Exchange Listing Rules, to abstain from voting to approve the matter under consideration.

*Notes:*

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

*2. If an issuer is subject to a foreign law or regulation that prevents the restriction of a member's right to speak and/or vote at general meetings, the issuer can enter into an undertaking with the Exchange to put in place measures that achieve the same outcome as the restriction under this paragraph (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).*

(4) That, where any shareholder is, under these Exchange Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(5) That members holding a minority stake in the total number of issued shares (excluding treasury 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 *(Note)*, on a one vote per share basis, in the share capital (excluding treasury shares) of the issuer.

*Note: Voting rights attaching to treasury shares are excluded.*

(6) That an issuer must ensure that its constitutional documents enable the holding of general meetings:

(a) which members can attend virtually with the use of technology; and

(b) where members can cast votes by electronic means.

*Notes:*

*1. An issuer must ensure that all members' rights to speak and vote will be maintained in general meetings attended virtually (as referred to in this paragraph 14(6)(a)) as required under paragraph 14(3) above.*

*2. As a transitional arrangement, issuers will have until their next annual general meeting following 1 July 2025 to make necessary changes to their constitutional documents to conform with this core shareholder protection standard.*

**As regards Variation of Rights**

15. That a super-majority vote of the issuer's members of the class to which the rights are attached shall be required to approve a change to those rights.

*Notes:*

*1. A "super-majority vote" means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued shares (excluding treasury shares) of the class. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.*

*2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the voting rights of the members who are present at the classified members' meeting and have voting rights to amend class rights as satisfying the threshold of a "super-majority".*

*3. Voting rights attaching to treasury shares are excluded.*

**As regards Amendment of Constitutional Documents**

16. That a super-majority vote of the issuer's members in a general meeting shall be required to approve changes to an issuer's constitutional documents, however framed.

*Notes:*

*1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.*

*2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a "super-majority".*

*3. Voting rights attaching to treasury shares are excluded.*

**As regards Appointment, Removal and Remuneration of Auditors**

17. That the appointment, removal and remuneration of auditors must be approved by a majority of the issuer's members or other body that is independent of the board of directors.

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

**As regards Proxies and Corporate Representatives**

18. That every member shall be entitled to appoint a proxy who needs not necessarily be a member of the issuer and that every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer.

**As regards HKSCC's Right to Appoint Proxies or Corporate Representatives**

19. That HKSCC must be entitled to appoint proxies or corporate representatives to attend the issuer's general meetings and creditors meetings and those proxies or corporate representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote.

*Note: Where the laws of an overseas jurisdiction prohibit HKSCC from appointing proxies or corporate representatives enjoying the rights described by this paragraph, the issuer must make the necessary arrangements with HKSCC to ensure that Hong Kong investors holding shares through HKSCC enjoy the right to vote, attend (personally or by proxy) and speak at general meetings.*

**As regards Inspection of Branch Register**

20. That the branch register of members in Hong Kong shall be open for inspection by members but the issuer may be permitted to close the register on terms equivalent to section 632 of the Companies Ordinance.

**As regards Voluntary Winding Up**

21. A super-majority vote of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer.

*Notes:*

*1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.*

*2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a "super-majority".*

*3. Voting rights attaching to treasury shares are excluded.*

# Appendix A2

## Trust Deeds or Other Documents Securing or Constituting Debt Securities

This appendix does not apply to debt issues to professional investors only. If there is a trustee:—

(i) one of the trustees or the sole trustee must be a trust corporation which must have no interest in or relationship to the issuer which might conflict with the position of trustee; and

(ii) in the event of the office of trustee becoming vacant, a new trustee must be approved by an extraordinary resolution of the holders of the relevant class of debt securities unless such holders have a general power to remove any trustee and appoint another trustee in his place.

Trust deeds or other corresponding documents must contain provisions to the following effect:—

**As regards Redemption**

1. (1) That where power is reserved to purchase a debt security:—

(a) purchases not made through the market or by tender shall be limited to a maximum price; and

(b) if purchases are by tender, tenders shall be available to all holders of the debt securities alike.

(2) That where the outstanding amount of a debt security subject to redemption by drawings is not less than HK$2,000,000 the lots into which the issue is to be divided for the purpose of a drawing may, if required, be of not more than HK$1,000 but otherwise must be of not more than HK$100.

(3) That where a debt security is repayable on a particular date the year of redemption must be indicated by inclusion in the title of the debt security; that where a debt security may be repaid within a fixed period that period must be indicated in the title by the inclusion of the first and last years of the period; and that where a debt security will be irredeemable that debt security must be described as such.

**As regards Conversion Rights**

2. (1) That during the existence of conversion rights:—

(a) unless provision is made for appropriate adjustment of the conversion rights, the issuer must be precluded from effecting any reduction of capital involving repayment of capital or reduction of uncalled liability;

(b) the creation of a new class of equity share capital shall be prohibited or restricted within specified limits referred to in the terms of issue;

(c) unless provision is made for appropriate adjustment of the conversion, the Company must be precluded from effecting any capitalisation of profits or reserves save in respect of shares issued in lieu of dividends;

(d) the granting of conversion rights into or of options to subscribe for equity capital shall be prohibited or restricted within specified limits;

(e) if the issuer makes or gives to its shareholders any offer or right in relation to securities of the issuer or any other issuer (other than in relation to shares, issued in lieu of dividend) then the Issuer must at the same time make or give to the holders of the convertible debt securities the like offer or right on the appropriate basis having regard to their conversion rights;

(f) in the event of voluntary liquidation (except for the purpose of reconstruction or amalgamation on terms previously approved by the trustees or by an extraordinary resolution of the holders) the holders of the convertible debt securities must, for a limited period, have rights equivalent to conversion;

(g) the issuer shall maintain at all time sufficient unissued capital to cover all outstanding conversion rights;

(h) where provision is made enabling the issuer at its option to repay or convert the debt security if a specified proportion of the debt security has been converted, such right shall apply to the whole of the debt security outstanding and shall only be exercisable if notice of intention of such exercise is given within one month after the expiry of those conversion rights which were at the holders' option;

(i) all necessary allotments of shares consequent upon a conversion must be effected not later than 14 days after the last date for lodging notices of conversion; and

(j) the following must be prohibited or restricted in the terms of issue (unless sanctioned by an extraordinary resolution passed at a separate class meeting of the holders of the securities):

(i) any purchase by the company of its own shares; and

(ii) the creation or issue of any new class of equity share capital;

(2) That holders of the debt security must be given not less than four nor more than six weeks' notice in writing prior to the end of each conversion period reminding them of the conversion right then arising or current and stating the relative basis of conversion (after taking into account any required adjustments).

(3) That the designation of any convertible debt security must include the word "convertible" until the expiration of conversion rights, whereupon that word must cease to form part of the designation.

**As regards Meetings and Voting Rights**

3. (1) That not less than twenty-one days' notice must be given of a meeting for the purpose of passing an extraordinary resolution.

(2) That a meeting of holders of the debt securities must be called on a requisition in writing signed by holders of at least one-tenth of the nominal amount of the debt securities for the time being outstanding.

(3) That the quorum for a meeting (other than an adjourned meeting) for the purpose of passing an extraordinary resolution shall be the holders of a clear majority of the outstanding principal amount of the debt securities.

(4) That the necessary majority for passing an extraordinary resolution shall be not less than three-fourths of the persons voting thereat on a show of hands and if a poll is demanded then not less than three quarters of the votes given on such a poll.

(5) That on a poll, each holder of debt securities must be entitled to at least one vote in respect of each of those amounts held by him which represents the lowest denomination in which such debt securities can be transferred.

(6) That a proxy need not be a holder of the debt securities.

**As regards Transfer**

4. That transfers and other documents relating to or affecting the title to any debt securities shall be registered and where any fee or fees is/are charged, such fee or fees shall not exceed the maximum fees prescribed by the Exchange from time to time in the Exchange Listing Rules.

**As regards Definitive Certificates**

5. (1) That the fee for a new certificate issued to replace one that has been worn out, lost or destroyed shall not exceed the maximum fee prescribed by the Exchange from time to time in the Exchange Listing Rules and that where a holder of securities other than bearer securities has sold part of his holding, he must be entitled to a certificate for the balance without charge.

(2) That on any partial repayment of the amount due on the debt security, unless a new document is issued, a note of such payment shall be enfaced (not endorsed) on the document.

**As regards Security**

6. (1) Debt securities which constitute an unsecured liability must be designated as "Unsecured".

(2) That the designation in a trust deed of debt securities must not include the word "Mortgage" unless they are fully secured by a specific mortgage or charge.

**As regards unclaimed interest**

7. Where power is taken in the trust deed to forfeit unclaimed interest, that power must not be exercisable until six years or more after the due date of payment of the interest to be forfeited.

**Register**

8. The closing of the register must be discretionary.

**Amendments**

9. A circular to holders of debt securities in connection with proposed amendments to a trust deed must:

(a) include an explanation of the effect of the proposed amendments;

(b) include either the full terms of the proposed amendments, or a statement that they will be:

(i) published on the Exchange's website and the issuer's own website from the date of the despatch of the circular until the close of the relevant meeting of holders of the debt securities; and

(ii) made available for inspection at the place of the meeting of holders of the debt securities for at least 15 minutes prior to and during the meeting; and

(c) comply with other applicable requirements.

# B. Documents of Title

# Appendix B1

## Documents of Title



### Temporary Documents of Title

### Equity Securities

1. (1) The document of title, if renounceable, must show as a heading, the date the offer expires, that the document is of value and negotiable and that in all cases of doubt, or if prior to receipt the addressee has sold (other than ex rights or ex capitalisation) all or part of his registered holding of the existing securities, a stockbroker, bank manager, solicitor or other professional adviser should be consulted immediately.

(2) In the case of a rights issue which is underwritten and the underwriter is entitled to terminate that underwriting upon the occurrence of any events of force majeure after dealings in the rights in nil-paid form have commenced, then the temporary documents of title must contain full disclosure of that fact. Such disclosure must:—

(a) appear on the front of the temporary documents of title and in a prominent position in the body of the documents;

(b) include a summary of the force majeure clause(s) and explain when its provisions cease to be exercisable;

(c) state that there are consequential risks in dealing in such rights; and

(d) be in a form approved by the Exchange.

2. Temporary documents of title must be serially numbered and printed on good quality paper. The name and address of the first holder and names of joint holders (if any) must be stated and, in the case of fixed income securities, a statement as to the amount of the next payment of dividend must be included.

3. The documents of title must state the pro rata entitlement, the last date on which transfers were or will be accepted for registration for participation in the issue, how the securities rank for dividend or interest, whether the securities rank pari passu with any listed securities, the nature of the document of title and its proposed date of issue and how fractions (if any) are to be treated. In the case of a rights issue, the documents of title must state how

securities not taken up will be dealt with and the time, being not less than 10 business days, in which the offer may be accepted. In cases where the issuer has a large number of overseas members a longer offer period may be desirable, provided that the Exchange must be consulted if the issuer proposes an offer period of over 15 business days.

4. Where the right of renunciation is given on temporary documents of title:—

(1) the instructions for registration, renunciation and splitting and the form of renunciation must be printed in the body of, or attached to, the document;

(2) there must be provision for splitting (without fee) and split documents must be certified by an official of the issuer or authorised agent. There must not be more than five clear business days between the last day for splitting and the last day for renunciation; and

(3) when, at the same time as an allotment is made of securities issued for cash, securities of the same class are also allotted, credited as fully-paid, to vendors or others, the period for renunciation may be the same as, but not longer than, that provided for in the case of securities issued for cash.

5. Letters of regret should preferably be issued simultaneously with, but in any event not later than three business days after, the issue of letters of allotment or letters of rights. Where it is impossible to issue letters of regret at the same time as the allotment letters or letters of rights, an announcement to that effect must be published in accordance with rule 2.07C 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 morning after the allotment letters or letters of rights have been posted.

6. In the absence of contrary instructions from the holder concerned, all letters of allotment and letters of rights to holders of securities with addresses outside Hong Kong must, if they are sent in hard copy under the Rules, be despatched by airmail.

**Debt Securities**

7. The Exchange does not require temporary documents of title to conform to any particular standard. If, however, such a document is to be used, matters such as the exchange for definitive documents of title must be adequately dealt with as well as the payment of any interest pending its exchange for a definitive document of title.

# Appendix B2

## Documents of Title

### Definitive Documents of Title

### Registered equity securities



1. The overall size of the certificate should if possible be no larger than 25 centimetres by 22 centimetres (9 3/4 inches by 8 1/2 inches approximately).

2. The paper for securities must be security paper containing a watermark in a form approved by the Federation of Share Registrars. The watermark should be repeated at staggered intervals of not more than 20 centimetres (8 inches approximately).

3. The following matters must appear on the face of the certificate:—

   (1) the authority under which the issuer is constituted;

   (2) preferably at the top right-hand corner, the number of securities or amount of stock the certificate represents and if applicable the number and denomination of units;

   (3) a footnote stating that no transfer of the securities represented by the certificate can be registered without production of the certificate; and

   (4) if applicable, the minimum amount and multiples thereof in which the security is transferable.

4. Certificates must be dated and (in the absence of statutory authority for issue under signature of appropriate officials) be issued under seal.

5. If the certificate relates to shares and there is more than one class in issue:—

   (1) the certificates of the preferential classes must also bear (preferably on the face) a statement of the conditions conferred thereon as to capital and dividends;

   (2) if any such class (other than preference or preferred shares so described) is a class the holders of which are not entitled to vote at general meetings of the issuer, the words "non voting" must appear legibly on every certificate therefor issued by the issuer; and

(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.

6. Certificates relating to shares may contain on the back a form of instrument of transfer relating to all (but not some only) of the shares comprised in the certificate in a form approved by the Exchange.

7. If the securities to which the certificates relate are not identical in all respects, but will become so in the future, such certificates issued before the date when they will become so must be enfaced with a note of such date.

**Registered debt securities**

8. The overall size of the certificate should if possible be no larger than 25 centimetres by 22 centimetres (9 3/4 inches by 8 1/2 inches approximately).

9. The paper for securities must contain a watermark in a form approved by the Federation of Share Registrars. The watermark should be repeated at staggered intervals of not more than 20 centimetres (8 inches approximately).

10. The following matters must appear on the face of the certificate:—

(1) the authority under which the issuer is constituted;

(2) preferably at the top right-hand corner, the number of securities or amount of stock the certificate represents and, if applicable, the number and denomination of units;

(3) a footnote stating that no transfer of the security or any portion thereof represented by the certificate can be registered without production of the certificate;

(4) if applicable, the minimum amount and multiples thereof in which the security is transferable; and

(5) the interest payable and the dates when it is payable.

11. Certificates must be dated and (in the absence of statutory or other authority for issue under signature of appropriate officials) be issued under seal.

12. The certificates must also state:—

(1) the country of incorporation (where appropriate) and registered number (if any) of the issuer;

(2) the authority under which the security is issued; and

(3) on the back (preferably with reference shown on the face) all the conditions of issue as to redemption or repayment and, if applicable, conversion but need state only such of the conditions as to transfer as differ in any material respect from those normally attached to such a debt security.

**Bearer securities**

13. Except for debt issues to professional investors only, proofs of securities and any coupons must be submitted to the Exchange for approval at as early a date as possible, preferably in "sketch" form. Proofs must be submitted to the Exchange at least 14 days prior to the date on which the relevant listing document is to be finalised for publication.

14. The printing of bearer securities must be entrusted to recognised security printers who must be approved in advance by the Exchange; it is preferable that the same printer should be employed on behalf of a particular issuer or borrowing organisation for all its bearer securities.

15. The paper for securities and any coupons must be first class bond or banknote paper. It must be a fourdrinier made paper of 100g/$m^2$ in weight, containing a minimum rag content of 50% and have a multitone watermark of the printer, borrower or issuer. Accurate records must be kept regarding manufacture and consumption of security paper. The watermark should be repeated at staggered intervals such that it appears, at least in part, on each coupon.

16. The overall size of the security (excluding any sheets of coupons) should be 29.7 centimetres by 21 centimetres (11-3/4 inches by 8-1/4 inches approximately).

17. The serial number of the security must appear in the top right-hand corner of each security, on any talon and on each coupon (if any). Such number must be printed in indestructible black ink which fluoresces when exposed to ultra violet light and be produced in OCR-B1 (optical character recognition-type B1) typeface.

18. Any coupon sheets must be attached to the right-hand side of the security and each coupon must bear the serial number of the security and be numbered consecutively. Coupon sheets may be attached to the foot of the security in the event that the right-hand side of the security is not available. If a talon or renewal coupon is used it must be so placed as to be the last coupon to be removed. The margin between the coupons must be sufficiently wide to ensure that the text of any coupon is not damaged when coupons are detached.

19. Securities must have at least one printing by direct engraved steel plate which must include the border. The plates must be produced by the high security printer by mechanical or electrolytic means from original steel engravings and must remain in the responsible custody of the high security printer. The impression must be perfect, giving uniform sharpness, no interruptions or broken lines and no choking or widening at points or intersections. The background must contain guilloches which, if produced by indirect letterpress, must be in more than one colour.

20. The design of the intaglio border of the securities and coupons must either be unique to the issuer or must, as an alternative, incorporate the following additional security features:—

(a) lines composed of extra small print which appear as continuous lines when photocopied; and

(b) a latent image (not required on the coupons).

21. The name of the security printer must appear on the face of the bearer security and the coupons as part of the intaglio border.

22. The following matters must appear on the face of the security:—

(1) the authority under which the issuer is constituted and the country of incorporation (where applicable) and registered number (if any);

(2) the date of issue of the security;

(3) the authority under which the security is issued;

(4) the dates when fixed interest or dividend payments are due; and

(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).

23. In the case of shares with preferential rights, a statement of the conditions conferred thereon as to capital (including redemption), dividends, meetings and voting rights must appear on the reverse of the security.

24. In the case of debt securities, a summary of the principal terms and conditions of issue as to redemption, conversion, meetings and voting rights must appear on the reverse of the security.

25. The issuer shall make appropriate arrangements with the high security printer to ensure compliance with the following:—

(1) the security is being produced in accordance with the requirements of the Exchange;

(2) records will be kept of the production and consumption of the security paper;

(3) the steel engraved plates have been produced by the security printers on their premises and since production they have remained and will remain under their control and if the design of the intaglio border is unique to the issuer, it will not be used on the securities of any other issuer; and

(4) where the design of the intaglio border is unique to the issuer at the request of the issuer all plates used in the preparation of the securities will be destroyed and satisfactory proof of destruction will be produced to the issuer.

26. Notwithstanding the provisions of paragraph 19 of this Appendix, the Exchange may agree to waive the requirement to use engraved steel plates for the printing of securities where:—

(1) the securities are not to be marketed to the public; and

(2) an alternative form of process, acceptable to the Exchange, is used for the printing of the securities.

Such agreement should be obtained from the Exchange in advance.

**Registered depositary receipts**

27. In the case of the certificate for registered depositary receipts, the overall size of the certificate should if possible be no larger than 30.5 centimetres by 20 centimetres (12 inches by 8 inches approximately).

28. Except for paragraph 1, the above provisions in relation to registered equity securities apply equally to depositary receipts. In addition, the following matters must appear on the face of a certificate for a depositary receipt:—

(1) the name of the depositary;

(2) the name of the issuer;

(3) the name of the holder of depositary receipt;

(4) the number of shares which the depositary receipt represents; and

(5) a detailed summary of the terms of the deposit agreement in the form acceptable to the Exchange.

# C. Corporate Governance/ Environmental, Social and Governance

# Appendix C1

## CORPORATE GOVERNANCE CODE

### INTRODUCTION

This Corporate Governance Code sets out: (a) the mandatory requirements for disclosure in an issuer's Corporate Governance Report; and (b) the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices. Issuers are encouraged to adopt the recommended best practices on a voluntary basis.

**Part 1 – Mandatory disclosure requirements**

Issuers must include a corporate governance report prepared by the board of directors in their annual reports and summary financial reports (if any) under paragraphs 34 and 50 of Appendix D2 to the Exchange Listing Rules ("Corporate Governance Report"). The Corporate Governance Report must contain all the information set out in the section headed "Part 1 – Mandatory disclosure requirements" below. Any failure to do so will be regarded as a breach of the Exchange Listing Rules.

To the extent reasonable and appropriate, the Corporate Governance Report included in an issuer's summary financial report may be a summary of the Corporate Governance Report contained in the annual report, and may also incorporate information by reference to its annual report. The 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 code provisions set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" below.

**Part 2 – Principles of good corporate governance ("Principles"), code provisions and recommended best practices**

The Principles set the overarching direction to achieving good corporate governance. The code provisions are aimed to help issuers apply the Principles.

The Exchange does not envisage a "one size fits all" approach, and appreciates that effective application of the Principles may be achieved by means other than strict compliance with the code provisions depending on a range of factors, including the issuer's own individual circumstances, the size and complexity of its operations and the nature of the risks and challenges it faces. Issuers are expected to comply with, but may choose to deviate from, the code provisions in order to achieve the spirit of the Principles.

The recommended best practices are for guidance only. The voluntary nature of the recommended best practices does not mean that they are not important, but rather, they are practices which should be adhered to support issuer's application of the Principles. Issuers are encouraged to state whether they have complied with the recommended best practices and give considered reasons for any deviation.

What is "comply or explain"?

1. Issuers must state whether they have complied with the code provisions for the relevant accounting period in their annual reports (and summary financial reports, if any) and interim reports (and summary interim reports, if any).

2. If an issuer considers that it can adopt the Principles without applying the code provisions, it may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:

   (a) in the Corporate Governance Report in the annual reports (and summary financial reports, if any) the considered reasons for the deviation and explain how good corporate governance was achieved by means other than strict compliance with the code provision (the "Considered Reasons and Explanation"). The explanation should provide a clear rationale for the alternative actions and steps taken by the issuer and their impacts and outcome; and

   (b) in the interim reports (and summary interim reports, if any) either:

      (i) the Considered Reasons and Explanation in respect of the deviation, or

      (ii) to the extent reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes for any deviation not reported in that annual report with Considered Reasons and Explanation. The references must be clear and unambiguous, and the interim report (or summary interim report) must not contain only a cross-reference without any discussion of the matter.

   The Considered Reasons and Explanation are helpful in fostering an informed, constructive dialogue between issuers and shareholders with a view to improving corporate governance continuously. Shareholders are encouraged to engage constructively and discuss with the issuer any deviation from the code provisions. In evaluating the Considered Reasons and Explanation given by the issuer, shareholders should pay due regard to the issuer's individual circumstances.

3. An issuer would be in breach of the Exchange Listing Rules if it deviates from a code provision but does not provide Considered Reasons and Explanation in the manner as set out above.

**Linkage between Corporate Governance and Environmental, Social and Governance ("ESG")**

Corporate governance provides the framework within which the board forms their decisions and build their businesses. The entire board should be focusing on creating long-term sustainable growth for shareholders and delivering long-term values to all stakeholders. An effective corporate governance structure allows issuers to have a better understanding of, evaluate and manage, risks and opportunities (including environmental and social risks and opportunities). The ESG Reporting Code set out in Appendix C2 to the Exchange Listing Rules provides a framework for issuers to, among other things, identify and consider what environmental risks and social risks may be material to them. The board should be responsible for effective governance and oversight of ESG matters, as well as assessment and management of material environmental and social risks. Issuers are required to disclose environmental and social matters in ESG reports in accordance with the ESG Reporting Code.

## PART 1 – MANDATORY DISCLOSURE REQUIREMENTS

To provide transparency, issuers must include the following information for the accounting period covered by the annual report and significant subsequent events for the period up to the date of publication of the annual report, to the extent possible. Failure to do so will be regarded as a breach of the Exchange Listing Rules.

### A. CORPORATE GOVERNANCE PRACTICES

(a) A narrative statement explaining how the issuer has applied the Principles to enable shareholders' evaluation of such application;

(b) a statement as to whether the issuer has complied with the code provisions; and

(c) for any deviation from the code provisions (including adoption of any alternatives other than the code provisions), details of the deviation during the financial year (including the Considered Reasons and Explanation).

### B. BOARD OF DIRECTORS

(a) Composition of the board, by category of directors, including name of chairman, executive directors, non-executive directors, independent non-executive directors and lead independent non-executive director (if any); and for each named director, their length of tenure and current period of appointment;

(b) number of board meetings held during the financial year;

(c) attendance of each director, by name, at the board and general meetings;

*Notes: 1 Subject to the issuer's constitutional documents, and the laws and regulations of its place of incorporation, attendance by a director at a meeting by electronic means such as telephonic or video- conferencing may be counted as physical attendance.*

*2 If a director is appointed part way during a financial year, the attendance of such director should be stated by reference to the number of board meetings held during the director's tenure.*

(d) for each named director, the number of board or committee meetings attended by the director, and, separately the number of board or committee meetings attended by the alternate of the director. Attendance at board or committee meetings by an alternate director should not be counted as attendance by the director;

(e) a statement of the respective responsibilities, accountabilities and contributions of the board and management. In particular, a statement of how the board operates, including a high level statement on the types of decisions taken by the board and those delegated to management;

(f) details of non-compliance (if any) with rules 3.10(1) and (2), and 3.10A and an explanation of the remedial steps taken to address non-compliance. This should cover non-compliance with appointment of a sufficient number of independent non-executive directors and appointment of an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise;

(g) reasons why the issuer considers an independent non-executive director to be independent where such director fails to meet one or more of the guidelines for assessing independence set out in rule 3.13;

(h) relationship (including financial, business, family or other material/relevant relationship(s)), if any, between board members and in particular, between the chairman and the chief executive;

(ha) if any director is appointed during the accounting period covered by the annual report, the date on which each such director had obtained the legal advice referred to in Rule 3.09D, and such director has confirmed he understood his obligations as a director of a listed issuer; and

(i) a confirmation that all directors, by name, have participated in continuous professional development as required by rules 3.09F, 3.09G and 3.09H during the reporting period. The confirmation should set out sufficient details for each director, including:

  (i) the total number of hours of continuous professional development completed during the reporting period;

  (ii) the format or mode of continuous professional development taken, including whether an external or internal provider was used or whether the professional development was the result of self-study. In respect of each mode of continuous professional development taken by each director, disclosure of the number of hours completed, the training topics covered and a description of the relevant training provider(s), where applicable (e.g. name(s) and/or type(s)); and

  (iii) in addition, for any director subject to rule 3.09H, where applicable, a statement confirming that such director has completed the required continuous professional development under rule 3.09H.

## C. CHAIRMAN AND CHIEF EXECUTIVE

The identity of the chairman and chief executive.

## D. NON-EXECUTIVE DIRECTORS

The term of appointment of non-executive directors.

## E. BOARD COMMITTEES

The following information for each of the audit committee, remuneration committee, nomination committee, risk committee (if any), and corporate governance functions:

(a) the role and function of the committee;

(b) the composition of the committee and whether it comprises independent non-executive directors, non-executive directors and executive directors (including their names and identifying the chairman of the committee);

(c) the number of meetings held by the committee during the year to discuss matters and the record of attendance of members, by name, at meetings held during the year; and

(d) a summary of the work during the year, including:

  (i) for the audit committee, a report on how it met its responsibilities in its review of the quarterly (if relevant), half-yearly and annual results, and unless expressly addressed by a separate risk committee, or the board itself, its review of the risk management and internal control systems, the effectiveness of the issuer's internal audit function, and its other duties under the Corporate Governance Code. Details of non-compliance with rule 3.21 (if any) and an explanation of the remedial steps taken by the issuer to address non-compliance with establishment of an audit committee;

  (ii) for the remuneration committee, determining the policy for the remuneration of executive directors, assessing performance of executive directors, approving the terms of executive directors' service contracts, and reviewing and/or approving matters relating to share schemes under Chapter 17 (see rule 17.07A), performed by the remuneration committee. Disclose which of the two models of remuneration committee described in code provision E.1.2(c) was adopted;

(iii) for the nomination committee, disclosing (1) the policy for the nomination of directors during the year, which includes the nomination procedures and the process and criteria adopted by the nomination committee to select and recommend candidates for directorship during the year, and (2) its assessment of each director's time commitment and contribution to the board, as well as the director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experience, existing directorships of issuers listed on the Main Board or GEM and other significant external time commitments of such director and other factors or circumstances relevant to the director's character, integrity, independence and experience;

*Note: For the purpose of this requirement:*

1 *"significant external time commitments" includes all external commitments beyond directorship roles on issuers listed on the Main Board or GEM that involve significant time commitment. This includes, for example, directorships of issuers listed on an exchange other than the Main Board or GEM, full-time occupations, major consultancy work, major public service commitments, directorships of and involvement in statutory bodies or non-profit organizations; and*

2 *"other factors or circumstances relevant to the director's character, integrity, independence and experience" includes any change or development in the director's individual situation or circumstance that should reasonably be taken into account in assessing whether he or she is able to effectively discharge his or her duties.*

(iv) for the risk committee (if any), a report on how it met its responsibilities in its review of the risk management and internal control systems and the effectiveness of the issuer's internal audit function; and

(v) for corporate governance, determining the policy for the corporate governance of the issuer, and duties performed by the board or the committee(s) under code provision A.2.1.

## F. COMPANY SECRETARY

(a) Where an issuer engages an external service provider as its company secretary, its primary corporate contact person at the issuer (including such person's name and position); and

(b) details of non-compliance with rule 3.29.

## G. DIRECTORS' SECURITIES TRANSACTIONS

For the Model Code set out in Appendix C3 to the Exchange Listing Rules:

(a) whether the 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 the directors of the issuer 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) for any non-compliance with the required standard set out in the Model Code, if any, details of these and an explanation of the remedial steps taken by the issuer to address them.

## H. RISK MANAGEMENT AND INTERNAL CONTROL

Details of the review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems under code provision D.2.1, which shall be conducted at least annually, including:

(a) a statement from the board: (i) acknowledging its responsibility for the issuer's risk management and internal control systems; and (ii) confirming that the issuer's risk management and internal control systems are appropriate and effective for the purposes set out in Principle D2 of the Corporate Governance Code;

(b) the main features of the risk management and internal control systems, including the process used to identify, evaluate and manage significant risks, and the procedures for the timely, accurate and complete disclosure of discloseable information, including inside information and any other information required to prevent a false market in the issuer's securities;

(c) any significant changes during the reporting period in (i) the issuer's assessment of risks (including ESG risks) and (ii) the risk management and internal control systems;

(d) whether the issuer has an internal audit function;

(e) the responsibilities of internal departments (such as the internal audit function, if it exists) and external providers for reviewing the effectiveness of the issuer's risk management and internal control systems, the process used to conduct those reviews and their frequency;

(f) information supporting the board's conclusion that the risk management and internal control systems are appropriate and effective, including any confirmations received (as applicable) from: management, the relevant board committee(s) with responsibility for the issuer's risk management and internal controls and any other internal departments (such as the internal audit function, if it exists), the issuer's independent auditors, and/or other external providers; and

(g) scope of the review and details of review findings, including any significant control failings or weaknesses that were identified in the current reporting period, or that were previously reported but remain unresolved, and any remedial steps taken or proposed to address such control failings or weaknesses.

## I. AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

An analysis of remuneration in respect of audit and non-audit services provided by the auditors (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally) to the issuer. The analysis must include, in respect of each significant non-audit service assignment, details of the nature of the services and the fees paid.

## J. DIVERSITY

(a) (i) The issuer's policy on board diversity or a summary of the policy, which should include information on measurable objectives (e.g. numerical targets and timelines) that it has set for the promotion of gender diversity on its board and the measures the issuer has adopted to develop a pipeline of potential successors to the board to achieve gender diversity; and (ii) the results of the issuer's review of the implementation of its board diversity policy conducted during the year (including progress towards the issuer's objectives and how the issuer has arrived at its conclusion);

(b) the issuer's policy on diversity in the workforce (including senior management) or a summary of the policy, including any plans or measurable objectives (e.g. numerical targets and timelines) the issuer has set for achieving gender diversity, and progress on achieving those objectives. Where applicable, issuers may disclose any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant; and

(c) the gender ratio of: (i) senior management; and (ii) the workforce (excluding senior management).

*Note: In this Corporate Governance Code, "senior management" refers to the same persons referred to in the issuer's annual report and required to be disclosed under paragraph 12 of Appendix D2.*

**K. SHAREHOLDERS' RIGHTS**

(a) How shareholders can convene an extraordinary general meeting;

(b) the procedures by which enquiries may be put to the board and sufficient contact details to enable these enquiries to be properly directed; and

(c) the procedures and sufficient contact details for putting forward proposals at shareholders' meetings.

**L. INVESTOR RELATIONS**

(a) Any significant changes in the issuer's constitutional documents during the year;

(b) the issuer's shareholders' communication policy (or its summary), which should include channels for shareholders to communicate their views on various matters affecting the issuer, as well as steps taken to solicit and understand the views of shareholders and stakeholders;

(c) a statement of the issuer's review of the implementation and effectiveness of the shareholders' communication policy conducted during the year (including how it arrives at the conclusion); and

(d) details of the shareholder engagement conducted under code provision F.1.1 (if applicable).

**M. DIVIDENDS**

(a) Where the issuer has a policy on payment of dividends:

(i) the policy or a summary of the policy, including the aim or objective of the policy, and the key factors that the board will take into account when deciding whether to declare, recommend or pay any dividend; and

(ii) a confirmation that all dividend decisions made by the board were made in accordance with the issuer's dividend policy; otherwise, an explanation of any deviations from the issuer's dividend policy;

(b) where the issuer does not have a policy on payment of dividends:

(i) the fact that no such policy exists; and

(ii) the reason(s) for the absence of such policy;

(c) regardless of whether the issuer has a policy on payment of dividends, the issuer must:

(i) where the board declared a dividend (whether interim or final) during the year, the reason(s) for any material variation in the dividend rate compared to that for the previous corresponding period; and

(ii) where the board decided not to declare any dividend, the reason(s) for the board's decision and the measures that the issuer intends to take to enhance investors' return (if any).

## PART 2 – PRINCIPLES OF GOOD CORPORATE GOVERNANCE, CODE PROVISIONS AND RECOMMENDED BEST PRACTICES

## A. CORPORATE PURPOSE, STRATEGY AND GOVERNANCE

### A.1 Corporate strategy, business model and culture

**Principle**

An issuer should be headed by an effective board which should assume responsibility for its leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the issuer.

**Code Provisions**

A.1.1 The board should establish the issuer's purpose, values and strategy, and satisfy itself that these and the issuer's culture are aligned. All directors must act with integrity, lead by example, and promote the desired culture. Such culture should instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.

A.1.2 The directors should include a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the issuer generates or preserves value over the longer term (the business model) and the strategy for delivering the issuer's objectives.

*Note: An issuer should have a corporate strategy and a long term business model. Long term financial performance as opposed to short term rewards should be a corporate governance objective. An issuer's board should not take undue risks to make short term gains at the expense of long term objectives.*

### A.2 Corporate Governance Functions

**Principle**

The board is responsible for performing the corporate governance duties. It may delegate the responsibility to a committee or committees.

**Code Provisions**

A.2.1 The terms of reference of the board (or a committee or committees performing this function) should include at least:

(a) to develop and review an issuer's policies and practices on corporate governance and make recommendations to the board;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the issuer's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

## B. BOARD COMPOSITION AND NOMINATION

### B.1 Board composition, succession and evaluation

**Principle**

The board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the issuer's business, and should ensure that the directors devote sufficient time and make contributions to the issuer that are commensurate with their role and board responsibilities. It should ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

**Code Provisions**

B.1.1 The independent non-executive directors should be identified in all corporate communications that disclose the names of directors.

B.1.2 An issuer should maintain on its website and on the Exchange's website an updated list of its directors identifying their roles and functions and whether they are independent non-executive directors.

B.1.3 An issuer should establish mechanism(s) to ensure independent views and input are available to the board and disclose such mechanism(s) in its Corporate Governance Report. The board should review the implementation and effectiveness of such mechanism(s) on an annual basis.

B.1.4 An issuer should conduct a formal evaluation of the board's performance at least every two years. Issuers should confirm in the Corporate Governance Report whether they conducted a board performance review during the reporting period and if not, when the next board performance review will be conducted. If a board performance review was conducted during the reporting period, issuers should disclose in the Corporate Governance Report:

(a) whether the board performance review was conducted internally or by an external provider;

(b) how the board performance review was conducted, including the scope of the review and the responsible department(s)/committee(s)/external provider(s) involved in conducting the review;

(c) the connection (if any) between any external provider involved in the board performance review and the issuer or any of its directors; and

(d) details on the findings of the board performance review, including significant areas of improvement (if identified during the board performance review), and measures taken or planned as a result of the board performance review.

B.1.5 An issuer should maintain and disclose in the Corporate Governance Report a board skills matrix setting out information including:

(a) details of the mix of skills that the board currently has;

(b) an explanation of how the combination of skills, experience and diversity of the directors serves the issuer's purpose, values, strategy and desired culture; and

(c) (where applicable) details of any further skills that the board is looking to acquire, its plans to acquire such further skills, and how the plans made in the previous year(s) were achieved or progressed in the reporting year.

**Recommended Best Practices**

B.1.6 The board should state its reasons if it determines that a proposed director is independent notwithstanding that the individual holds cross-directorships or has significant links with other directors through involvements in other companies or bodies.

*Note: A cross-directorship exists when two (or more) directors sit on each other's boards.*

## B.2 Appointments, re-election and removal

**Principle**

There should be a formal, considered and transparent procedure for the appointment of new directors. There should be plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any director.

**Code Provisions**

B.2.1 Directors should ensure that they can give sufficient time and attention to the issuer's affairs and should not accept the appointment if they cannot do so.

B.2.2 Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

B.2.3 [To be repealed after 30 June 2031] If an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should state why the board (or the nomination committee) believes that the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the board (or the nomination committee) in arriving at such determination.

B.2.4 [To be repealed after 30 June 2028] Where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should:

(a) disclose the length of tenure of each existing independent non-executive director on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting; and

(b) appoint a new independent non-executive director on the board at the forthcoming annual general meeting.

