

CONSULTATION CONCLUSIONS

RULE CHANGES CONSEQUENTIAL ON THE
ENACTMENT OF THE SECURITIES AND FUTURES
(AMENDMENT) ORDINANCE 2012
TO PROVIDE STATUTORY BACKING TO
LISTED CORPORATIONS' CONTINUING
OBLIGATION TO DISCLOSE INSIDE INFORMATION

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

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EXECUTIVE SUMMARY

1. This paper presents the results of the consultation on the proposed Listing Rule changes consequential on the enactment of the Securities and Futures (Amendment) Ordinance 2012 to provide statutory backing to listed corporations' continuing obligation to disclose inside information.
2. We received 32 submissions from issuers, practitioners, professional bodies and an individual.
3. The majority of the respondents supported most of our consultation proposals, and disagreements were mainly in respect of four consultation proposals¹. Having considered the responses, we decided to adopt the proposed Rule changes, subject to amendments based on respondents' comments. The revised Rule amendments form Appendices I (Main Board) and II (GEM).
4. The revised Rule changes will take effect from 1 January 2013, i.e. when Part XIVA of the SFO ("**Inside Information Provisions**") becomes effective.

¹ Consultation questions 4 to 7.

CHAPTER 1: BACKGROUND

5. On 3 August 2012, the Exchange published a Consultation Paper on Rule changes consequential on the enactment of the Securities and Futures (Amendment) Ordinance 2012 to provide statutory backing to listed corporations' continuing obligation to disclose inside information ("CP"). The CP sought comments on the proposed Rule changes.
6. During the public consultation, we met with two professional bodies for initial comments on the proposed Rule changes and generally.
7. On 3 October 2012, the consultation period ended after two months. We received a total of 32 submissions. 18 responses (56%) were from issuers, representing approximately 1.2% of Hong Kong issuers². 13 responses (41%) were from practitioners and professional bodies. One response was from an individual. A list of respondents is in Appendix III. The full text of all submissions is available on the HKEx website at:
<http://www.hkex.com.hk/eng/newsconsul/mktconsul/responses/cp201208r.htm>.
8. This paper should be read in conjunction with the CP, which is posted on the HKEx website. Listing Rules references in this paper are to the Main Board Listing Rules. Our responses also apply to the corresponding GEM Listing Rules.

² There were 1,533 companies listed on the Main Board and the GEM Board as at 30 September 2012.

CHAPTER 2: COMMENTS AND RESPONSES

9. The comments are mainly on four consultation questions. We also received useful comments on how the drafting of the proposed Rule changes could be improved. We thank the respondents for sharing their views with us.
10. We set out respondents' comments and our responses below.

Express statements regarding SFC's and Exchange's role and responsibilities

11. We consulted on our proposed inclusion of express statements regarding the SFC's and the Exchange's role and responsibilities for enforcing the obligation to disclose inside information under the SFO ("**Statutory Disclosure Obligation**") in Chapter 13. (*Consultation question 1*)

Comments received

12. Almost all respondents (91%) agreed with this proposal, and some welcomed such statements to make clear the roles and responsibilities of the two regulators. No respondent disagreed, and 9% neither agreed nor disagreed.
13. One respondent³ commented that the proposed new Rules 13.05(1) and (2) (i.e. statements of the Exchange's duty under section 21 of the SFO and of the SFC's responsibility for enforcing the Inside Information Provisions) are unnecessary, as market participants are aware of the nature and extent of the obligations and powers of the two regulators.
14. One respondent⁴ had reservations about the statement that the Exchange will not itself take disciplinary action under the Rules unless the SFC considers it not appropriate to pursue the matter under the SFO and the Exchange considers action for a possible breach of the Rules appropriate (the second sentence of the proposed new Rule 13.05(3)). It was concerned that elevating what appears to be a policy or an administrative practice into a Rule may create an unnecessary fetter on the Exchange's discretion and may undermine the Exchange's discharge of its statutory duty. If the SFC is unable to come to a view or confirm whether it will take enforcement action in respect of a set of facts, the Exchange may find itself in a position where its hands are tied by the proposed Rule 13.05(3). If the Exchange decides to take action, it may be construed as a representation or commitment that the SFC would not be taking enforcement action.
15. Some respondents offered comments or raised queries in respect of the SFC's enforcement of the Statutory Disclosure Obligation and of the Exchange's duty to maintain an orderly, informed and fair market under section 21 of the SFO:

³ This comment was from a practitioner.

⁴ This comment was from a professional body.

- (a) the interaction between the two regulators, and suggested that a transparent mechanism for cooperation be in place;
- (b) the division of responsibilities should be set out in a memorandum of understanding between the two regulators; and
- (c) issuers should not be required to answer questions from two regulators at the same time in respect of the same subject matter which may fall within the jurisdiction of both regulators.

16. The following queries were also raised:

- (a) whether the SFC has sole jurisdiction over enforcement of the Inside Information Provisions but the Exchange retains rights to discipline if there is also breach of other obligations under the Rules;
- (b) if a set of facts gives rise to a possible breach of the Inside Information Provisions and the proposed new Rule 13.09(1), i.e. disclosure of information to prevent or correct a false market, whether the matter would be referred to the SFC and whether the Exchange would make enquiries of the issuer and/or consult the SFC; and
- (c) when non-disclosure under the Inside Information Provisions would be regarded as a possible breach of the Rules.

Our response

17. The SFC will have sole jurisdiction over the enforcement of the Inside Information Provisions but the Exchange will retain a right to discipline if there is on the same facts also breach of other obligations under the Rules. The Exchange will therefore not undertake any investigation as to whether issuers have discharged the Statutory Disclosure Obligation or not.

- (a) As explained in paragraph 12 of the CP, if the Exchange is aware of a possible breach of the Statutory Disclosure Obligation, it will refer the matter to the SFC. This applies even if a set of facts gives rise to possible breaches both of the Statutory Disclosure Obligation and of the Rules.
- (b) The SFC may then make such enquiries as it considers appropriate. If it decides to bring proceedings under the Inside Information Provisions, the Exchange will not pursue any possible breaches of the Rules arising out of the same set of facts. If, however, after being informed of the SFC's decision not to pursue the Exchange's referral or bring proceedings under the Inside Information Provisions, the Exchange may investigate and bring disciplinary action for possible breaches of the Rules as it considers appropriate.

- (c) The guiding principle is that enforcement of the law must take priority over that of the Rules. The second sentence of the proposed Rule 13.05(3) provides clarity to the market as to that priority. An issuer will not face enforcement action by the SFC and the Exchange at the same time, in respect of the same set of facts.

Conclusion

18. We will adopt the proposal in consultation question 1, with minor drafting changes proposed by respondents.

Proposed deletion of Rules 13.09(1)(a) and 13.09(1)(c)

19. We consulted on our proposed deletion of Rules 13.09(1)(a) and (c). (*Consultation question 2*)

Comments received

20. Almost all respondents (94%) agreed with this proposal.⁵ No respondent disagreed, and two respondents neither agreed nor disagreed.

Conclusion

21. We will adopt our proposal.

Proposed deletion of some of the notes to Rule 13.09(1) and elevation of some of them to rules

22. We consulted on our proposal to delete the majority of the notes to Rule 13.09(1) which relate to the obligation to disclose price sensitive information. We also proposed escalating some of the notes to the status of a rule. (*Consultation question 3*)

Comments received

23. Most respondents (82%) agreed with this proposal. The supporting reasons included (a) there should be minimal use of “notes” and obligations should be clearly set out in the Rules; (b) the elevation will enhance the status of the remaining notes; and (c) the proposed changes are reasonable consequential amendments.
24. However, there were two respondents who supported the proposal but offered a comment on the proposed new Rule 13.06A. That comment specifically concerns consultation question 10 and is discussed in paragraphs 89 to 96 below.

⁵ The reasons given included: (a) the extent of the responsibilities of the SFC and the Exchange will be clarified by the proposed deletion; and (b) the deletion would avoid duplication and confusion.

25. 3% of the respondents disagreed, and 9% neither agreed nor disagreed but offered comments. Whilst they agreed with deleting some of the notes to Rule 13.09(1), they disagreed with elevating some of them to rules. They considered that those obligations, and in particular, the proposed Rules 13.24B(1) and (2) which concern disclosure of material matters which impact on profit forecasts, will overlap with the SFO or the SFC Guidelines on Disclosure of Inside Information (“**SFC Guidelines**”). This issue is related to consultation question 17 and is discussed in paragraphs 126 to 133 below.