## B.3 Nomination Committee

### Principle

In carrying out its responsibilities, the nomination committee should give adequate consideration to the Principles under B.1 and B.2.

### Code Provisions

B.3.1 The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties. It should perform the following duties:-

(a) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually, assist the board in maintaining a board skills matrix, and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy;

(b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;

(c) assess the independence of independent non-executive directors;

(d) make recommendations to the board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman and the chief executive; and

(e) support the issuer's regular evaluation of the board's performance.

B.3.2 The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on the Exchange's website and issuer's website.

B.3.3 Issuers should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the issuer's expense, to perform its responsibilities.

B.3.4 Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

(a) the process used for identifying the individual and why the board believes the individual should be elected and the reasons why it considers the individual to be independent;

(b) [To be repealed after 30 June 2028] if the proposed independent non-executive director will be holding their seventh (or more) directorship of an issuer listed on the Main Board or GEM, why the board believes the individual would still be able to devote sufficient time to the board;

(c) the perspectives, skills and experience that the individual can bring to the board; and

(d) how the individual contributes to diversity of the board.

B.3.5 Issuers should appoint at least one director of a different gender to the nomination committee.

## C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS

### C.1 Responsibilities of directors

**Principle**

Every director must understand, and, at all times, be aware of their responsibilities as a director of an issuer and its conduct, business activities and development. Given the essential unitary nature of the board, non-executive directors have the same duties of care and skill and fiduciary duties as executive directors. To ensure directors' contribution to the board remains informed and relevant, all directors must participate in continuous professional development to develop and refresh their knowledge and skills for a proper understanding of the issuer's business, operations and governance policies and full awareness of their responsibilities under statute and common law, the Exchange Listing Rules, legal and other regulatory requirements. Directors should provide a record of the continuous professional development they received to the issuer.

**Code Provisions**

C.1.1 An issuer should be responsible for arranging and (where necessary) funding:

(a) a comprehensive, formal and tailored induction for newly appointed directors upon appointment; and

(b) suitable continuous professional development for all directors.

C.1.2 The functions of non-executive directors should include:

(a) participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

(b) taking the lead where potential conflicts of interests arise;

(c) serving on the audit, remuneration, nomination and other governance committees, if invited; and

(d) scrutinising the issuer's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

C.1.3 The board should establish written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the issuer's securities. "Relevant employee" includes any employee or a director or employee of a subsidiary or holding company who, because of such office or employment, is likely to possess inside information in relation to the issuer or its securities.

C.1.4 Directors should disclose to the issuer at the time of their appointments, and in a timely manner for any changes, the number and nature of offices held in public companies or organisations and other significant external time commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.

C.1.5 Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.

*Note: Non-executive directors' attendance at general meetings is important. An independent non-executive director is often the chairman or a member of board committees and as such, the individual should be accountable to shareholders by being available to respond to questions and enquiries in relation to their work. Without attending general meetings, the director will not be able to develop a balanced understanding of the views of shareholders.*

C.1.6 Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments.

C.1.7 An issuer should arrange appropriate insurance cover in respect of legal action against its directors.

**Recommended Best Practices**

C.1.8 Where the chairman is not an independent non-executive director, an issuer should appoint one independent non-executive director to be the lead independent non-executive director to (a) serve as an intermediary for the other directors and shareholders; and (b) be available to other directors and shareholders where normal communication channels with the chairman or management are inadequate.

## C.2 Chairman and Chief Executive

**Principle**

There are two key aspects of the management of every issuer – the management of the board and the day-to-day management of business. There should be a clear division of these responsibilities to ensure a balance of power and authority, so that power is not concentrated in any one individual.

**Code Provisions**

C.2.1 The roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

C.2.2 The chairman should ensure that all directors are properly briefed on issues arising at board meetings.

C.2.3 The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable.

C.2.4 One of the important roles of the chairman is to provide leadership for the board. The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. The chairman should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.

C.2.5 The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.

C.2.6 The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the issuer. The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.

C.2.7 The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

C.2.8 The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.

C.2.9 The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.

## C.3 Management functions

### Principle

An issuer should have a formal schedule of matters specifically reserved for board approval. The board should give clear directions to management on the matters that must be approved by it before decisions are made on the issuer's behalf.

### Code Provisions

C.3.1 When the board delegates aspects of its management and administration functions to management, it must, at the same time, give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the issuer's behalf.

*Note: The board should not delegate matters to a board committee, executive directors or management to an extent that would significantly hinder or reduce the ability of the board as a whole to perform its functions.*

C.3.2 An issuer should formalise the functions reserved to the board and those delegated to management. It should review those arrangements periodically to ensure that they remain appropriate to the issuer's needs.

C.3.3 Directors should clearly understand delegation arrangements in place. Issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

## C.4 Board Committees

### Principle

Board committees should be formed with specific written terms of reference which deal clearly with their authority and duties.

### Code Provisions

C.4.1 Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.

C.4.2 The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

## C.5 Conduct of board proceedings and supply of and access to information

### Principle

The issuer should ensure directors can participate in board proceedings in a meaningful and effective manner. Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.

### Code Provisions

C.5.1 The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present. So, a regular meeting does not include obtaining board consent through circulating written resolutions.

C.5.2 Arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular board meetings.

C.5.3 Notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given.

C.5.4 Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.

C.5.5 Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes should be sent to all directors for their comment and records respectively, within a reasonable time after the board meeting is held.

C.5.6 There should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense. The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the issuer.

C.5.7 If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

*Note: Subject to the issuer's constitutional documents, and the laws and regulations of its place of incorporation, attendance by a director at a meeting by electronic means such as telephonic or videoconferencing may be counted as physical attendance.*

C.5.8 For regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).

C.5.9 Management has an obligation to supply the board and its committees with adequate information, in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. To fulfil their duties properly, directors may not, in all circumstances, be able to rely purely on information provided voluntarily by management and they may need to make further enquiries. Where any director requires more information than is volunteered by management, that director should make further enquiries where necessary. So, the board and individual directors should have separate and independent access to the issuer's senior management.

C.5.10 All directors are entitled to have access to board papers and related materials. These papers and related materials should be in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors should receive a prompt and full response, if possible.

## C.6 Company Secretary

### Principle

The company secretary plays an important role in supporting the board by ensuring good information flow within the board and that board policy and procedures are followed. The company secretary is responsible for advising the board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.

**Code Provisions**

C.6.1 The company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs. Where an issuer engages an external service provider as its company secretary, it should disclose the identity of a person with sufficient seniority (e.g. chief legal counsel or chief financial officer) at the issuer whom the external provider can contact.

C.6.2 The board should approve the selection, appointment or dismissal of the company secretary.

*Note: A board meeting should be held to discuss the appointment and dismissal of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution.*

C.6.3 The company secretary should report to the board chairman and/or the chief executive.

C.6.4 All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

## D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

### D.1 Financial reporting

**Principle**

The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

**Code Provisions**

D.1.1 Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.

D.1.2 Management should provide all members of the board with, and the board and each director are entitled to and should request for, monthly updates giving a balanced and understandable assessment of the issuer's financial and operating performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under rule 3.08 and Chapter 13.

*Note: The information provided should (where available) include monthly management accounts and management updates, background or explanatory information relating to matters to be brought before the board, copies of disclosure documents, budgets, forecasts and other relevant internal financial statements. For budgets, any material variance between the projections and actual results should also be disclosed and explained.*

D.1.3 The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements. Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the issuer's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report. The Corporate Governance Report should contain sufficient information for investors to understand the severity and significance of matters. To a reasonable and appropriate extent, the issuer may refer to other parts of the annual report. These references should be clear and unambiguous, and the Corporate Governance Report should not contain only a cross-reference without any discussion of the matter.

D.1.4 The board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Exchange Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.

**Recommended Best Practices**

D.1.5 An issuer should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the issuer's performance, financial position and prospects. An issuer's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts.

D.1.6 Once an issuer announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.

## D.2 Risk management and internal control

### Principle

The board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the issuer's strategic objectives. Such risks would include, amongst others, material risks relating to ESG (please refer to the ESG Reporting Code in Appendix C2 to the Exchange Listing Rules for further information).

The board is responsible for ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems for the purpose of dealing with identified risks, safeguarding the issuer's assets, preventing and detecting fraud, misconduct and loss, ensuring the accuracy of the issuer's financial reports and achieving compliance with applicable laws and regulations. The board should oversee management in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis. The board is also responsible for ensuring that the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems is reviewed at least annually, and management should provide a confirmation to the board on the effectiveness of these systems.

### Code Provisions

D.2.1 The board should ensure that the review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems, which shall be conducted at least annually, is adequately resourced. The scope of the review should cover all material controls, including financial, operational and compliance controls, and should, in particular, consider:

(a) the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the issuer's ability to respond to changes in its business and the external environment;

(b) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;

(c) the extent and frequency of communication of monitoring results to the board (or board committee(s)) for the purposes of assessing the adequacy and the effectiveness of the issuer's risk management and internal control systems;

(d) significant control failings or weaknesses identified during the review of the risk management and internal control systems, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition, and any remedial measures taken to address such control failings or weaknesses;

(e) the effectiveness of the issuer's processes for financial reporting and Exchange Listing Rule compliance; and

(f) the adequacy of resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems, including staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit, and financial reporting functions, as well as those relating to the issuer's ESG performance and reporting.

*Note: Issuers should refer to the guidance issued by the Exchange on the Exchange's website, as amended from time to time, on the scope of the review of the risk management and internal control systems.*

D.2.2 The issuer should have an internal audit function. Issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.

*Notes: 1 An internal audit function generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the issuer's risk management and internal control systems.*

*2 A group with multiple listed issuers may share group resources to carry out the internal audit function for members of the group.*

D.2.3 The issuer should establish a whistleblowing policy and system for employees and those who deal with the issuer (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the audit committee (or any designated committee comprising a majority of independent non-executive directors) about possible improprieties in any matter related to the issuer.

D.2.4 The issuer should establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations.

## D.3 Audit Committee

### Principle

The board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the issuer's auditors. The audit committee established under the Exchange Listing Rules should have clear terms of reference.

### Code Provisions

D.3.1 Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records, within a reasonable time after the meeting.

D.3.2 A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of its audit committee for a period of two years from the date of the person ceasing:

(a) to be a partner of the firm; or

(b) to have any financial interest in the firm,

whichever is later.

D.3.3 The audit committee's terms of reference should include at least:-

*Relationship with the issuer's auditors*

(a) to be primarily responsible for making recommendations to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The audit committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The audit committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed;

*Review of the issuer's financial information*

(d) to monitor integrity of the issuer's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the board, the committee should focus particularly on:-

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Exchange Listing Rules and legal requirements in relation to financial reporting;

(e) Regarding (d) above:-

(i) members of the committee should liaise with the board and senior management and the committee must meet, at least twice a year, with the issuer's auditors; and

(ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the issuer's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

*Oversight of the issuer's financial reporting system, risk management and internal control systems*

(f) to review the issuer's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the issuer's risk management and internal control systems;

(g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting and financial reporting function;

(h) to consider major investigation findings on risk management and internal control matters as delegated by the board or on its own initiative and management's response to these findings;

(i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer, and to review and monitor its effectiveness;

(j) to review the group's financial and accounting policies and practices;

(k) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(l) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;

(m) to report to the board on the matters in this code provision; and

(n) to consider other topics, as defined by the board.

D.3.4 The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on the Exchange's website and the issuer's website.

D.3.5 Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the issuer should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.

D.3.6 The audit committee should be provided with sufficient resources to perform its duties.

D.3.7 The terms of reference of the audit committee should also require it:

(a) to review arrangements employees of the issuer can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and

(b) to act as the key representative body for overseeing the issuer's relations with the external auditor.

## E. REMUNERATION

### E.1 The level and make-up of remuneration and disclosure

**Principle**

An issuer should have a formal and transparent policy on directors' remuneration and other remuneration related matters. The procedure for setting policy on executive directors' remuneration and all directors' remuneration packages should be formal and transparent. Remuneration levels should be sufficient to attract and retain directors to run the company successfully without paying more than necessary. No director should be involved in deciding that director's own remuneration.

**Code Provisions**

E.1.1 The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors. The remuneration committee should have access to independent professional advice if necessary.

E.1.2 The remuneration committee's terms of reference should include, as a minimum:-

(a) to make recommendations to the board on the issuer's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;

(c) either:

(i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or

(ii) to make recommendations to the board on the remuneration packages of individual executive directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the board on the remuneration of non-executive directors;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

(f) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) to ensure that no director or any of their associates is involved in deciding that director's own remuneration; and

(i) to review and/or approve matters relating to share schemes under Chapter 17 of the Rules.

E.1.3 The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on the Exchange's website and the issuer's website.

E.1.4 The remuneration committee should be provided with sufficient resources to perform its duties.

E.1.5 Issuers should disclose the directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters in their annual reports.

**Recommended Best Practices**

E.1.6 If E.1.2(c)(ii) is adopted, where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.

E.1.7 A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.

E.1.8 Issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports.

E.1.9 Issuers generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

## F. SHAREHOLDERS ENGAGEMENT

### F.1 Effective communication and conduct of shareholders meetings

**Principle**

The board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use formal meetings (including general meetings) and other appropriate channels under the issuer's shareholders' communication policy to communicate with them and encourage their participation. In addition, the issuer should ensure that shareholders are given sufficient advance notice of shareholders meetings and provide sufficient information to enable shareholders to familiarise themselves with the detailed procedures for conducting a poll, and should arrange to address questions from shareholders in the shareholders meetings.

**Code Provisions**

F.1.1 The board, in particular the independent non-executive directors, should be accessible to shareholders to facilitate constructive engagement and to understand their views on matters affecting the issuer, including governance and performance against the issuer's corporate strategy. The board should include in the Corporate Governance Report information on engagement conducted with shareholders during the reporting period, including:

(a) the nature and number/frequency of the engagements conducted;

(b) the group(s) of shareholders involved in these engagements;

(c) the representatives of the issuer involved in these engagements (e.g. chief executive, chairman of the board, independent non-executive directors, board committee chairmen and members of senior management); and

(d) the issuer's approach to following up on the outcomes of these engagements.

F.1.2 For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. Issuers should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", issuers should explain the reasons and material implications in the notice of meeting.

*Note: An example of a substantially separate issue is the nomination of persons as directors. Accordingly, each person should be nominated by means of a separate resolution.*

F.1.3 The chairman of the board should attend the annual general meeting. The chairman of the board should also invite the lead independent non-executive director (if any) and the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In the absence of any committee chairman, the chairman should invite another member of the committee or failing this their duly appointed delegate, to attend. These persons should be available to answer relevant questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. An issuer's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

*Note: Subject to the issuer's constitutional documents, and the laws and regulations of its place of incorporation, attendance by the above persons at a meeting by electronic means such as telephonic or videoconferencing may be counted as physical attendance.*

F.1.4 The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.

**Recommended Best Practices**

F.1.5 Issuers are encouraged to include the following information in their Corporate Governance Report:

(a) details of shareholders by type and aggregate shareholding;

(b) indication of important shareholders' dates in the coming financial year; and

(c) [Repealed 1 January 2026]

(d) the number of shares held by each of the senior management.

# Appendix C2

## Environmental, Social and Governance Reporting Code

### Part A: Introduction



**The Code**

1. This Environmental, Social and Governance Reporting Code comprises two levels of disclosure obligations: (a) mandatory disclosure requirements; and (b) "comply or explain" provisions.

2. (1) Part B of this Code sets out the mandatory disclosure requirements that must be included in all issuers' ESG reports.

   (2) Part C of this Code sets out the "comply or explain" provisions that all issuers are required to report in their ESG reports on a "comply or explain" basis.

   (3) Part D of this Code sets out disclosure requirements regarding climate-related risks to which an issuer is exposed, and climate-related opportunities available to the company with reference to the following core pillars:

      (a) **Governance** – the governance process, controls and procedures an issuer uses to monitor, manage and oversee climate-related risks and opportunities;

      (b) **Strategy** – an issuer's strategy for managing climate-related risks and opportunities;

      (c) **Risk management** – the process an issuer uses to identify, assess, prioritise and monitor climate-related risks and opportunities; and

      (d) **Metrics and targets** – the metrics and targets an issuer uses to understand its performance in relation to climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

   Issuers must refer to Part D of this Code for the applicable disclosure obligation and contents to be disclosed in the ESG reports in respect of each core pillar set out above.

3. An issuer must report on the "comply or explain" provisions of this Code. If the issuer does not report on one or more of these provisions, it must provide considered reasons in its ESG report. For guidance on the "comply or explain" approach, issuers may refer to the "*What is "comply or explain"?*" section of the Corporate Governance Code in Appendix C1 of the Main Board Listing Rules.

4. (1) An issuer must publish its ESG report on an annual basis and regarding the same period covered in its annual report. An ESG report may be presented as information in the issuer's annual report or in a separate report. Regardless of the format adopted, the ESG report must be published on the Exchange's website and the issuer's website.

(2) Where the ESG report does not form part of the issuer's annual report:

(a) To the extent permitted under all applicable laws and regulations, an issuer must provide the ESG report to its shareholders using electronic means in accordance with and subject to the provisions set out in rule 2.07A.

(b) [Repealed 31 December 2023]

(c) [Repealed 31 December 2023]

(d) The issuer shall publish the ESG report at the same time as the publication of the annual report.

**Overall Approach**

5. This Code is organised into two ESG subject areas ("Subject Areas"): Environmental (Subject Area A) and Social (Subject Area B). Corporate governance is addressed separately in the Corporate Governance Code.

6. Each Subject Area has various aspects ("Aspects"). Each Aspect sets out general disclosures ("General Disclosures") and key performance indicators ("KPIs") for issuers to report on in order to demonstrate how they have performed.

7. In addition to the "comply or explain" matters set out in this Code, the Exchange encourages an issuer to identify and disclose additional ESG issues and KPIs that reflect the issuer's significant environmental and social impacts; or substantially influence the assessments and decisions of stakeholders. In assessing these matters, the issuer should engage stakeholders on an ongoing basis in order to understand their views and better meet their expectations.

8. This Code is not comprehensive and the issuer may refer to existing international ESG reporting guidance for its relevant industry or sector. The issuer may adopt international ESG reporting guidance, including the IFRS Sustainability Disclosure Standards, so long as it includes comparable disclosures to those required under this Code. ESG reports prepared in compliance with the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures are considered to have complied with Part D of this Code.

9. The issuer may seek independent assurance to strengthen the credibility of the ESG information disclosed. Where independent assurance is obtained, the issuer should describe the level, scope and processes adopted for the assurance given clearly in the ESG report.

10. The board has overall responsibility for an issuer's ESG strategy and reporting.

**Reporting Principles**

11. The following Reporting Principles underpin the preparation of an ESG report, informing the content of the report and how information is presented. An issuer should follow these Reporting Principles in the preparation of an ESG report:

    (1) **Materiality:** The threshold at which ESG issues determined by the board are sufficiently important to investors and other stakeholders that they should be reported. For the purpose of Part D of this Code, an issuer must disclose information about climate-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or cost of capital over the short, medium or long term.

    (2) **Quantitative:** KPIs in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.

    (3) **Balance:** The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

    (4) **Consistency:** The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.

**Complementing ESG discussions in the Business Review Section of the Directors' Report**

12. Pursuant to paragraph 28(2)(d) of Appendix D2 of the Main Board Listing Rules, an issuer's directors' report for a financial year must contain a business review in accordance with Schedule 5 to the Companies Ordinance. The business review must include, to the extent necessary for an understanding of the development, performance or position of the issuer's business:

    (i) a discussion of the issuer's environmental (including climate-related) policies and performance;

    (ii) a discussion of the issuer's compliance with the relevant laws and regulations that have a significant impact on the issuer; and

    (iii) an account of the issuer's key relationships with its employees, customers and suppliers and others that have a significant impact on the issuer and on which the issuer's success depends.

    This Code should complement the content requirements of the directors' report, as it calls for issuers to disclose information in respect of specific ESG areas.

## Part B: Mandatory Disclosure Requirements

This part sets out disclosure requirements that must be included in an issuer's ESG report on a mandatory basis.

### Governance Structure

13. A statement from the board containing the following elements:

    (i) a disclosure of the board's oversight of ESG issues;

    (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and

    (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.

### Reporting Principles

14. A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:

    **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.

    **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.

    **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.

### Reporting Boundary

15. A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.

**Part C: "Comply or explain" Provisions**

This part sets out provisions to be reported on by an issuer in the ESG report on a "comply or explain" basis.

<table>
<tr><th colspan="3">Subject Areas, Aspects, General Disclosures and KPIs</th></tr>
<tr><td colspan="3">A. Environmental</td></tr>
<tr><td rowspan="7">Aspect A1: Emissions</td><td colspan="2">General Disclosure<br><br>Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.<br><br>Note: Air emissions include $NO_x$, $SO_x$, and other pollutants regulated under national laws and regulations.<br><br>Hazardous wastes are those defined by national regulations.</td></tr>
<tr><td>KPI A1.1</td><td>The types of emissions and respective emissions data.</td></tr>
<tr><td>KPI A1.2</td><td>[Repealed 1 January 2025]</td></tr>
<tr><td>KPI A1.3</td><td>Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td></tr>
<tr><td>KPI A1.4</td><td>Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td></tr>
<tr><td>KPI A1.5</td><td>Description of emission target(s) set and steps taken to achieve them.</td></tr>
<tr><td>KPI A1.6</td><td>Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</td></tr>
</table>

| Subject Areas, Aspects, General Disclosures and KPIs | | |
|---|---|---|
| **Aspect A2: Use of Resources** | General Disclosure<br><br>Policies on the efficient use of resources, including energy, water and other raw materials.<br><br>*Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.* | |
| | KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). |
| | KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). |
| | KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. |
| | KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. |
| | KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. |
| **Aspect A3: The Environment and Natural Resources** | General Disclosure<br><br>Policies on minimising the issuer's significant impacts on the environment and natural resources. | |
| | KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. |
| **Aspect A4: Climate Change** | [Repealed 1 January 2025] | |
| | KPI A4.1 | [Repealed 1 January 2025] |

| Subject Areas, Aspects, General Disclosures and KPIs | | |
|---|---|---|
| ***B. Social*** | | |
| **Employment and Labour Practices** | | |
| **Aspect B1: Employment** | General Disclosure<br><br>Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | |
| | KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. |
| | KPI B1.2 | Employee turnover rate by gender, age group and geographical region. |
| **Aspect B2: Health and Safety** | General Disclosure<br><br>Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to providing a safe working environment and protecting employees from occupational hazards. | |
| | KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. |
| | KPI B2.2 | Lost days due to work injury. |
| | KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. |

| Subject Areas, Aspects, General Disclosures and KPIs | | |
|---|---|---|
| **Aspect B3: Development and Training** | General Disclosure<br><br>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.<br><br>*Note: Training refers to vocational training. It may include internal and external courses paid by the employer.* | |
| | KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). |
| | KPI B3.2 | The average training hours completed per employee by gender and employee category. |
| **Aspect B4: Labour Standards** | General Disclosure<br><br>Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to preventing child and forced labour. | |
| | KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. |
| | KPI B4.2 | Description of steps taken to eliminate such practices when discovered. |

| Subject Areas, Aspects, General Disclosures and KPIs | | |
|---|---|---|
| **Operating Practices** | | |
| **Aspect B5: Supply Chain Management** | General Disclosure<br><br>Policies on managing environmental and social risks of the supply chain. | |
| | KPI B5.1 | Number of suppliers by geographical region. |
| | KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. |
| | KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. |
| | KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. |

| Subject Areas, Aspects, General Disclosures and KPIs | | |
|---|---|---|
| **Aspect B6: Product Responsibility** | General Disclosure<br><br>Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | |
| | KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. |
| | KPI B6.2 | Number of products and service related complaints received and how they are dealt with. |
| | KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. |
| | KPI B6.4 | Description of quality assurance process and recall procedures. |
| | KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. |

| Subject Areas, Aspects, General Disclosures and KPIs | | |
|---|---|---|
| **Aspect B7: Anti-corruption** | General Disclosure<br><br>Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to bribery, extortion, fraud and money laundering. | |
| | KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. |
| | KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. |
| | KPI B7.3 | Description of anti-corruption training provided to directors and staff. |
| **Community** | | |
| **Aspect B8: Community Investment** | General Disclosure<br><br>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | |
| | KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). |
| | KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. |

## Part D: Climate-related Disclosures

### Disclosure Obligation

16. (1) Subject to paragraph 17, an issuer must report on the climate-related disclosures set out in this part in the ESG report on a "comply or explain" basis. An issuer who has yet to disclose information required under any of the provisions must provide considered reasons for non-disclosure.

(2) Where an issuer has yet to disclose information required under any of the provisions set out in this part, regardless of whether such issuer has (a) opted to "explain" why it has not made a particular disclosure under the "comply or explain" regime or (b) chosen to apply an applicable relief available pursuant to the note to the relevant provision (whether it is required to report on a mandatory or "comply or explain" basis), such issuer is encouraged to provide information on the work plan, progress and timetable for making the required disclosure.

17. (1) An issuer must disclose its ***Scope 1 greenhouse gas emissions*** and ***Scope 2 greenhouse gas emissions*** pursuant to paragraphs 28(a), 28(b) and 29 on a mandatory basis.

(2) An issuer that is a constituent of the Hang Seng Composite LargeCap Index (HSCLI) must report on the provisions set out in this part on a mandatory basis in respect of financial years commencing on or after 1 January 2026.

*Note: This paragraph 17(2) applies to an issuer that is a HSCLI constituent throughout the year immediately prior to the reporting year. Once an issuer becomes subject to mandatory disclosure of Part D of this Code, it must continue to be subject to mandatory disclosure of Part D of this Code even if it subsequently ceases to be a HSCLI constituent.*

(3) An issuer is encouraged, but not required, to disclose industry-based metrics pursuant to paragraph 36.

### Definitions and Guidance

18. (1) In this part, unless otherwise specified, terms in bold and italics shall have the meaning ascribed to them in Appendix A of the IFRS S2 Climate-related Disclosures.

(2) When preparing disclosures pursuant to the provisions of this part, issuers should refer to (i) the application guidance set out in Appendix B of the IFRS S2 Climate-related Disclosures; and (ii) implementation guidance issued by the Exchange on the Exchange's website, as amended from time to time.

**Climate-related Disclosures**

***(I) Governance***

19. An issuer shall disclose information about:

(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of ***climate-related risks and opportunities***. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:

*Note: The responsibilities of such body(s) or individual(s) should be reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s).*

(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to ***climate-related risks and opportunities***;

(ii) how and how often the body(s) or individual(s) is informed about ***climate-related risks and opportunities***;

(iii) how the body(s) or individual(s) takes into account ***climate-related risks and opportunities*** when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;

(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to ***climate-related risks and opportunities*** (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and

(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee ***climate-related risks and opportunities***, including information about:

(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and

(ii) whether management uses controls and procedures to support the oversight of ***climate-related risks and opportunities*** and, if so, how these controls and procedures are integrated with other internal functions.

*Note: In preparing disclosures to fulfil the requirements in this paragraph 19, an issuer shall avoid unnecessary duplication with disclosures made pursuant to paragraph 13 of this Code. For example, although an issuer shall provide the information required by this paragraph 19, if oversight of ESG-related (including climate-related) risks and opportunities is managed on an integrated basis, the issuer would avoid duplication by providing integrated governance disclosures instead of separate disclosures for each ESG-related risk and opportunity.*

***(II) Strategy***

**Climate-related risks and opportunities**

20. An issuer shall disclose information to enable an understanding of ***climate-related risks and opportunities*** that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:

(a) describe ***climate-related risks and opportunities*** that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;

(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a ***climate-related physical risk*** or ***climate-related transition risk***;

(c) specify, for each ***climate-related risk and opportunity*** the issuer has identified, over which time horizons – short, medium or long term – the effects of each ***climate-related risk and opportunity*** could reasonably be expected to occur; and

(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.

*Notes:*

*1. In identifying the **climate-related risks and opportunities** pursuant to paragraph 20, an issuer:*

*(a) shall use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions; and*

*(b) is encouraged to refer to and consider the applicability of the industry-based **disclosure topics** defined in IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures.*

*2. (a) If an issuer determines that disclosing information about a climate-related opportunity pursuant to any provision under this Part D is commercially sensitive in the limited circumstances set out in this note 2(b) below, the issuer is permitted to omit disclosure of such information.*

*(b) An issuer qualifies for the exemption specified in this note 2(a) above if, and only if:*

*(i) information about the climate-related opportunity is not already publicly available;*

*(ii) disclosure of that information could reasonably be expected to prejudice seriously the economic benefits the issuer would otherwise be able to realise in pursuing the opportunity; and*

*(iii) the issuer has determined that it is impossible to disclose that information in a manner – for example, at an aggregated level – that would enable the issuer to meet the objectives of the disclosure requirement without prejudicing seriously the economic benefits the issuer would otherwise be able to realise in pursuing the opportunity.*

*(c) If an issuer elects to use the exemption specified in this note 2(a) above, the issuer shall, for each item of information omitted:*

*(i) disclose the fact that it has used the exemption; and*

*(ii) reassess, at each reporting date, whether the information qualifies for the exemption.*

**Business model and value chain**

21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of ***climate-related risks and opportunities*** on the issuer's ***business model*** and ***value chain***. Specifically, the issuer shall disclose:

    (a) a description of the current and anticipated effects of ***climate-related risks and opportunities*** on the issuer's ***business model*** and ***value chain***; and

    (b) a description of where in the issuer's ***business model*** and ***value chain climate-related risks and opportunities*** are concentrated (for example, geographical areas, facilities and types of assets).

*Note: An issuer shall use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort to determine the scope of its **value chain**, including its breadth and composition.*

**Strategy and decision-making**

22. An issuer shall disclose information that enables an understanding of the effects of ***climate-related risks and opportunities*** on its strategy and decision-making. Specifically, the issuer shall disclose:

    (a) information about how the issuer has responded to, and plans to respond to, ***climate-related risks and opportunities*** in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:

        (i) current and anticipated changes to the issuer's ***business model***, including its resource allocation, to address ***climate-related risks and opportunities***;

        (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);

        (iii) any ***climate-related transition plan*** the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a ***climate-related transition plan***; and

        (iv) how the issuer plans to achieve any climate-related targets (including any ***greenhouse gas*** emissions targets (if any)), described in accordance with paragraphs 37 to 40; and

(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).

23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).

**Financial position, financial performance and cash flows**

**Current financial effect**

24. An issuer shall disclose qualitative and quantitative information about:

(a) how ***climate-related risks and opportunities*** have affected its financial position, financial performance and cash flows for the reporting period; and

(b) the ***climate-related risks and opportunities*** identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

*Notes:*

*1. Issuers should account for climate-related matters in the financial statements in accordance with the requirements under HKFRS, IFRS, CASBE or the alternative overseas financial reporting standard acceptable to the Exchange.*

*2. Where the quantitative information disclosed pursuant to paragraph 24 is not expressed as a line item in the financial statements, the issuer shall explain how such information is reflected in its financial statements (e.g. identifying the relevant financial item).*

**Anticipated financial effect**

25. The issuer shall provide qualitative and quantitative disclosures about:

(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage ***climate-related risks and opportunities***, taking into consideration:

(i) its investment and disposal plans; and

(ii) its planned sources of funding to implement its strategy; and

(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage ***climate-related risks and opportunities***.

*Notes:*

1. *In providing quantitative information about current or anticipated financial effects, an issuer may disclose a single amount or a range.*

2. *In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an issuer shall:*

   *(a) use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort; and*

   *(b) use an approach that is commensurate with the skills, capabilities and resources that are available to the issuer for preparing those disclosures.*

3. *An issuer need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the issuer determines that:*

   *(a) those effects are not separately identifiable; or*

   *(b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.*

4. *In addition, an issuer need not provide quantitative information about the anticipated financial effects of a climate-related risk or opportunity if the issuer does not have the skills, capabilities or resources to provide that quantitative information.*

5. *If an issuer determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in note 3 or 4 above, the issuer shall:*

   *(a) explain why it has not provided quantitative information;*

   *(b) provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that climate-related risk or opportunity; and*

*(c) provide quantitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors unless the issuer determines that quantitative information about the combined financial effects would not be useful.*

**Climate resilience**

26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and ***business model*** to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified ***climate-related risks and opportunities***. An issuer shall use climate-related scenario analysis to assess its ***climate resilience*** using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:

(a) the issuer's assessment of its ***climate resilience*** as at the reporting date, which shall enable an understanding of:

(i) the implications, if any, of the issuer's assessment for its strategy and ***business model***, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;

(ii) the significant areas of uncertainty considered in the issuer's assessment of its ***climate resilience***; and

(iii) the issuer's capacity to adjust, or adapt its strategy and ***business model*** to climate change over the short, medium or long term;

(b) how and when the climate-related scenario analysis was carried out, including:

(i) information about the inputs used, including:

(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;

(2) whether the analysis included a diverse range of climate-related scenarios;

(3) whether the climate-related scenarios used for the analysis are associated with ***climate-related transition risks*** or ***climate-related physical risks***;

(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the ***latest international agreement on climate change***;

(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;

(6) time horizons the issuer used in the analysis; and

(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);

(ii) the key assumptions the issuer made in the analysis; and

(iii) the reporting period in which the climate-related scenario analysis was carried out.

*Note: An issuer shall determine an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort. The determination of the approach shall be informed by the assessments of the issuer's exposure to* ***climate-related risks and opportunities*** *and its available skills, capabilities and resources.*

***(III) Risk Management***

27. An issuer shall disclose information about:

(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:

(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);

(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;

(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);

(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;

(v) how the issuer monitors climate-related risks; and

(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;

(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and

(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring ***climate-related risks and opportunities*** are integrated into and inform the issuer's overall risk management process.

*Note: In preparing disclosures to meet the requirements in this paragraph 27, an issuer shall avoid unnecessary duplication with disclosures made pursuant to paragraphs 13(ii) and 14 (Materiality) of this Code. For example, although an issuer shall provide the information required by this paragraph 27, if oversight of ESG-related (including climate-related) risks and opportunities is managed on an integrated basis, the issuer would avoid duplication by providing integrated risk management disclosures instead of separate disclosures for each ESG-related risk and opportunity.*

***(IV) Metrics and Targets***

**Greenhouse gas emissions**

28. An issuer shall disclose its absolute gross ***greenhouse gas*** emissions generated during the reporting period, expressed as metric tons of ***$CO_2$ equivalent***, classified as:

(a) ***Scope 1 greenhouse gas emissions***;

(b) ***Scope 2 greenhouse gas emissions***; and

(c) ***Scope 3 greenhouse gas emissions***.

29. An issuer shall:

(a) measure its ***greenhouse gas*** emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring ***greenhouse gas*** emissions;

(b) disclose the approach it uses to measure its ***greenhouse gas*** emissions including:

(i) the measurement approach, inputs and assumptions the issuer uses to measure its ***greenhouse gas*** emissions;

(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its ***greenhouse gas*** emissions; and

(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;

(c) for ***Scope 2 greenhouse gas emissions*** disclosed in accordance with paragraph 28(b), disclose its location-based ***Scope 2 greenhouse gas emissions***, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's ***Scope 2 greenhouse gas emissions***; and

(d) for ***Scope 3 greenhouse gas emissions*** disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of ***Scope 3 greenhouse gas emissions***, in accordance with the ***Scope 3 categories*** described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

*Notes:*

1. *An issuer is required to use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort when the issuer selects the measurement approach, inputs and assumptions it uses in measuring* ***Scope 3 greenhouse gas emissions****.*

2. *An issuer is permitted to measure its* ***greenhouse gas*** *emissions in accordance with paragraph 28 using information for reporting periods that are different from its own reporting period if that information is obtained from entities in its* ***value chain*** *with reporting periods that are different from the issuer's reporting period, on the condition that:*

   *(a) the issuer uses the most recent data available from those entities in its* ***value chain*** *without undue cost or effort to measure and disclose its* ***greenhouse gas*** *emissions;*

   *(b) the length of the reporting periods is the same; and*

   *(c) the issuer discloses the effects of significant events and changes in circumstances (relevant to its* ***greenhouse gas*** *emissions) that occur between the reporting dates of the entities in its* ***value chain*** *and the date of the issuer's ESG report.*

*3. Where an issuer's activities include asset management, commercial banking or insurance, the issuer is encouraged to disclose additional information about the issuer's Category 15 greenhouse gas emissions or those associated with its investments **(financed emissions)**.*

**Climate-related transition risks**

30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to ***climate-related transition risks***.

**Climate-related physical risks**

31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to ***climate-related physical risks***.

**Climate-related opportunities**

32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.

*Note: In preparing disclosures to meet the requirements in paragraphs 30 to 32, an issuer shall use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort.*

**Capital deployment**

33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards ***climate-related risks and opportunities***.

**Internal carbon prices**

34. An issuer shall disclose:

(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and

(b) the price of each metric tonne of ***greenhouse gas*** emissions the issuer uses to assess the costs of its ***greenhouse gas*** emissions;

or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.

**Remuneration**

35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).

**Industry-based metrics**

36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular ***business models***, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with ***disclosure topics*** described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.

**Climate-related targets**

37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any ***greenhouse gas*** emissions targets. For each target, the issuer shall disclose:

    (a) the metric used to set the target;

    (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);

    (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);

    (d) the period over which the target applies;

    (e) the base period from which progress is measured;

    (f) milestones or interim targets (if any);

    (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and

(h) how the ***latest international agreement on climate change***, including jurisdictional commitments that arise from that agreement, has informed the target.

*Note: Targets set may or may not be those set out under KPIs A1.5, A1.6, A2.3 and* A2.4 of Part C of this Code.

38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:

(a) whether the target and the methodology for setting the target has been validated by a third party;

(b) the issuer's processes for reviewing the target;

(c) the metrics used to monitor progress towards reaching the target; and

(d) any revisions to the target and an explanation for those revisions.

39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.

40. For each ***greenhouse gas*** emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:

(a) which ***greenhouse gases*** are covered by the target;

(b) whether ***Scope 1***, ***Scope 2*** or ***Scope 3 greenhouse gas emissions*** are covered by the target;

(c) whether the target is a gross ***greenhouse gas*** emissions target or a net ***greenhouse gas*** emissions target. If the issuer discloses a net ***greenhouse gas*** emissions target, the issuer is also required to separately disclose its associated gross ***greenhouse gas*** emissions target;

(d) whether the target was derived using a sectoral decarbonisation approach; and

(e) the issuer's planned use of ***carbon credits*** to offset ***greenhouse gas*** emissions to achieve any net ***greenhouse gas*** emissions target. In explaining its planned use of ***carbon credits***, the issuer shall disclose:

(i) the extent to which, and how, achieving any net ***greenhouse gas*** emissions target relies on the use of ***carbon credits***;

(ii) which third-party scheme(s) will verify or certify the ***carbon credits***;

(iii) the type of ***carbon credit***, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and

(iv) any other factors necessary to enable an understanding of the credibility and integrity of the ***carbon credits*** the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).

**Applicability of cross-industry metrics and industry-based metrics**

41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).

# Appendix C3

## Model Code for Securities Transactions by Directors of Listed Issuers

**Basic Principles**

1. This code (both the basic principles and the rules) sets a required standard against which directors must measure their conduct regarding transactions in securities of their listed issuers. Any breach of such required standard will be regarded as a breach of the Exchange Listing Rules. A director must seek to secure that all dealings in which he is or is deemed to be interested be conducted in accordance with this code.

2. A listed issuer may adopt its own code on terms no less exacting than those set out in this code if it so wishes. Any breach of such code will not be a breach of the Exchange Listing Rules unless it is also a breach of the required standard contained in this code.

3. The Exchange regards it as highly desirable that directors of a listed issuer should hold securities in the listed issuer.

4. Directors wishing to deal in any securities in a listed issuer must first have regard to the provisions of Parts XIII and XIV of the Securities and Futures Ordinance with respect to insider dealing and market misconduct. However, there are occasions where directors should not be free to deal in the listed issuer's securities even though the statutory requirements will not be contravened.

5. The single most important thrust of this code is that directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 14 of the Listing Rules or connected transactions under Chapter 14A of the Listing Rules or any inside information must refrain from dealing in the issuer's securities as soon as they become aware of them or privy to them until the information has been announced. Directors who are privy to relevant negotiations or agreements or any inside information should caution those directors who are not so privy that there may be inside information and that they must not deal in the issuer's securities for a similar period.

6. In addition, a director must not make any unauthorised disclosure of confidential information, whether to co-trustees or to any other person (even those to whom he owes a fiduciary duty) or make any use of such information for the advantage of himself or others.

**Interpretation**

7. For the purpose of this code:

(a) "dealing" includes, subject to paragraph (d) below, any acquisition, disposal or transfer of, or offer to acquire, dispose of or transfer, or creation of pledge, charge or any other security interest in, any securities of the listed issuer or any entity whose assets solely or substantially comprise securities of the listed issuer, and the grant, acceptance, acquisition, disposal, transfer, exercise or discharge of any option (whether call, put or both) or other right or obligation, present or future, conditional or unconditional, to acquire, dispose of or transfer securities, or any interest in securities, of the listed issuer or any such entity, in each case whether or not for consideration and any agreements to do any of the foregoing, and "deal" shall be construed accordingly;

(b) "beneficiary" includes any discretionary object of a discretionary trust (where the director is aware of the arrangement) and any beneficiary of a non-discretionary trust;

(c) "securities" means listed securities and any unlisted securities that are convertible or exchangeable into listed securities and structured products (including derivative warrants), such as those described in Chapter 15A of the Exchange Listing Rules, issued in respect of the listed securities of a listed issuer;

(d) notwithstanding the definition of "dealing" in paragraph (a) above, the following dealings are not subject to the provisions of this code:

(i) taking up of entitlements under a rights issue, bonus issue, capitalisation issue or other offer made by the listed issuer to holders of its securities (including an offer of shares in lieu of a cash dividend) but, for the avoidance of doubt, applying for excess shares in a rights issue or applying for shares in excess of an assured allotment in an open offer is a "dealing";

(ii) allowing entitlements to lapse under a rights issue or other offer made by the listed issuer to holders of its securities (including an offer of shares in lieu of a cash dividend);

(iii) undertakings to accept, or the acceptance of, a general offer for shares in the listed issuer made to shareholders other than those that are concert parties (as defined under the Takeovers Code) of the offeror;

(iv) exercise of share options or warrants or acceptance of an offer for shares pursuant to an agreement entered into with a listed issuer before a period during which dealing is prohibited under this code at the pre-determined

exercise price, being a fixed monetary amount determined at the time of grant of the share option or warrant or acceptance of an offer for shares;

(v) an acquisition of qualification shares where, under the listed issuer's constitutional documents, the final date for acquiring such shares falls within a period when dealing is prohibited under this code and such shares cannot be acquired at another time;

(vi) dealing where the beneficial interest or interests in the relevant security of the listed issuer do not change;

(vii) dealing where a shareholder places out his existing shares in a "top-up" placing where the number of new shares subscribed by him pursuant to an irrevocable, binding obligation equals the number of existing shares placed out and the subscription price (after expenses) is the same as the price at which the existing shares were placed out;

(viii) dealing where the beneficial ownership is transferred from another party by operation of law; and

(ix) acceptance or vesting of shares pursuant to the terms of share awards granted by a listed issuer before a period during which dealing is prohibited under this code at the purchase price, if any, fixed at the time of grant of the awards.

8. For the purpose of this code, the grant to a director of an option to subscribe or purchase his company's securities shall be regarded as a dealing by him, if the price at which such option may be exercised is fixed at the time of such grant. If, however, an option is granted to a director on terms whereby the price at which such option may be exercised is to be fixed at the time of exercise, the dealing is to be regarded as taking place at the time of exercise.

**RULES**

**A. Absolute prohibitions**

1. A director must not deal in any of the securities of the issuer at any time when he possesses inside information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule B.8 of this code.

2. A director must not deal in the securities of an issuer when by virtue of his position as a director of another issuer, he possesses inside information in relation to those securities.

3. (a) A director must not deal in any securities of the listed issuer on any day on which its financial results are published and:

(i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in section C below. In any event, the director must comply with the procedure in rules B.8 and B.9 of this code.

(b) The listed issuer must notify the Exchange in advance of the commencement of each period during which directors are not allowed to deal under rule A.3(a).

*Note: Directors should note that the period during which they are not allowed to deal under rule A.3 will cover any period of delay in the publication of a results announcement.*

4. Where a director is a sole trustee, the provisions of this code will apply to all dealings of the trust as if he were dealing on his own account (unless the director is a bare trustee and neither he nor any of his close associates is a beneficiary of the trust, in which case the provisions of this code will not apply).

5. Where a director deals in the securities of a listed issuer in his capacity as a co-trustee and he has not participated in or influenced the decision to deal in the securities and is not, and none of his close associates is, a beneficiary of the trust, dealings by the trust will not be regarded as his dealings.

6. The restrictions on dealings by a director contained in this code will be regarded as equally applicable to any dealings by the director's spouse or by or on behalf of any minor child (natural or adopted) and any other dealings in which for the purposes of Part XV of the Securities and Futures Ordinance he is or is to be treated as interested. It is the duty of the director, therefore, to seek to avoid any such dealing at a time when he himself is not free to deal.

7. When a director places investment funds comprising securities of the listed issuer under professional management, discretionary or otherwise, the managers must nonetheless be made subject to the same restrictions and procedures as the director himself in respect of any proposed dealings in the listed issuer's securities.

**B. Notification**

8. A director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. In his own case, the chairman must first notify the board at a board meeting, or alternatively notify a director (otherwise than himself) designated by the board for the purpose and receive a dated written acknowledgement before any dealing. The designated director must not deal in any securities of the issuer without first notifying the chairman and receiving a dated written acknowledgement. In each case,

   (a) a response to a request for clearance to deal must be given to the relevant director within five business days of the request being made; and

   (b) the clearance to deal in accordance with (a) above must be valid for no longer than five business days of clearance being received.

   *Note: For the avoidance of doubt, the restriction under A.1 of this code applies if inside information develops following the grant of clearance.*

9. The procedure established within the listed issuer must, as a minimum, provide for there to be a written record maintained by the listed issuer that the appropriate notification was given and acknowledged pursuant to rule B.8 of this code, and for the director concerned to have received written confirmation to that effect.

10. Any director of the listed issuer who acts as trustee of a trust must ensure that his co-trustees are aware of the identity of any company of which he is a director so as to enable them to anticipate possible difficulties. A director having funds under management must likewise advise the investment manager.

11. Any director who is a beneficiary, but not a trustee, of a trust which deals in securities of the listed issuer must endeavour to ensure that the trustees notify him after they have dealt in such securities on behalf of the trust, in order that he in turn may notify the listed issuer. For this purpose, he must ensure that the trustees are aware of the listed issuers of which he is a director.

12. The register maintained in accordance with Section 352 of the Securities and Futures Ordinance should be made available for inspection at every meeting of the board.

13. The directors of a company must as a board and individually endeavour to ensure that any employee of the company or director or employee of a subsidiary company who, because of his office or employment in the company or a subsidiary, is likely to possess inside information in relation to the securities of any issuer does not deal in those securities when he would be prohibited from dealing by this code if he were a director.

## C. Exceptional circumstances

14. If a director proposes to sell or otherwise dispose of securities of the listed issuer under exceptional circumstances where the sale or disposal is otherwise prohibited under this code, the director must, in addition to complying with the other provisions of this code, comply with the provisions of rule B.8 of this code regarding prior written notice and acknowledgement. The director must satisfy the chairman or the designated director that the circumstances are exceptional and the proposed sale or disposal is the only reasonable course of action available to the director before the director can sell or dispose of the securities. The listed issuer shall give written notice of such sale or disposal to the Exchange as soon as practicable stating why it considered the circumstances to be exceptional. The listed issuer shall publish an announcement in accordance with rule 2.07C immediately after any such sale or disposal and state that the chairman or the designated director is satisfied that there were exceptional circumstances for such sale or disposal of securities by the director. An example of the type of circumstances which may be considered exceptional for such purposes would be a pressing financial commitment on the part of the director that cannot otherwise be satisfied.

## D. Disclosure

15. In relation to securities transactions by directors, a listed issuer shall disclose in its interim reports (and summary interim reports, if any) and the Corporate Governance Report contained in its annual reports (and summary financial reports, if any):

    (a) whether the listed issuer has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in this 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 this code and its code of conduct regarding securities transactions by directors; and

    (c) in the event of any non-compliance with the required standard set out in this code, details of such non-compliance and an explanation of the remedial steps taken by the listed issuer to address such non-compliance.

# D. Document Content Requirements

# Appendix D1A

## Contents of Listing Documents

**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**

1. The full name of the issuer.

2. A statement as follows:—

   "This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading." (Note 1)

3. The names and addresses of the issuer's principal bankers, sponsor, sponsor-overall coordinator, overall coordinator(s), any other syndicate member(s), authorised representatives, solicitors, registrars and trustees (if any) and of the solicitors to the issue.

3A. The total amount of fees paid or payable to the sponsor.

3B. The aggregate of the fees (as a percentage of the gross amount of funds proposed to be raised in the subscription tranche and/ or the placing tranche) and the ratio of fixed and discretionary fees paid or payable to all syndicate members.

4. The name, address and professional qualifications of the auditors.

5. The date and country of incorporation or other establishment of the issuer and the authority under which the issuer was incorporated or otherwise established.

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 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.

7. The provisions or a sufficient summary of the provisions of the articles of association or equivalent document with regard to:—

   (1) any power enabling a director to vote on a proposal, arrangement or contract in which he is materially interested;

   (2) any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body and any other provision as to the remuneration of the directors;

   (3) borrowing powers exercisable by the directors and how such borrowing powers can be varied;

   (4) retirement or non-retirement of directors under an age limit;

   (5) directors' qualification shares;

   (6) changes in capital;

   (7) any time limit after which entitlement to dividend lapses and an indication of the party in whose favour the lapse operates;

   (8) arrangements for transfer of the securities and (where permitted) any restrictions on their free transferability; and

   (9) any restriction on ownership of securities of the Issuer.

8. (1) The name of any promoter. If the promoter is a company, the Exchange may require a statement of its issued share capital, the amount paid up thereon, the date of its incorporation or other establishment, the names of its directors, bankers and auditors, and such other particulars as the Exchange thinks necessary in connection therewith. (Note 2)

(2) Particulars of any cash, securities or other benefit paid, allotted or given within the two years immediately preceding the issue of the listing document, or proposed to be paid, allotted or given, to any promoter and the consideration for such payment, allotment or other benefit.

9. Where the listing document includes a statement purporting to be made by an expert, a statement:—

(1) specifying the qualifications of such expert and whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group, and, if so, a full description thereof;

(2) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included; and

(3) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the listing document.

10. Where relevant, in the absence of a statement that estate duty indemnities have been given, a statement that the directors have been advised that no material liability for estate duty would be likely to fall upon any member of the group. (The Exchange may require any such indemnities to be supported by continuing guarantees.)

11. Particulars of any other stock exchange on which any part of the equity or debt securities of the issuer is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought, the name of the stock exchange on which the issuer's primary listing is or is to be and particulars of the dealing and settlement arrangements on each such exchange and between such exchanges, or an appropriate negative statement.

12. Particulars of any arrangement under which future dividends are waived or agreed to be waived.

13. Particulars of any commissions, discounts, brokerages or other special terms granted within the two years immediately preceding the issue of the listing document in connection with the issue or sale of any capital of any member of the group, together with the names of any directors or proposed directors, promoters or experts (as named in the listing document) who received any such payment or benefit and the amount or rate of the payment or benefit they received, or an appropriate negative statement. (Note 3)

13A. [Repealed 1 January 2009].

**Information about the securities for which listing is sought and the terms and conditions of their issue and distribution**

14. (1) A statement that application has been or will be made to the Exchange for listing of and permission to deal in the securities;

(2) A statement that all necessary arrangements have been made enabling the securities to be admitted into CCASS or an appropriate negative statement; and

(3) A statement of the minimum prescribed percentage of securities to be held by the public pursuant to rule 8.08.

15. (1) The nature and amount of the issue including the number of securities which have been or will be created and/or issued and a full description of, including a summary of the terms attaching to, the securities for which listing is sought.

(2) The following information concerning the terms and conditions of the issue and distribution, public or private, of the securities in respect of which the application for listing is made where such issue or distribution is being effected in conjunction with the issue of the listing document or has been effected within the 12 months preceding the issue of the listing document:—

(a) the total amount of the public or private issue and the number of securities offered, where applicable, by category;

(b) if public or private issues or placings are being made simultaneously on markets within and outside Hong Kong and if a tranche has been or is being reserved for certain of those markets, an indication of any such tranche;

(c) the issue price or offer price of each security, stating the nominal value of each security;

(d) the methods of payment of the issue or offer price, particularly as regards the paying-up of securities which are not fully paid;

(e) the procedure for the exercise of any right of pre-emption and the transferability of subscription rights;

(f) the period during which the issue or offer of securities will remain open after issue of the listing document, the date and time of the opening of the subscription list, and the names of the receiving bankers;

(g) the methods of and time limits for delivery of the securities and a statement whether temporary documents of title will be issued;

(h) the names, addresses and descriptions of the persons underwriting the issue for the issuer and, where not all of the issue is underwritten, a statement of the portion not covered;

(i) details of any clauses in the underwriting agreement which may affect the obligations of the underwriter under the underwriting agreement after the opening of the issue;

(j) in the case of an offer for sale of securities, the names, addresses and descriptions of the vendor(s) of the securities or, if there are more than ten vendors, such details of the ten principal vendors and a statement of the number of other vendors and particulars of any beneficial interest possessed by any director of the issuer in any securities so offered for sale; and

(k) the date or approximate date on which it is expected that the results of a public offer and the basis of allotment will be published as required by rule 12.08 and the newspapers in which the announcement is expected to appear.

(3) Where an issuer or a selling shareholder has granted an over-allotment option or it is otherwise proposed that price stabilising activities may be entered into in connection with an offering:—

(a) confirmation that the price stabilising activities will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation;

(b) the reason for entering into the price stabilising activities;

(c) the number of shares subject to the over-allotment option, the option price, whether the shares issued or sold under an over-allotment option are to be issued or sold on the same terms and conditions as the shares that are subject to the main offering;

(d) whether there are any other terms, such as the duration, of the option; and

(e) the purpose for which the option has been granted.

16. Where listing is sought for securities with a fixed dividend, particulars of the profits cover for dividend.

17. Where the securities for which listing is sought were issued for cash within the two years immediately preceding the issue of the listing document, or will be issued for cash, a statement or an estimate of the net proceeds of the issue and a statement as to how such proceeds were or are intended to be applied.

18. Where listing is sought for options, warrants or similar rights to subscribe or purchase equity securities:–

    (1) the maximum number of securities which could be issued on exercise of such rights;

    (2) the period during which such rights may be exercised and the date when this right commences;

    (3) the amount payable on the exercise of such rights;

    (4) the arrangements for transfer or transmission of such rights;

    (5) the rights of the holders on the liquidation of the issuer;

    (6) the arrangements for the variation in the subscription or purchase price or number of securities to take account of alterations to the share capital of the issuer;

    (7) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer; and

    (8) a summary of any other material terms of the options, warrants or similar rights.

19. Where listing is sought for convertible equity securities:—

(1) information concerning the nature of the equity securities to which the convertible equity securities relate and the rights attaching thereto; and

(2) the conditions of and procedures for conversion, exchange, subscription or purchase and details of the circumstances in which they may be amended.

20. (1) Particulars of any preliminary expenses incurred or proposed to be incurred and by whom the same are payable. (Note 2)

(2) The amount or estimated amount of the expenses of the issue and of the application for listing so far as the same are not included in the statement of preliminary expenses and by whom the same are payable.

21. A statement of the net tangible asset backing for each class of security for which listing is sought, after making allowance for any new securities to be issued, as detailed in the listing document. (Note 6)

22. If known, the date on which dealings will commence.

**Information about the issuer's capital**

23. (1) The authorised share capital of the issuer, the amount issued or agreed to be issued, the amount paid up, the nominal value and a description of the shares.

(1A) Particulars of and the number of treasury shares held by the issuer or its subsidiary or through their agents or nominees.

(2) The amount of any outstanding convertible debt securities and particulars of the conditions governing and the procedures for conversion, exchange or subscription of such securities.

24. Particulars of and the number of founder or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the group.

25. (1) The voting rights of shareholders.

(2) If there is more than one class of share, the rights of each class of share as regards voting, dividend, capital, redemption, and the creation or issue of further shares ranking in priority to or pari passu with each class other than the lowest ranking equity.

(3) A summary of the consents necessary for the variation of such rights.

26. Particulars of any alterations in the capital of any member of the group within the two years immediately preceding the issue of the listing document, including:—

(1) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case the extent to which they are so paid up; and

(2) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear,

or an appropriate negative statement. (Note 3)

27. Particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement. (Note 3)

Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

27A. Details of any controlling shareholder of the issuer, including the name or names of any such controlling shareholder, the amount of its or their interest in the share capital of the issuer and a statement explaining how the issuer is satisfied that it is capable of carrying on its business independently of the controlling shareholder (including any close associate thereof) after listing, and particulars of the matters that it relied on in making such statement.

**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 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:

(i) a statement of the percentage of purchases attributable to the group's largest supplier;

(ii) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;

(iii) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's largest customer;

(iv) a statement of the percentage of 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 (excluding treasury shares) of the issuer) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

(vi) in the event that the percentage which would fall to be disclosed under (ii) above is less than 30, a statement of that fact shall be given and the information required in (i), (ii) and (v) (in respect of suppliers) may be omitted; and

(vii) in the event that the percentage which would fall to be disclosed under (iv) above is less than 30, a statement of that fact shall be given and the information required in (iii), (iv) and (v) (in respect of customers) may be omitted.

Sub-paragraph 28(1)(b) applies to all 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 issuers.

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

References to suppliers are primarily to those who provide goods or services which are specific to an issuer's business and which are required on a regular basis to enable the 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 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 issuers.

The Exchange must be consulted if there is any doubt about the application of sub-paragraph 28(1)(b).

(2) If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held (directly or indirectly) by each holding company of the issuer.

(3) If required by the Exchange, particulars of any contracts for the hire or hire purchase of plant to or by any member of the group for a period of over one year which are substantial in relation to the group's business.

(4) Particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and, where such factors are of fundamental importance to the group's business or profitability, a statement regarding the extent to which the group is dependent on such factors.

(5) Information concerning the policy of the group on the research and development of new products and processes over the past five financial years where significant.

(6) Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last 12 months.

(7) The number of people employed by the group and changes therein in the last financial year, if such changes are material in the context of the group, with, if possible a breakdown of persons employed by main category of activity. Details of the remuneration of employees, remuneration policies, bonus and share schemes and training schemes should be provided where relevant.

(8) Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.

(Note 3)

29. (1) In regard to every company the whole of, or a substantial proportion of, whose capital is held or intended to be held (either directly or indirectly) by the issuer, or whose profits or assets make or will make a material contribution to the figures in the accountants' report or the next published accounts, particulars of the name, date and country of incorporation or other establishment, whether public or private, general nature of business, issued capital and the proportion thereof held or intended to be held.

(2) In regard to the group, particulars of the location of the principal establishments. (Note 3)

30. In the case of an introduction, a statement that no change in the nature of the business is in contemplation.

31. Particulars of any restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

**Financial information about the group and the prospects of the group**

32. A statement as at the most recent practicable date (which must be stated) of the following on a consolidated basis if material:—

(1) the total amount of any debt securities of the group issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured, or an appropriate negative statement;

(2) the total amount of all other borrowings or indebtedness in the nature of borrowing of the group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt, or an appropriate negative statement;

(3) all mortgages and charges of the group, or an appropriate negative statement; and

(4) the total amount of any contingent liabilities or guarantees of the group, or an appropriate negative statement. Intra-group liabilities should normally be disregarded, a statement to that effect being made where necessary. (Notes 3 and 4)

(5) a commentary on:—

(a) 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; and

(b) the capital structure of the group. This may cover the maturity profile of debt, type of capital instruments used, currency and interest rate structure. The discussion may also include 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.

33. (1) A statement showing the 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 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) the aggregate of the directors' fees for each of the three financial year immediately preceding the issue of the listing document;

(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

(g) particulars of any arrangement under which a director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of the listing document.

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 383(1)(a) to (c) (inclusive) of the Companies Ordinance. The requirements of 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.

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 (b) above.

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

(3) Additional information in respect of those five individuals whose emoluments (excluding amounts paid or payable by way of commissions on sales generated by the individual) were the highest in the issuer or the group for the year. Where all five of these individuals are directors of the issuer and the information required to be disclosed by this paragraph has been disclosed in directors' emoluments as required by paragraph 33(2), a statement of this fact shall be made 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 directors' emoluments above, the following information shall be disclosed:—

(a) the aggregate of 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;

(b) the aggregate of contributions to pension schemes for each of the three financial years immediately preceding the issue of the listing document;

(c) 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 (d) and (e) below) for each of the three financial years immediately preceding the issue of the listing document;

(d) the aggregate of amounts paid or receivable 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 or the group; and

(e) the aggregate of compensation paid or receivable for each of the three financial years immediately preceding the issue of the listing document for the loss of any 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 (a) to (d) above).

It is not necessary to disclose the identity of the highest paid individuals.

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.

(4) The following information in addition to the information required under the relevant accounting standard in respect of pension schemes:—

(a) a brief outline of how contributions are calculated or benefits funded;

(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:—

(i) the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions;

(ii) 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);

(iii) the level of funding expressed in percentage terms; and

(iv) comments on any material surplus or deficiency (including quantification of the deficiency) indicated by (iii) above.

(5) Except where the issuer is a banking company, a statement of the reserves available for distribution to shareholders by the issuer as at the end of the period reported on.

34. (1) (a) General information on the trend of the business of the group since the date to which the latest audited accounts of the issuer were made up;

(b) a statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the listing document and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits; and

(Note 3)

(c) the state of the group's order book (where applicable) and prospects for new business including new products and services introduced or announced.

(2) The issuer must determine in advance with its sponsor whether to include a profit forecast in a listing document. Where a profit forecast appears in any listing document, 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 examined and reported on by the reporting accountants and their report must be set out. The 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 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.

35. A statement of whether or not the accountants' report contains a modified opinion by the reporting accountants and if so, such modification must be reproduced in full and the reasons for such modification given.

36. A statement by the directors that in their opinion the working capital available to the group is sufficient for the group's requirements for at least 12 months from the date of publication of the listing document or, if not, how it is proposed to provide the additional working capital thought by the directors to be necessary. (Note 3)

*Note 1: In the case of a Mineral Company, a statement by the directors that in their opinion the issuer has available sufficient working capital for 125% of the group's present requirements.*

*Note 2: In the case of a new applicant for listing under Chapter 18A, a statement by the directors that in their opinion the issuer has available sufficient working capital for at least 125% of the group's costs for at least 12 months from the date of publication of its listing document, taking into account the factors in rule 18A.03(4).*

*Note 3: A new applicant which is a banking company or an insurance company should refer to rule 8.21A(2).*

*Note 4: In the case of a new applicant for listing under Chapter 18C as a Pre-Commercial Company (as defined in rule 18C.01), a statement by the directors that in their opinion the issuer has available sufficient working capital for at least 125% of the group's costs for at least 12 months from the date of publication of its listing document, taking into account the factors set out in rule 18C.07.*

37. An accountants' report in accordance with Chapter 4. The accountants' report must, in addition, comply with the provisions set out in Appendix D2 to the Listing Rules in relation to the disclosure requirements for listing documents.

38. A statement by the directors of any material adverse change in the financial or trading position of the group since the end of the period reported on in the accountants' report, or an appropriate negative statement.

39. [Repealed 1 January 2012]

40. Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement. (Note 3)

**Information about the issuer's management**

41. (1) The full name, residential or business address of every director and senior manager or proposed director and senior manager. Where a director or proposed director has any former name or alias, such information should also be disclosed. In addition, brief biographical details in respect of the directors, proposed directors, senior managers and proposed senior managers of the issuer shall be provided. Such details will include name, age, positions held with the issuer and other members of the issuer's group, length of service with the issuer and the group, relevant management expertise and experience including current and past directorships in other listed public companies in the last three years, and such other information of which shareholders should be aware, pertaining to the ability or integrity of such persons (which would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities). As regards the biographical details in respect of each director, proposed director, supervisor and proposed supervisor, such details must not be less than those required to be disclosed in an announcement relating to the appointment or re-designation of the director or supervisor pursuant to rule 13.51(2).

(Note 7)

(2) Where the issuer is to be listed under rule 8.05(3) and wishes to apply for a waiver of the trading record period requirement, or where the issuer is an infrastructure company and wishes to apply for a waiver of the profit or other financial standards requirement, the relevant management expertise and experience of such persons described in paragraph 41(1) of at least three years in the line of business and industry of the issuer.

(3) 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 a step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in law, brother-in-law or sister-in-law.

(4) Where any director or proposed director is a director or employee of a company which 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, that fact shall be stated.

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

(6) Where the issuer is a Mineral Company and wishes to apply for a waiver of the profit or other financial standards requirements under rule 18.04, the relevant management expertise and experience of such persons described in paragraph 41(1) of at least five years relevant to the exploration and/or extraction activity that the Mineral Company is pursuing.

42. The full name and professional qualification, if any, of the secretary of the issuer.

43. The situation of the registered office and, if different, the head office and transfer office.

44. Details of any share schemes to which Chapter 17 applies.

45. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:—

(a) will have to be notified to the issuer and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he is taken or deemed to have under such provisions of Securities and Futures Ordinance) once the issuer's securities are listed; or

(b) will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, once the issuer's securities are listed; or

(c) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the issuer and the Exchange once the issuer's securities are listed;

or an appropriate negative statement. Provided that the Exchange may agree in its sole discretion that compliance with this paragraph may be modified or waived in respect of any associated corporation, if in the opinion of the Exchange, the number of associated companies 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 paragraph would result in particulars being given which are not material in the context of the group and are excessive in length.

(1A) A statement required by sub-paragraph 45(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;

*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.*

(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 issued voting shares 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 securities, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

(Note 5)

46. (1) Particulars of directors' existing or proposed service contracts with any member of the group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)), or an appropriate negative statement.

(2) The aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group in respect of the last completed financial year under any description whatsoever.

(3) An estimate of the aggregate remuneration payable to, and benefits in kind receivable by, the directors or any proposed directors of the issuer by any member of the group in respect of the current financial year under the arrangements in force at the date of the listing document.

(Note 3)

47. (1) Full particulars of the nature and extent of the interest, direct or indirect, if any, of every director or proposed director or expert (as named in the listing document), in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of the listing document, acquired or disposed of by or leased to, any member of the group, or are proposed to be acquired or disposed of by or leased to any member of the group, including:—

(a) the consideration passing to or from any member of the group; and

(b) short particulars of all transactions relating to any such assets which have taken place within such period or which are to take place,

or an appropriate negative statement. (Notes 2 and 3)

(2) Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement. (Note 3)

**Use of Proceeds**

48. Otherwise than on an introduction, details of the intended use of the proceeds of the issue.

49. (1) Where relevant, as respects any property to which this paragraph applies:—

(a) the names and addresses of the vendors;

(b) the amount payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the company is a sub-purchaser, the amount so payable to each vendor; and

(c) short particulars of any transaction relating to the property completed within the two preceding years in which any vendor of the property to the company or any person who is, or was at the time of the transaction, a promoter or a director or proposed director of the company had any interest direct or indirect.

(2) The property to which this paragraph applies is property purchased or acquired by the issuer or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue or the purchase or acquisition of which has not been completed at the date of the issue of the listing document, other than property:—

(a) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the issuer's business, the contract not being made in contemplation of the issue nor the issue in consequence of the contract; or

(b) as respects which the amount of the purchase money is not material.

50. The amount, if any, paid or payable as purchase money in cash, shares or debentures for any property to which paragraph 49 applies, specifying the amount, if any, payable for goodwill .

**Additional information on mineral companies**

51. In the case of mineral companies, the information set out in Chapter 18.

**Information on property interests**

51A. Where required by Chapter 5, information set out in that Chapter.

**Material contracts and documents on display**

52. The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the issue of the listing document, together with a summary of the principal contents of such contracts and particulars of any consideration passing to or from any member of the group. (Note 3)

53. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange's website and the issuer's own website:—

(1) the memorandum and articles of association or equivalent documents of the issuer;

(2) each contract disclosed pursuant to paragraphs 46(1) and 52 or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;

(3) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the listing document;

(4) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefore; and

(5) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each of the two financial years immediately preceding the issue of the listing document together with (in the case of a Hong Kong issuer) all notes, certificates or information required by the Companies Ordinance.

(Note 3)

## NOTES

*Note 1* *In cases where the directors of the issuer are responsible for part of the listing document, the directors of another company being responsible for the remainder, the statement should be appropriately adapted. In exceptional cases the Exchange may require other persons to give, or join in, the statement of responsibility in which case the listing document should also be modified appropriately.*

*Note 2* *In the case of an issuer which has carried on the same business for more than two years immediately preceding the issue of the listing document, application may be made to the Exchange to dispense with the requirements of paragraphs 8, 20(1) and 47, in so far as it relates to interests in the promotion.*

*Note 3* *Under paragraphs 13, 26, 27, 28, 29(2), 32, 34, 36, 40, 45(2), 46, 47, 52 and 53, reference to the group is to be construed as including any company which will become a subsidiary of the issuer by reason of an acquisition which has been agreed or proposed since the date to which the latest audited accounts of the issuer have been made up.*

*Note 4* *[Repealed 1 April 2015]*

*Note 5* *For the purposes of paragraph 45 particulars should be given of the extent of any duplication which occurs.*

*Note 6* *Where an issuer has caused any property interests to be valued (in accordance with Chapter 5) or has caused any valuation to be made of any other tangible assets and included such a valuation in the prospectus relating to its initial public offer, the issuer is required to state in its prospectus, by way of note to the adjusted net tangible asset statement, the additional depreciation (if any) that would be charged against the income statement had such assets been stated at valuation.*

*Note 7* *For the purposes of paragraph 41 "other listed public companies" means other public companies the securities of which are listed on any securities market in Hong Kong (including but not limited to the Main Board and GEM) or overseas.*

**Attachment to Appendix D1A**

A summary of the constitutive documents required by rule 19.10(2) or 19A.27(2) must be set out under the following headings and where any item is not applicable the words "not applicable" should be inserted under the relevant heading:—

(1) directors

(a) power to allot and issue shares

(i) summary
(ii) differences

(b) power to dispose of the issuer's or any of its subsidiaries' assets

(i) summary
(ii) differences

(c) compensation or payments for loss of office

(i) summary
(ii) differences

(d) loans to directors

(i) summary
(ii) differences

(e) giving of financial assistance to purchase the issuer's or any of its subsidiaries' shares

(i) summary
(ii) differences

(f) disclosure of interests in contracts with the issuer or any of its subsidiaries

(i) summary
(ii) differences

(g) remuneration

(i) summary
(ii) differences

(h) retirement, appointment, removal

(i) summary
(ii) differences

(i) borrowing powers

(i) summary
(ii) differences

(2) alterations to constitutional documents

(i) summary
(ii) differences

(3) variation of rights of existing shares or classes of shares

(i) summary
(ii) differences

(4) special resolutions - majority required

(i) summary
(ii) differences

(5) voting rights (generally and on a poll)

(i) summary
(ii) differences

(6) requirements for annual general meetings

(i) summary
(ii) differences

(7) accounts and audit

(i) summary
(ii) differences

(8) notice of meetings and business to be conducted thereat

(i) summary
(ii) differences

(9) transfer of shares

(i) summary
(ii) differences

(10) power of the issuer to purchase its own shares

(i) summary
(ii) differences

(11) power of any subsidiary of the issuer to own shares in its parent

(i) summary
(ii) differences

(12) dividends and other methods of distribution

(i) summary
(ii) differences

(13) proxies

(i) summary
(ii) differences

(14) calls on shares and forfeiture of shares

(i) summary
(ii) differences

(15) inspection of register of members

(i) summary
(ii) differences

(16) quorum for meetings and separate class meetings

(i) summary
(ii) differences

(17) rights of the minorities in relation to fraud or oppression thereof

(i) summary
(ii) differences

(18) procedures on liquidation

(i) summary
(ii) differences

(19) any other provisions material to the issuer or the shareholders thereof.

# Appendix D1B

## Contents of Listing Documents

### Equity Securities

### In the case where listing is sought for equity 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

**General information about the issuer, its advisers and the listing document**

1. The full name of the issuer.

2. A statement as follows:—

   "This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading." (Note 1)

3. The names and addresses of the issuer's principal bankers, authorised representatives, solicitors, registrars and trustees (if any) and of the solicitors to the issue.

4. The name, address and professional qualifications of the auditors.

5. Where the listing document includes a statement purporting to be made by an expert, a statement:—

   (1) specifying the qualifications of such expert and whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group and, if so, a full description thereof;

   (2) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included; and

(3) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the listing document.

6. (1) Particulars of any other stock exchange on which any part of the equity or debt securities of the issuer is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought;

(2) the name of the stock exchange on which the issuer's primary listing is or is to be; and

(3) particulars of the dealing and settlement arrangements on each such exchange and between such exchanges,

or an appropriate negative statement.

7. Particulars of any arrangement under which future dividends are waived or agreed to be waived.

8. Particulars of any commissions, discounts, brokerages or other special terms granted since the date to which the latest published audited accounts of the issuer were made up in connection with the issue or sale of any capital of any member of the group, together with the names of any directors or proposed directors, promoters or experts (as named in the listing document) who received any such payment or benefit and the amount or rate of the payment or benefit they received, or an appropriate negative statement. (Note 2)

8A. [Repealed 1 January 2009]

**Information about the securities for which listing is sought and the terms and conditions of their issue and distribution (Note 7)**

9. (1) A statement that application has been or will be made to the Exchange for listing of and permission to deal in the securities;

(2) In case of a new class of securities to be listed, a statement that all necessary arrangements have been made enabling the securities to be admitted into CCASS or an appropriate negative statement;

(3) In case of a new class of securities to be listed, a statement of the minimum prescribed percentage of securities to be held by the public pursuant to rule 8.08; and

(4) In case of a new class of securities to be listed, the expected percentage of public float in the relevant class of securities immediately upon listing.

10. The nature and amount of the issue including the number of securities which have been or will be created and/or issued, if predetermined.

11. Where the securities for which listing is sought were issued for cash since the date to which the latest published audited accounts of the issuer were made up, or will be issued for cash, a statement or an estimate of the net proceeds of the issue and a statement as to how such proceeds were or are intended to be applied, provided that, in the case of a fully underwritten rights issue or open offer, if the net proceeds are not intended to be used for a specific purpose, the statement may refer to the net proceeds being used for general corporate funding purposes.

12. The amount or estimated amount of the expenses of the issue and of the application for listing and by whom the same are payable.

13. A statement of the net tangible asset backing for each class of security for which listing is sought, after making allowance for any new securities to be issued, as detailed in the listing document.

14. If known, the date on which dealings will commence.

15. Where the securities for which listing is sought are allotted by way of exchange or substitution, an explanation of the financial effects thereof and the effect on existing share rights.

16. Where the securities for which listing is sought are allotted by way of capitalisation of reserves or profits or by way of bonus to the holders of an existing security, a statement as to the pro rata entitlement, the last date on which transfers were or will be accepted for registration for participation in the issue, how the securities rank for dividend, whether the securities rank pari passu with any listed securities, the nature of the document of title, its proposed date of issue and whether or not it is renounceable and how fractions (if any) are to be treated.