Our response

26. The SFO does not contain the obligation under the proposed Rule 13.06A. The proposed new Rules 13.06B, 13.24B(1) and 13.24B(2) are not in conflict with the SFC Guidelines, and we consider them necessary for maintaining an orderly, fair and informed market for the trading of securities.

Conclusion

27. We will adopt our proposal, subject to the amendments to the proposed new Rule 13.06A set out in paragraph 96 below.

Proposed changes to Rule 13.10 and proposed requirement to confirm all four negatives in the new standard announcement

28. We consulted on the proposed changes to Rule 13.10 (*Consultation question 4*), and on the requirement to confirm all the four negatives in the proposed new standard announcement (“**Standard Announcement**”) under the new Rule 13.10 (*Consultation question 5*). As these two consultation questions and most of the comments received on them are related, we will discuss and address them together.
29. We proposed that if the Exchange makes an enquiry of an issuer on unusual trading movements of its securities, the possible development of a false market in the trading of its securities, or any other matters under Rule 13.10, it must respond promptly in one of the following two ways:
- (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; or
 - (b) if appropriate, and if requested by the Exchange, publish a Standard Announcement confirming that, the directors, having made due enquiry, are not aware of:
 - (i) any reasons for the price (or volume) movements; or
 - (ii) relevant information concerning the subject matter of the Exchange’s enquiry (“**Second Confirmation**”); or

- (iii) any information which must be announced to correct or to prevent a false market in the company's securities ("**Third Confirmation**"); or
- (iv) any inside information under Part XIVA of the SFO that needs to be disclosed ("**Fourth Confirmation**")

(collectively the "**Confirmations**").

Comments received

- 30. Whilst 66% of the respondents supported the proposed changes to Rule 13.10, 13% disagreed, and 15% neither agreed nor disagreed but offered comments. 63% of the respondents supported consultation proposal 5, while 19% disagreed and 12% neither agreed nor disagreed but offered comments. This is one of the two areas of the consultation which attracted the most opposition and comment.
- 31. The concerns of the respondents were in two respects: first, the extent and degree to which internal enquiries may be necessary to publish a Standard Announcement in response to the Exchange's request and secondly, the content of the Standard Announcement (i.e. the Confirmations) which may be required by the Exchange.
- 32. On the nature and extent of the requirement to make "*due enquiry*" before issuing a Standard Announcement, a major issue appears to be the degree of investigation or the steps required before a Standard Announcement can be issued. Some respondents proposed changing the term "*due enquiry*" to "*reasonable enquiry*" or "*such enquiry as may be reasonable in the circumstances with respect to the issuer*".
- 33. We have also received comments that the notion of "*due enquiry*" must be linked to or constrained by the obligation to disclose promptly; that it is impracticable for issuers to issue a Standard Announcement in two or three days (bearing in mind that the SFC usually takes "*a few months to a few years*" to investigate whether there are breaches of the SFO).⁶ Another respondent⁷ commented that sufficient time should be allowed for issuers to verify the facts and seek professional advice as appropriate before issuing the Standard Announcement.
- 34. Turning to the content of the Standard Announcement which may be required, the main comments received are set out in paragraphs 35 to 38 below.
- 35. One respondent⁸ disagreed with the Second Confirmation. This is because sometimes an issuer is aware of relevant information concerning the enquiry but the information does not fall within the disclosure obligations under the Rules or the SFO, e.g. information which is not material or a safe harbour applies. It would therefore be inappropriate for the issuer to confirm that it is not aware of the relevant information.

⁶ This comment was from a listed issuer.

⁷ This comment was from a professional body.

⁸ This comment was from a practitioner.