17. Where listing is sought for shares which will not be identical with shares already listed:—

    (1) a statement of the rights as regards dividend, capital, redemption and voting attached to such shares and (except as regards the lowest ranking equity) as to the right of the issuer to create or issue further shares ranking in priority thereto or pari passu therewith; and

    (2) a summary of the consents necessary for the variation of such rights.

18. Where the securities for which listing is sought are offered by way of rights or by way of an open offer to the holders of an existing listed security, a statement as to:—

    (1) how securities not taken up will be dealt with and the time, being not less than 10 business days, in which the offer may be accepted. In cases where the issuer has a large number of overseas members a longer offer period may be desirable, provided that the Exchange must be consulted if the issuer proposes an offer period of over 15 business days;

    (2) the pro rata entitlement (if applicable), the last date on which transfers were accepted for registration for participation in the issue, how the securities rank for dividend, whether the securities rank pari passu with any listed securities, the nature of the document of title and its proposed date of issue, and how fractions (if any) are to be treated;

(3) whether the board of directors has received any information from any substantial shareholders of their intention to take up the securities provisionally allotted or offered to them or to be provisionally allotted or offered to them and particulars thereof; and

(4) the matters required to be disclosed by rule 7.19(2), (3), (4), (6) and (7), 7.21(1) and (2), 7.24(2), (3), (5) and (6), 7.26A(1) and (2) and/or 14A.92(2)(b), where appropriate.

19. Where listing is sought for securities with a fixed dividend, particulars of the profits cover for dividend.

20. Where listing is sought for options, warrants or similar rights to subscribe or purchase equity securities:—

(1) the maximum number of securities which could be issued on exercise of such rights;

(2) the period during which such rights may be exercised and the date when this right commences;

(3) the amount payable on the exercise of such rights;

(4) the arrangements for transfer or transmission of such rights;

(5) the rights of the holders on the liquidation of the issuer;

(6) the arrangements for the variation in the subscription or purchase price or number of securities to take account of alterations to the share capital of the issuer;

(7) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer; and

(8) a summary of any other material terms of the options, warrants or similar rights.

21. Where listing is sought for convertible equity securities:—

(1) information concerning the nature of the equity securities to which the convertible equity securities relate and the rights attaching thereto; and

(2) the conditions of and procedures for conversion, exchange, subscription or purchase and details of the circumstances in which they may be amended.

21A. Where the vendor of the securities being marketed has not paid in full for those securities at the date of the offer, a statement that:

(1) an irrevocable authority has been given by the vendor to the receiving bankers for the offer authorising the receiving bankers to apply the proceeds of the offer to discharge the outstanding debt; and

(2) the receiving bankers have acknowledged the vendor's irrevocable authority referred to in paragraph 21A(1) and have agreed to act on it.

**Information about the issuer's capital (Note 7)**

22. (1) The authorised share capital of the issuer, the amount issued or agreed to be issued, the amount paid up, the nominal value and a description of the shares.

(1A) Particulars of and the number of treasury shares held by the issuer or its subsidiary or through their agents or nominees.

(2) The amount of any outstanding convertible debt securities and particulars of the conditions governing and the procedures for conversion, exchange or subscription of such securities.

23. Particulars of and the number of founder or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the group.

24. Particulars of any alterations in the capital of any member of the group since the date to which the latest published audited accounts of the issuer were made up, including:—

(1) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case, the extent to which they are so paid up; and

(2) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear,

or an appropriate negative statement. (Note 2)

25. Particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement. (Note 2)

Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

**General information about the group's activities**

26. (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 and an indication of any significant new products and/or activities. 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 3)

(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:—

(i) a statement of the percentage of purchases attributable to the group's largest supplier;

(ii) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;

(iii) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's largest customer;

(iv) a statement of the percentage of 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 (excluding treasury shares) of the issuer) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

(vi) in the event that the percentage which would fall to be disclosed under (ii) above is less than 30, a statement of that fact shall be given and the information required in (i), (ii) and (v) (in respect of suppliers) may be omitted; and

(vii) in the event that the percentage which would fall to be disclosed under (iv) above is less than 30, a statement of that fact shall be given and the information required in (iii), (iv) and (v) (in respect of customers) may be omitted.

Sub-paragraph 26(1)(b) applies to all 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 issuers.

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

References to suppliers are primarily to those who provide goods or services which are specific to an issuer's business and which are required on a regular basis to enable the 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 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 issuers.

The Exchange must be consulted if there is any doubt about the application of sub-paragraph 26(1)(b).

(2) If required by the Exchange, particulars of any contracts for the hire or hire purchase of plant to or by any member of the group for a period of over one year which are substantial in relation to the group's business.

(3) Particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and, where such factors are of fundamental importance to the group's business or profitability, a statement regarding the extent to which the group is dependent on such factors.

(4) Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last 12 months.

(5) Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.

(Note 2)

27. Particulars of any restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

Financial information about the group and the prospects of the group

28. A statement as at the most recent practicable date (which must be stated) of the following on a consolidated basis if material:—

(1) the total amount of any debt securities of the group issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured, or an appropriate negative statement;

(2) the total amount of all other borrowings or indebtedness in the nature of borrowing of the group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt, or an appropriate negative statement;

(3) all mortgages and charges of the group, or an appropriate negative statement; and

(4) the total amount of any contingent liabilities or guarantees of the group, or an appropriate negative statement.

Intra-group liabilities should normally be disregarded, a statement to that effect being made where necessary. (Notes 2 and 3)

29. (1) (a) General information on the trend of the business of the group since the date to which the latest published audited accounts of the issuer were made up; and

(b) a statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the listing document and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits. (Note 2)

(2) The issuer must determine in advance with its financial adviser whether to include a profit forecast in a listing document. Where a profit forecast appears in any listing document, 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. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants or auditors, as appropriate, and their report must be set out. The financial adviser must report in addition that they have satisfied themselves that the forecast has been stated 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 published. Any valuation of assets (except 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.

30. A statement by the directors that in their opinion the working capital available to the group is sufficient for the group's requirements for at least 12 months from the date of publication of the listing document or, if not, how it is proposed to provide the additional working capital thought by the directors to be necessary. (Note 2)

*Note: An issuer which is a banking company or an insurance company should refer to rule 11.09A.*

31. (1) Where required by Chapter 4, a report by the reporting accountants in accordance with that Chapter. The accountants' report must, in addition, comply with the provisions set out in Appendix D2 to the Listing Rules in relation to the disclosure requirements for circulars.

(2) If after the date to which the latest published audited accounts of the issuer have been made up, any member of the group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the issuer:—

(a) a statement of the general nature of the business or of the business of the company in which an interest has been or is being acquired, together with particulars of the situation of the principal establishments and of the principal products;

(b) a statement of the aggregate value of the consideration for the acquisition and how it was or is to be satisfied; and

(c) if the aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company will be varied in consequence of the acquisition, full particulars of such variation; if there will be no variation, a statement to that effect.

(3) Information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year:—

(a) for the group; and

(b) for any company acquired since the date of the last published audited accounts of the group in respect of which an accountants' report has already been submitted to shareholders or which was itself during the last 12 months a listed issuer.

(Note 6)

32. A statement by the directors of any material adverse change in the financial or trading position of the group since the date to which the latest published audited accounts of the issuer have been made up, or an appropriate negative statement.

33. Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement. (Note 2)

**Information about the issuer's management**

34. The full name, residential or business address of every director and senior manager or proposed director and senior manager. Where a director or proposed director has any former name or alias, such information should be disclosed. In addition, brief biographical details in respect of the directors, proposed directors, senior managers and proposed senior managers of the issuer shall be provided. Such details will include name, age, positions held with the issuer and other members of the issuer's group, length of service with the issuer and the group including current and past directorships in other listed public companies in the last three years and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons (which would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities). 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 a 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 or proposed director is a director or employee of a company which 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, that fact shall be stated.

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

(Note 5)

35. The full name and professional qualification, if any, of the secretary of the issuer.

36. The situation of the registered office and, if different, the head office and transfer office.

37. Details of any share schemes to which Chapter 17 applies.

38. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:—

(a) are required to be notified to the issuer and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he is taken or deemed to have under such provisions of Securities and Futures Ordinance); or

(b) are required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein; or

(c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the issuer and the Exchange;

or an appropriate negative statement. Provided that the Exchange may agree in its sole discretion that compliance with this paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated companies 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 paragraph would result in particulars being given which are not material in the context of the group and are excessive in length; and

(1A) A statement required by sub-paragraph 38(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;

*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.*

(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 issued voting shares 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 securities, or, if there are no such interests or short positions, an appropriate negative statement. (Note 2)

(Note 4)

39. Particulars of directors' existing or proposed service contracts with any member of the group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)), or an appropriate negative statement. (Note 2)

40. (1) Full particulars of the nature and extent of the interest, direct or indirect, if any, of every director or proposed director or expert (as named in the listing document) in any assets which have been, since the date to which the latest published audited accounts of the issuer were made up, acquired or disposed of by or leased to any member of the group, or are proposed to be acquired or disposed of by or leased to any member of the group, including:—

(a) the consideration passing to or from any member of the group; and

(b) short particulars of all transactions relating to any such assets which have taken place within such period,

or an appropriate negative statement.

(2) Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement.

(Note 2)

**Additional information on mineral companies**

41. In the case of mineral companies, the information set out in Chapter 18.

**Material contracts and documents on display**

42. The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the issue of the listing document, together with a summary of the principal contents of such contracts and particulars of any consideration passing to or from any member of the group. (Note 2)

43. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange's website and the issuer's own website:—

(1) [Repealed 4 October 2021]

(2) each of the following contracts:—

(a) any service contracts disclosed pursuant to paragraph 39;

(b) any material contracts disclosed pursuant to paragraph 42; and

(c) in the case of a notifiable transaction or connected transaction circular, any contracts pertaining to the transaction,

or where any of the above contracts have not been reduced into writing, a memorandum giving full particulars thereof;

(3) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the listing document; and

(4) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefor.

(5) [Repealed 4 October 2021]

(6) [Repealed 4 October 2021]

**NOTES**

*Note 1 In cases where the directors of the issuer are responsible for part of the listing document, the directors of another company being responsible for the remainder, the statement should be appropriately adapted. In exceptional cases the Exchange may require other persons to give, or join in, the statement of responsibility in which case the listing document should also be modified appropriately.*

*Note 2 Under paragraphs 8, 24, 25, 26, 28, 29(1)(b), 30, 33, 38(2), 39, 40, and 42, reference to the group is to be construed as including any company which will become a subsidiary of the issuer by reason of an acquisition which has been agreed or proposed since the date to which the latest audited accounts of the issuer have been made up.*

*Note 3 [Repealed 1 April 2015]*

*Note 4 For the purposes of paragraph 38 particulars should be given of the extent of any duplication which occurs.*

*Note 5 For the purposes of paragraph 34 "other listed public companies" means other public companies the securities of which are listed on any securities market in Hong Kong (including but not limited to the Main Board and GEM) or overseas.*

*Note 6 For the purpose of paragraph 31(3), the information may be incorporated in the listing document or circular of the listed issuer by reference to its other documents published under the Exchange Listing Rules.*

*Note 7 References to shares or securities for which listing is sought include treasury shares to be sold or transferred out of treasury, and references to issue, allotment or offer of shares or securities include sale or transfer of treasury shares. Accordingly, the disclosure requirements shall apply, mutatis mutandis, to a sale or transfer of treasury shares.*

# Appendix D1C

## Contents of Listing Documents

### Debt Securities

### In the case where listing is sought for debt securities

**General information about the issuer, its advisers and the listing document**

1. The full name of the issuer.

2. A statement as follows:—

   "This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading." (Note 1)

3. The names and addresses of the issuer's authorised representatives, solicitors and, if any, receiving bankers, registrars, trustee, fiscal agent, paying agents and the solicitors to the issue.

4. The name, address and professional qualifications of the auditors.

5. The date and country of incorporation or other establishment of the issuer and the authority under which the issuer was incorporated or otherwise established and, if not incorporated or established with perpetual existence, a statement to that effect.

6. Details of the legislation under which the issuer is incorporated or otherwise established and whether its liabilities are limited and, if so, in what manner or any other legal form which it has adopted under that legislation.

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 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.

8. Where the listing document includes a statement purporting to be made by an expert, a statement:—

(1) specifying the name, address and professional qualifications of such expert and the date on which the expert's statement was made;

(2) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included;

(3) whether or not the statement was made by the expert for incorporation in the listing document; and

(4) specifying whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group and, if so, a full description thereof.

9. Particulars of any other stock exchange on which any part of the equity securities of the issuer is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought and the name of the stock exchange on which the issuer's primary listing is or is to be, or an appropriate negative statement.

**Information about the securities for which listing is sought and the terms and conditions of their issue and distribution**

10. A statement that application has been or will be made to the Exchange for listing of and permission to deal in the securities.

11. The amount or estimated amount of the expenses of the issue and of the application for listing and by whom the same are payable.

12. If known, the date on which permission to deal in the debt securities on the Exchange is expected to become effective.

**Information concerning the debt securities**

13. An estimate of the net proceeds of the issue and a statement as to how such proceeds are intended to be applied.

14. A description of or the text of the terms and conditions of the issue containing:—

(1) the nominal amount of the issue or if this amount is not fixed, a statement to that effect, the nature and number of the debt securities and the denomination(s);

(2) a summary of the rights conferred upon the holders and particulars of the security;

(3) except in the case of continuous issues, the issue (or if different, offer) and redemption prices and the nominal interest rate and if floating, how it is calculated; if several interest rates are provided for, an indication of the conditions for changes in the rate. If any issue discount is allowed or premium is payable, a statement describing this. If any expenses of the issue are specifically charged to subscribers or purchasers, a statement describing this;

(4) details of the method of payment of the issue (or if different, offer) price including a description of any instalment arrangement;

(5) a statement regarding tax on the income from debt securities withheld at source and an indication as to whether the issuer assumes responsibility for the withholding of tax at source and any redemption option in the event of a withholding tax being introduced on or in respect of payments under the debt securities;

(6) details of the arrangements for the amortisation or early redemption of the issue, including procedures to be adopted;

(7) the names and addresses of the paying agent(s) and any registrar and transfer agent(s) for the debt securities in Hong Kong;

(8) details of the arrangements for transfer of the securities (if not in bearer form);

(9) the currency of the issue. If the issue is payable in any currency other than the currency of issue, this fact should also be disclosed;

(10) details of the following time limits:—

(a) final repayment date and any early repayment dates, specifying whether exercisable at the issuer's or the holder's option;

(b) the date from which interest accrues and the interest payment dates;

(c) prescription period for claims for payment of interest and repayment of principal; and

(d) procedures and time limits for delivery of the debt securities, whether there will be temporary documents of title and, if so, the procedures for the delivery and exchange thereof; and

(11) except in the case of continuous issues, an indication of yield. The method whereby that yield is calculated should also be described in summary form.

15. The following legal information:—

(1) an indication of the resolutions, authorisations and approvals by virtue of which the debt securities have been or will be created and/or issued and the number of debt securities which have been or will be created and/or issued, if predetermined;

(2) the nature and scope of the guarantees, sureties and commitments intended to ensure that the issue will be duly serviced with regard to both the principal of and the interest on the debt securities and an indication of the places where the public may have access to copies of such guarantees, sureties and commitments;

(3) details of the trustee, fiscal agent or of any other representative for the debt securities holders as a whole. The name and function or description and head office of such representative of the debt securities holders and, in particular, the conditions under which the representative may be replaced. An indication of where the public may inspect copies of the documents detailing how the representative is to act;

(4) a description of any subordination of the issue to other debts of the issuer already incurred or to be incurred;

(5) an indication of any legislation under which the debt securities have been created, the governing law and of the competent courts in the event of litigation;

(6) an indication as to whether the debt securities are in registered or bearer form; and

(7) details of any restrictions on the free transferability of the debt securities (e.g. provisions requiring transfers to be approved).

16. The following information concerning the application for listing of the debt securities:—

(1) particulars of any other stock exchange on which listing of or permission to deal in the debt securities is being or is proposed to be sought and particulars of any stock exchange on which debt securities of the same class are already listed;

(2) if debt securities of the same class have not yet been listed but are traded on several other regulated, regularly operating, open stock markets, an indication of such markets;

(3) the names of the legal entities underwriting the issue. If not all of the issue is underwritten, a statement of the portion not underwritten;

(4) if public or private issues or placings are being made simultaneously on markets within and outside Hong Kong and if a tranche has been or is being reserved for certain of those markets, an indication of any such tranche;

(5) a description of any stabilisation activities to be carried out in respect of the debt securities; and

(6) an indication of whether or not the debt securities have been sold or are available in whole or in part to the public in conjunction with the application and a description of other selling restrictions.

17. The following additional information concerning the issue:—

(1) the method of payment of the issue or offer price;

(2) except in the case of continuous issues, the period of the opening of the issue or offer and any possibilities of early closure;

(3) an indication of the financial organisations responsible for receiving the public's subscriptions; and

(4) a reference, if necessary, to the fact that subscriptions may be reduced.

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.

**Additional information concerning convertible debt securities**

19. Information concerning the nature of the equity securities or other property offered by way of conversion, exchange, subscription or purchase and the rights attached thereto including, in particular, the voting rights, entitlement to share in profits and, in the event of liquidation, any surplus and any other special rights.

20. Full details of any property the subject of such conversion, exchange, subscription or purchase rights.

21. The terms and conditions for conversion, exchange, subscription or purchase and details of the circumstances for or in which they may be amended, including the following information:—

(1) the total number of equity securities or other property subject to such rights;

(2) the period during which such rights may be exercised and the date when this right commences;

(3) the amount payable on the exercise of such rights;

(4) the arrangements for transfer or transmission of such rights;

(5) the rights of the holders on the liquidation of the company the equity securities of which are subject to such rights; and

(6) the arrangements for the variation in the subscription or exercise price or number of equity securities or other property to take account of alterations to the share capital of the company the equity securities of which are subject to such rights.

22. Where the issuer of the convertible debt securities is different from the issuer of the relevant equity securities, such items of information, with respect to the issuer of the equity securities, from paragraphs 1 to 12 and 35 to 54, as the Exchange shall require having regard to the circumstances of the issue and/or a statement indicating from where any information concerning the issuer of the equity securities contained in the listing document has been extracted and as to the date of the source of such extraction.

23. Where the issuer has authorised but unissued capital or is committed to increase its capital, an indication of:—

(1) the amount of such authorised capital or capital increase and, where appropriate, the duration of the authorisation;

(2) the categories of persons having preferential subscription rights for such additional portions of capital; and

(3) the terms and arrangements for the share issue corresponding to such portions.

24. If the issuer has shares not representing capital, the number and main characteristics of such shares.

25. An indication of the persons, so far as known to the issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer and particulars of the proportion of the voting capital held. Joint control means control exercised by two or more persons who have concluded an agreement which may lead to their adopting a common policy in respect of the issuer.

26. Details of the profit or loss per share of the issuer, arising out of the issuer's ordinary activities, after tax, for each of the last two financial years, where the issuer includes its own annual accounts in the listing document. Where the issuer includes only consolidated annual accounts in the listing document, it must indicate the consolidated profit or loss per share for each of the last two financial years. This information must appear in addition to that provided in accordance with the first sentence where the issuer also includes its own annual accounts in the listing document. If, in the course of the period of two financial years, the number of shares in the issuer has changed as a result, for example, of an increase in or reduction or reorganisation of capital, the profit or loss per share referred to in the first and second sentences must be adjusted to make them comparable; in that event the adjustment formulae used must be disclosed.

27. The amount of the dividend per share for each of the last two financial years, adjusted, if necessary, to make it comparable in accordance with the fourth sentence of paragraph 26.

28. Details of the fixed date(s), if any, on which entitlement to dividend arises.

29. Particulars of any arrangement under which future dividends are waived or agreed to be waived.

30. Name, registered office and proportion of capital held in respect of each undertaking in which the issuer holds at least ten per cent. of the capital. These details may be omitted when they are of negligible importance for the purpose of enabling investors and their investment advisers to make an informed assessment of the activities, assets and liabilities, financial position and management of the group at the time the listing document is issued and its profits and losses and of the rights attaching to the securities for which application is made.

31. Summary of the provisions of the issuer's memorandum and articles of association or equivalent documents regarding changes in capital and variation of class rights whether or not such provisions are more stringent than required by law.

**Additional information concerning options, warrants or similar rights.**

32. Where the options, warrants or similar rights entitle the holder to subscribe or purchase another debt security all of the information required by paragraphs 13 to 18 in respect of that debt security.

33. Where the options, warrants or similar rights entitle the holder to subscribe or purchase equity securities or other property, all of the information required by paragraphs 9, 19 to 31 in respect of those equity securities or that other property.

**Information about the issuer's capital**

34. Particulars of any alterations in the capital of the issuer or of any of its material subsidiaries, in the case of a new applicant within two years immediately preceding the issue of the listing document, and, in every other case, since the date to which the latest published audited accounts of the issuer were made up, including:—

(1) where any such capital has been issued or is proposed to be issued fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case, the extent to which they are so paid up; and

(2) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear,

or an appropriate negative statement. (Notes 2 and 3)

35. Particulars of any capital of any member of the issuer or of any of its material subsidiaries which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement. (Notes 2 and 3)

Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

36. Number, book value and nominal value or, in the absence of a nominal value, the accounting par value of any of its own shares which any member of the group (being a company) has acquired and is holding, if such shares do not appear as a separate item in the balance sheet. (Note 3)

**General information about the group's activities**

37. (1) 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 and an indication of any significant new products and/or

activities. 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 is 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.

(2) If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held (directly or indirectly) by each holding company of the issuer.

(3) If required by the Exchange, particulars of any contracts for the hire or hire purchase of plant to or by any member of the group for a period of over one year which are substantial in relation to the group's business.

(4) If required by the Exchange, particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and where such factors are of fundamental importance to the group's business or profitability a statement regarding the extent to which the group is dependent on such factors.

(5) Information concerning the policy of the group on the research and development of new products and processes over the past five financial years where significant.

(6) Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last 12 months.

(7) The number of people employed by the group and changes therein in the last financial year, if such changes are material in the context of the group, with, if possible, a breakdown of persons employed by main categories of activity.

(8) Particulars, including location, and of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.

(Note 3)

38. (1) In regard to every material subsidiary, particulars of the name, date and country of incorporation or other establishment, whether public or private, general nature of business, issued capital and the proportion thereof held or intended to be held by the issuer.

(2) In regard to the issuer and every material subsidiary, particulars of the location of the principal establishments.

(Notes 2 and 3)

**Financial information about the group and prospects of the group**

39. A consolidated capitalisation statement and indebtedness statement for the issuer made up to a recent date acceptable to the Exchange (normally not earlier than three months prior to the issue of the listing document) giving information on short, medium and long-term debt (distinguishing between actual and contingent liabilities and including details of any debt securities issued and, if appropriate, the terms and conditions of any conversion, exchange or subscription rights) and shareholders' equity (including an indication of authorised and issued share capital by class, if appropriate, and the amount paid-up) duly adjusted to reflect the issue of the debt securities for which listing is sought accompanied by particulars of any material changes since that date, or an appropriate negative statement.

40. A statement showing the 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 revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

41. (1) General information on the trend of the business of the group since the date to which the latest audited accounts of the issuer were made up. (Note 3)

(2) A statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the listing document and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits. (Note 3)

(3) The issuer must determine in advance with its financial adviser whether to include a profit forecast in a listing document. Where a profit forecast appears in any listing document, 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. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out. The financial adviser must report in addition that they have satisfied themselves that the forecast has been stated 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 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.

(4) Particulars of the profits cover for interest payments and of the net tangible assets.

42. (1) Where required by Chapter 4 (as modified by Chapters 31-37), a report by the reporting accountants in accordance with that Chapter (as so modified, where appropriate). If more than nine months have elapsed since the date to which the latest published audited accounts of the issuer were made up, an interim financial statement covering at least the first six months must be included in the listing document or appended to it. If the interim financial statement is unaudited, this fact must be stated.

(2) A statement by the directors of whether or not the accountants' report contains a modified opinion by the reporting accountants and if so, such modification must be reproduced in full and the reasons for such modification given.

43. A statement of any material adverse change in the financial or trading position of the group since the end of the period reported on in the accountants' report, or an appropriate negative statement. (Note 3)

44. [Repealed 1 January 2012]

45. Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement. (Note 3)

**Information about the issuer's management**

46. The full name (including any former name(s) and alias(es)), residential or business address and description (being his qualifications or area of expertise or responsibility) of every director or proposed director (or any such person who performs an important administrative, management or supervisory function) and particulars of the principal functions performed by each of them within the group if significant to the group. In addition, brief biographical details in respect of every director or proposed director (or any person who performs an important administrative, management or supervisory function) must be provided. Such details must not be less than those required to be disclosed in an announcement relating to the appointment or re-designation of the director pursuant to rule 13.51(2) and would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities.

47. The full name and professional qualifications, if any, of the secretary.

48. The situation of the registered office and, if different, the head office, principal office and transfer office (if applicable).

49. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:

(a) will have to be notified to the issuer and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he is taken or deemed to have under such provisions of Securities and Futures Ordinance) once the issuer's securities are listed; or

(b) will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, once the issuer's securities are listed,

or an appropriate negative statement.

(1A) A statement required by sub-paragraph 49(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;

*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.*

(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 issued voting shares 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 securities, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

(Note 4)

50. Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement. (Note 3)

**Additional information on mineral companies**

51. In the case of mineral companies, the information set out in Chapter 18.

**Information on property interests**

51A. Where required by Chapter 5, information set out in that Chapter.

**Contracts pertaining to the issue and documents on display**

52. The dates of and parties to all documents pertaining to the issue entered into by any member of the group within the two years immediately preceding the issue of the listing document, together with a summary of the principal contents of such contracts. (Note 3)

53. Details of where annual and any interim reports are available and how often interim reports are published.

54. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange's website and the issuer's own website:—

(1) the memorandum and articles of association or equivalent documents of the issuer;

(2) any trust deed, fiscal agency agreement or other document constituting the debt securities;

(3) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the listing document;

(4) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefor; and

(5) the audited accounts and interim statements of the issuer, or in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each of the two financial years immediately preceding the issue of the listing document together with (in the case of a Hong Kong issuer) all notes, certificates or information required by the Companies Ordinance.

(Note 3)

**NOTES**

*Note 1* *In cases where the directors of the issuer are responsible for part of the listing document, the directors of another company being responsible for the remainder, the statement should be appropriately adapted. In exceptional cases the Exchange may require other persons to give, or join in, the statement of responsibility in which case the listing document should also be modified appropriately.*

*Note 2* *"A material subsidiary" is a company whose profits or assets make or will make a material contribution to the figures in the accountants' report required by paragraph 42(1) (if relevant) or the next published accounts.*

*Note 3* *Under paragraphs 34, 35, 36, 37, 38, 41(1) and (2), 43, 45, 49(2), 50, 52 and 54 above, reference to the group or material subsidiaries, as the case may be, is to be construed as including any company which will become a subsidiary or material subsidiary, as appropriate, by reason of an acquisition which has been agreed or proposed since the date to which the latest audited accounts of the issuer have been made up.*

*Note 4* *For the purposes of paragraph 49 particulars should be given of the extent of any duplication which occurs.*

*Note 5* *For the purpose of paragraph 54(5) the interim statements need not be consolidated if the issuer has in the past always presented accounts on another basis.*

# Appendix D1D

## Contents of Listing Documents

### Structured Products

*Note: A stand alone listing document in relation to a structured product issue should contain all the information required by this Appendix. A base listing document and supplemental listing document (each as may be supplemented from time to time) should, between them, contain all the information set out in this Appendix. In the case of a guaranteed issue, references in this Appendix to the "issuer" should be read as applying equally to the guarantor.*

**General Information**

1. Each base listing document, stand alone listing document, supplemental listing document or supplementary listing document shall on the front cover or inside front cover contain the following prominent and legible statements:–

   (a) "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.";

   (b) "This document, for which the issuer [and the guarantor] accept[s] full responsibility [(in the case of the guarantor, only in respect of the information in relation to the guarantor [and *(the guarantor's holding company that it relies on for eligibility assessment under rule 15A.13(1))*] in such document)], includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer [and the guarantor] [and *(the holding company relied upon for eligibility assessment under rule 15A.13(1))*]. The issuer [and the guarantor], having made all reasonable enquiries, confirm[s] that to the best of [its][their] knowledge and belief the information contained in this document [(in the case of the guarantor, only in respect of the information in relation to the guarantor [and *(the guarantor's holding company that it relies on for eligibility assessment under rule 15A.13(1))*])] is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document [(in the case of the guarantor, only in respect of the statement and information in relation to the guarantor [and *(the guarantor's holding company that it relies on for eligibility assessment under rule 15A.13(1))*])] misleading.";

*Note The above statement shall be modified according to whether the issue is or is not a guaranteed issue or whether the issuer or the guarantor (if any) relies on their respective holding company for eligibility assessment under rule 15A.13(1).*

(c) "Investors are warned that the price of the structured products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the structured products and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before they invest in the structured products."; and

*Note: This disclosure may be modified in the case of capital protected products.*

*The expression 'structured products' may be replaced by the name of the product (for example derivative warrants) where the listing document relates solely to an issue or issues of that type of product.*

(d) in the case of non-collateralised structured products:

"The structured products constitute general unsecured contractual obligations of the issuer and of no other person and if you purchase the structured products you are relying upon the creditworthiness of the issuer [and the guarantor] [and have no rights under the structured products against the company which has issued the underlying securities]."

*Note: The above statement shall be modified according to whether the issue is or is not a guaranteed issue and whether or not there are any securities underlying the issue.*

*The expression 'structured products' may be replaced by the name of the product (for example derivative warrants) where the listing document relates solely to an issue or issues of that type of product.*

2. The names and addresses of the registrars (if any), trustees (if any), warrant agent (if any) and the transfer office.

3. A statement that:

(1) application has been or will be made to the Exchange for listing of, and permission to deal in, the structured products.

(2) all necessary arrangements have been made enabling the structured products to be admitted into CCASS or an appropriate negative statement.

4. If known, the date on which dealings in the structured product will commence.

5. Where the listing document includes a statement purporting to be made by an expert, a statement:–

   (a) specifying the qualifications of such expert and whether such expert has any shareholding in the issuer or any member of its group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the issuer or any member of its group, and, if so, a full description thereof;

   (b) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included; and

   (c) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the listing document.

6. A statement as to the tax implications for Hong Kong investors who wish to invest in the structured products including, if applicable, a reference to any duties or taxes payable on exercise, expiry or maturity of the structured products.

**Information on the Issuer and, where applicable, its holding company**

7. For all listing documents the full name of the issuer and, if applicable, the guarantor.

8. The country of incorporation or other establishment of the issuer and, if applicable, the guarantor and the authority under which the issuer and, if applicable, the guarantor was incorporated or otherwise established.

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 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.

10. The issuer's and, in the case of a guaranteed issue, the guarantor's published audited financial statements or, where the issuer and/or the guarantor is a holding company, the issuer's and/or the guarantor's published audited consolidated financial statements (including the accompanying notes thereto) and the auditor's report, for the last two financial years.

11. (1) (a) An interim financial report (the "Interim Report") in respect of the first six months of the issuer's and, in the case of guaranteed issues, the guarantor's financial year (where published, or if more than 9 months have elapsed since the date to which its latest published audited financial statements or, where it is a holding company, its latest published audited consolidated financial statements are made up), including the issuer's and/or the guarantor's interim financial statements or, where the issuer and/or the guarantor are holding companies, the issuer's and/or the guarantor's consolidated interim financial statements, each containing the following information:–

(i) profits or losses before taxation,

(ii) taxation on profits,

(iii) profits or losses attributable to non-controlling interests,

(iv) profits or losses attributable to shareholders,

(v) the balance at the end of the period of share capital and reserves, and

(vi) comparative figures for the matters specified in (i) to (v) inclusive for the corresponding previous period.

(b) [Repealed 1 July 2026]

(c) A statement that the Interim Report in paragraph 11(1)(a) above has been prepared in accordance with the issuer's or, as the case may be, the guarantor's usual accounting policies and procedures.

(2) The issuer's and, in the case of guaranteed issues, the guarantor's latest quarterly interim financial report, where published. Where the quarterly interim financial report is made up to a date subsequent to the date of the Interim Report above and contains the information required by paragraph 11(1)(a), the Interim Report may be omitted. The quarterly interim financial report may be omitted where it is made up to a date prior to the date of any Interim Report included in accordance with paragraph 11(1)(a) above.

12. A statement that the issuer undertakes to, during the period that any structured products issued by it are listed on the Exchange, publish the issuer's and, in the case of a guaranteed issue, the guarantor's, published annual report including audited annual financial statements (or audited consolidated annual financial statements where required under paragraph 5(1)(a) of Appendix E5) and any more recent published interim financial statements (or consolidated interim financial statements where required under paragraph 5(1)(b) of Appendix E5) and quarterly financial statements on the Exchange's website and the issuer's own website and give the address of each website.

13. In the case of an issue of non-collateralised structured products, a description of the issuer's activities in relation to its use of structured products, derivative warrants, options, futures, swaps and similar instruments covering the following matters:–

(1) the purpose for which such instruments are used;

(2) the methods employed by the issuer to monitor, evaluate, manage and mitigate the risk arising including market risk, credit risk, concentration risk and operational risk;

(3) the role of senior management in the supervision of the risk management process including, the functions and independence of its risk management, credit, finance, internal audit and compliance units;

(4) the policy with respect to obtaining collateral, counterparty selection criteria and monitoring; and

(5) the imposition of and monitoring of trading and credit limits including the procedures and authorizations necessary for such limits to be exceeded and the procedures in relation to and action which would be taken if limits are exceeded without due authority.

This information is to be included in the same listing document as the auditor's report in paragraph 10 above.

14. A statement of any material adverse change in the financial or trading position of the issuer's and, in the case of a guaranteed issue, the guarantor's group since the end of the period reported on in the auditor's report disclosed pursuant to paragraph 10 to appear in all listing documents. Where there has been no material adverse change an appropriate negative statement must be included in all listing documents.

15. Particulars of any litigation or claims of material importance pending or threatened against the issuer or any member of its group or an appropriate negative statement. Where particulars are provided in the base listing document they should be updated in the supplemental listing document or supplementary listing document. Where there are no particulars to disclose an appropriate negative statement must be included in all listing documents.

16. (1) A statement that the issuer and/or the guarantor (if any) is regulated by one of the bodies indicated in rule 15A.13(3), identifying the regulatory body; and

(2) in respect of the credit rating(s) of the issuer, the guarantor and their respective holding company that is relied upon by the issuer or the guarantor for eligibility assessment under rule 15A.13(1), a statement identifying each relevant credit rating agency and the rating. This information shall appear in all listing documents.

*Note: Existing issuers and guarantors with either non-collateralised structured products listed on the Exchange, or a valid base listing document, as at 30 June 2026 would have a transitional period until (and including) 30 June 2027 to comply with paragraph 16. During such transitional period, such issuers and guarantors will be required to comply with paragraph 16 (as in force on 30 June 2026) in the manner prescribed by the Exchange from time to time.*

16A. A statement that credit ratings of the issuer, the guarantor or their respective holding company are for investors' reference only. Where the credit rating of the holding company of the issuer or the guarantor is relied upon by the issuer or the guarantor for eligibility assessment under rule 15A.13(1), the name of such holding company, the relationship between such holding company and the issuer and (in the case of guaranteed issues) the guarantor, and a statement that investors shall have no recourse against such holding company and shall determine the relevance and significance of credit ratings of such holding companies.

**Information on the Structured Products**

17. The following information:

(1) The nature, amount and title of the issue including the total number of units which have been or will be created and issued (Note).

*Note: The description of the structured product must indicate the nature of the product as follows:*

*(a) type (e.g. call, put or other)*

*(b) single or basket*

*(c) style (e.g. American, European or other)*

*(d) underlying*

*(e) settlement method.*

(2) A full description of, including the terms attaching to, the structured products for which listing is sought.

(3) The issue price or offer price of the structured products.

(4) If applicable, the maximum number of securities or assets which the issuer or holders (as the case may be) are obliged to transfer upon exercise of the structured products.

(5) If applicable, the period during which the structured products may be exercised and the date when this right commences and the date when the structured products mature or expire.

(6) If applicable, the amount payable on the exercise of the structured products.

(7) The arrangements for transfer of the structured products.

(8) The rights of the holders of the structured product on the liquidation, administration or an analogous action of the issuer.

(9) A summary of any other material terms of the structured products.

(10) Particulars of any other stock exchange on which the structured products are or will be listed or an appropriate negative statement.

(11) The identity of the Liquidity Provider for the issue of the structured product, and the Broker identification number of that Liquidity Provider. A statement that the Liquidity Provider is regulated by the Exchange and the Commission and an explanation of the relationship between the issuer and the Liquidity Provider emphasizing that the Liquidity Provider is acting as agent for the issuer.

(12) A statement of the method by which liquidity is to be provided for the structured product issue; in particular whether this will be by means of Quote Request or Continuous Quotes.

(13) Where liquidity is to be provided by means of Quote Request, a telephone number for requesting quotes and the time within which a response will be provided to a quote request.

(14) A statement of when liquidity will be provided for the structured product and when liquidity will not be provided for the structured product.

*Note:* [Repealed 1 July 2026]

(15) A statement of the minimum size of structured products for which the liquidity will be provided.

*Note:* [Repealed 1 July 2026]

(16) A statement of the maximum spread between the bid and offer prices when liquidity is provided.

(16A) Other minimum service levels in relation to liquidity provision which shall comply with the minimum service levels as required by the Exchange from time to time.

(17) Whether the Liquidity Provider will offer to purchase structured products at less than one cent.

(18) If applicable, a statement that neither the issuer nor the guarantor (if any) is the ultimate holding company of the group to which the issuer belongs and with which the issuer's name is identified.