36. Some respondents considered that the requirement to issue the Second and the Third Confirmations is vague, and will require issuers to enquire about the existence (or non-existence) of any information that might have a false market impact, although such information may or may not be relevant to the subject matter of the Exchange's enquiry.
37. In relation to the Third Confirmation, there were comments that a false market sometimes seems to exist because of irregular trading activities in respect of an issuer's shares which are outside the control of the issuer, and so it would be hard for an issuer to take action to prevent or correct it. The obligation should only arise if issuers have sufficient information or evidence that a false market exists or if there are market rumours about the issuer. In addition, according to paragraphs 79 and 80 of the SFC Guidelines, there is generally no obligation to respond to media speculation and market rumours.
38. Another comment is that the Fourth Confirmation should only be confined to that which is relevant to the subject matter of the enquiry, as it currently is. As issuers have to discharge the Statutory Disclosure Obligation, there is no need for the Exchange to require a Standard Announcement which requires, amongst others, a confirmation that issuers have not breached a statutory requirement.
39. One respondent requested clarification on any follow up actions the Exchange may take before directing a trading halt in case the announcement is considered not having been made promptly.

Our response

40. We will first deal with the nature and extent of enquiries to be made following an Exchange enquiry under Rule 13.10.
41. Whether "*due enquiry*" has been made depends upon whether an issuer has implemented and maintained an adequate and effective internal control system by which material information concerning the issuer and its business would be promptly identified, assessed and escalated to the Board for consideration and action from a Rule compliance perspective. This echoes the requirement under section 307G(1) of the Securities and Futures (Amendment) Ordinance that every officer of a listed corporation should take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the corporation. If such a system has been implemented and maintained, discharging obligations under the proposed new Rule 13.10, including issuing a Standard Announcement, should not be burdensome or onerous.
42. Further, it is not intended that a Standard Announcement will be required in all circumstances after a Rule 13.10 enquiry is made and where there is no information to be disclosed under Rule 13.10(1); it is only when the Exchange requests that a Standard Announcement would be required.

43. Nevertheless, we understand the concerns that have been expressed and are prepared to modify the requirement to address those concerns. We will therefore substitute a requirement that issuers “*make such enquiry with respect to the issuer as may be reasonable in the circumstances*” for the “*due enquiry*” originally proposed. We believe that this modification should also go some way to alleviate the concerns expressed as to the extent of the Confirmations required. The revised requirement will reflect the individual circumstances of each issuer but also introduce an element of objectivity to the extent of enquiries necessary. The adoption of this modification is in line with proposals made by some respondents.
44. We will now deal with the contents of the Standard Announcement.
45. Whilst paragraphs 79 and 80 of the SFC Guidelines state that issuers are generally under no obligation to respond to media speculation, market rumours or analysts’ reports, they do state that under the Rules, the Exchange may require a corporation to provide disclosure or clarification beyond that required by the SFO. The SFC Guidelines also envisage situations where market rumours may suggest that confidentiality of some inside information may have been lost in which case disclosure will be required to prevent or correct a false market.
46. Issuers will not be required to, under the Rules, disclose information to the market which is inside information and which falls within one or more of the safe harbours under the Inside Information Provisions, except if confidentiality of the information cannot be preserved and its disclosure is not prohibited under, or would not constitute a contravention of a restriction imposed by, an enactment or an order of a court.
47. Unusual trading movements in an issuer’s securities, in the absence of any other possible reasons for the movements, may suggest that confidentiality of a piece of inside information which falls within one or more of the safe harbours under the Inside Information Provisions cannot be preserved. If that is the case the issuer would need to disclose the information as soon as reasonably practicable to discharge its Statutory Disclosure Obligation. In those circumstances, disclosure of the information would be required under the new Rule 13.10(1) and issue of a Standard Announcement would not be appropriate.
48. In respect of the Third Confirmation, any internal enquiries as to whether there is any information which must be announced to prevent or correct a false market will be information which concerns the company itself and of which it is aware, but not general information in the public domain.
49. However, we understand the concerns that have been voiced and are prepared to modify the content of the Standard Announcement to address them. We will:
- (a) delete the Second Confirmation from the Standard Announcement as we acknowledge that there may be circumstances where an issuer may be aware of information which may be relevant to the unusual trading movements in its securities but the information is not discloseable. In that case an issuer would not be able to provide the Second Confirmation;

- (b) modify the wording of the Third Confirmation to require an issuer to confirm that it is not aware of “*any information which must be announced to avoid a false market in the company’s securities*” (emphasis added). We understand that some respondents are more comfortable with the wording of the existing Rule 13.09(1)(b); and
 - (c) modify the wording of the Fourth Confirmation to require issuers to confirm that they are not aware of “*any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance*”. This will make clear that an issuer will not be required to disclose inside information which falls within one or more of the safe harbours in the Inside Information Provisions.
50. We will also include a note to the new Rule 13.10 stating that, an issuer does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.
51. Whether and if so what follow up actions the Exchange may take if it considers that a Standard Announcement has not been made promptly depends on the circumstances of the matter.