18. A statement of all risks which are material for an investor to make an informed decision in respect of investing in the structured product.

19. For structured products which provide for settlement wholly in cash, a statement of the issuer's obligation to provide for automatic exercise upon expiry or maturity, a statement of the period in which the issuer may deliver the requisite cash settlement amount, details of the formula for calculating the cash settlement amount and a statement that the products will be automatically settled on the expiry date or maturity date without the need for holders of the products to deliver a notice of exercise.

19A. If applicable, the name of the sponsor/manager, distributor(s) or placing agent(s).

**Information on the underlying securities, indices or assets**

20. In the case of structured products relating to securities of a company or companies, the listing document shall include the following information in respect of each of the underlying companies:–

(1) in the case of a company listed on the Exchange, an indication of where investors may obtain information on that company including its published audited consolidated financial statements and interim financial statements;

(2) in the case of any other company, an indication of where investors may obtain information on that company including its published audited consolidated financial statements and interim financial statements;

(3) in the case of companies which are not listed on the Exchange, a description of the principal activities of the relevant companies and their subsidiaries;

(4) in the case of companies which are not listed on the Exchange, details of their issued share capital;

(5) in the case of companies which are not listed on the Exchange, details of the substantial shareholders' interests;

(6) in the case of companies which are not listed on the Exchange, market statistics covering at least the price of the securities at the latest most practicable date, the market capitalisation, the historic price earnings multiple and dividend yield and a brief trading history of the securities over the two years immediately preceding the issue of the listing document;

(7) in the case of companies which are not listed on the Exchange, any other information concerning the relevant companies which has been published generally and which is necessary to enable an investor to make an informed assessment of the value of the structured products;

(8) the date of and arrangements for adjusting the amount payable on the exercise of such rights or the entitlement due upon exercise to (where applicable) take account of any rights issue, bonus issue, sub-division, consolidation or other alteration to the share capital of the company whose securities underlie the structured product;

(9) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the company whose securities underlie the structured products; and

(10) the rights (if any) of the holders of the structured products on the liquidation, administration or an analogous action of the company whose securities underlie the structured products.

21. In relation to structured products which provide for physical settlement of the underlying Exchange listed securities or assets, a statement of the period in which the issuer may deliver documents of title (including certificates in the name of the exercising holder) or deliver the underlying Exchange listed securities by electronic transfer, to the holder following a valid exercise or following expiry or maturity.

22. In the case of structured products in respect of other securities or assets, the listing document must contain that information which is necessary to enable an investor to make an informed assessment of the value of the structured products.

23. In the case of structured products relating to indices:–

(1) a description of the index;

(2) a description of the constituent stocks (if applicable);

(3) the identity of the party which sponsors and/or calculates the index;

(4) a description of the method of calculation;

(5) the arrangements for calculation if the index is not published by the normal party;

(6) the historic highs or lows for the last five years; and

(7) the closing spot level at the latest most practicable date.

The information in paragraphs 23(1) to 23(7) may be omitted where (i) such information is publicly available in English and Chinese on the web site of the index compiler and a web link to such web site is included in the listing document, or (ii) the underlying index is such other index as may be prescribed by the Exchange from time to time.

**Information on the Guarantee**

24. The full text of the guarantee. A statement that the obligations of the issuer are unconditionally and irrevocably guaranteed by the guarantor.

**Information on the collaterals and security arrangements**

24A. In the case of an issue of collateralised structured products, the listing document must contain such information on collaterals, collateral holders and collateral arrangements, trusts or other security arrangements necessary to enable an investor to make an informed assessment of the collateralised structured products.

**Language**

25. Each listing document in a single language, either English or Chinese, must include in a prominent place a description in the other language of how the investor may obtain a listing document in that other language.

**Updating**

26. In a base listing document, a statement that the base listing document may be updated from time to time. In a supplemental or supplementary listing document, include details of any changes to the information contained in the base listing document and a declaration by the issuer that the information contained in the base listing document (as supplemented by the supplemental listing document and any supplementary listing document) is, as at the date of the supplemental or supplementary listing document, up-to-date, true, accurate and complete in all material respects and there are no other matters the omission of which would make the supplemental or supplementary listing document or any statement therein misleading.

**Display of documents**

27. The following are published on the Exchange's website and the issuer's own website for so long as any structured products issued under a listing document are listed on the Exchange:–

    (1) all reports, letters or other documents, valuations and statements by any expert any part of which is extracted or referred to in the listing document;

    (2) any current and future base listing documents, stand alone listing documents and supplemental listing documents or subsequent amendments to the listing document(s); and

    (3) the latest published audited annual financial statements of the issuer and guarantor (if any) or where the issuer and/or the guarantor is a holding company, the issuer's and/or the guarantor's latest published audited consolidated annual financial statements and any more recent published interim financial statements (or consolidated interim financial statements where it is a holding company) and quarterly financial statements.

**Other information**

28. The date of the listing document.

29. The web sites at which the listing document will be available to the public.

30. Other information as the Exchange shall require.

**Non-collateralised further issue issued pursuant to a base listing document**

31. In relation to a further issue where the existing issue is non-collateralised and issued pursuant to a base listing document, the supplemental listing document may contain only the following:–

(1) the date of publication of the base listing document, any supplementary listing document and supplemental listing document for the existing issue and the web link at which each such listing document is available to the public;

(2) a statement that the supplemental listing document for the further issue shall be read in conjunction with the base listing document, any supplementary listing document and supplemental listing document for the existing issue;

(3) the disclosure specified by "General Information" and "Other information" in this Appendix;

(4) the following information:

(a) the number of units of the further issue to be issued;

(b) the closing price of the existing issue on either the day on which the further issue is launched or, if the further issue is launched before trading on the Exchange has ceased for the day, the day preceding the day on which the further issue is launched; and

(c) a statement that the further issue forms a single series with the existing issue;

(5) any update to the information as set out in the listing documents for the existing issue; and

(6) a declaration by the issuer that the information contained in the base listing document (as supplemented by any supplementary listing document and the supplemental listing documents for both the existing and further issues) is, as at the date of the supplemental listing document, up-to-date, true, accurate and complete in all material respects and there are no other matters the omission of which would make the supplemental listing document or any statement therein misleading.

# Appendix D1E

## Contents of Listing Documents

### Depositary receipts

### In the case where listing is sought for depositary receipts of an issuer no part of whose share capital is already listed

**General information about the issuer, its advisers and the listing document**

1. The full name of the issuer.

2. A statement as follows:–

   "This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading." (Note 1)

3. The names and addresses of the issuer's principal bankers, sponsor, sponsor-overall coordinator, overall coordinator, any other syndicate member(s), authorised representatives, solicitors, registrars and trustees (if any) and of the solicitors to the issue.

3A. The total amount of fees paid or payable to the sponsor.

3B. The aggregate of the fees (as a percentage of the gross amount of funds proposed to be raised in the subscription tranche and/or the placing tranche) and the ratio of fixed and discretionary fees paid or payable to all syndicate members.

4. The name, address and professional qualifications of the auditors.

5. The date and country of incorporation or other establishment of the issuer and the authority under which the issuer was incorporated or otherwise established and the length of life of the issuer except where indefinite. The registration of the issuer and its registration number.

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 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.

7. The provisions or a sufficient summary of the provisions of the articles of association or equivalent document or the deposit agreement with regard to:–

   (1) any power enabling a director to vote on a proposal, arrangement or contract in which he is materially interested;

   (2) any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body and any other provision as to the remuneration of the directors;

   (3) borrowing powers exercisable by the directors and how such borrowing powers can be varied;

   (4) retirement or non-retirement of directors under an age limit;

   (5) directors' qualification shares;

   (6) changes in capital;

   (7) any time limit after which entitlement to dividend lapses and an indication of the party in whose favour the lapse operates;

   (8) arrangements for transfer of the securities and (where permitted) any restrictions on their free transferability; and

   (9) any restriction on ownership of securities of the Issuer.

8. (1) The name of any promoter. If the promoter is a company, the Exchange may require a statement of its issued share capital, the amount paid up thereon, the date of its incorporation or other establishment, the names of its directors, bankers and auditors, and such other particulars as the Exchange thinks necessary in connection therewith. (Note 2)

   (2) Particulars of any cash, securities or other benefit paid, allotted or given within the two years immediately preceding the issue of the listing document, or proposed to be paid, allotted or given, to any promoter and the consideration for such payment, allotment or other benefit.

9. Where the listing document includes a statement purporting to be made by an expert, a statement:–

   (1) specifying the qualifications of such expert and whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group, and, if so, a full description thereof;

   (2) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included; and

   (3) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the listing document.

10. Where relevant, in the absence of a statement that estate duty indemnities have been given, a statement that the directors have been advised that no material liability for estate duty would be likely to fall upon any member of the group. (The Exchange may require any such indemnities to be supported by continuing guarantees.)

11. Particulars of any other stock exchange on which any part of the equity or debt securities of the issuer is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought, the name of the stock exchange on which the issuer's primary listing is or is to be and particulars of the dealing and settlement arrangements on each such exchange and between such exchanges, or an appropriate negative statement.

12. Particulars of any arrangement under which future dividends are waived or agreed to be waived.

13. Particulars of any commissions, discounts, brokerages or other special terms granted within the two years immediately preceding the issue of the listing document in connection with the issue or sale of any capital of any member of the group, together with the names of any directors or proposed directors, promoters or experts (as named in the listing document) who received any such payment or benefit and the amount or rate of the payment or benefit they received, or an appropriate negative statement. (Note 3)

13A. [Repealed 1 January 2009]

**Information about the underlying shares which the depositary receipts represent**

14. A description of the type and the class of the underlying shares and the person depositing or deposited the underlying shares for the issue of depositary receipts.

15. The legislation under which the underlying shares have been created.

16. A statement whether the underlying shares are in registered form or bearer form and whether the underlying shares are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records

17. The currency in which the underlying shares are denominated.

18. A description of the rights, including any limitations, attached to the underlying shares and the procedures for the exercise of such rights.

19. A description of the rights to dividends and voting rights attaching to the underlying shares.

20. The issue date of the underlying shares if new underlying shares are being created for the issue of the depositary receipts and a description of the resolutions, authorisations and approvals by virtue of which the new underlying shares have been or will be created and/or issued.

21. A description of whether there are any restrictions on the free transferability of the underlying shares.

22. Information on taxes on the income from the underlying shares withheld at source and state whether the issuer assumes responsibility for the withholding of taxes at the source.

**Information about the issuer's capital**

23. (1) The authorised share capital of the issuer, the amount issued or agreed to be issued, the amount paid up, the nominal value and a description of the shares.

(1A) Particulars of and the number of treasury shares held by the issuer or its subsidiary or through their agents or nominees.

(2) The amount of any outstanding convertible debt securities and particulars of the conditions governing and the procedures for conversion, exchange or subscription of such securities.

24. Particulars of and the number of founder or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the group.

25. (1) The voting rights of shareholders.

(2) If there is more than one class of share, the rights of each class of share as regards voting, dividend, capital, redemption, and the creation or issue of further shares ranking in priority to or pari passu with each class other than the lowest ranking equity.

(3) A summary of the consents necessary for the variation of such rights.

26. Particulars of any alterations in the capital of any member of the group within the two years immediately preceding the issue of the listing document, including:–

(1) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case the extent to which they are so paid up; and

(2) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear,

or an appropriate negative statement. (Note 3)

27. Particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement. (Note 3)

Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

27A. Details of any controlling shareholder of the issuer, including the name or names of any such controlling shareholder, the amount of its or their interest in the share capital of the issuer and a statement explaining how the issuer is satisfied that it is capable of carrying on its business independently of the controlling shareholder (including any close associate thereof) after listing, and particulars of the matters that it relied on in making such statement.

**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 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:–

(i) a statement of the percentage of purchases attributable to the group's largest supplier;

(ii) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;

(iii) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's largest customer;

(iv) a statement of the percentage of 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 (excluding treasury shares) of the issuer) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

(vi) in the event that the percentage which would fall to be disclosed under (ii) above is less than 30, a statement of that fact shall be given and the information required in (i), (ii) and (v) (in respect of suppliers) may be omitted; and

(vii) in the event that the percentage which would fall to be disclosed under (iv) above is less than 30, a statement of that fact shall be given and the information required in (iii), (iv) and (v) (in respect of customers) may be omitted.

Sub-paragraph 28(1)(b) applies to all 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 issuers.

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

References to suppliers are primarily to those who provide goods or services which are specific to an issuer's business and which are required on a regular basis to enable the 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 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 issuers.

The Exchange must be consulted if there is any doubt about the application of sub-paragraph 28(1)(b).

(2) If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held (directly or indirectly) by each holding company of the issuer.

(3) If required by the Exchange, particulars of any contracts for the hire or hire purchase of plant to or by any member of the group for a period of over one year which are substantial in relation to the group's business.

(4) Particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and, where such factors are of fundamental importance to the group's business or profitability, a statement regarding the extent to which the group is dependent on such factors.

(5) Information concerning the policy of the group on the research and development of new products and processes over the past five financial years where significant.

(6) Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last 12 months.

(7) The number of people employed by the group and changes therein in the last financial year, if such changes are material in the context of the group, with, if possible a breakdown of persons employed by main category of activity. Details of the remuneration of employees, remuneration policies, bonus and share schemes and training schemes should be provided where relevant.

(8) Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.

(Note 3)

29. (1) In regard to every company the whole of, or a substantial proportion of, whose capital is held or intended to be held (either directly or indirectly) by the issuer, or whose profits or assets make or will make a material contribution to the figures in the accountants' report or the next published accounts, particulars of the name, date and country of incorporation or other establishment, whether public or private, general nature of business, issued capital and the proportion thereof held or intended to be held.

(2) In regard to the group, particulars of the location of the principal establishments. (Note 3)

30. In the case of an introduction, a statement that no change in the nature of the business is in contemplation.

31. Particulars of any restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

**Financial information about the group and the prospects of the group**

32. A statement as at the most recent practicable date (which must be stated) of the following on a consolidated basis if material:–

(1) the total amount of any debt securities of the group issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured, or an appropriate negative statement;

(2) the total amount of all other borrowings or indebtedness in the nature of borrowing of the group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt, or an appropriate negative statement;

(3) all mortgages and charges of the group, or an appropriate negative statement; and

(4) the total amount of any contingent liabilities or guarantees of the group, or an appropriate negative statement. Intra-group liabilities should normally be disregarded, a statement to that effect being made where necessary. (Notes 3 and 4)

(5) a commentary on:–

(a) 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; and

(b) the capital structure of the group. This may cover the maturity profile of debt, type of capital instruments used, currency and interest rate structure. The discussion may also include 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.

33. (1) A statement showing the 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 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) the aggregate of the directors' fees for each of the three financial year immediately preceding the issue of the listing document;

(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

(g) particulars of any arrangement under which a director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of the listing document.

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 383(1)(a) to (c) (inclusive) of the Companies Ordinance. The requirements of 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.

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 (b) above.

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

(3) Additional information in respect of those five individuals whose emoluments (excluding amounts paid or payable by way of commissions on sales generated by the individual) were the highest in the issuer or the group for the year. Where all five of these individuals are directors of the issuer and the information required to be disclosed by this paragraph has been disclosed in directors' emoluments as required by paragraph 33(2), a statement of this fact shall be made 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 directors' emoluments above, the following information shall be disclosed:–

(a) the aggregate of 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;

(b) the aggregate of contributions to pension schemes for each of the three financial years immediately preceding the issue of the listing document;

(c) 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 (d) and (e) below) for each of the three financial years immediately preceding the issue of the listing document;

(d) the aggregate of amounts paid or receivable 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 or the group; and

(e) the aggregate of compensation paid or receivable for each of the three financial years immediately preceding the issue of the listing document for the loss of any 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 (a) to (d) above).

It is not necessary to disclose the identity of the highest paid individuals.

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.

(4) The following information in addition to the information required under the relevant accounting standard in respect of pension schemes:–

(a) a brief outline of how contributions are calculated or benefits funded;

(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:–

(i) the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions;

(ii) 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);

(iii) the level of funding expressed in percentage terms; and

(iv) comments on any material surplus or deficiency (including quantification of the deficiency) indicated by (iii) above.

(5) Except where the issuer is a banking company, a statement of the reserves available for distribution to shareholders by the issuer as at the end of the period reported on.

34. (1) (a) General information on the trend of the business of the group since the date to which the latest audited accounts of the issuer were made up;

(b) a statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the listing document and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits; and

(Note 3)

(c) the state of the group's order book (where applicable) and prospects for new business including new products and services introduced or announced.

(2) The issuer must determine in advance with its sponsor whether to include a profit forecast in a listing document. Where a profit forecast appears in any listing document, 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 examined and reported on by the reporting accountants and their report must be set out. The 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 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.

35. A statement of whether or not the accountants' report contains a modified opinion by the reporting accountants and if so, such modification must be reproduced in full and the reasons for such modification given.

36. A statement by the directors that in their opinion the working capital available to the group is sufficient for the group's present requirements, that is for at least the next 12 months from the date of publication of the listing document, or, if not, how it is proposed to provide the additional working capital thought by the directors to be necessary. (Note 3)

*Note 1: In the case of a Mineral Company, a statement by the directors that in their opinion the issuer has available sufficient working capital for 125% of the group's present requirements.*

*Note 2: An issuer which is a banking company or an insurance company should refer to rule 8.21A(2).*

37. An accountants' report in accordance with Chapter 4. The accountants' report must, in addition, comply with the provisions set out in Appendix D2 to the Listing Rules in relation to the disclosure requirements for listing documents.

38. A statement by the directors of any material adverse change in the financial or trading position of the group since the end of the period reported on in the accountants' report, or an appropriate negative statement.

39. [Repealed 1 January 2012]

40. Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement. (Note 3)

**Information about the issuer's management**

41. (1) The full name, residential or business address of every director and senior manager or proposed director and senior manager. Where a director or proposed director has any former name or alias, such information should also be disclosed. In addition, brief biographical details in respect of the directors, proposed directors, senior managers and proposed senior managers of the issuer shall be provided. Such details will include name, age, positions held with the issuer and other members of the issuer's group, length of service with the issuer and the group, relevant management expertise and experience including current and past directorships in other listed public companies in the last three years, and such other information of which shareholders should be aware, pertaining to the ability or integrity of such persons (which would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities). As regards the biographical details in respect of each director, proposed director, supervisor and proposed supervisor, such details must not be less than those required to be disclosed in an announcement relating to the appointment or re-designation of the director or supervisor pursuant to rule 13.51(2).

(Note 7)

(2) Where the issuer is to be listed under rule 8.05(3) and wishes to apply for a waiver of the trading record period requirement, or where the issuer is an infrastructure company and wishes to apply for a waiver of the profit or other financial standards requirement, the relevant management expertise and experience of such persons described in paragraph 41(1) of at least three years in the line of business and industry of the issuer.

(3) 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 a

stepsister, a mother-in-law, a father-in-law, son-in-law, daughter-in law, brother-in-law or sister-in-law.

(4) Where any director or proposed director is a director or employee of a company which 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, that fact shall be stated.

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

(6) Where the issuer is a Mineral Company and wishes to apply for a waiver of the profit or other financial standards requirements under rule 18.04, the relevant management expertise and experience of such persons described in paragraph 41(1) of at least five years relevant to the exploration and/or extraction activity that the Mineral Company is pursuing.

42. The full name and professional qualification, if any, of the secretary of the issuer.

43. The situation of the registered office and, if different, the head office and transfer office.

44. Details of any share schemes to which Chapter 17 applies.

45. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:–

(a) will have to be notified to the issuer and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he is taken or deemed to have under such provisions of Securities and Futures Ordinance) once the issuer's securities are listed; or

(b) will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, once the issuer's securities are listed; or

(c) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the issuer and the Exchange once the issuer's securities are listed;

or an appropriate negative statement. Provided that the Exchange may agree in its sole discretion that compliance with this paragraph may be modified or waived in respect of any associated corporation, if in the opinion of the Exchange, the number of associated companies 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 paragraph would result in particulars being given which are not material in the context of the group and are excessive in length.

(1A) A statement required by sub-paragraph 45(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;

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.

(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 issued voting shares 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 securities, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

(Note 5)

46. (1) Particulars of directors' existing or proposed service contracts with any member of the group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)), or an appropriate negative statement.

(2) The aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group in respect of the last completed financial year under any description whatsoever.

(3) An estimate of the aggregate remuneration payable to, and benefits in kind receivable by, the directors or any proposed directors of the issuer by any member of the group in respect of the current financial year under the arrangements in force at the date of the listing document.

(Note 3)

47. (1) Full particulars of the nature and extent of the interest, direct or indirect, if any, of every director or proposed director or expert (as named in the listing document), in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of the listing document, acquired or disposed of by or leased to, any member of the group, or are proposed to be acquired or disposed of by or leased to any member of the group, including:–

(a) the consideration passing to or from any member of the group; and

(b) short particulars of all transactions relating to any such assets which have taken place within such period or which are to take place,

or an appropriate negative statement. (Notes 2 and 3)

(2) Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement. (Note 3)

**Information about the depositary receipts for which listing is sought and the terms and conditions of their issue and distribution**

48. (1) A statement that application has been or will be made to the Exchange for listing of and permission to deal in the securities; and

(2) A statement that all necessary arrangements have been made enabling the securities to be admitted into CCASS or an appropriate negative statement.

49. (1) The nature and amount of the issue including the number of securities which have been or will be created and/or issued and a full description of, including a summary of the terms attaching to, the securities for which listing is sought.

(2) The following information concerning the terms and conditions of the issue and distribution, public or private, of the securities in respect of which the application for listing is made where such issue or distribution is being effected in conjunction with the issue of the listing document or has been effected within the 12 months preceding the issue of the listing document:–

(a) the total amount of the public or private issue and the number of securities offered, where applicable, by category;

(b) if public or private issues or placings are being made simultaneously on markets within and outside Hong Kong and if a tranche has been or is being reserved for certain of those markets, an indication of any such tranche;

(c) the issue price or offer price of each security, stating the nominal value of each security;

(d) the methods of payment of the issue or offer price, particularly as regards the paying-up of securities which are not fully paid;

(e) the procedure for the exercise of any right of pre-emption and the transferability of subscription rights;

(f) the period, including any possible amendments, during which the issue or offer of securities will remain open after issue of the listing document, the date and time of the opening of the subscription list, and the names of the receiving bankers;

(g) the methods of and time limits for delivery of the securities and a statement whether temporary documents of title will be issued;

(h) the names, addresses and descriptions of the persons underwriting the issue for the issuer and, where not all of the issue is underwritten, a statement of the portion not covered;

(i) details of any clauses in the underwriting agreement which may affect the obligations of the underwriter under the underwriting agreement after the opening of the issue;

(j) in the case of an offer for sale of securities, the names, addresses and descriptions of the vendor(s) of the securities or, if there are more than ten vendors, such details of the ten principal vendors and a statement of the number of other vendors and particulars of any beneficial interest possessed by any director of the issuer in any securities so offered for sale;

(k) the date or approximate date on which it is expected that the definitive amount of the offer, the results of a public offer and the basis of allotment will be published as required by rule 12.08 and the newspapers in which the announcement is expected to appear; and

(l) a description of the application process if not otherwise described in subparagraphs (a) to (k).

(3) Where an issuer or a selling holder of securities has granted an over-allotment option or it is otherwise proposed that price stabilising activities may be entered into in connection with an offering:–

(a) confirmation that the price stabilising activities will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation;

(b) the reason for entering into the price stabilising activities;

(c) the number of securities subject to the over-allotment option, the option price, whether the shares issued or sold under an over-allotment option are to be issued or sold on the same terms and conditions as the shares that are subject to the main offering;

(d) whether there are any other terms, such as the duration, of the option; and

(e) the purpose for which the option has been granted.

50. Where listing is sought for securities with a fixed dividend, particulars of the profits cover for dividend.

51. Where the securities for which listing is sought were issued for cash within the two years immediately preceding the issue of the listing document, or will be issued for cash, a statement or an estimate of the net proceeds of the issue and a statement as to how such proceeds were or are intended to be applied.

52. Where listing is sought for options, warrants or similar rights in respect of depositary receipts:–

(1) the maximum number of securities which could be issued on exercise of such rights;

(2) the period during which such rights may be exercised and the date when this right commences;

(3) the amount payable on the exercise of such rights;

(4) the arrangements for transfer or transmission of such rights;

(5) the rights of the holders on the liquidation of the issuer;

(6) the arrangements for the variation in the subscription or purchase price or number of securities to take account of alterations to the share capital of the issuer;

(7) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer; and

(8) a summary of any other material terms of the options, warrants or similar rights.

53. Where listing is sought for convertible securities in respect of depositary receipts:–

(1) information concerning the nature of the securities to which the convertible securities relate and the rights attaching thereto; and

(2) the conditions of and procedures for conversion, exchange, subscription or purchase and details of the circumstances in which they may be amended.

54. (1) Particulars of any preliminary expenses incurred or proposed to be incurred and by whom the same are payable. (Note 2)

(2) The amount or estimated amount of the expenses of the issue and of the application for listing so far as the same are not included in the statement of preliminary expenses and by whom the same are payable.

55. A statement of the net tangible asset backing for each class of shares of the issuer which the depositary receipts represent after making allowance for any new shares to be issued, as detailed in the listing document and also net tangible asset for each depositary receipt. (Note 6)

56. If known, the date on which dealings will commence.

**Specific information about the depositary receipts**

57. A description of the depositary.

58. A description of the type and class of depositary receipts being offered and/or admitted to trading.

59. The governing law under which the depositary receipts have been created.

60. The currency in which the depositary receipts are denominated.

61. The rights attaching to the depositary receipts, including any limitations of such rights and the procedure, if any, for the exercise of such rights.

62. A statement of whether the dividend rights attaching to depositary receipts are different from the dividend rights disclosed in relation to the underlying shares and the differences if there are any.

63. A statement of whether the voting rights attaching to depositary receipts are different from the voting rights disclosed in relation to the underlying shares and the differences if there are any.

64. A description of the exercise of and benefit from the rights attaching to the underlying shares, in particular voting rights, the conditions on which the holders of the depositary receipts may exercise such rights, and measures envisaged to obtain the instructions of the depositary receipt holders-and the right to share in profits and any liquidation surplus which are not passed on to the holders of the depositary receipts.

65. The expected issue date of the depositary receipts.

66. In respect of the country of registered office of the issuer and the country (ies) where the offer is being made or admission to trading is being sought: (a) information on taxes on the income from the depositary receipts withheld at source (b) indication as to whether the issuer assumes responsibility for the withholding of taxes at the source.

67. A statement of the procedures for the delivery of the depositary receipts for conversion into original shares.

68. A statement that the deposit agreement must be in a form acceptable by the Exchange.

69. A summary of the key terms of the deposit agreement, including but without limitation to the following terms:-

    (1) The appointment of the depositary by the issuer with authorisation to act on behalf of the issuer in accordance with the deposit agreement.

    (2) The status of depositary receipts as instruments representing ownership interests in shares of an issuer that have been deposited with the depositary.

(3) The status of registered holders of depositary receipts as the legal owners of those depositary receipts, without prejudice to the issuer's right under the Securities and Futures Ordinance to investigate the ownership of its shares.

(4) The role of the depositary to issue depositary receipts as agent of the issuer, and to arrange for the deposit of the shares which the depositary receipts represent.

(5) The duties of the depositary, including the duty to keep in Hong Kong and make available for inspection a register of holders of depositary receipts and the transfers of the depositary receipts and the duty to keep a record of the deposits of shares which the depositary receipts represent, the issue of depositary receipts, the cancellation of depositary receipts and the withdrawal of shares.

(6) The role and duties of the custodian appointed by the depositary to hold the deposited shares for the account of the depositary on behalf of the holders of the depositary receipts, segregated from all other property of the custodian.

(7) The mechanism for the issue and registration of depositary receipts by the depositary upon receipt of shares in the issuer and the form of the depositary receipt.

(8) The right of depositary receipt holders to transfer their depositary receipts and the mechanism for so doing.

(9) The right of depositary receipt holders to surrender depositary receipts to be cancelled in exchange for the delivery of the shares which the depositary receipts represent, subject to payment of any applicable charges and taxes and any legal or regulatory restrictions.

(10) The right of depositary receipt holders to receive distributions made on the shares which the depositary receipts represent except in the circumstances (if any) expressly provided for in the deposit agreement. The deposit agreement should separately address the rights and procedures applying to cash distributions, distributions of shares, rights issues or any other distribution accruing to the shares which the depositary receipts represent, in each case adopting the underlying principle that holders of depositary receipts are to be treated as having generally equivalent rights to holders of the shares which the depositary receipts represent. Any conversion of dividends paid in a foreign currency must occur at the market rates prevailing at the time of conversion.

(11) The right of depositary receipt holders to exercise the voting rights attached to the shares represented by the depositary receipts and the procedures by which depositary receipt holders will be notified of shareholder meetings or solicitations of proxy votes and be entitled to issue instructions to the depositary as to how to exercise their voting rights.

(12) The manner in which any consolidation or split-up or change in the par value or other reclassification of the issuer's shares will be represented by and accrue to the depositary receipts, in accordance with the principle that holders of depositary receipts are to be treated as having generally equivalent rights to holders of the shares which the depositary receipts represent.

(13) The procedures by which the depositary and/or the custodian at the direction of the depositary will, in consultation with the issuer, fix record dates for transactions affecting the depositary receipts including distributions, rights issues and notices of shareholder meetings.

(14) The procedures by which the depositary will at the direction of the issuer despatch to holders of depositary receipts copies of all notices, reports, voting forms or other communications sent by the issuer to its shareholders, and make available for inspection at its principal office and at the office of the custodian copies of any such notices, reports or communication received from the issuer.

(15) The conditions and process for the issue of new depositary receipts if any depositary receipt certificate is lost, destroyed, stolen or mutilated.

(16) The obligations of holders of depositary receipts, including any liabilities for taxes and other charges and the obligation to disclose the beneficial ownership of the depositary receipts on request of the issuer or the depositary or any regulator.

(17) A clear statement of the fees and charges payable by holders of depositary receipts to the depositary and the custodian.

(18) Procedures for the replacement or removal of the depositary and/or the custodian by or with the consent of the issuer including an obligation to inform depositary receipt holders by advance announcement of any prospective resignation, removal and replacement of the depositary and/or the custodian, and an obligation to inform depositary receipt holders in advance of and seek their prior consent to any material changes to their existing rights and obligations under the deposit agreement.

(19) Procedures for the amendment of the deposit agreement, including a requirement to provide prior notice to and seek the consent of depositary receipt holders to any material change affecting their existing rights or obligations.

(20) The governing law of the deposit agreement should be that of Hong Kong or, if other jurisdiction is chosen, one that is generally used in accordance with international practice. The deposit agreement must not contain provisions that preclude any party from electing to submit to the jurisdiction of the courts of Hong Kong for the resolution of any disputes or claims arising from the deposit agreement.

70. A discussion of the risk factors, including risk factors that are material to the depositary receipts being offered and/or admitted to trading in order to assess the market risk associated with these securities in a section headed "Risk Factors".

**Use of Proceeds**

71. Details of the intended recipient and the intended use of the proceeds of the issue.

72. (1) Where relevant, as respects any property to which this paragraph applies:–

(a) the names and addresses of the vendors;

(b) the amount payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the company is a sub-purchaser, the amount so payable to each vendor; and

(c) short particulars of any transaction relating to the property completed within the two preceding years in which any vendor of the property to the company or any person who is, or was at the time of the transaction, a promoter or a director or proposed director of the company had any interest direct or indirect.

(2) The property to which this paragraph applies is property purchased or acquired by the issuer or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue or the purchase or acquisition of which has not been completed at the date of the issue of the listing document, other than property:–

(a) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the issuer's business, the contract not being made in contemplation of the issue nor the issue in consequence of the contract; or

(b) as respects which the amount of the purchase money is not material.

73. The amount, if any, paid or payable as purchase money in cash, shares or debentures for any property to which paragraph 72 applies, specifying the amount, if any, payable for goodwill.

**Additional information on mineral companies**

74. In the case of mineral companies, the information set out in Chapter 18.

**Information on property interests**

74A. Where required by Chapter 5, information set out in that Chapter.

**Material contracts and documents on display**

75. The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the issue of the listing document, together with a summary of the principal contents of such contracts and particulars of any consideration passing to or from any member of the group. (Note 3)

76. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange's website and the issuer's own website:–

(1) the memorandum and articles of association or equivalent documents of the issuer;

(2) each contract disclosed pursuant to paragraphs 46(1) and 75 or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;

(3) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the listing document;

(4) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefore;

(5) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each of the two financial years immediately preceding the issue of the listing document together with (in the case of a Hong Kong issuer) all notes, certificates or information required by the Companies Ordinance; and

(6) the deposit agreement executed between the depositary and the issuer.

(Note 3)

## NOTES

*Note 1 In cases where the directors of the issuer are responsible for part of the listing document, the directors of another company being responsible for the remainder, the statement should be appropriately adapted. In exceptional cases the Exchange may require other persons to give, or join in, the statement of responsibility in which case the listing document should also be modified appropriately.*

*Note 2 In the case of an issuer which has carried on the same business for more than two years immediately preceding the issue of the listing document, application may be made to the Exchange to dispense with the requirements of paragraphs 8, 47 and 54(1), in so far as it relates to interests in the promotion.*

*Note 3 Under paragraphs 13, 26, 27, 28, 29(2), 32, 34, 36, 45(2), 46, 47, 75 and 76, reference to the group is to be construed as including any company which will become a subsidiary of the issuer by reason of an acquisition which has been agreed or proposed since the date to which the latest audited accounts of the issuer have been made up.*

*Note 4 [Repealed 1 April 2015]*

*Note 5 For the purposes of paragraph 45 particulars should be given of the extent of any duplication which occurs.*

*Note 6 Where an issuer has caused any property interests to be valued (in accordance with Chapter 5) or has caused any valuation to be made of any other tangible assets and included such a valuation in the prospectus relating to its initial public offer, the issuer is required to state in its prospectus, by way of note to the adjusted net tangible asset statement, the additional depreciation (if any) that would be charged against the income statement had such assets been stated at valuation.*

*Note 7 For the purposes of paragraph 41 "other listed public companies" means other public companies the securities of which are listed on any securities market in Hong Kong (including but not limited to the Main Board and GEM) or overseas.*

# Appendix D1F

## Contents of Listing Documents

### Depositary receipts

**In the case where listing is sought for depositary receipts of an issuer where depositary receipts representing some part of its share capital are already listed**

**General information about the issuer, its advisers and the listing document**

1. The full name of the issuer. The place of registration of the issuer and its registration number. The date and country of incorporation or other establishment of the issuer and the authority under which the issuer was incorporated or otherwise established and the length of life of the issuer except where indefinite. 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, the address and telephone number of its registered office (or principal place of business of different from its registered office).

2. A statement as follows:–

   "This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading." (Note 1)

3. The names and addresses of the issuer's principal bankers, authorised representatives, solicitors, registrars and trustees (if any) and of the solicitors to the issue.

4. The name, address and professional qualifications of the auditors.

5. Where the listing document includes a statement purporting to be made by an expert, a statement:–

   (1) specifying the qualifications of such expert and whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group and, if so, a full description thereof;

(2) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included; and

(3) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the listing document.

6. (1) Particulars of any other stock exchange on which any part of the equity or debt securities of the issuer is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought;

(2) the name of the stock exchange on which the issuer's primary listing is or is to be; and

(3) particulars of the dealing and settlement arrangements on each such exchange and between such exchanges,

or an appropriate negative statement.

7. Particulars of any arrangement under which future dividends are waived or agreed to be waived.

8. Particulars of any commissions, discounts, brokerages or other special terms granted since the date to which the latest published audited accounts of the issuer were made up in connection with the issue or sale of any capital of any member of the group, together with the names of any directors or proposed directors, promoters or experts (as named in the listing document) who received any such payment or benefit and the amount or rate of the payment or benefit they received, or an appropriate negative statement. (Note 2)

8A. [Repealed 1 January 2009]

**Information about the underlying shares which the depositary receipts represent**

9. A description of the type and the class of the underlying shares and the person depositing or deposited the underlying shares for the issue of the depositary receipts.

10. The legislation under which the underlying shares have been created.

11. A statement whether the underlying shares are in registered form or bearer form and whether the underlying shares are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.

12. The currency in which the underlying shares are denominated.

13. A description of the rights, including any limitations, attached to the underlying shares and the procedures for the exercise of such rights.

14. A description of the rights to dividends and voting rights attaching to the underlying shares.

15. The issue date of the underlying shares if new underlying shares are being created for the issue of the depositary receipts and a description of the resolutions, authorisations and approvals by virtue of which the new underlying shares have been or will be created and/or issued.

16. A description of whether there are any restrictions on the free transferability of the underlying shares.

17. Information on taxes on the income from the underlying shares withheld at source and state whether the issuer assumes responsibility for the withholding of taxes at the source.

**Information about the issuer's capital**

18. (1) The authorised share capital of the issuer, the amount issued or agreed to be issued, the amount paid up, the nominal value and a description of the shares.

(1A) Particulars of and the number of treasury shares held by the issuer or its subsidiary or through their agents or nominees.

(2) The amount of any outstanding convertible debt securities and particulars of the conditions governing and the procedures for conversion, exchange or subscription of such securities.

19. Particulars of and the number of founder or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the group.

20. Particulars of any alterations in the capital of any member of the group since the date to which the latest published audited accounts of the issuer were made up, including:–

(1) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case, the extent to which they are so paid up; and

(2) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear,

or an appropriate negative statement. (Note 2)

21. Particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement. (Note 2)

Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

**General information about the group's activities**

22. (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 and an indication of any significant new products and/or activities. 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 3)

(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:–

(i) a statement of the percentage of purchases attributable to the group's largest supplier;

(ii) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;

(iii) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's largest customer;

(iv) a statement of the percentage of 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 (excluding treasury shares) of the issuer) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

(vi) in the event that the percentage which would fall to be disclosed under (ii) above is less than 30, a statement of that fact shall be given and the information required in (i), (ii) and (v) (in respect of suppliers) may be omitted; and

(vii) in the event that the percentage which would fall to be disclosed under (iv) above is less than 30, a statement of that fact shall be given and the information required in (iii), (iv) and (v) (in respect of customers) may be omitted.

Sub-paragraph 22(1)(b) applies to all 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 issuers.

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

References to suppliers are primarily to those who provide goods or services which are specific to an issuer's business and which are required on a regular basis to enable the 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 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 issuers.

The Exchange must be consulted if there is any doubt about the application of subparagraph 22(1)(b).

(2) If required by the Exchange, particulars of any contracts for the hire or hire purchase of plant to or by any member of the group for a period of over one year which are substantial in relation to the group's business.

(3) Particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and, where such factors are of fundamental importance to the group's business or profitability, a statement regarding the extent to which the group is dependent on such factors.

(4) Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last 12 months.

(5) Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.

(Note 2)

23. Particulars of any restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

**Financial information about the group and the prospects of the group**

24. A statement as at the most recent practicable date (which must be stated) of the following on a consolidated basis if material:–

(1) the total amount of any debt securities of the group issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured, or an appropriate negative statement;

(2) the total amount of all other borrowings or indebtedness in the nature of borrowing of the group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt, or an appropriate negative statement;

(3) all mortgages and charges of the group, or an appropriate negative statement; and

(4) the total amount of any contingent liabilities or guarantees of the group, or an appropriate negative statement.

Intra-group liabilities should normally be disregarded, a statement to that effect being made where necessary. (Notes 2 and 3)

25. (1) (a) General information on the trend of the business of the group since the date to which the latest published audited accounts of the issuer were made up; and

(b) a statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the listing document and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits. (Note 2)

(2) The issuer must determine in advance with its financial adviser whether to include a profit forecast in a listing document. Where a profit forecast appears in any listing document, 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. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants or auditors, as appropriate, and their report must be set out. The financial adviser must report in addition that they have satisfied themselves that the forecast has been stated 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 published. Any valuation of assets (except 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.

26. A statement by the directors that in their opinion the working capital available to the group is sufficient for the group's requirements for at least 12 months from the date of publication of the listing document or, if not, how it is proposed to provide the additional working capital thought by the directors to be necessary. (Note 2)

*Note: An issuer which is a banking company or an insurance company should refer to rule 11.09A.*

27. (1) Where required by Chapter 4, a report by the reporting accountants in accordance with that Chapter. The accountants' report must, in addition, comply with the provisions set out in Appendix D2 to the Listing Rules in relation to the disclosure requirements for circulars.

(2) If after the date to which the latest published audited accounts of the issuer have been made up, any member of the group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the issuer:–

(a) a statement of the general nature of the business or of the business of the company in which an interest has been or is being acquired, together with particulars of the situation of the principal establishments and of the principal products;

(b) a statement of the aggregate value of the consideration for the acquisition and how it was or is to be satisfied; and

(c) if the aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company will be varied in consequence of the acquisition, full particulars of such variation; if there will be no variation, a statement to that effect.

(3) Information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year:–

(a) for the group; and

(b) for any company acquired since the date of the last published audited accounts of the group in respect of which an accountants' report has already been submitted to shareholders or which was itself during the last 12 months a listed issuer.

(Note 6)

28. A statement by the directors of any material adverse change in the financial or trading position of the group since the date to which the latest published audited accounts of the issuer have been made up, or an appropriate negative statement.

29. Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement. (Note 2)

**Information about the issuer's management**

30. The full name, residential or business address of every director and senior manager or proposed director and senior manager. Where a director or proposed director has any former name or alias, such information should be disclosed. In addition, brief biographical details in respect of the directors, proposed directors, senior managers and proposed senior managers of the issuer shall be provided. Such details will include name, age, positions held with the issuer and other members of the issuer's group, length of service with the issuer and the group including current and past directorships in other listed public companies in the last three years and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons (which would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities). 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 stepparent, a brother, sister, step-brother or a 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 or proposed director is a director or employee of a company which 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, that fact shall be stated.

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

    (Note 5)

31. The full name and professional qualification, if any, of the secretary of the issuer.

32. The situation of the registered office and, if different, the head office and transfer office.

33. Details of any share schemes to which Chapter 17 applies.

34. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:–

(a) are required to be notified to the issuer and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he is taken or deemed to have under such provisions of Securities and Futures Ordinance); or

(b) are required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein; or

(c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the issuer and the Exchange;

or an appropriate negative statement. Provided that the Exchange may agree in its sole discretion that compliance with this paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated companies 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 paragraph would result in particulars being given which are not material in the context of the group and are excessive in length; and

(1A) A statement required by sub-paragraph 34(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;

*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.*

(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 issued voting shares 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 securities, or, if there are no such interests or short positions, an appropriate negative statement. (Note 2)

(Note 4)

35. Particulars of directors' existing or proposed service contracts with any member of the group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)), or an appropriate negative statement. (Note 2)

36. (1) Full particulars of the nature and extent of the interest, direct or indirect, if any, of every director or proposed director or expert (as named in the listing document) in any assets which have been, since the date to which the latest published audited accounts of the issuer were made up, acquired or disposed of by or leased to any member of the group, or are proposed to be acquired or disposed of by or leased to any member of the group, including:–

(a) the consideration passing to or from any member of the group; and

(b) short particulars of all transactions relating to any such assets which have taken place within such period,

or an appropriate negative statement.

(2) Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement.

(Note 2)

**Information about the depositary receipts for which listing is sought and the terms and condition of their issue and distribution**

37. (1) A statement that application has been or will be made to the Exchange for listing of and permission to deal in the securities; and

(2) In case of a new class of securities to be listed, a statement that all necessary arrangements have been made enabling the securities to be admitted into CCASS or an appropriate negative statement.

38. The nature and amount of the issue including the number of securities which have been or will be created and/or issued, if predetermined. A description of the arrangements and time for announcing to the public the definitive amount of the offer. The time period, including any possible amendments, during which the offer will be open and description of the application process.

39. Where the securities for which listing is sought were issued for cash since the date to which the latest published audited accounts of the issuer were made up, or will be issued for cash, a statement or an estimate of the net proceeds of the issue and a statement as to how such proceeds were or are intended to be applied, provided that, in the case of a fully underwritten rights issue or open offer, if the net proceeds are not intended to be used for a specific purpose, the statement may refer to the net proceeds being used for general corporate funding purposes.

40. The amount or estimated amount of the expenses of the issue and of the application for listing and by whom the same are payable.

41. A statement of the net tangible asset backing for each class of shares which the depositary receipts represent for which listing is sought, after making allowance for any new shares to be issued, as detailed in the listing document and also net tangible asset for each depositary receipt.

42. If known, the date on which dealings will commence.

43. Where the securities for which listing is sought are allotted by way of exchange or substitution, an explanation of the financial effects thereof and the effect on existing rights on the securities.

44. Where the securities for which listing is sought are allotted by way of capitalisation of reserves or profits or by way of bonus to the holders of an existing security, a statement as to the pro rata entitlement, the last date on which transfers were or will be accepted for registration for participation in the issue, how the securities rank for dividend, whether the securities rank pari passu with any listed securities, the nature of the document of title, its proposed date of issue and whether or not it is renounceable and how fractions (if any) are to be treated.

45. Where listing is sought for securities which will not be identical with securities already listed:–

(1) a statement of the rights as regards dividend, capital, redemption and voting attached to such securities and (except as regards the lowest ranking securities) as to the right of the issuer to create or issue further securities ranking in priority thereto or pari passu therewith; and

(2) a summary of the consents necessary for the variation of such rights.

46. Where the securities for which listing is sought are offered by way of rights or by way of an open offer to the holders of an existing listed security, a statement as to:–

(1) how securities not taken up will be dealt with and the time, being not less than 10 business days, in which the offer may be accepted. In cases where the issuer has a large number of overseas members a longer offer period may be desirable, provided that the Exchange must be consulted if the issuer proposes an offer period of over 15 business days;

(2) the pro rata entitlement (if applicable), the last date on which transfers were accepted for registration for participation in the issue, how the securities rank for dividend, whether the securities rank pari passu with any listed securities, the nature of the document of title and its proposed date of issue, and how fractions (if any) are to be treated;

(3) whether the board of directors and/or the depositary have received any information from any substantial shareholders of their intention to take up the securities provisionally allotted or offered to them or to be provisionally allotted or offered to them and particulars thereof; and

(4) the matters required to be disclosed by rules 7.19(2), (3), (4), (6) and (7), 7.21(1) and (2), 7.24(2), (3), (5) and (6), 7.26A(1) and (2) and/or 14A.92(2)(b), where appropriate.

47. Where listing is sought for securities with a fixed dividend, particulars of the profits cover for dividend.

48. Where listing is sought for options, warrants or similar rights in respect of depositary receipts:–

(1) the maximum number of securities which could be issued on exercise of such rights;

(2) the period during which such rights may be exercised and the date when this right commences;

(3) the amount payable on the exercise of such rights;

(4) the arrangements for transfer or transmission of such rights;

(5) the rights of the holders on the liquidation of the issuer;

(6) the arrangements for the variation in the subscription or purchase price or number of securities to take account of alterations to the share capital of the issuer;

(7) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer; and

(8) a summary of any other material terms of the options, warrants or similar rights.

49. Where listing is sought for convertible securities in respect of depositary receipts:–

(1) information concerning the nature of the securities to which the convertible securities relate and the rights attaching thereto; and

(2) the conditions of and procedures for conversion, exchange, subscription or purchase and details of the circumstances in which they may be amended.

**Specific information regarding the depositary receipts**

50. A description of the depositary.

51. A description of the type and class of depositary receipts being offered and/or admitted to trading.

52. The governing law under which the depositary receipts have been created.

53. The currency in which the depositary receipts are denominated.

54. The rights attaching to the depositary receipts, including any limitations of such rights and the procedure, if any, for the exercise of such rights.

55. A statement of whether the dividend rights attaching to depositary receipts are different from the dividend rights disclosed in relation to the underlying shares and the differences if there are any.

56. A statement of whether the voting rights attaching to depositary receipts are different from the voting rights disclosed in relation to the underlying shares and the differences if there are any.

57. A description of the exercise of and benefit from the rights attaching to the underlying shares, in particular voting rights, the conditions on which the holders of the depositary receipts may exercise such rights, and measures envisaged to obtain the instructions of the depositary receipt holders-and the right to share in profits and any liquidation surplus which are not passed on to the holders of the depository receipts.

58. The expected issue date of the depositary receipts.

59. In respect of the country of registered office of the issuer and the country (ies) where the offer is being made or admission to trading is being sought: (a) information on taxes on the income from the depositary receipts withheld at source (b) indication as to whether the issuer assumes responsibility for the withholding of taxes at the source.

60. A statement of the procedures for the delivery of the depositary receipts for conversion into original shares.

61. A statement that the deposit agreement must be in a form acceptable by the Exchange.

62. A summary of the key terms of the deposit agreement, including but without limitation to the following terms:-

    (1) The appointment of the depositary by the issuer with authorisation to act on behalf of the issuer in accordance with the deposit agreement.

    (2) The status of depositary receipts as instruments representing ownership interests in shares of an issuer that have been deposited with the depositary.

    (3) The status of registered holders of depositary receipts as the legal owners of those depositary receipts, without prejudice to the issuer's right under the Securities and Futures Ordinance to investigate the ownership of its shares.

    (4) The role of the depositary to issue depositary receipts as agent of the issuer, and to arrange for the deposit of the shares which the depositary receipts represent.

    (5) The duties of the depositary, including the duty to keep in Hong Kong and make available for inspection a register of holders of depositary receipts and the transfers of the depositary receipts and the duty to keep a record of the deposits of shares which the depositary receipts represent, the issue of depositary receipts, the cancellation of depositary receipts and the withdrawal of shares.

    (6) The role and duties of the custodian appointed by the depositary to hold the deposited shares for the account of the depositary on behalf of the holders of the depositary receipts, segregated from all other property of the custodian.

(7) The mechanism for the issue and registration of depositary receipts by the depositary upon receipt of shares in the issuer and the form of the depositary receipt.

(8) The right of depositary receipt holders to transfer their depositary receipts and the mechanism for so doing.

(9) The right of depositary receipt holders to surrender depositary receipts to be cancelled in exchange for the delivery of the shares which the depositary receipts represent, subject to payment of any applicable charges and taxes and any legal or regulatory restrictions.

(10) The right of depositary receipt holders to receive distributions made on the shares which the depositary receipts represent except in the circumstances (if any) expressly provided for in the deposit agreement. The deposit agreement should separately address the rights and procedures applying to cash distributions, distributions of shares, rights issues or any other distribution accruing to the shares which the depositary receipts represent, in each case adopting the underlying principle that holders of depositary receipts are to be treated as having generally equivalent rights to holders of the shares which the depositary receipts represent. Any conversion of dividends paid in a foreign currency must occur at the market rates prevailing at the time of conversion.

(11) The right of depositary receipt holders to exercise the voting rights attached to the shares represented by the depositary receipts and the procedures by which depositary receipt holders will be notified of shareholder meetings or solicitations of proxy votes and be entitled to issue instructions to the depositary as to how to exercise their voting rights.

(12) The manner in which any consolidation or split-up or change in the par value or other reclassification of the issuer's shares will be represented by and accrue to the depositary receipts, in accordance with the principle that holders of depositary receipts are to be treated as having generally equivalent rights to holders of the shares which the depositary receipts represent.

(13) The procedures by which the depositary and/or the custodian at the direction of the depositary will, in consultation with the issuer, fix record dates for transactions affecting the depositary receipts including distributions, rights issues and notices of shareholder meetings.

(14) The procedures by which the depositary will at the direction of the issuer despatch to holders of depositary receipts copies of all notices, reports, voting forms or other communications sent by the issuer to its shareholders, and make available for inspection at its principal office and at the office of the custodian copies of any such notices, reports or communication received from the issuer.

(15) The conditions and process for the issue of new depositary receipts if any depositary receipt certificate is lost, destroyed, stolen or mutilated.

(16) The obligations of holders of depositary receipts, including any liabilities for taxes and other charges and the obligation to disclose the beneficial ownership of the depositary receipts on request of the issuer or the depositary or any regulator.

(17) A clear statement of the fees and charges payable by holders of depositary receipts to the depositary and the custodian.

(18) Procedures for the replacement or removal of the depositary and/or the custodian by or with the consent of the issuer including an obligation to inform depositary receipt holders by advance announcement of any prospective resignation, removal and replacement of the depositary and/or the custodian, and an obligation to inform depositary receipt holders in advance of and seek their prior consent to any material changes to their existing rights and obligations under the deposit agreement.

(19) Procedures for the amendment of the deposit agreement, including a requirement to provide prior notice to and seek the consent of depositary receipt holders to any material change affecting their existing rights or obligations.

(20) The governing law of the deposit agreement should be that of Hong Kong or, if other jurisdiction is chosen, one that is generally used in accordance with international practice. The deposit agreement must not contain provisions that preclude any party from electing to submit to the jurisdiction of the courts of Hong Kong for the resolution of any disputes or claims arising from the deposit agreement.

63. A discussion of the risk factors, including risk factors that are material to the depositary receipts being offered and/or admitted to trading in order to assess the market risk associated with these securities in a section headed "Risk Factors".

**Additional information on mineral companies**

64. In the case of mineral companies, the information set out in Chapter 18.

**Material contracts and documents on display**

65. The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the issue of the listing document, together with a summary of the principal contents of such contracts and particulars of any consideration passing to or from any member of the group. (Note 2)

66. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange's website and the issuer's own website:–

(1) [Repealed 4 October 2021]

(2) each of the following contracts:–

(a) any service contracts disclosed pursuant to paragraph 35;

(b) any material contracts disclosed pursuant to paragraph 65; and

(c) in the case of a notifiable transaction or connected transaction circular, any contracts pertaining to the transaction,

or where any of the above contracts have not been reduced into writing, a memorandum giving full particulars thereof;

(3) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the listing document;

(4) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefor; and

(5) [Repealed 4 October 2021]

(6) [Repealed 4 October 2021]

(7) the deposit agreement executed between the depositary and the issuer.

**NOTES**

*Note 1 In cases where the directors of the issuer are responsible for part of the listing document, the directors of another company being responsible for the remainder, the statement should be appropriately adapted. In exceptional cases the Exchange may require other persons to give, or join in, the statement of responsibility in which case the listing document should also be modified appropriately.*

*Note 2 Under paragraphs 8, 20, 21, 22, 24, 25(1)(b), 26, 29, 34(2), 35, 36, and 65, reference to the group is to be construed as including any company which will become a subsidiary of the issuer by reason of an acquisition which has been agreed or proposed since the date to which the latest audited accounts of the issuer have been made up.*

*Note 3 [Repealed 1 April 2015]*

*Note 4 For the purposes of paragraph 34 particulars should be given of the extent of any duplication which occurs.*

*Note 5 For the purposes of paragraph 30 "other listed public companies" means other public companies the securities of which are listed on any securities market in Hong Kong (including but not limited to the Main Board and GEM) or overseas.*

*Note 6 For the purpose of paragraph 27(3), the information may be incorporated in the listing document or circular of the listed issuer by reference to its other documents published under the Exchange Listing Rules.*

# Appendix D2

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

*2.1 Annual financial statements of a listed issuer are required, subject to Note 2.6, 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 financial statements.*

*2.3 [Repealed 15 December 2010]*

*2.4 [Repealed 1 January 2022]*

*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 The Exchange may allow the annual financial statements of an overseas issuer to be drawn up otherwise than in conformity with financial reporting standards referred to in Note 2.1 (see the requirements set out in rules 19.25A and 19C.23).*

*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.*

2A. Where the preparation of an auditors' report or accountants' report constitutes a PIE Engagement under the AFRCO, the issuer must appoint a firm of practising accountants which is a PIE Auditor under the AFRCO.

*Note: Qualification requirements for auditors and reporting accountants in the case of overseas issuers and PRC issuers are set out in rules 4.03, 19.20, 19A.08, 19A.31 and 19C.16.*

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 seek guidance from the Exchange. As a minimum, the listed issuer shall provide the following information:*

*(a) details of the modifications and their actual or potential impact on the listed issuer's financial position;*

*(b) management's position and basis on major judgmental areas (such as basis for impairment or valuation of assets), and how management's view is different from that of the auditors;*

*(c) the audit committee's view towards the modifications, and whether the audit committee reviewed and agreed with management's position concerning major judgmental areas; and*

*(d) the listed issuer's proposed plans to address the modifications.*

*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 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 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) as regards the disclosure requirements for preliminary announcements of results, interim reports, annual reports, listing documents and circulars.

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

(a) profit (or loss) on sale of properties.

*4.1 Where the item of information specified in sub-paragraph 4(1) 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) Statement of financial position

(a) ageing analysis of accounts receivable; and

(b) ageing analysis of accounts payable.

*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).

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 8 to 34A 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 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) and a monthly breakdown of sales of treasury shares on the Exchange or any other stock exchange on which the issuer is listed under rule 10.06B(3);*

*(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 required under rule 14.36B and/or rule 14A.63 about any guarantee regarding the financial performance of a company or business acquired;*

*(j) share schemes under rules 17.07 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 code provisions E.1.5 (remuneration payable to members of senior management by band) and A.1.2 (discussion and analysis of group's performance) in Part 2 of Appendix C1 or provide the Considered Reasons and Explanation in respect of any deviation.*

*6.4 Issuers must publish ESG reports in accordance with Rule 13.91 and the ESG Reporting Code contained in Appendix C2.*

7. [Repealed 31 December 2015]

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 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 (including sale of treasury shares) 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 those which are purchased by a subsidiary of the listed issuer. The listed issuer should also disclose the number of treasury shares (if any) held by the issuer as at the year end date and their intended use.

*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 of equity securities (including securities convertible into equity securities) or sale of treasury shares for cash (other than under a share scheme that complies with Chapter 17), a listed issuer shall disclose:-

(1) the reasons for making the issue or sale;

(2) the classes of equity securities issued or treasury shares sold;

(3) as respect each class of equity securities, the number issued and their aggregate nominal value, if any, and/or the number of treasury shares sold;

(4) the issue price or selling price of each security, or the highest and lowest prices received, where relevant;

(5) the net price to the listed issuer of each security;

(6) the names of the allottees (or transferees), if less than six in number, and, in the case of six or more allottees (or transferees), 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 or sale were fixed; and

(8) the total funds raised from the issue or sale and details of the use of proceeds including:

(a) a detailed breakdown and description of the proceeds for each issue or sale and the purposes for which they are used during the financial year;

(b) if there is any amount not yet utilised, a detailed breakdown and description of the intended use of the proceeds for each issue or sale and the purposes for which they are used and the expected timeline; and

(c) whether the proceeds were used, or are proposed to be used, according to the intentions previously disclosed by the issuer, and the reasons for any material change or delay in the use of proceeds.

*Note: Issuers are recommended to present the above information in tabular format to show separately the amounts used and the purposes for which they are used, and compare each of the actual or intended uses against the intention and expected timeframe previously disclosed by the issuer.*

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

*11.2 In the case of any sale of treasury shares on the Exchange or any other stock exchange on which the issuer is listed, the issuer may disclose the information required in this paragraph on a monthly basis. The information required in sub-paragraphs (5), (6) and (7) may be omitted.*

11A. To the extent that there are proceeds brought forward from any issue of equity securities (including securities convertible into equity securities) or sale of treasury shares made in previous financial year(s) (other than under a share scheme that complies with Chapter 17), the listed issuer shall disclose the amount of proceeds brought forward and details of the use of such proceeds as set out in paragraph 11(8).

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 (which would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities). Where a director has any former name or alias, such information should be disclosed. 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 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 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 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 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. [Repealed 1 October 2020]

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, except where the listed issuer is a banking company, an analysis as at the 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.

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 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 sub-paragraph (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) a brief outline of how contributions are calculated or benefits funded;

(2) 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 date of statement of financial position for such use; and

(3) 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 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 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 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) 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 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 date of its statement of financial position:–

(1) in the case of a Hong Kong issuer, as calculated under the provisions of sections 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 revenue from sales of goods or rendering of services attributable to the largest customer;

(4) a statement of the percentage of 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 (excluding treasury shares) of the listed issuer) 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 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 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;

(4A) a breakdown of its significant investments (including any investment in an investee company with a value of 5 per cent. or more of the issuer's total assets as at the year end date):

(a) details of each investment, including the name and principal businesses of the underlying company, the number and percentage of shares held and the investment costs;

(b) the fair value of each investment as at the year end date and its size relative to the issuer's total assets;

(c) the performance of each investment during the year, including any realised and unrealised gain or loss and any dividends received; and

(d) a discussion of the issuer's investment strategy for these significant investments;

(5) details of material acquisitions and disposals of subsidiaries, 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 revenue and margins;

(7) where applicable, details of the number and remuneration of employees, remuneration policies, bonus and share 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. [Repealed 31 December 2015]

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 Part 1 of Appendix C1 regarding the accounting period covered by the annual report. To the extent reasonable and appropriate, the issuer may incorporate by reference information in its annual report into the Corporate Governance Report. The 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 the information relating to its public float and other details required to be included in annual reports under rule 13.32D.

35. [Repealed 31 December 2015]

36. [Repealed 31 December 2015]

**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 as regards the disclosure requirements for an interim report.

*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 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, CASBE or the alternative overseas financial reporting standard acceptable to the Exchange referred to in Notes 2.1 and 2.6 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) the disclosures required under the relevant accounting standards adopted and the information as set out in paragraph 4;

*40.1. [Repealed 31 December 2015]*

(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) 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 schemes under rule 17.07;*

*(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*.*

41A. A listed issuer shall include in its interim report the information in relation to any issue of equity securities (including securities convertible into equity securities) or sale of treasury shares for cash (other than under a share scheme that complies with Chapter 17) during the interim period as set out in paragraph 11, and where applicable, the information required under paragraph 11A.

42. [Repealed 31 December 2015]

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, the report thereon 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 Part 2 of Appendix C1. An issuer may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:

(a) the Considered Reasons and Explanation in respect of the deviation; or

(b) to the extent reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes for any deviation not reported in that annual report with Considered Reasons and Explanation. The 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 C3, 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) the information in respect of the statement of financial position and the statement of profit or loss and other comprehensive income as set out in paragraph 4 comprising statement of profit or loss and other comprehensive income for the financial year, with comparative figures for the immediately preceding financial year, and 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. The listed issuer must include the notes relating to 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 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 [Repealed 31 December 2015]*

(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 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 Part 2 of Appendix C1. The listed issuer must also disclose any deviations from the code provisions with Considered Reasons and Explanation. To the extent reasonable and appropriate, such information may be given by reference to the preceding interim report or to the Corporate Governance Report in the preceding annual report, and summarising any changes since that report. The 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 are likely to issue a modified report on the listed issuer's annual financial statements, details of the modification;

(8) where there are any significant changes in accounting policies, a statement 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) the information in respect of the statement of financial position and the statement of profit or loss and other comprehensive income as set out in paragraph 4 comprising 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 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 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 statement of profit or loss and other comprehensive income and statement of financial position shall be as they appear in the listed issuer's full interim report;

*46.1 [Repealed 31 December 2015]*

(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 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 Part 2 of Appendix C1. The listed issuer must also disclose any deviations from the code provisions with Considered Reasons and Explanation. To the extent reasonable and appropriate, such information may be given by reference to the Corporate Governance Report in the preceding annual report, and summarising any changes since that annual report. The 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 auditor is likely to issue a modified report on the listed issuer's interim financial statements, details of the modification;

(9) where there are any significant changes in accounting policies, a statement 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 Appendix D1A, 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.

**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 Appendix D1B, 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.

49. [Repealed 31 December 2015]

**Summary financial reports**

50. Summary financial reports of issuers must comply with the disclosure requirements set out in the Companies (Summary Financial Reports) 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 Part 1 of Appendix C1 regarding the accounting period covered by the annual report. To the extent reasonable and appropriate, this Corporate Governance Report may be a summary of the Corporate Governance Report contained in the annual report and may also incorporate information by reference to its annual report. The 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 code provisions in Part 2 of Appendix C1.

**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 (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 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 the listed issuer's policies and performance on community, social, ethical and reputational issues; and

(vi) receipts from, and returns to, shareholders.

*52.1 Issuers should also note the disclosures set out in recommended best practices F.1.5 in Part 2 of Appendix C1.*

53. [Repealed 1 January 2016]

# Appendix D3

## Content of a Competent Person's Report for Petroleum Reserves and Resources

**(See rule 18.20)**

The Competent Person's Report for Petroleum Reserves and Resources must include the following:—

1. (1) Table of contents

(2) Executive summary

(3) Introduction:—

(a) the Competent Person's terms of reference;

(b) a statement by the Competent Person confirming his details including his full name, address, professional qualifications, expertise, years of experience, professional society affiliations, and membership details of a relevant Recognised Professional Organisation;

(c) a statement by the Competent Person that he is independent of the Mineral Company, its directors, senior management, and advisers, in compliance with Main Board Listing Rule 18.22.

(d) a description of the nature and source of any information used in the preparation of the Competent Person's Report including any limitations on the availability of information;

(e) details of any information used in the preparation of the Competent Person's Report that was provided by the Mineral Company;

(f) a statement that the Resources and Reserves have been substantiated by evidence (from a site visit, if appropriate) that:—

(i) is supported by analyses; and

(ii) takes account of information supplied to the Competent Person;

(g) if a site visit has been undertaken, when the site visit was undertaken and by whom;

(h) if a site visit has not been undertaken, a satisfactory reason as to why not;

*Note: It is for the Competent Person to determine whether or not a site visit is necessary.*

(i) the effective date of the estimates;

(j) the effective date of the Competent Person's Report;

(k) the Reporting Standard used in the Competent Person's Report, and an explanation of any departure from the relevant Reporting Standard;

(l) abbreviated definitions of the categories of Reserves and Resources used in the Competent Person's Report.

(4) Summary of Assets:—

(a) a description or table of assets held by the Mineral Company including:—

(i) the percentage ownership by the Mineral Company; and

(ii) the gross and net acreage of the assets;

(b) a summary of gross and net:—

(i) Proved Reserves; and

(ii) Proved Reserves plus Probable Reserves,

(net of any revenue interest and/or entitlement interests, as appropriate) as of [date];

(c) gross (100% of field) production profiles for:—

(i) Proved Reserves; and

(ii) Proved Reserves plus Probable Reserves (optional),

(listed separately)

(d) a summary of any upside in respect of Possible Reserves, Contingent Resources, and Prospective Resources (optional);

(e) a summary of net present values ("**NPVs**") attributable to:—

(i) Proved Reserves; and

(ii) Proved Reserves plus Probable Reserves;

including any caveats. This disclosure is optional.

*Note: Volumetric or monetary results of differing classes of Reserves and Resources with other classes must not be combined. Prospective Resources must not be summed (either to each other or to other classes).*

(5) Discussion:—

(a) general description of the region's petroleum history;

(b) details of the regional and basin generalized geology and evident petroleum system;

(6) Field(s), licence(s) and asset(s):—

(a) For each field, licence and asset (or a number of fields, licences, and assets), reporting shall be divided into four explicitly different sections:—

(i) Reserves;

(ii) Contingent Resources;

(iii) Prospective Resources; and

(iv) other assets material to the Mineral Company;

*Note: Examples of other assets material to a Mineral Company are: a pipeline which is not part of the producing assets facilities, an evacuation pipeline, or a petrochemical plant.*

(b) For each of 6(a)(i), (ii) and (iii) the following information must be provided, as applicable:—

(i) the nature and extent of any rights to explore and extract hydrocarbons and a description of the properties to which those rights attach, including the duration and other principal terms and conditions of the concessions and any necessary licences and consents and the responsibility for any rehabilitation and/or abandonment costs;

(ii) a description of geological characteristics including a stratigraphic column;

(iii) the characteristics of the reservoir (including thickness, porosity, permeability, pressure, and any recovery mechanism), or that judged to be expected in the case of Prospective Resources;

(iv) details of any exploration drilling including the depth of zone tested, rock formation encountered, and any liquids and/or gases encountered and/or recovered;

(v) the date production commenced;

(vi) details of any developments;

(vii) details of any commercial risks for any Contingent Resources;

(viii) details of any geological risk assessment for any Prospective Resources;

(ix) the methods employed for exploration and/or extraction;

(x) plans and maps for each field demonstrating any geological characteristics, platforms, pipelines, wells, bore holes, sample pits, trenches and similar characteristics;

(xi) discussion on the field development plan;

(xii) comments on plant and machinery including suitability and expected life capability in terms of rates, conditions, and costs of maintaining;

(xiii) production schedules and the basis for any estimations;

(xiv) comments on any production forecasts made by the Mineral Company; and

(xv) a statement of:—

(A) Proved Reserves;

(B) Proved Reserves plus Probable Reserves;

(C) Possible Reserves; (optional)

including the method of estimation and the expected recovery factor;

*Note: Information on Possible Reserves must be stated separately and not combined with information on any other Reserves. A clear statement must be provided that any Possible Reserves are entirely excluded from any asset valuation or statement of Reserves.*

(7) Business:—

(a) the general nature of the business of the Mineral Company, distinguishing between different activities which are material to the business having regard to the profits or losses, assets employed and any factors affecting the importance of the activity;

(b) a statement about the Mineral Company's long term prospects;

(c) an assessment of the technical staff employed by the Mineral Company;

(d) any other factors that might affect value perceptions;

*Note: Examples of other factors that might affect value perceptions are transportation difficulties and marketing.*

(8) Economic evaluation:—

If a Mineral Company provides an economic evaluation based on Discounted Cash Flow analyses, the following additional requirements should be complied with:—

(a) separate NPVs must be calculated for:—

(i) Proved Reserves; and

(ii) Proved Reserves plus Probable Reserves; (optional)

(b) the oil prices or gas prices used in forecast cases and constant cases must be clearly stated, including any discounts or premiums of quality, transportation, or logistics, if applicable;

(c) a summary of the fiscal terms under which the licence(s) or permit(s) are held must be stated;

(d) varying discount rates (including the weighted average cost of capital or the minimum acceptable rate of return that applies to the Mineral Company when the evaluation is made) or a fixed discount rate of 10% must be applied;

(e) if the NPVs attributable to Reserves are disclosed, they are presented using a forecast price as a base case or using a constant price as a base case. Under the base case:—

(i) any assumptions made by the Competent Person must be stated including:—

(A) the cost inflation rate;

(B) if applicable, the exchange rate;

(C) the effective date; and

(D) any salient fiscal terms and assumptions;

(f) a table of NPV results for the Mineral Company's net economic interests must be included, which must not combine volumes or monetary conclusions for different categories;

(g) sensitivity analyses for oil and gas prices, must be included, if appropriate, clearly stating the parameters chosen;

(h) separate economic evaluation of plant and machinery must be included if not used in the extraction of Reserves;

*Note: Pipelines are an example of plant and machinery not used in the extraction of Reserves.*

(9) Social and Environmental:—

Discussion on any social and/or environmental issues, which are relevant to the exploration or exploitation of the hydrocarbons must be included, if material.

*Note: Examples of social and environmental issues include difficulties of access, difficulties in laying pipelines, and special environmental concerns such as fishing grounds.*

(10) Basis of opinion:—

(a) a statement that the Competent Person's Report has been prepared within the context of the Competent Person's understanding of the effects of petroleum legislation, taxation, and other regulations, that currently apply to assets;

(b) a statement that the Competent Person is in a position to attest to the rights of the Mineral Company to explore, mine, or explore and mine, the relevant Resources and Reserves;

(c) a statement that the Competent Person's Report is, and must remain, an independent opinion despite certain information used in the preparation of the Competent Person's Report having been given to it by the Mineral Company;

(11) Illustrations – of sufficient clarity to graphically present the material within the text. Maps must include a geographical reference system and scale bar for clarity. Technical drawings must include a legend to explain features within the diagram.

# Appendix D4

**Summary Form of Disclosure for Property Interests**

**[Types of properties]**

(E.g. properties for investments, for sale, held for development or under development)

**[Geographical region]**

| Use and name/brief description of projects | Total/Planned Gross Floor Area | Leasable/ Saleable area | Number of rooms/units | Number of car parking spaces | Attributable to the group | Terms of tenure (year of leasehold expiry) | Construction commencement date (if under development) | Year of completion/ Expected completion date | Development cost, where property is being developed (as required under rule 5.06(3)(e)) | Average occupancy rate | Average effective rent (as required under rule 5.06(2)) | Attributable independent valuation as at [date] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| For example: | | | | | | | | | | | | |
| **Mixed use** | | | | | | | | | | | | |
| **[Name of project]** | | | | | | | | | | | | |
| Residential | | | | | | | | | | | | |
| Retail | | | | | | | | | | | | |
| Office | | | | | | | | | | | | |
| **Hotel** | | | | | | | | | | | | |
| **Office** | | | | | | | | | | | | |
| **Residential** | | | | | | | | | | | | |
| **Retail** | | | | | | | | | | | | |
| **Serviced apartments** | | | | | | | | | | | | |

# E. Obligations of Certain Parties

# Appendix E1



### SPONSOR'S OBLIGATIONS

A sponsor as appointed under Rule 3A must:

(a) comply with the Exchange Listing Rules from time to time in force and applicable to sponsors;

(b) use reasonable endeavours to ensure that all information provided to the Exchange and the Commission during the new applicant's listing application process, or for that part of it as the sponsor continues to be engaged by the new applicant, is true, accurate, complete and not misleading in all material respects and, to the extent that the sponsor subsequently becomes aware of information that casts doubt on the truth, accuracy or completeness of information provided to the Exchange, the sponsor will promptly inform the Exchange and the Commission, as the case may be, of such information;

(c) (i) cooperate in any investigation conducted or enquiry raised by, and use reasonable endeavours to address all matters raised by, the Listing Division, the Listing Committee of the Exchange, and/or the Commission in connection with the listing application, including providing in a timely manner any information that may be reasonably required by the Exchange for the purpose of verifying whether the Exchange Listing Rules are being or have been complied with by the sponsor, the new applicant and the new applicant's directors, answering promptly and openly any questions addressed to the sponsor, promptly producing the originals or copies of any relevant documents; and (ii) accompany the new applicant to any meetings with the Exchange unless otherwise requested by the Exchange, and attend before any meeting or hearing and participate in any other discussion with the Exchange at which the sponsor is requested to appear;

(d) lodge with the Exchange, before dealings in the new applicant's securities commence, the declaration set out in Form E (published in Regulatory Forms) as referred to in rule 9.11(36) of the Exchange Listing Rules;

(e) report to the Exchange in writing as soon as practicable when the sponsor becomes aware of any material information relating to the new applicant or its listing application which concerns non-compliance with the Exchange Listing Rules or other legal or regulatory requirements relevant to the new applicant's listing (except as otherwise disclosed), or any change to the information relating to the sponsor's independence. This obligation continues after the sponsor ceases to be the new applicant's sponsor, if the material information came to its knowledge whilst it was acting as the sponsor;

(f) report to the Exchange in writing of the reasons for ceasing to act as a sponsor as soon as practicable when the sponsor ceases to act for the new applicant before completion of its listing;

(g) conduct reasonable due diligence inquiries to have reasonable grounds to believe and must believe on or before the date of issue of the listing document that:

(i) the new applicant is in compliance with all the conditions in Chapter 8 of the Exchange Listing Rules (except to the extent that compliance with those rules has been waived by the Exchange in writing or are not applicable);

(ii) the new applicant's listing document contains sufficient particulars and information to enable a reasonable person to form as a result thereof a valid and justifiable opinion of the shares, the financial condition and profitability of the new applicant at the time of the issue of the listing document;

(iii) the information in the non-expert sections of the listing document:

(A) contains all information required by relevant legislation and rules;

(B) is true, accurate and complete in all material respects and not misleading or deceptive in any material respect, or, to the extent it consists of opinions or forward looking statements by the new applicant's directors or any other person, such opinions or forward looking statements have been made after due and careful consideration and on bases and assumptions that are fair and reasonable; and

(C) does not omit any matters or facts the omission of which would make any information in the non-expert sections of a listing document or any other part of the listing document misleading in a material respect;

(iv) the new applicant has established procedures, systems and controls (including accounting and management systems) which are adequate having regard to the obligations of the new applicant and its directors under the Exchange Listing Rules and other relevant legal and regulatory requirements (in particular rules 13.09, 13.10, 13.46, 13.48 and 13.49, Chapters 14 and 14A and Appendix D2, and Part XIVA of the Securities and Futures Ordinance) and which provide a reasonable basis to enable the new applicant's directors to make a proper assessment of the financial position and prospects of the new applicant and its subsidiaries, both immediately before and after listing;

(v) the new applicant's directors collectively have the experience, qualifications and competence to manage the new applicant's business and comply with the Exchange Listing Rules, and individually have the experience, qualifications and competence to perform their individual roles, including an understanding of the nature of their obligations and those of the new applicant as an issuer under the Exchange Listing Rules and other legal or regulatory requirements relevant to their role; and

(vi) there are no other material issues bearing on the new applicant's application for listing of and permission to deal in its securities which, in the sponsor's opinion, should be disclosed to the Exchange;

(h) conduct reasonable due diligence inquiries in relation to each expert section in the listing document, to have reasonable grounds to believe and must believe (to the standard reasonably expected of a sponsor which is not itself expert in the matters dealt with in the relevant expert section) on or before the date of issue of the listing document that:

(i) where the expert does not conduct its own verification of any material factual information on which the expert is relying for the purposes of any part of the expert section, such factual information is true in all material respects and does not omit any material information. Factual information includes:

(A) factual information that the expert states it is relying on;

(B) factual information the sponsor believes the expert is relying on; and

(C) any supporting or supplementary information given by the expert or the new applicant to the Exchange relating to an expert section;

(ii) all material bases and assumptions on which the expert sections of the listing document are founded are fair, reasonable and complete;

(iii) the expert is appropriately qualified, experienced and sufficiently resourced to give the relevant opinion;

(iv) the expert's scope of work is appropriate to the opinion given and the opinion required to be given in the circumstances (where the scope of work is not set by a relevant professional body);

(v) the expert is independent from the new applicant and its directors and controlling shareholder(s); and

(vi) the listing document fairly represents the views of the expert and contains a fair copy of or extract from the expert's report; and

(i) in relation to the information in the expert reports, as a non-expert, conduct reasonable due diligence inquiries to be satisfied (after performing reasonable due diligence inquiries) on or before the date of issue of the listing document that there are no reasonable grounds to believe that the information in the expert reports is untrue, misleading or contains any material omissions;

(j) submit all of the documents required by the Exchange Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Statutory Rules and the Takeovers Code (where applicable) to be submitted to the Exchange on or before the date of issue of the new applicant's listing document and in connection with its listing application.