Conclusion

52. We would stress again that an announcement under the proposed Rule 13.10 will not always be required. An announcement will only be necessary if, after consideration of the facts, the Exchange believes that publication is necessary.
53. Having considered arguments put forward in the consultation, we also continue to believe that providing the Confirmations is necessary for the fair and orderly operation of the market. We note that the changes are supported by the majority of the respondents. However, as stated above, we do accept some of the comments made by respondents and have therefore decided to modify the expectation as to the level of enquiries to be made internally by an issuer following receipt of an Exchange enquiry and the content of the Standard Announcement, as set out in paragraphs 43 and 49 above. The note in paragraph 50 above will also clarify the position regarding information which is exempted from disclosure under the Inside Information Provisions.
54. We believe that the decision to modify the nature and extent of internal enquiries sought is consistent with the thrust of the statutory requirements concerning the creation of internal controls and will moderate the impact of the requirement to provide the modified Confirmations. We also believe that compliance with such a requirement will be possible within an acceptable time frame and ensure that the market receives accurate information if an announcement is required.

Obligation under current Rule 13.09(1)(b) to remain in the Rules and drafting in proposed new Rule 13.09(1)

55. We consulted on whether the obligation to disclose information to avoid the establishment of a false market in an issuer's securities under Rule 13.09(1)(b) should remain in the Rules despite implementation of the Inside Information Provisions (*Consultation question 6*). We also consulted on the drafting of the proposed new Rule 13.09(1) which includes the obligation to correct a false market (*Consultation question 7*). As these two consultation questions and most of the comments received on them are related, we will discuss and address them together.
56. Some of the comments received on consultation questions 4 and 5 also touched on the issues raised by these questions. We will not repeat them.

Comments received

57. A majority of the respondents (75%) agreed with consultation proposal 6 whilst 13% disagreed, and 6% neither agreed nor disagreed but offered comments. As for consultation proposal 7, 38% of the respondents agreed whilst 50% disagreed, and 6% neither agreed nor disagreed but offered comments. This issue gave rise to a fairly large number of comments and concerns on the part of the respondents.
58. The main comments received are:
- (a) the requirement to issue announcements under the Rules should be specific, and general disclosure of potentially inside information and issue of clarification related announcements to prevent development of a false market should be dealt with in the SFO and the SFC Guidelines;
 - (b) it is difficult to distinguish between an obligation to disclose information to prevent or correct a false market, and the general obligation to disclose inside information; this may create two overlapping obligations but different regulators dealing with the same piece of information in some circumstances;
 - (c) issuers are generally under no obligation to respond to media speculation, market rumours or analysts' reports (paragraphs 79 and 80 of the SFC Guidelines);
 - (d) there should be no obligation to disclose information to "*prevent*" a false market; the disclosure obligation should only be triggered if an issuer becomes aware of any or any possible false market;
 - (e) issuers should only be obliged to correct a false market after consultation with the Exchange under Rule 13.10; issuers should not have the obligation to "*correct*" a false market, as this would require them to monitor trading in their shares for evidence of a false market which would be an unreasonable expectation; further, it is not practicable for issuers to correct a false market, as the market behaves as it wishes; and

- (f) it is unclear whether an issuer would be required to make disclosure under the proposed Rule 13.09(1) when it is awaiting the SFC's decision on its waiver application.

Our response

59. After the statutory disclosure regime is implemented, the Exchange still has the duty to, under section 21 of the SFO, maintain an orderly, fair and informed market for the trading of securities. We consider that the retention of the obligation under the current Rule 13.09(1)(b) is necessary for us to discharge that statutory duty.
60. There may be circumstances where a piece of information is not inside information, but is information necessary to avoid a false market, e.g. where there are market rumours concerning an issuer which lead to unusual trading movements in its securities.
61. To alleviate some of the concerns voiced in the submissions received, we will modify the obligation. We will provide in the proposed Rule 13.09(1) that if "*in the view of the Exchange there is a false market*", an issuer must, as soon as reasonably practicable "*after consultation with the Exchange*", announce the information necessary to "*avoid*" a false market in its securities. This formulation is substantially similar to the language in the current Rule 13.09(1)(b) and is consistent with the existing practice.
62. We will also include a note to the proposed new Rule 13.09(1) that, if an issuer believes that there is likely to be a false market in its securities, it must contact the Exchange as soon as reasonably practicable.
63. We consider that the element of reasonableness is implied in the obligation under the new Rule 13.09(1). If issuers are not aware of information which is necessary to avoid a false market in the trading of its securities, the obligation under Rule 13.09(1) would not arise. We also refer to the explanation in paragraph 48 above.
64. Under the Inside Information Provisions, inside information must be disclosed as soon as reasonably practicable after it has come to a corporation's knowledge. As a result of the proposed new Rule 13.09(2)(a), the information must also be simultaneously announced under the Rules. Any obligation to announce the information under the new Rule 13.09(1) would have been discharged as a result of the issuer's announcement under the new Rule 13.09(2)(a).
65. We would stress, however, that there will be no overlap in enforcement of the Statutory Disclosure Obligation and the obligation under the new Rule 13.09(1). The enforcement policy in this regard is set out in the new Rule 13.05(3) and elaborated in paragraph 17 above.
66. If a disclosure obligation under the new Rule 13.09(1) has been triggered but an issuer is awaiting the SFC's decision on its waiver application in respect of inside information (i.e. it cannot announce the information promptly), it must apply for a trading halt under the proposed Rule 13.10A.

Conclusion

67. We consider it necessary to, and will, retain the obligation under the current Rule 13.09(1)(b) in the revised Rules.
68. However, we will modify the obligation as mentioned in paragraphs 61 and 62 above to address some of the concerns expressed.

Clarify the obligation to apply for a trading halt and the proposed new Rule 13.10A

69. We consulted on whether the obligation to apply for a trading halt should be clarified, and the proposed new Rule 13.10A. (*Consultation question 8*)
70. The proposed Rule 13.10A imposes an obligation on issuers to apply for a trading halt in any of the following circumstances where an announcement cannot be made promptly:
 - (a) where an issuer has information which must be disclosed under the proposed Rule 13.09; or
 - (b) an issuer reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or
 - (c) where confidentiality may have been lost in respect of inside information which (i) is the subject matter of an application to the SFC for a waiver from compliance with the Statutory Disclosure Obligation, or (ii) falls within any of the exceptions to the Statutory Disclosure Obligation in section 307D(2) of the SFO.

Comments received

71. The majority of the respondents (82%) agreed with the proposed clarification, and some considered that the clarification provides helpful guidance to issuers.
72. Whilst agreeing with this proposal, the following comments were offered, or queries raised:
 - (a) the rules should be amended to the effect that an issuer should be allowed to apply for a trading suspension or a trading halt but not just the latter⁹;
 - (b) trading halts should also be applicable to all disclosure obligations expected of an issuer under Chapter 14 and 14A of the Rules¹⁰; and

⁹ This comment was from a listed issuer.

¹⁰ This comment was from a professional body.

(c) to be consistent with the SFO and the proposed Rule 14.37(3), the proposed new Rule 13.10A(3) should be qualified by a reasonableness requirement (to read “*circumstances exist where it reasonably believes or it is reasonably likely that confidentiality may have been lost in respect of inside information...*”)¹¹ (proposed additions are underlined).

73. 9% of the respondents disagreed, and 3% neither agreed nor disagreed but offered comments. One respondent disagreed with this proposal, the reason being that the obligation to notify promptly is at odds with the regime whereby an announcement cannot be made during trading hours without a trading halt¹². One respondent agreed to clarify the obligation to apply for a trading halt, but disagreed with the proposed Rule 13.10A, as it considered that cross-references to Rule 13.09 in that rule appears to overlap with Rule 13.10A(2)¹³. One other respondent, although stated that it disagreed with our proposal (without giving reasons), commented that it agreed with the guidance on trading halts¹⁴.

Our response

74. We agree that issuers should be allowed to apply for a trading suspension or a trading halt but not just the latter.

75. Where applicable, we have proposed in the CP that the term “*trading suspension*” in Chapters 14 and 14A of the Rules be changed to “*trading halt*”. Please refer to the proposed Rule changes which appeared as appendices I and II to the CP.