*Note: For the avoidance of doubt, sponsors are reminded that there are other sponsors' obligations which are not specifically set out above, including but not limited to those under Chapter 3A, Practice Note 21, the SFC Corporate Finance Adviser Code of Conduct, the Code of Conduct and particularly the SFC Sponsor Provisions, the Sponsors Guidelines, the Securities and Futures Ordinance and all other relevant ordinances, codes, rules and guidelines applicable to sponsors.*

# Appendix E2

## FINANCIAL ADVISER'S OBLIGATIONS FOR EXTREME TRANSACTIONS

The financial adviser appointed under Rule 14.53A(2) shall:

(a) conduct reasonable due diligence inquiries to come to a reasonable belief that:

(i) the acquisition targets (as defined in Rule 14.04(2A)) are able to meet the requirements under Rule 8.04 and Rule 8.05 (or Rule 8.05A or 8.05B). In addition, the enlarged group is able to meet all the new listing requirements in Chapter 8 of the Rules (except for Rule 8.05 and those rules agreed with the Exchange);

(ii) the issuer's circular contains sufficient particulars and information to enable a reasonable person to form as a result thereof a valid and justifiable opinion of the extreme transaction and the financial condition and profitability of the acquisition targets at the time of the issue of the circular;

(iii) the information in the non-expert sections of the circular:

(A) contains all information required by relevant legislation and rules;

(B) is true, accurate and complete in all material respects and not misleading or deceptive in any material respect, or, to the extent it consists of opinions or forward looking statements by the issuer's directors or any other person, such opinions or forward looking statements have been made after due and careful consideration and on bases and assumptions that are fair and reasonable; and

(C) does not omit any matters or facts the omission of which would make any information in the non-expert sections of a circular or any other part of the circular misleading in a material respect; and

(iv) there are no other material issues relating to the extreme transaction which, in the financial adviser's opinion, should be disclosed to the Exchange;

(b) in relation to each expert section in the circular, conduct reasonable due diligence inquiries to come to a reasonable belief (to the standard reasonably expected of a financial adviser which is not itself expert in the matters dealt with in the relevant expert section) that:

(i) where the expert does not conduct its own verification of any material factual information on which the expert is relying for the purposes of any part of the expert section, such factual information is true in all material respects and does not omit any material information. Factual information includes:

(A) factual information that the expert states it is relying on;

(B) factual information the financial adviser believes the expert is relying on; and

(C) any supporting or supplementary information given by the expert or the issuer to the Exchange relating to an expert section;

(ii) all material bases and assumptions on which the expert sections of the circular are founded are fair, reasonable and complete;

(iii) the expert is appropriately qualified, experienced and sufficiently resourced to give the relevant opinion;

(iv) the expert's scope of work is appropriate to the opinion given and the opinion required to be given in the circumstances (where the scope of work is not set by a relevant professional body);

(v) the expert is independent from (1) the issuer and its directors and controlling shareholder(s); (2) the counterparty to the extreme transaction and the acquisition targets; and (3) the directors and controlling shareholder(s) of the counterparty to the extreme transaction; and

(vi) the circular fairly represents the views of the expert and contains a fair copy of or extract from the expert's report; and

(c) in relation to the information in the expert reports, as a non-expert, conduct reasonable due diligence inquiries to satisfy itself that there are no reasonable grounds to believe that the information in the expert reports is untrue, misleading or contains any material omissions.

# Appendix E3

**Continuing Obligations: CIS**

Listed CIS issuers, CIS Operators and custodians or trustees or their functional equivalents under Chapter 20 shall comply with the following ongoing obligations:



**Continuing Obligations**

1. A CIS, CIS Operator and the custodian or the trustee or its functional equivalent shall each comply (and where new listing of the CIS' interest is applied for, each undertake in the CIS' application for listing (Form A2 published in Regulatory Forms) to comply, once any of the CIS' interests have been admitted to listing on the Exchange and so long as any of the CIS' interests are listed on the Exchange) with all applicable Exchange Listing Rules in force from time to time.

   *Note: For the avoidance of doubt, the following provisions of the Exchange Listing Rules would normally apply to CISs:-*

   - Chapter 1
   - Chapter 2 (other than Rules 2.07A, 2.07B, 2.09 – 2.11, 2.15 – 2.18)
   - Chapter 2A
   - Chapter 2B
   - Chapter 6 (other than Rules 6.11 – 6.16)
   - Chapter 20
   - Practice Note 1
   - Practice Note 8
   - Practice Note 11
   - Form C3 (published in Regulatory Forms)
   - Appendix E3
   - Fees Rules

   The Exchange may, in appropriate circumstances, waive or modify requirements under the Exchange Listing Rules or impose additional requirements in individual cases to suit individual circumstances.

2. Failure by a listed CIS, the CIS Operator of that listed CIS or the custodian or the trustee or its functional equivalent (collectively, the "**CIS Obligors**") to comply with a continuing obligation in this Chapter may result in the Exchange taking disciplinary action in addition to its power to suspend or cancel a listing.

3. The directors or members of other governing bodies (or their functional equivalent) of a CIS are collectively and individually responsible for ensuring the CIS' full compliance with the applicable Exchange Listing Rules. The CIS Operator and the custodian or the trustee or its functional equivalent are also responsible for procuring the CIS' full compliance with the applicable Exchange Listing Rules.

*Compliance with the Commission's Authorisation Conditions*

4. The CIS Obligors shall:

   (1) each comply in full with the Commission's authorisation conditions for the CIS and any codes and guidelines issued by the Commission in relation to CIS in so far as they apply to them (collectively, the "**CIS Authorisation Conditions**"); and

   (2) inform the Exchange immediately of the details of any waiver of any provision of the Authorisation Conditions which is sought or obtained from the Commission; and shall not take any action (or refrain from taking any action) on the basis of such waiver until they have so informed the Exchange.

5. (1) The CIS Obligators shall procure that every document required to be published by the Commission pursuant to the Authorisation Conditions is also supplied at the same time to the Exchange.

   (2) Any document posted on the website of the Exchange will be deemed to have been published and supplied to the Exchange in compliance with paragraph 5(1).

*Disclosure*

6. The CIS shall inform the Exchange immediately of:

   (1) any notice of the Commission to withdraw authorisation of the CIS;

   (2) any intention to vary or terminate the CIS; and

   (3) any other information necessary to enable the holders of the CIS' interests to appraise the position of the CIS and to avoid the establishment of a false market in the interests of the CIS.

7. (1) Subject to paragraph 7(5) and in addition to any other applicable requirements in the Exchange Listing Rules, a CIS shall, whenever there is a change in the issued units or treasury units in the CIS as a result of or in connection with any of the events referred to in paragraph 7(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 paragraph 7(1) are as follows:

(a) any of the following:

(i) placing;

(ii) consideration issue;

(iii) open offer;

(iv) rights issue;

(v) bonus issue;

(vi) scrip dividend;

(vii) sale of treasury units on the Exchange or any other stock exchange on which the CIS is listed;

(viii) repurchase of units or other securities;

(ix) issue of new units or transfer of treasury units in respect of unit awards or options granted to a director of the collective investment scheme operator or the collective investment scheme operator itself under a unit scheme;

(x) exercise of an option (other than under a unit option scheme) by a director of the collective investment scheme operator or the collective investment scheme operator itself;

(xi) capital reorganisation; or

(xii) change in the issued units or treasury units in the CIS not falling within any of the categories referred to in paragraph 7(2)(a)(i) to (xi) or paragraph 7(2)(b); and

(b) subject to paragraph 7(3), any of the following:

(i) issue of new units or transfer of treasury units in respect of unit awards or options granted to a participant (who is not a director of the collective investment scheme operator or the collective investment scheme operator itself) under a unit scheme;

(ii) exercise of an option (other than under a unit option scheme) not by a director of the collective investment scheme operator or the collective investment scheme operator itself;

(iii) exercise of a warrant;

(iv) conversion of convertible securities;

(v) redemption of units or other securities;

(vi) cancellation of repurchased or redeemed units following settlement of any such repurchase or redemption; or

(vii) cancellation of treasury units.

(3) The disclosure obligation for an event in paragraph 7(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 CIS published its last monthly return under paragraph 8 or last return under paragraph 7 (whichever is the later), results in a change of 5% or more of the number of issued units (excluding treasury units) in the CIS; or

(b) an event in paragraph 7(2)(a) has occurred and the event in paragraph 7(2)(b) has not yet been disclosed in either a monthly return published under paragraph 8 or a return published under paragraph 7.

(4) For the purposes of paragraph 7(3), the percentage change in the number of issued units (excluding treasury units) in the CIS is to be calculated by reference to the number of issued units (excluding treasury units) in the CIS as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under paragraph 8 or a return published under paragraph 7.

(5) Paragraph 7 applies only to a collective investment scheme (including Real Estate Investment Trust) authorised by the Commission under its Code on Real Estate Investment Trusts listed under Chapter 20 of the Exchange Listing Rules with the exception of open-ended collective investment schemes.

8. The CIS shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, 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 monthly return in relation to movements in the interests in the CIS' units (including treasury units), debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of the units (including treasury units) in the CIS, debt securities and any other securitised instruments, as applicable, issued, sold or transferred and which may be issued, sold or transferred pursuant to options, warrants, convertible securities or any other agreements or arrangements.

9. In order to maintain high standards of disclosure, the Exchange may require the publication of further information by and impose additional requirements on listed CIS either specifically or generally. The CIS must comply with such requirements and, if it fails to do so, the Exchange may, where necessary, itself publish the information after having been provided with the representations of the CIS.

*Listing Documents*

10. No listing document shall be issued offering for sale or subscription interests in the CIS until the Exchange has confirmed that it has no further comments thereon.

*Investment Policy*

11. The investment policy of the CIS as stated in any listing document offering interests in the CIS will be adhered to for three years from the date of such listing document unless otherwise exempted or approved by the Commission.

*Submission of Documents*

12. The CIS must, upon request by the Exchange, provide all resolutions of holders of interests in the CIS within 15 days after they are passed.

13. (1) The CIS must submit the following documents to the Exchange for publication in accordance with rule 2.07C:

(a) documents referred to in paragraph 5 above; and

(b) financial reports and other documents issued to holders of interests in the CIS.

Rule 2.07C applies to all these documents as well as to any other documents which the CIS may from time to time be required to publish under the Exchange Listing Rules.

(2) For the purpose of paragraph 13(1), references in rule 2.07C to "shareholders" shall be construed as references to "holders of interests in the CIS".

*Outstanding interests in the CIS*

14. The CIS shall inform the Exchange on request of the amount of interests in the CIS (whether in unitised form or otherwise) outstanding in bearer or registered form.

*Response to Enquiries*

15. The CIS Obligors shall respond promptly to any enquiries made of them by the Exchange concerning unusual movements in the price or trading volume of the CIS' listed interests or any other matters by giving such relevant information as is available to them or, if appropriate, by issuing a statement to the effect that they are not aware of any matter or development that is or may be related to the unusual price movement or trading volume of the CIS' listed interests and shall also respond promptly to any other enquiries made of them by the Exchange.

# Appendix E4

**Continuing Obligations: Debt**



An issuer of listed debt securities as defined under Chapter 26 shall comply with the following ongoing obligations:

## DISCLOSURE

### General matters

1. An issuer must comply with the following: –

(1) (a) Without prejudice to paragraph 27 below, where in the view of the Exchange there is or there is likely to be a false market in its listed debt securities, the issuer must, as soon as reasonably practicable after consultation with the Exchange, announce the information necessary to avoid a false market in its securities.

*Note:* *1. This obligation exists whether or not the Exchange makes enquiries under paragraph 27 below.*

*2. If the issuer believes that there is likely to be a false market in its listed debt securities, it must contact the Exchange as soon as reasonably practicable.*

*3. Any obligation to inform holders of the issuer's debt securities or the public will be satisfied by the information being published in an announcement in accordance with rule 2.07C of the Exchange Listing Rules except where Chapter 26 or this Appendix requires some other form of notification. Certain such announcements must first have been reviewed by the Exchange in accordance with paragraph 19 below.*

(b) (i) Where the issuer is required to disclose inside information under the Inside Information Provisions of the Securities and Futures Ordinance, it must also simultaneously announce the information.

(ii) The issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosure under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.

(c) The issuer and its directors must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.

(d) The issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

(e) The issuer and its directors must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

(f) Except where the issuer is a State, Supranational, State corporation or bank, if, during the profit forecast period, an event occurs which, had it been known when the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different, the issuer must promptly announce the event. In the announcement, the issuer must also indicate its view of the likely impact of that event on the profit forecast already made.

(g) Except where the issuer is a State, Supranational, State corporation or bank, if profit or loss generated by some activity outside the issuer's ordinary and usual course of business which was not disclosed as anticipated in the document containing the profit forecast, materially contributes to or reduces the profits for the period to which the profit forecast related, the issuer must announce this information, including an indication of the level to which the unusual activity has contributed to or reduced the profit.

The issuer must announce the information as soon as it becomes aware that it is likely that the contribution to or reduction in the profits made or to be made by profit or loss generated or to be generated as aforesaid will be material.

(2) it releases information to the Hong Kong market at the same time as the information is released to any other stock exchange on which its debt securities are listed; and

(3) the Exchange Listing Rules in force from time to time.

2. The issuer, and where the debt securities are guaranteed, the guarantor must announce, as soon as reasonably practicable, any information which may have a material effect on its ability to meet the obligations under the debt securities.

**Changes in the terms of debt securities**

3. Except where the issuer is a State, Supranational, State corporation or bank, any change in the rights attaching to any class of listed debt securities (including any change in the rate of interest carried) and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable must be published in accordance with rule 2.07C of the Exchange Listing Rules in advance.

**Decisions to pass interest payments**

4. Except where the issuer is a State, Supranational, State corporation or bank, any decision to pass any interest payment on listed debt securities must be published in accordance with rule 2.07C of the Exchange Listing Rules as soon as reasonably practicable after the decision has been made.

**Purchase, redemption or cancellation**

5. Except where the issuer is a State, Supranational, State corporation or bank, any purchase, redemption or cancellation by the issuer, or any member of the group, of its listed debt securities must be published in accordance with rule 2.07C of the Exchange Listing Rules as soon as possible after such purchase, redemption or cancellation. The announcement should also state the amount of the relevant debt securities outstanding after such operations.

*Note: Purchases of debt securities may be aggregated and an announcement should be made when 5 per cent. of the outstanding amount of a debt security has been acquired. If the issuer or the group purchases further amounts of that security an announcement should be made whenever an additional 1 per cent. has been acquired.*

**Availability of annual report and accounts**

6. (1) Except where the issuer is a State, Supranational, State corporation or bank, if the documents of title to any listed debt securities are in bearer form, the time and place in Hong Kong at which copies of the accounts of the issuer and auditors' report and directors' report thereon may be obtained without charge must be published in accordance with rule 2.07C of the Exchange Listing Rules. Where another company provides a guarantee for the debt security or where the debt security is convertible, exchangeable or carries subscription rights which are exercisable into the securities of another company, copies of the accounts of that other company and of the auditors' report and directors' report thereon must also be so available and the announcement must also state this.

(2) Where the issuer is a State corporation or bank, if the documents of title to any listed debt securities are in bearer form, copies of the accounts of the issuer and auditors' report and directors' report thereon may be obtained from the paying agent without charge. Where the listed debt security is convertible, exchangeable or carries subscription rights which are exercisable into the securities of another company, copies of the accounts of that other company and of the auditors' report and directors' report thereon must also be so available.

## ANNUAL ACCOUNTS

**Distribution of annual report and accounts**

7. If the issuer (except a State, Supranational, State corporation or bank) is incorporated or otherwise established in Hong Kong:

(1) the issuer 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 consolidated financial statements as referred to in section 379(2) of the Companies Ordinance, the 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 debt 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 sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports) 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) Nothing in paragraph 7(1) above shall require the issuer to send any of the documents referred to therein to: –

(a) a person of whose address the issuer is unaware; or

(b) more than one of the joint holders of any of its listed debt securities.

*Notes:* 1. *The directors' report, auditors' report and annual accounts and, where applicable, the summary financial report must be in the English language or be accompanied by a certified English translation.*

2. *Sections 429 and 431 of the Companies Ordinance require 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.*

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 431 of the Companies Ordinance which requires any extension of the time limit to be approved by the Court of First Instance.*

4. *The issuer must publish each of the English language version and the Chinese language version of the directors' report, annual accounts and, where applicable, its summary financial report on the Exchange's website at the same time as they are sent to the holders of the issuer's listed debt securities with registered addresses in Hong Kong (see paragraph 20 below).*

8. If the issuer (except a State, Supranational, State corporation or bank) is incorporated or otherwise established outside Hong Kong:

(1) the issuer 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) the annual report and accounts and, where the issuer prepares group accounts, its group accounts, together with a copy of the auditors' report or (ii) its summary financial report not less than 21 days before the date of the issuer's annual general meeting nor more than six months after the end of the financial year to which they relate.

(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.

(3) Nothing in paragraph 8(1) above shall require the issuer to send any of the documents referred to therein to: –

(a) a person of whose address the issuer is unaware; or

(b) more than one of the joint holders of any of its listed debt securities.

*Notes:* *1. The annual report and accounts must be in the English language or be accompanied by a certified English translation.*

*2. (1) The annual accounts are required to conform with accounting standards acceptable to the Exchange which will normally be at least the international accounting standards as promulgated from time to time by the International Accounting Standards Board.*

*(2) Where the Exchange allows accounts to be drawn up otherwise than in conformity with accounting standards approved by the Hong Kong Institute of Certified Public Accountants, or the International Accounting Standards Board, the Exchange may, having regard to the jurisdiction in which the overseas issuer is incorporated, require the accounts to contain a statement of the financial effect of the material differences (if any) from either of those standards.*

*(3) The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the statements on independence issued by the International Federation of Accountants.*

*(4) The accounts must be audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.*

*3. (1) The report of the auditors must be annexed to all copies of the annual accounts and indicate whether in the opinion of the auditors the accounts give a true and fair view: –*

(a) in the case of the issuer's balance sheet, of the state of its affairs at the end of the financial year and in the case of the issuer's profit and loss account, of the profit or loss and changes in financial position for the financial year; and

(b) in the case where consolidated accounts are prepared, of the state of affairs and profit or loss and changes in financial position of the group.

*(2) The report of the auditors must indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.*

*(3) If the issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange.*

*(4) An auditors' report which conforms to the requirements of the International Auditing Guidelines issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants is acceptable.*

*(5) An auditors' report in a different form may be applicable in the case of banking and insurance companies. The wording of such an auditors' report should make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.*

4. *The Exchange may at its discretion suspend dealings in or cancel the listing of the debt securities of the issuer if it falls into arrears in the issue of its annual report and accounts. If the issuer has significant interests outside Hong Kong it may apply for an extension of the six month period.*

5. *The issuer must publish each of the English language version and the Chinese language version of the annual report, accounts and, where applicable, the summary financial report on the Exchange's website at the same time as they are sent to the holders of the issuer's listed debt securities with registered addresses in Hong Kong (see paragraph 20).*

9. Insofar as an issuer is a State corporation or bank,

(1) the issuer 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),

annual accounts within nine months of the end of the financial year to which they relate together with an annual report if required by its national law. If the issuer has subsidiaries the accounts must be in consolidated form unless the issuer has in the past always presented accounts on another basis. The issuer's own accounts must be published in addition if they contain significant additional information.

(2) If the relevant annual accounts do not give a true and fair view of the assets and liabilities, financial position and profit or loss of the issuer or group, more detailed and/or additional information must be provided.

*Notes:* 1. *If the issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange. If issuers are in doubt as to what more detailed and/or additional information should be provided, they should apply to the Exchange for guidance.*

2. *The issuer must publish the annual report and accounts on the Exchange's website at the same time as they are despatched to the holders of its listed debt securities with registered addresses in Hong Kong (see paragraph 20).*

**Information to accompany annual report and accounts**

10. (1) An issuer (except a State, Supranational, State corporation or bank) shall include in its annual report and accounts the disclosures required under the relevant accounting standards and the information set out below: –

(a) a statement showing: –

(i) the name of every subsidiary, its principal country of operation and its country of incorporation or other establishment; and

(ii) particulars of the issued share capital and debt securities of every subsidiary,

provided that if, in the opinion of the directors of the issuer, the number of them is such that compliance with this paragraph 10(1)(a) would result in particulars of excessive length being given, compliance with this paragraph 10(1)(a) 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;

(b) details of the classes and numbers of any convertible debt securities, options, warrants or similar rights issued or granted by the issuer or any of its subsidiaries during the financial year, together with the consideration received by the issuer or any of its subsidiaries therefor;

(c) particulars of any exercise made during the financial year of any conversion or subscription rights under any convertible debt securities, options, warrants or similar rights issued or granted at any time by the issuer or any of its subsidiaries;

(d) particulars of any redemption or purchase or cancellation by the issuer or any of its subsidiaries of its redeemable debt securities and the amount of such debt securities outstanding after any such redemption or purchase or cancellation has been made. Any such statement must distinguish between those listed debt securities which are purchased by the issuer (and, therefore, cancelled) and those which are purchased by a subsidiary of the issuer;

(e) in the event of trading results shown by the accounts for the period under review differing materially from any published forecast made by the issuer, an explanation for the difference;

(f) if the issuer is incorporated or otherwise established in Hong Kong, a statement by the directors as to the reasons for any significant departure from applicable standard accounting practices;

*Note: The Exchange expects the accounts of issuers incorporated or otherwise established in Hong Kong to comply with Hong Kong Financial Reporting Standards or International Financial Reporting Standards.*

(g) a statement as at the end of the financial year showing as regards, firstly, bank loans and overdrafts and, secondly, other borrowings of the group, the aggregate amounts repayable: –

(i) on demand or within a period not exceeding one year;

(ii) within a period of more than one year but not exceeding two years;

(iii) within a period of more than two years but not exceeding five years; and

(iv) within a period of more than five years.

(2) If the relevant annual accounts do not give a true and fair view of the state of affairs and profit or loss of the issuer or group, more detailed and/or additional information must be provided.

*Note: If the issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange. If issuers are in doubt as to what more detailed and/or additional information should be provided, they should apply to the Exchange for guidance.*

## NOTIFICATION

### General

11. The issuer shall inform the Exchange immediately after the approval of: –

(1) any decision to pass any interest payment on listed debt securities;

(2) (only where the issuer is not a State or Supranational) any proposed change in the capital structure;

*Note: Once a decision has been made to submit any such proposal to the board, no dealings in any of the relevant debt securities should be effected by or on behalf of the issuer or any of its subsidiaries until the proposal has been announced in accordance with rule 2.07C of the Exchange Listing Rules or abandoned.*

(3) any new issues of debt securities and, in particular, any guarantee or security in respect thereof; and

*Note: The notification of a new issue may be delayed while a marketing or underwriting is in progress.*

(4) any drawing, cancellation or redemption of listed debt securities;

(5) any decision to change the general character or nature of the business of the issuer or group; and

(6) (only where the issuer is a State or Supranational) any decision made in regard to any change in the rights attaching to listed debt securities (including any change in the rate of interest carried by a debt security).

*Notes:*

*1. In relation to an issuer that is not a State or Supranational, approval referred to in this paragraph 11 means an approval by or on behalf of the board of directors or other governing body of the issuer.*

*2. Paragraphs 11(4) to (5) do not apply to an issuer that is a State, Supranational, State corporation or bank.*

**Changes**

12. An issuer shall inform the Exchange immediately of any decision made in regard to: –

(1) any proposed material alteration of memorandum or articles of association or equivalent and trust deeds or other documents securing or constituting its listed debt securities which would affect the rights of holders;

(2) any change in the rights attaching to any class of listed debt securities (including any change in the rate of interest carried by a debt security) and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable;

(3) any changes in its directorate and shall provide with the Exchange as soon as practicable after the appointment of any new director the contact information required under rule 3.20(1) (in the manner prescribed by the Exchange from time to time); and

(4) any change in its secretary, auditors or registered office or registered place of business in Hong Kong.

*Note: Paragraph 12(1) to (4) do not apply to an issuer that is a State or Supranational. Paragraph 12(3) and (4) also do not apply to an issuer that is a State corporation or bank.*

**Purchase, redemption, cancellation, drawings or proposed drawings and closures of books or registers**

13. An issuer (except a State, Supranational, State corporation or bank) shall inform the Exchange in advance of all proposed drawings to effect partial redemptions, and, in the case of registered debt securities, the date on which it is proposed to close the books for the purpose of making a drawing. The Exchange must be informed immediately of the amount of the debt securities outstanding after any such drawing has been made.

14. Where an issuer is a State, Supranational, State corporation or bank, the issuer shall inform the Exchange of any purchase, redemption, cancellation, drawing or proposed drawings to effect partial redemptions by the issuer, or any member of the group where an issuer is a State corporation or bank, of its listed debt securities as soon as possible after such purchase, redemption, cancellation or drawing and, in the case of registered debt securities, the date on which it is proposed to close the register for the purpose of making such a drawing. The notification should also state the amount of the relevant debt securities (and where an issuer is a State corporation or bank, the amount of the relevant listed or registered debt securities) outstanding after such operations.

*Note: Purchases of listed debt securities may be aggregated and a notification should be made when 10 per cent. of the outstanding amount of a listed debt security has been acquired. If the issuer purchases further amounts of that security a notification should be made whenever an additional 5 per cent. has been acquired.*

**Information relating to rights involving the share capital of another company**

15. Where listed debt securities carry rights of conversion or exchange into or subscription for the share capital of another company, or are guaranteed by another company, an issuer (except a State or Supranational) must ensure that adequate information is at all times available about the other company and about any changes in the rights attaching to the shares to which such rights of conversion, exchange or subscription relate. This must include the availability of the annual report and accounts of the other company together with its half-yearly or other interim reports and any other information necessary for a realistic valuation of such listed debt securities to be made.

**Other listings**

16. An issuer must inform the Exchange immediately if any part of the debt securities of the issuer (or, where the issuer is not a State or Supranational, any of its subsidiaries) is listed or dealt in on any other stock exchange, stating which stock exchange.

**Winding-up and liquidation**

17. (1) An issuer (except a State, Supranational, State corporation or bank) shall inform the Exchange on the happening of any of the following events as soon as the same shall come to the attention of the issuer: –

(a) the appointment of a receiver or manager either by any court having jurisdiction or under the terms of a debenture or any application to any court having jurisdiction for the appointment of a receiver or manager, or equivalent action in the country of incorporation or other establishment, in respect of the business or any part of the business of the issuer or the property of the issuer, its holding company or any major subsidiary;

(b) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator, or equivalent action in the country of incorporation or other establishment, against or in respect of the issuer, its holding company or any major subsidiary;

(c) the passing of any resolution by the issuer, its holding company or any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;

(d) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets which in aggregate value represents an amount in excess of 15 per cent. of the consolidated net tangible assets of the group; or

(e) the making of any final judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance which is not subject to any or further appeal, which may adversely affect the issuer's enjoyment of any portion of its assets which in aggregate value represents an amount in excess of 15 per cent. of the consolidated net tangible assets of the group.

(2) For the purposes of paragraph 17(1) above, a "major subsidiary" means a subsidiary representing 15 per cent. or more of the consolidated net tangible assets or pre-tax trading profits of the group.

18. Insofar as an issuer is a State corporation or bank, the issuer shall inform the Exchange on the happening of any of the events of default under the terms and conditions of any listed debt securities as soon as the same shall come to its attention.

## ANNOUNCEMENTS, CIRCULARS AND OTHER DOCUMENTS

### Review of documents

19. In addition to the specific requirements set out elsewhere in the Exchange Listing Rules, an issuer shall: –

(1) submit to the Exchange a copy of the draft, for review before they are issued, of any announcements or advertisements relating to the issue of new or further debt securities or the proposed listing of debt securities on the Exchange or any announcements or advertisements the subject matter of which may involve a change in or relate to or affect arrangements regarding trading in its listed debt securities (including a suspension of dealings);

(2) except where the issuer is a State or Supranational, submit to the Exchange a copy of the draft, for review before they are issued, of any proposed amendment to memorandum or articles of association or equivalent and trust deeds or other documents securing or constituting its listed debt securities which would affect the rights of the holders; and

(3) not issue any of such documents until the Exchange has confirmed to the issuer that it has no further comments thereon.

*Note:* *1. Each document should be submitted in sufficient time for review and, if necessary, re-submission prior to final printing.*

*2. Every announcement or advertisement which has been reviewed by the Exchange in accordance with the provisions of paragraph 19(1) must contain on the front cover or on the top of the announcement or advertisement 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 advertisement/announcement, 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 advertisement/announcement."*

**Publication of circulars and other documents**

20 An issuer shall publish: –

(1) one copy of each of the English language version and the Chinese language version of: –

(a) the annual report and accounts, and where applicable, its summary financial report, at the same time as they are despatched to the holders of its listed debt securities with registered addresses in Hong Kong (or, where the issuer is a State corporation or bank, at the same time as they are issued); and

(b) any interim report prepared by the issuer as soon as possible after it has been approved by the board of directors (or other governing body if the issuer is a State corporation or a bank) of the issuer;

(2) one copy of all notices of meetings, notices by advertisement to holders of its debt securities and reports at the same time as they are issued; and

(3) one certified copy of all resolutions of the holders of listed debt securities within 15 days after they are passed.

*Note: Paragraph 20(1) does not apply to an issuer that is a State or Supranational.*

**Communication to holders of listed debt securities**

21. An issuer must ensure that all necessary facilities and information are available to enable holders of its listed debt securities to exercise their rights. In particular, it must inform holders of the holding of meetings which they are entitled to attend, enable them to exercise their right to vote, where applicable, and publish notices in accordance with rule 2.07C of the Exchange Listing Rules or distribute circulars giving details of the allocation and payment of interest in respect of such securities, the issue of new debt securities (including arrangements for the allotment, subscription, renunciation, conversion or exchange of such debt securities) and repayment of debt securities.

*Note: 1. Any notice to be given under Chapter 26 or this Appendix shall be in writing and any notice to the holder of a bearer debt security may be given by being published in accordance with rule 2.07C of the Exchange Listing Rules.*

2. *Unless otherwise provided, where Chapter 26 or this Appendix requires anything to be sent by any person in Hong Kong to any person outside Hong Kong and vice versa, such thing shall be sent, where practicable, by airmail.*

22. In the event of a circular being issued to the holders of any of the listed debt securities of an issuer (except a State, Supranational, State corporation or bank), the issuer shall issue a copy or summary of such circular to the holders of all its other debt securities listed on the Exchange (not being bearer debt securities) unless the contents of such circular are of no material concern to such other holders.

*Note: Where there is a class of listed debt securities in bearer form, it may be sufficient to publish an announcement in accordance with rule 2.07C of the Exchange Listing Rules referring to the circular and giving an address or addresses from which copies can be obtained.*

## TRADING AND SETTLEMENT

### Registration services, issue of certificates, registration and other fees

23. (1) An issuer (or its paying agent or registrar) must provide a standard securities registration service in relation to its listed debt securities in accordance with paragraph 23(2). The issuer (or its paying agent or registrar) may, but shall not be obliged to, provide an optional securities registration service in accordance with paragraph 23(3) and/or an expedited securities registration service in accordance with paragraph 23(4). The issuer (or its paying agent or registrar) must also provide a bulk securities registration service in accordance with paragraph 23(5) and a certificate replacement service in accordance with paragraph 23(6). The issuer shall ensure that where the issuer (or its paying agent or registrar) charges a fee for registering transfers or cancelling, splitting, consolidating or issuing definitive certificates relating to the issuer's listed debt securities, such fee must not exceed, in total, the applicable amounts prescribed in paragraphs 23(2) to (6).

(2) (a) Standard securities registration service: The issuer shall (or shall procure that its paying agent or registrar shall) issue definitive certificates arising out of a registration of transfer or the cancelling, splitting, consolidating or issuing (otherwise than pursuant to paragraph 23(6)) of certificates within: –

(i) 10 business days of the date of expiration of any right of renunciation; or

(ii) 10 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the standard securities registration service shall not exceed, in total, the higher of the following: –

(i) HK$2.50 multiplied by the number of certificates issued; or

(ii) HK$2.50 multiplied by the number of certificates cancelled.

(3) (a) Optional securities registration service: The issuer (or its paying agent or registrar) may, but shall not be obliged to, provide an optional securities registration service under which definitive certificates are required to be issued within: –

(i) 6 business days of the date of expiration of any right of renunciation; or

(ii) 6 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the optional securities registration service shall not exceed, in total, the higher of the following: –

(i) HK$3.00 multiplied by the number of certificates issued; or

(ii) HK$3.00 multiplied by the number of certificates cancelled.

(c) If the issuer (or its paying agent or registrar) fails to effect any registration within the period of 6 business days specified in paragraph 23(3)(a) above, the fee for such registration shall be that determined in accordance with paragraph 23(2)(b).

(4) (a) Expedited securities registration service: The issuer (or its paying agent or registrar) may, but shall not be obliged to, provide an expedited securities registration service under which definitive certificates are required to be issued within: –

(i) 3 business days of the date of expiration of any right of renunciation; or

(ii) 3 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the expedited securities registration service shall not exceed, in total, the higher of the following: –

(i) HK$20.00 multiplied by the number of certificates issued; or

(ii) HK$20.00 multiplied by the number of certificates cancelled.

(c) If the issuer (or its paying agent or registrar) fails to effect any registration within the period of 3 business days specified in paragraph 23(4)(a) above, the registration shall be performed free of charge.

(5) (a) Bulk securities registration service: The issuer shall (or shall procure that its paying agent or registrar shall) provide a bulk securities registration service, for transfers of listed debt securities representing 2,000 or more board lots of the issuer's listed debt securities where the securities are being transferred from the name of a single holder into the name of another or the same single holder. Certificates shall be issued pursuant to the bulk securities registration service within 6 business days of the receipt of properly executed transfers or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the bulk securities registration service shall not exceed, in total, the higher of the following: –

(i) HK$2.00 multiplied by the number of certificates issued; or

(ii) HK$2.00 multiplied by the number of certificates cancelled.

(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.

(7) For the purposes of this paragraph 23 only: –

(a) the expression "business day" shall exclude Saturdays, Sundays and public holidays in Hong Kong; and

(b) in computing any period of business days, such period shall be inclusive of the business day on which the relevant transfers, certificates or other documents were received (or, if such documents were not received on a business day, the business day next following their receipt) and of the business day on which the relevant certificates were delivered or otherwise made available.

(8) The issuer shall ensure that where the issuer (or its paying agent or registrar) charges a fee for registering other documents relating to or affecting the title to the issuer's listed debt securities (e.g. probate, letters of administration, certificates of death or marriage, powers of attorney or other instruments or memoranda and articles of association in respect of a new corporate holder) or for marking or noting documents, such fee must not exceed HK$5 per item per register.

*Note: "per item" shall be defined to mean each of such other documents submitted for registration.*

(9) It is the responsibility of an issuer whose paying agent or registrar is in breach of any of the above provisions of this Appendix to report such breach to the Exchange as soon as it becomes aware of the breach and the Exchange reserves the right to communicate such information to the Commission.