76. We agree with the proposed changes in paragraph 72(c) above.

Conclusion

77. We will adopt the proposed Rule 13.10A, subject to incorporating the changes mentioned in paragraphs 74 and 76 above.

Trading halt if issuer reasonably believes there is inside information which requires disclosure under the SFO but it cannot disclose the information promptly and the proposed new Rule 13.10A(2)

78. We consulted on whether a trading halt will be required if an issuer reasonably believes there is inside information which requires disclosure under the SFO but it cannot disclose the information promptly, and on the proposed new Rule 13.10A(2). (*Consultation question 9*)

Comments received

79. 82% of the respondents agreed with this proposal, whereas 9% disagreed.

¹¹ This comment was from a professional body.

¹² This comment was from a listed issuer.

¹³ This comment was from a professional body.

¹⁴ This comment was from a professional body.

80. The comments from the respondents who disagreed with the proposal are substantially the same as those in paragraph 73 above.
81. One respondent¹⁵ disagreed, commenting that the circumstances where proposed Rule 13.10A(2) applies would already be covered by the proposed Rule 13.10A(1) because of the proposed Rule 13.09(2)(a). Rule 13.10A(2) should be triggered when there is an obligation to disclose under the Inside Information Provisions, rather than a “*reasonable belief*” that there is inside information. Likewise, the second point under the proposed revised Practice Note 11 (paragraph 3) would be covered under the first point under paragraph 3.
82. One respondent¹⁶ expressed doubt as to whether it would be necessary and appropriate for the Rules to cover the circumstances in this rule, as the SFC will enforce the Statutory Disclosure Obligation, and the SFC Guidelines set out a specific set of circumstances when issuers should consider applying for a trading suspension (i.e. when confidentiality of inside information has been lost and a holding or full announcement cannot be made). Further, this rule may be inconsistent with the steps the SFC expects an issuer to take when it possesses inside information which requires disclosure under the Inside Information Provisions. The proposed Rule 13.10A(2) may have the effect of imposing an obligation on issuers that appears to go beyond the Statutory Disclosure Obligation.
83. One respondent¹⁷ queried why there is still a need to disclose the information if one or more safe harbours under the Inside Information Provisions apply.

Our response

84. As explained in paragraph 23 of the CP, the new legislation does not specify whether a trading halt is required pending disclosure of inside information. Although the SFC Guidelines mention when issuers should apply for a trading suspension, the obligation is not one contained in the new legislation itself. The mechanism of trading halt in certain circumstances is necessary for maintaining an orderly, informed and fair market. We therefore consider that while the SFC has jurisdiction to enforce the Inside Information Provisions, the Rules should contain an obligation to apply for a trading halt where appropriate to ensure an orderly and fair market.
85. We also consider that, in respect of the proposed Rule 13.10A(2), the obligation should be on the issuer to form a reasoned view as to whether the information is inside information.
86. As explained in paragraph 46 above, an issuer will not be required to disclose information which is exempted from disclosure under the Inside Information Provisions.

Conclusion

87. We will therefore adopt the proposal.

¹⁵ This comment was from a practitioner.

¹⁶ This comment was from a professional body who disagreed with the proposed Rule 13.10A(2).

¹⁷ This comment was from a professional body.

88. We will also include a note to the new Rule 13.10A to provide the clarification in paragraph 86 above.

Include Rule 13.06A which imposes an obligation to preserve confidentiality of inside information until disclosure

89. We consulted on whether to include the proposed new Rule 13.06A which imposes an obligation on issuers and their directors to preserve confidentiality of inside information until disclosure. (*Consultation question 10*)