(10) Save as provided above the issuer shall ensure that neither it nor its paying agent or registrar or other agents will charge holders or transferees any other fees for any dealings with them in connection with the transfer or transmission of its listed debt securities.

(11) References in paragraph 23 to the issuer's registrar or paying agent providing a service, or to the issuer procuring that its registrar or paying agent shall provide a service, shall not relieve the issuer of any obligations in respect of any acts or omissions of its registrar or paying agent.

### Trading limits

24. Where the market price of the listed debt securities of an issuer (except for a State, Supranational, State corporation or bank) approaches the extremities of HK$0.01 or HK$9,995.00, the Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its listed debt securities.

## GENERAL

### Paying agent

25. An issuer must appoint and maintain a paying agent and/or, where appropriate, a registrar, in Hong Kong until the date on which no listed debt security is outstanding, unless the issuer itself performs these functions. Such paying agent must provide facilities for obtaining new debt securities, in accordance with the terms and conditions of the debt securities, to replace those debt securities which have been damaged, lost, stolen or destroyed and for all other purposes provided for in the terms and conditions of the debt securities.

### Equality of treatment

26. An issuer shall ensure equality of treatment for all holders of its listed debt securities of the same class in respect of all rights attaching to such securities.

*Note: Where the issuer is a State or Supranational or in the case of overseas issuers the Exchange may, in exceptional circumstances, permit early repayment contrary to this rule, provided that such repayment is in accordance with national law.*

### Response to enquiries

27. Except where the issuer is a State, Supranational, State corporation or bank, where the Exchange makes enquiries concerning unusual movements in the price or trading volume of the issuer's listed debt securities, the possible development of a false market in the securities, or any other matters, the issuer shall respond promptly as follows:

(1) provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which is available to it, so as to inform the market or to clarify the situation; or

(2) if, and only if, the directors of the issuer, having made such enquiry with respect to the issuer as may be reasonable in the circumstances, are not aware of any matter or development that is or may be relevant to the unusual trading movement of its listed debt securities, or information necessary to avoid a false market, or any inside information which needs to be disclosed under the Securities and Futures Ordinance, and if requested by the Exchange, make an announcement containing a statement to that effect.

*Notes: 1. The issuer does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.*

*2. The Exchange reserves the right to direct a trading halt of the issuer's securities if an announcement under paragraphs 27(1) or (2) cannot be made promptly.*

**Trading halt or trading suspension**

28. Except where the issuer is a State, Supranational, State corporations or bank, without prejudice to the Exchange's ability to direct the halt, suspension and resumption of trading in the issuer's listed debt securities, the issuer and/or the guarantor must, as soon as reasonably practicable, apply for a trading halt or a trading suspension in any of the following circumstances where an announcement cannot be made promptly:

(1) the issuer and/or the guarantor has information which must be disclosed under paragraph 1(1)(a) or paragraph 2;

(2) the issuer and/or the guarantor reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or

(3) circumstances exist where it reasonably believes or it is reasonably likely that confidentiality may have been lost in respect of inside information which:

(a) is the subject of an application to the Commission for a waiver; or

(b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the SFO.

*Note: The issuer and/or the guarantor does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.*

29. Except where the issuer is a State, Supranational, State corporations or bank, if and when requested by the Exchange, an issuer shall use its best endeavours to assist the Exchange to locate the whereabouts of any director (or, in the case of a PRC issuer, supervisor) who has since resigned from his directorship in the issuer.

# Appendix E5

**Continuing Obligations: Structured Products**



Each of the issuer and the guarantor (if any) of structured products as defined under Chapter 15A shall comply with the following ongoing obligations:

## DISCLOSURE

### General matters

1. An issuer and the guarantor (if any) must comply with the following: –

(1) (a) Without prejudice to paragraph 26, where in the view of the Exchange there is or there is likely to be a false market in the issuer's structured products, the issuer and the guarantor (if any) must, as soon as reasonably practicable after consultation with the Exchange, announce the information necessary to avoid a false market in the structured products;

*Notes:* *1. This obligation exists whether or not the Exchange makes enquiries under paragraph 26 below.*

*2. If the issuer believes that there is likely to be a false market in its structured products, it must contact the Exchange as soon as reasonably practicable.*

*3. Any obligation to inform holders of the issuer's structured products or the public will be satisfied by the information being published on the web site of the Exchange except where Chapter 15A or this Appendix requires some other form of notification.*

(b) (i) Where the issuer is required to disclose inside information under the Inside Information Provisions of the Securities and Futures Ordinance, the issuer and the guarantor (if any) must also simultaneously announce the information.

(ii) The issuer and the guarantor (if any) must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosure under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.

(c) The issuer and the guarantor (if any) must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.

(d) The issuer and the guarantor (if any) must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. They must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

(e) The issuer and the guarantor (if any) must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

(2) inform the Exchange of, and release to the Hong Kong market, information at the same time as the information is released to any other stock exchange on which the issuer's structured products are listed; and

(3) [Repealed 1 July 2026]

(4) [Repealed 1 July 2026]

(5) the Exchange Listing Rules in force from time to time.

2. The issuer, and where the structured products are guaranteed, the guarantor must, as soon as reasonably practicable, announce any information which may have a material effect on its ability to meet the obligations under the structured products.

**Changes in the terms of structured products**

3. The issuer and the guarantor (if any) shall, if there is a proposed change in the terms of conversion or in the terms of the exercise of any of the issuer's structured products, notify the Exchange of, and announce, the proposed change, its effective date and the effect of any such change prior to the effective date of such change. The issuer must not proceed with such change until the Exchange has confirmed that it has no comments.

### Closure of books

4. The issuer shall, as early as practicable before such closure, notify the Exchange in writing and publish on the Exchange web site a notice of the closure of its transfer books or any register of holders of its structured products. In cases where there is an alteration of book closing dates, the issuer shall, as soon as practicable, notify the Exchange in writing of such alteration and give further notice by way of publication on the Exchange web site.

*4.1 See Practice Note 8 for emergency share registration arrangements during Bad Weather Signals.*

## MATTERS RELATING TO THE ISSUER

### Ongoing compliance

4A. Whilst any of the issuer's non-collateralised structured products are listed on the Exchange:

(1) the issuer or the guarantor (in the case of guaranteed issues) shall comply with rules 15A.12 and 15A.13(3); and

(2) the issuer or the guarantor (in the case of guaranteed issues) shall, or shall ensure that their respective holding company (which is relied upon by the issuer or the guarantor for eligibility assessment under rule 15A.13(1)) will, comply with rule 15A.13(1).

*Note: Existing issuers and guarantors with either non-collateralised structured products listed on the Exchange, or a valid base listing document, as at 30 June 2026 would have a transitional period until (and including) 30 June 2027 to comply with paragraph 4A. During such transitional period, such issuers and guarantors will be required to comply with the continuing obligations under the Exchange Listing Rules (as in force on 30 June 2026) in the manner prescribed by the Exchange from time to time.*

## FINANCIAL STATEMENTS

### Publication and preparation of financial reports

5. An issuer (and, in the case of guaranteed issues, the guarantor) shall, whilst any structured products issued by the issuer are listed on the Exchange:–

(1) publish on the Exchange's website:–

(a) as soon as practicable after its publication elsewhere but, in any event, not later than four months after the period to which it relates, the issuer's and, in the case of guaranteed issues, the guarantor's annual report including its audited annual financial statements or, where the issuer and/or the guarantor are holding companies, the issuer's and/or the guarantor's audited consolidated annual financial statements, each together with the auditor's report;

(b) as soon as practicable after its publication elsewhere or the date of its preparation but, in any event, not later than three months after the period to which it relates, the issuer's and, in the case of guaranteed issues, the guarantor's interim financial report in respect of the first six months of its financial year including its interim financial statements or, where the issuer and/or the guarantor are holding companies, the issuer's and/or the guarantor's consolidated interim financial statements;

(c) where published, as soon as practicable after its publication elsewhere, the issuer's and, in the case of guaranteed issues, the guarantor's quarterly interim financial report; and

(d) as soon as practicable after its publication elsewhere, full details of any other financial information which the issuer and/or the guarantor may provide to any other exchange or market, to the extent such information is necessary to enable an investor to make an informed assessment of the financial position of the issuer or, as the case may be, the guarantor and of the structured products;

(2) include in the interim financial report referred to in paragraph 5(1)(b) of this Appendix E5:–

(a) profits or losses before taxation,

(b) taxation on profits,

(c) profits or losses attributable to non-controlling interests,

(d) profits or losses attributable to shareholders,

(e) the balance at the end of the period of share capital and reserves, and

(f) comparative figures for the matters specified in (a) to (e) inclusive for the previous corresponding period; and

(3) prepare the interim financial reports and statements referred to in paragraphs 5(1)(b), 5(1)(c) and 5(2) of this Appendix E5 in accordance with the issuer's or, as the case may be, the guarantor's usual accounting policies and procedures.

**LIQUIDITY PROVISION**

5A. (1) The issuer shall be required to provide liquidity in each structured product issue and shall describe in the stand alone listing document or any of the base listing document, supplemental listing document or supplementary listing document how it proposes to provide that liquidity. The method adopted must be transparent and must be acceptable to the Exchange.

(2) The issuer shall inform the Exchange and announce:

(a) any change of liquidity providers or their particulars before implementing such change; and

(b) as soon as practicable upon any disruption to, or resumption of, liquidity provision services.

*Notes:*

*1. The liquidity provider must be identified in the stand alone, base, supplemental or supplementary listing document.*

*2. Liquidity may be provided either by means of continuously inputting orders into the Exchange's trading system ("Continuous Quotes") or by entering orders into the Exchange's trading system in response to requests for quotes ("Quote Request"). The method chosen shall be described in the stand alone, base, supplemental or supplementary listing document. An issuer which has indicated that it will provide liquidity by means of Quote*

*Request is not thereby precluded from fulfilling that obligation by means of Continuous Quotes. An issuer that responds to a Quote Request by agreeing to conduct a cross trade has fulfilled its obligation. An issuer which has indicated that it will provide liquidity by means of Quote Request must include a telephone number for requesting quotes in the stand alone, base, supplemental or supplementary listing document.*

*3. An issuer shall specify the minimum service levels in relation to liquidity provision in the stand alone, base, supplemental or supplementary listing document which comply with the minimum service levels as published by the Exchange from time to time. An issuer shall comply with the minimum service levels for liquidity provision specified in the listing documents.*

*4. Any dealings by the issuer or any member of its group (meaning any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them), as principal, in structured products that the issuer has listed on the Exchange must be conducted through the liquidity provider. A direct business transaction, where an Exchange Participant acts for both buyer and seller, one of whom is a member of the issuer's group, need not be conducted through the liquidity provider. A transfer of proprietary ownership of structured products from one member of an issuer's group to another member of the issuer's group is not regarded as dealing for this purpose and should be effected off the Exchange. The Exchange may require an issuer to provide additional transparency for trades conducted by the issuer's group and may prescribe procedures for this purpose from time to time.*

**INCENTIVE SCHEMES**

5B. An issuer shall not (either directly or indirectly) offer commission rebates or other incentive schemes in respect of structured products that it has issued. Notwithstanding the foregoing, an issuer (that is a securities dealer), and a member of its group (which means any of the issuer's holding companies, subsidiaries and fellow subsidiaries) that is a securities dealer, may offer commission rebates or other incentive schemes in respect of structured products that the issuer has issued, provided that in each case:–

(1) the commission rebates or other incentive schemes are not limited solely and exclusively to structured products issued by the issuer;

(2) any commission rebate or other incentive schemes arising in respect of structured products issued by the issuer will not be recovered directly or indirectly: (a) by its securities dealing unit from its structured product issuance unit (where such

commission rebate or other incentive scheme is offered by an issuer), or (b) by or on behalf of the securities dealer from the issuer (where such commission rebate or other incentive scheme is offered by a member of an issuer's group that is a securities dealer);

(3) where the commission rebates or other incentive schemes relate to structured products generally or securities trading generally, the terms of any commission rebate or other incentive schemes applicable to structured products issued by the issuer are identical to those applicable to structured products issued by other issuers;

(4) where the incentives relate to specific structured products, such incentive shall be in the form of fee discounts and the terms of the fee discount applicable to structured products issued by the issuer are identical to those applicable to structured products issued by other issuers; and

(5) disclosure will be included in the relevant listing documents and publicity materials alerting investors to the fact that an issuer or its group company intends to offer commission rebates or other incentive schemes and that investors should make investment decisions with respect to structured products without regard to the benefit of any such commission rebates or other incentive schemes.

*Note: The Exchange will require an issuer to provide periodic declarations of compliance with these requirements by the issuer and members of its group (which means any of the issuer's holding companies, subsidiaries and fellow subsidiaries). Any failure by an issuer to comply with these requirements may render that issuer no longer suitable to issue structured products on the Exchange.*

## ANNOUNCEMENT AND NOTIFICATION

### After board meetings

6. The issuer and the guarantor (if any) shall inform the Exchange and announce as soon as practicable after approval by or on behalf of the board of: –

(1) any proposed change in the capital structure of the issuer or the guarantor (if any) which may reasonably be expected to be material or which will affect the rights of the holders of the structured products or its suitability as an issuer or a guarantor (if any) under Chapter 15A of the Exchange Listing Rules, including any adjustment or alteration to the terms and conditions of its structured products; and

(2) any decision to change the general character or nature of the business of the issuer or its group in any material respect, taken as a whole.

*6.1 [Repealed 1 July 2026]*

7. When requested by the Exchange, provide a list of all issues of derivative securities by the issuer or the guarantor (if any), whether such further securities are to be listed or not, by way of a statement containing the brief terms and a description of each such issue.

**Changes**

8. The issuer and the guarantor (if any) shall inform the Exchange and announce as soon as practicable giving full details of any decision made in regard to: –

(1) any proposed alteration of the issuer's or the guarantor's (as the case may be) memorandum or articles of association or equivalent documents which would affect the rights of holders of its structured products;

(2) any change in the rights attaching to any class of structured products; and

(3) any change in its auditors, registered address or registered place of business in Hong Kong.

8A. The issuer and the guarantor (if any) shall inform the Exchange immediately giving full details of any decision made in regard to any change in its authorised representatives.

8B. Whilst any of its non-collateralised structured products are listed on the Exchange, the issuer and, in the case of a guaranteed issue, the guarantor shall:–

(1) inform the Exchange and announce as soon as practicable where:–

(a) the total shareholders' equity of the issuer or the guarantor, as the case may be, has fallen below the level as prescribed in rule 15A.12; and

(b) the regulatory status of the issuer or the guarantor (if any) that is relied upon for eligibility assessment under rule 15A.13(3) as disclosed in the listing documents has changed;

(2) inform the Exchange as soon as practicable where the credit rating of the issuer or the guarantor (if any) (or their respective holding company, where such credit rating is relied upon by the issuer or the guarantor (if any) for eligibility assessment under rule 15A.13(1)) as disclosed in the listing documents has changed (including any downgrade in rating outlook); and

(3) announce as soon as practicable where the credit rating of the issuer or the guarantor (if any) (or their respective holding company, where such credit rating is relied upon by the issuer or the guarantor (if any) for eligibility assessment under rule 15A.13(1)) as disclosed in the listing documents has been downgraded (including any downgrade in rating outlook).

8C. Whilst any of its collateralised structured products are listed on the Exchange, the issuer shall inform the Exchange and announce as soon as practicable where there is any proposed change in the collateral arrangements, trusts or other security arrangements. The issuer must not proceed with such change until the Exchange has confirmed that it has no comments.

**Basis of allotment**

9. The issuer shall inform the Exchange of the basis of allotment of its structured products offered to the public for subscription or sale, not later than the morning of the next business day after the allotment letters or other relevant documents of title are posted.

**Sale and Purchase of structured products**

10. Dealings by the issuer, guarantor (if any) and any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them:

(1) in structured products between the date of launch and prior to dealings in that structured product commencing on the Exchange, and

(2) in the right to receive structured products between the date of launch and prior to dealings in that structured product commencing on the Exchange

must be published on the Exchange's website at least one and a half hours before trading commences on the Exchange on the day dealings in the structured product commence on the Exchange.

10A. The previous day's dealings by the issuer, guarantor (if any) and any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them, as principal, in structured products that the issuer has listed on the Exchange must be published on the Exchange's website at least one and a half hours before trading commences on the Exchange each day.

*Note: Transactions shall be included in the report in respect of the day they are entered into the Exchange's trading system.*

**Winding-up and liquidation**

11. (1) The issuer and the guarantor (if any) shall inform the Exchange and announce as soon as practicable after the occurrence of the following events: –

(a) the appointment of a receiver or manager either by any court having jurisdiction or under the terms of a debenture or any application to any court having jurisdiction for the appointment of a receiver or manager, or equivalent action in the country of incorporation or other establishment, in respect of the business or any part of the business of the issuer or the guarantor (if any) or their respective holding companies or the property of the issuer or that of the guarantor (if any), or their respective holding companies or any major subsidiary;

(b) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator, or equivalent action in the country of incorporation or other establishment, against or in respect of the issuer or the guarantor (if any) or their respective holding companies or any major subsidiary;

(c) the passing of any resolution by the issuer or the guarantor (if any), or their respective holding companies or any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;

(d) the entry into possession of or the sale by any mortgagee of a portion of the issuer's or the guarantor's (if any) or their respective holding companies' assets which in aggregate value represents an amount in excess of 15 per cent. of the consolidated net tangible assets of the respective group; or

(e) the making of any final judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance which is not subject to any or further appeal, which may adversely affect the issuer's or the guarantor's (if any) or their respective holding companies' ownership or enjoyment of any portion of its assets which in aggregate value represents an amount in excess of 15 per cent. of the consolidated net tangible assets of their respective group.

(2) For the purposes of (1) above, a "major subsidiary" means a subsidiary representing 15 per cent. or more of the consolidated net tangible assets or pre-tax trading profits of the group.

**Other listings**

12. The issuer and the guarantor (if any) shall inform the Exchange immediately if any part of the structured products of the issuer becomes listed or dealt in on any other stock exchange, stating which stock exchange.

**Expiry or maturity of structured products**

12A. (1) Except as provided below an issuer shall, not less than 7 business days prior to the expiry or maturity date in relation to any of its structured products, publish on the Exchange's website a notice containing, inter alia, the following:–

(a) the date of expiry or maturity, the last expected date of dealings and the date of withdrawal from listing of the structured products;

(b) if applicable, the exercise price;

(c) if applicable, the method of calculation of the cash payment;

(d) the expected date of payment or delivery (as the case may be);

(e) the most recent closing price of the underlying security or asset; and

(f) such other information as the Exchange shall require.

(2) An issuer shall not be required to publish a notice in respect of a structured product expiring or maturing on its normal expiry or maturity date if the terms and conditions in respect of that structured product provide for net cash settlement on an automatic basis (i.e. without the holder serving an exercise notice).

(3) Information relating to the expiry or maturity of a structured product arising as a consequence of a mandatory call event (a "knockout"), including when it occurred and the residual value (if applicable), shall be announced as soon as practicable after the mandatory call event occurs.

**ANNOUNCEMENTS, CIRCULARS AND OTHER DOCUMENTS**

**Review of documents**

13. In addition to the specific requirements set out in the Exchange Listing Rules, the issuer and the guarantor (if any) shall: –

(1) [Repealed 1 July 2026]

(2) submit to the Exchange a draft for review before they are issued, of any proposed amendment to its memorandum or articles of association or equivalent documents which would affect the rights of holders of its structured products; and

(3) not issue any of such documents until the Exchange has confirmed to the issuer or the guarantor (as the case may be) that it has no further comments.

*13.1 Each document should be submitted in sufficient time for review and, if necessary, re-submission prior to finalisation.*

*13.2 The Exchange reserves the right to require an issuer or the guarantor (as the case may be) to issue a further announcement or document, particularly if the original announcement or document was not required by the Exchange Listing Rules to be reviewed by the Exchange, or if the original announcement or document is misleading or is likely to create a false or misinformed market.*

*13.3 [Repealed 1 July 2026]*

14. The issuer hereby authorises the Exchange to file "applications" (as defined in section 2 of the Securities and Futures (Stock Market Listing) Rules) and those corporate disclosure materials within the meaning of sections 7(1) and (2) of the Securities and Futures (Stock Market Listing) Rules received by the Exchange with the Commission pursuant to sections 5(2) and 7(3) of the Securities and Futures (Stock Market Listing) Rules respectively. Applications and relevant corporate disclosure materials shall be filed with the Exchange in such manner as the Exchange may from time to time prescribe. 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 issuer undertakes to execute such documents in favour of the Exchange perfecting the above authorisation as the Exchange may require.

**Forwarding of circulars**

15. The issuer shall forward to the Exchange: –

(1) all circulars to holders of its structured products at the same time as they are despatched to holders of the issuer's structured products with registered addresses in Hong Kong or published on the Exchange's website and the issuer's own website.

(2) [Repealed 1 July 2026]

## TRADING AND SETTLEMENT

### Certification of transfers

16. For any structured product which is represented by definitive documents of title not in bearer form the issuer shall:

(1) certify transfers against certificates or temporary documents and return them by the seventh day after the date of receipt; and

(2) split and return renounceable documents by the third business day after the date of receipt.

*16.1 Documents of title lodged for registration of probate should be returned with the minimum of delay, and, if possible, on the next business day following receipt.*

### Registration services

17. For any structured product which is represented by definitive documents of title not in bearer form: –

(1) The issuer (or its registrar) must provide a standard securities registration service in relation to its structured products in accordance with paragraph 18(1). The issuer (or its registrar) may, but shall not be obliged to, provide an optional securities registration service in accordance with paragraph 18(2) and/or an expedited securities registration service in accordance with paragraph 18(3). The issuer (or its registrar) must also provide a bulk securities registration service in accordance with paragraph 18(4) and a certificate replacement service in accordance with paragraph 18(5). Subject to sub-paragraph (2) below, the issuer shall ensure that where the issuer (or its registrar) charges a fee for registering transfers or cancelling, splitting, consolidating or issuing definitive certificates relating to the issuer's structured products, such fee must not exceed, in total, the applicable amounts prescribed in paragraph 18.

(2) The issuer shall ensure that where the issuer (or its registrar) charges a fee for registering other documents relating to or affecting the title to the issuer's structured products (e.g. probate, letters of administration, certificates of death or marriage, powers of attorney or other instruments or memoranda and articles of association in respect of a new corporate holder) or for marking or noting documents, such fee must not exceed HK$5 per item per register:

*17.1 "per item" shall be defined to mean each of such other documents submitted for registration.*

(3) It is the responsibility of an issuer whose registrar, as its agent, is in breach of any of the above provisions or the provisions of paragraphs 16, 18 or 19 of this Appendix to report such breach to the Exchange as soon as it becomes aware of the breach and the Exchange reserves the right to communicate such information to the Commission.

(4) Save as provided above or in paragraph 18 the issuer shall ensure that neither it nor its registrar or other agents will charge investors or holders any other fees for any dealings with them in connection with the transfer or transmission of its structured products.

**Issue of certificates, registration and other fees**

18. (1) (a) Standard securities registration service: Where paragraph 17 applies the issuer shall (or shall procure that its registrar shall) issue definitive certificates arising out of a registration of transfer or the canceling, splitting, consolidating or issuing (otherwise than pursuant to paragraph 18(5)) of certificates within: –

(i) 10 business days of the date of expiration of any right of renunciation; or

(ii) 10 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the standard securities registration service shall not exceed, in total, the higher of the following:

(i) HK$2.50 multiplied by the number of certificates issued; or

(ii) HK$2.50 multiplied by the number of certificates cancelled.

(2) (a) Optional securities registration service: The issuer (or its registrar) may, but shall not be obliged to, provide an optional securities registration service under which definitive certificates are required to be issued within: –

(i) 6 business days of the date of expiration of any right of renunciation; or

(ii) 6 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the optional securities registration service shall not exceed, in total, the higher of the following: –

(i) HK$3.00 multiplied by the number of certificates issued; or

(ii) HK$3.00 multiplied by the number of certificates cancelled.

(c) If the issuer (or its registrar) fails to effect any registration within the period of 6 business days specified in sub-paragraph (a) above, the fee for such registration shall be that determined in accordance with paragraph 18(1)(b).

(3) (a) Expedited securities registration service: The issuer (or its registrar) may, but shall not be obliged to, provide an expedited securities registration service under which definitive certificates are required to be issued within: –

(i) 3 business days of the date of expiration of any right of renunciation; or

(ii) 3 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the expedited securities registration service shall not exceed, in total, the higher of the following: –

(i) HK$20.00 multiplied by the number of certificates issued; or

(ii) HK$20.00 multiplied by the number of certificates cancelled.

(c) If the issuer (or its registrar) fails to effect any registration within the period of 3 business days specified in sub-paragraph (a) above, the registration shall be performed free of charge.

(4) (a) Bulk securities registration service: The issuer shall (or shall procure that its registrar shall) provide a bulk securities registration service, for transfers of structured products representing 2,000 or more board lots of the issuer's structured products where the structured products are being transferred from the name of a single holder into the name of another or the same single holder. Certificates shall be issued pursuant to the bulk securities registration service within 6 business days of the receipt of properly executed transfers or other relevant documents or the relevant certificates.

(b) The fee for registration pursuant to the bulk securities registration service shall not exceed, in total, the higher of the following: –

(i) HK$2.00 multiplied by the number of certificates issued; or

(ii) HK$2.00 multiplied by the number of certificates cancelled.

(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 structured products 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 structured products 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 structured products concerned);

shall not exceed HK$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.

(6) For the purposes of this paragraph 18: –

(a) the expression "business day" shall exclude Saturdays, Sundays and public holidays in Hong Kong; and

(b) in computing any period of business days, such period shall be inclusive of the business day on which the relevant transfers, certificates or other documents were received (or, if such documents were not received on a business day, the business day next following their receipt) and of the business day on which the relevant certificates were delivered or otherwise made available.

(7) References in paragraphs 17 and 18 to the issuer's registrar providing a service, or to the issuer procuring that its registrar shall provide a service, shall not relieve the issuer of any obligations in respect of any acts or omissions of its registrar.

**Designated accounts**

19. For any structured product which is represented by definitive documents of title not in bearer form the issuer or failing it, the guarantor (if any) shall, if requested by holders of its structured products, arrange for designated accounts.

**Registration arrangements**

20. In connection with paragraphs 16, 17, 18 and 19 if the issuer does not maintain its own registration department, the issuer, or failing which the guarantor (if any), shall make appropriate arrangements with the registrars to ensure compliance with the provisions of such paragraphs.

**Trading limits**

21. Where the market price of the structured products of the issuer approaches the extremities of HK$0.01 or HK$9,995.00, the Exchange reserves the right to require the issuer, or failing which the guarantor (if any), to arrange either a change in the trading method or proceed with a consolidation or splitting of the issuer's structured products.

**GENERAL**

22. [Repealed 1 July 2026]

**Notices to overseas holders of structured products**

23. The issuer and the guarantor (if any) shall send notices to all holders of the structured products whether or not their registered address is in Hong Kong.

**Equality of treatment**

24. The issuer and the guarantor (if any) shall ensure equality of treatment for all holders of the structured products of the same class who are in the same position.

**Exercise of rights**

25. (1) The issuer and the guarantor (if any) shall ensure that all the necessary facilities and information are available to enable holders of the structured products to exercise their rights.

(2) The issuer, failing whom the guarantor (if any), shall announce prior to the commencement of any suspension period which will affect the exercise rights under the structured products. Such announcement shall contain information on, including but not limited to, the commencement of the suspension period, (if known) the end of the suspension period and how the suspension period will affect the exercise rights under the structured products.

In the event that the whole or part of a suspension period shall be prior to and including the last date for exercise of the structured products, the issuer shall also send the notice to holders of the structured products prior to the commencement of such suspension period.

**Response to enquiries**

26. Where the Exchange makes enquiries concerning unusual movements in the price or trading volume of the issuer's structured products, the possible development of a false market in the structured products, or any other matters, the issuer and/or guarantor (if any) shall respond promptly as follows:

(1) provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which is available to the issuer and the guarantor (if any); or

(2) if, and only if, the issuer and/or the guarantor (as the case may be), having made such enquiry with respect to the issuer and/or the guarantor (if any) as may be reasonable in the circumstances, are not aware of any matter or development that is or may be relevant to the unusual trading movement of its structured products, or information necessary to avoid a false market, or any inside information which needs to be disclosed under the Securities and Futures Ordinance, and if requested by the Exchange, make an announcement containing a statement to that effect (see note 1 below).

*Notes: 1. The form of the announcement referred to in paragraph 26(2) is as follows:*

*"This announcement is made at the request of The Stock Exchange of Hong Kong Limited.*

*We have noted [the recent increases/decreases in the price [or trading volume] of the structured products issued by the Issuer] or [We refer to the subject matter of the Exchange's enquiry]. Having made such enquiry with respect to the Issuer and/or Guarantor as is*

*reasonable in the circumstances, we confirm that we are not aware of [any reasons for such increases/decreases] or of any information which must be announced to avoid a false market in the Issuer's structured products or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance."*

*The above statement may be given on a corporate basis.*

2. *The issuer and/or the guarantor (if any) does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.*

3. *The Exchange reserves the right to direct a trading halt of the issuer's structured products if an announcement under paragraph 26(1) or 26(2) cannot be made promptly.*

**Trading halt or trading suspension**

27. Without prejudice to the Exchange's ability to direct the halt, suspension and resumption of trading in the issuer's structured products, the issuer and/or the guarantor (if any) must, as soon as reasonably practicable, apply for a trading halt or a trading suspension in any of the following circumstances where an announcement cannot be made promptly:

(1) the issuer and/or the guarantor (if any) has information which must be disclosed under paragraph 1(1)(a) or 2 in this Appendix; or

(2) the issuer and/or the guarantor (if any) reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or

(3) circumstances exist where the issuer and/or the guarantor (if any) reasonably believes or it is reasonably likely that confidentiality may have been lost in respect of inside information which:

(a) is the subject of an application to the Securities and Futures Commission for a waiver; or

(b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the SFO.

*Note: The issuer and/or the guarantor (if any) does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.*

27A. In addition to rules 6.02 to 6.10 and 13.10A, and other relevant provisions of the Listing Rules, where the securities or assets underlying structured products listed on the Exchange are halted or suspended from trading for whatever reason on the market on which they are listed or dealt in (including the Exchange), trading on the Exchange in structured products relating to such securities or assets must also be halted or suspended.

27B. The Exchange shall, save in exceptional circumstances, suspend from trading on the Exchange structured products referencing baskets which have one or more of their underlying securities suspended from trading in the market or exchanges on which such suspended security or securities are listed and the value or aggregate value of such suspended security or securities represents 30 per cent ("Specified Percentage") or more of the total value of all securities comprised in the basket, or such other Specified Percentage as announced by the Exchange from time to time. The value of the suspended security or securities shall be determined by reference to the price of such securities immediately prior to their suspension on the market or exchanges in which they are listed.

27C. Where an issuer is proposing to publish an announcement that involves a change in, or relates to, or affects arrangements regarding trading in the issuer's structured products (including a suspension, halt or resumption of dealings), the change must be agreed in advance with the Exchange. Such announcement must contain on the front cover or on the top of the announcement 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 announcement 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 announcement."*

**Stamp duty**

28. For a new or novel structured product, the issuer may be required to establish whether stamp duty is payable on trading on the Exchange of the proposed structured product.

**Definitions**

29. In this Appendix, unless the context otherwise requires:-

(1) "group" means the issuer, and any of the issuer's holding companies, subsidiaries and fellow subsidiaries and any associated companies of any of them;

(2) "issuer" means the issuer of the structured products.

(3) [Repealed 1 July 2026]

# F. Placing Requirements

# Appendix F1

## Placing Guidelines
## — for —
## Equity Securities

### New Applicants

1. [Repealed 4 August 2025]

1A. This Appendix applies equally to every Exchange Participant with whom or through whom the securities of a class new to listing are placed by an overall coordinator, a syndicate member (other than an overall coordinator) or a distributor (other than a syndicate member).

1B. For the purposes of this Appendix:

"Connected client" in relation to an Exchange Participant means any of its clients who is:—

(1) a partner of such Exchange Participant;

(2) an employee or non-employee account executive (or any other person with or otherwise acting in similar capacity) of such Exchange Participant;

(3) a substantial shareholder of such Exchange Participant;

(4) a director of such Exchange Participant;

(5) a close associate of any person in (1) to (4) above;

(6) any of the following persons where his/its account is managed by such Exchange Participant in pursuance of a discretionary managed portfolio agreement:

(a) a family member (as defined in Chapter 14A) of any person in (1) to (5) above ("**Connected Family Member**"); or

(b) a majority-controlled company (as defined in Chapter 14A) held, directly or indirectly, by the Connected Family Members (individually or together), or held by the Connected Family Members together with any person in (1) to (5) above, or any of its subsidiaries; or

(7) a member of the same group of companies as such Exchange Participant.

"Discretionary managed portfolio" means a fund of investments, the contents of which are kept under review by an Exchange Participant or any member of the group of which such Exchange Participant is a part which has authority to effect or arrange for the effecting of transactions for the fund at its discretion.

"Securities" and "shares" shall include equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01 of the Exchange Listing Rules).

1C. No allocations will be permitted to:—

(1) "connected clients" of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s));

(2) directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in rules 10.03 and 10.04 are fulfilled; or

(3) nominee companies unless the name of the ultimate beneficiary is disclosed,

without the prior written consent of the Exchange.

2. [Repealed 4 August 2025]

3. The overall coordinator(s) must make adequate distribution facilities available, must run the application list and must determine a fair basis for allocating securities when an issue is oversubscribed. In the case of a placing of securities involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, each overall coordinator will be deemed to have reviewed the analysis generated by FINI on the distribution and concentration of the securities placed and confirmed its accuracy by submitting the separate Marketing and Independence Statements in the form set out in Form D (published in Regulatory Forms) on FINI (see rule 9.11(35)).

4. The securities to be placed must have an adequate spread of holders.

*Note: The Exchange retains the discretion to reject an application for listing if the issuer fails to demonstrate that there will be an adequate spread of placees. The Exchange may publish guidance on its website, as amended from time to time, on its interpretation of this requirement including the factors that the Exchange may take into account in assessing whether there is an adequate spread of placees.*

5. [Repealed 4 August 2025]

6. [Repealed 4 August 2025]

7. Not more than ten per cent. of the total placing may be offered to employees or past employees of the applicant (see rule 10.01).

8. No overall coordinator, syndicate member (other than an overall coordinator) or distributor (other than a syndicate member) may, under normal circumstances, retain any securities being placed for its own proprietary account and those of its group companies, unless the offer is not fully subscribed and the underwriters are required to take up the unsubscribed shares pursuant to the underwriting obligation, or in exceptional circumstances which will be considered on a case-by-case basis.

9. [Repealed 4 August 2025]

10. In connection with a New Listing, separate Marketing and Independence Statements in the form set out in Form D (published in Regulatory Forms) must be submitted to the Exchange on FINI by (a) each overall coordinator; (b) each syndicate member (other than an overall coordinator); (c) any distributor (other than a syndicate member); and (d) any Exchange Participant referred to in paragraph 1A above before dealings commence (see rule 9.11(35)).

11. Dealings in the securities cannot commence until the Exchange has been supplied with and approved (in FINI, in the case of a placing in connection with a New Listing) a list setting out all the placees and the required information, including without limitation, (i) in the case of individuals, the names, addresses and identity cards (or if none, passport numbers and the jurisdiction of issuance); and (ii) in the case of companies, the names, addresses, jurisdiction of incorporation and the relevant company identification numbers and the amounts taken up by each placee (see rule 9.11(35)). The Exchange reserves the right to require submission of further information (in any other format as it may request) on the placees as it considers necessary for the purpose of establishing the placees' independence, including without limitation, details of beneficial ownership.

    *Note: The Exchange may publish guidance on the Exchange's website, as amended from time to time, on further information on the placees and their ultimate beneficial owners that may be required to be submitted to the Exchange.*

11A. For an applicant seeking to list under Chapter 18C, the placing of securities must comply with rule 18C.08. The list referred to in paragraph 11 must also include the relevant information to demonstrate that the placing of securities is in compliance with rule 18C.08, with identification of each placee who falls within the definition of an independent price setting investor as referred to in that rule. The Exchange reserves the right to require submission of further information on those placees as it may consider necessary for the purpose of establishing the basis on which such placees fall within such definition.

12. [Repealed 4 August 2025]

13. [Repealed 4 August 2025]

**Listed issuers**

14. [Repealed 4 August 2025]

15. Placings of securities of a class new to listing by listed issuers must comply with this Appendix, save for the requirements relating to submission of information on FINI. For any such placing, (i) each overall coordinator; (ii) each syndicate member (other than an overall coordinator); (iii) any distributor (other than a syndicate member); and (iv) any Exchange Participant must duly complete and sign a Marketing and Independence Statement in the form set out in Form D (published in Regulatory Forms), and submit the Marketing and Independence Statement and a placee list setting out the required information in paragraph 11 of this Appendix with the Exchange before dealings commence (see rule 9.23(2)).

16. [Repealed 4 August 2025]

**General**

17. It must be realised that the above are not necessarily exhaustive and that each case must be considered in the light of its own particular circumstances. In addition, the above criteria may in consultation with the Exchange be amended or extended from time to time in the light of experience. Each placing will be reviewed upon its completion to ensure that the above requirements have been or will be satisfied.

18. For a placing of securities referred to in rule 3A.32, the issuer must ensure a bookbuilding process is carried out to assess demand for the securities.

19. An issuer should document the rationale behind its decision on allocation and pricing, in particular where the decision is contrary to the advice, recommendation(s) and/or guidance of the overall coordinator(s). The overall coordinator(s) shall inform the Exchange if decisions made by the issuer amount to non-compliance with the Exchange Listing Rules related to, among other things, the placing activities conducted by the overall coordinator(s) or the issuer.