Comments received

90. 82% of the respondents agreed with the proposal. The reasons given included that it is clearly best practice, and reminds issuers of their obligation to maintain confidentiality which relates to the principles of avoiding selective disclosure. Whilst agreeing with the proposal, some respondents offered the comment in paragraph 91 below. 9% of the respondents disagreed with the proposal, mainly on the basis of the reason in paragraph 91.
91. Some respondents considered that the obligation to maintain strict confidentiality of inside information until it is announced should be qualified by a reasonableness requirement, i.e. issuers and their directors should only be required to “*take all reasonable steps*” (but not “*must*” as proposed) to maintain confidentiality. They referred to section 307D of the SFO which provides that, even if strict confidentiality is not maintained, provided that the issuer has taken reasonable measures to monitor the confidentiality of the information, and discloses the information as soon as reasonably practicable after it becomes aware of the leakage, the issuer would not be held in breach of the Statutory Disclosure Obligation. The Rules should therefore not impose an obligation stricter than that under the SFO.
92. One respondent¹⁸ therefore considered that there is a potential conflict between the proposed Rule 13.06A and the Statutory Disclosure Obligation, and that there is sufficient incentive under the SFO to maintain confidentiality of information.
93. One respondent¹⁹ considered that the use of reasonable endeavours should also apply to the proposed new Rule 13.06B.

Our response

94. Section 307D of the SFO applies only in respect of cases where one or more safe harbours from making disclosure in section 307D(2)(c) of the SFO applies, whereas our proposed Rule 13.06A applies to all situations before the information is announced (i.e. regardless of whether disclosure is exempted under the SFO). The SFO does not contain an obligation in the terms proposed by Rule 13.06A.

¹⁸ This comment was from a professional body.

¹⁹ This comment was from a practitioner.

95. Whilst confidentiality of information may be lost as a result of events beyond the control of an issuer, this would not be the case for an issuer (through its management) divulging information to a selected class or category of persons which is prohibited under the proposed Rule 13.06B.

Conclusion

96. We will adopt our proposal, subject to revising proposed Rule 13.06A by qualifying it with a reasonableness requirement, as proposed in paragraph 91. We will also delete the second sentence in the proposed Rule 13.06A.

Define Part XIVA of the SFO as “*Inside Information Provisions*”

97. We consulted on whether we should define Part XIVA of the SFO as “*Inside Information Provisions*”. (*Consultation question 11*)

Comments received

98. An overwhelming majority of the respondents (91%) agreed with this proposal. No respondent disagreed, and 9% of the respondents neither agreed nor disagreed and did not offer comments.

Conclusion

99. We will adopt this defined term.

Proposed changes to the defined terms in paragraphs 26(b) and 26(c) of CP

100. We consulted on the proposed changes to the defined terms in paragraphs 26(b) and 26(c) of the CP. (*Consultation question 12*) We proposed that, (a) in addition to adopting the terms “*Exchange Listing Rules*” and “*GEM Listing Rules*”, we also adopt the terms “*Listing Rules*” (for Main Board), “*GLR*” (for GEM), and “*Rules*”; and (b) we also refer to the Securities and Futures Ordinance simply as the “*Ordinance*”.

Comments received

101. The majority of the respondents (79%) agreed with the proposed changes. 6% disagreed, and another 6% neither agreed nor disagreed but offered comments.
102. Five respondents proposed changes or offered comments, as follows:
- (a) delete the term “*Exchange Listing Rules*”, and simply adopt the terms “*Listing Rules*” or “*Rules*”;
 - (b) the word “*Rules*” is too generic; the use of “*GLR*” as an alternative to “*GEM Listing Rules*” may also be inappropriate, as it is not readily identifiable with the GEM Listing Rules; and

- (c) prefer to have the term “*Securities and Futures Ordinance*” defined using its full name, or as the “*SFO*” as it is more familiar to readers, and delete the words “*for the purposes of Part XIVA of the Ordinance*” at the end of the definition of “*inside information*”.

Our response

103. The term “*Exchange Listing Rules*” is used throughout the Main Board Rules. The suggestion in paragraph 102(a) above will be further considered as and when a broader plain language rewrite of the Rules is undertaken.
104. We believe the term “*Rules*” and “*GLR*” are familiar to the market.
105. We agree with the suggestion in paragraph 102(c), and the proposed term “*the Ordinance*” will be deleted.

Conclusion

106. The revised Rules will reflect paragraph 105 above.

Proposed definition of the term “*trading halt*” and its use in the proposed Rule changes

107. We consulted on the proposed definition of the term “*trading halt*” and its use in the proposed Rule changes. (*Consultation question 13*)

Comments received

108. 82% of the respondents agreed with this proposal.
109. Three of the respondents who agreed with the proposal had the following comments or queries:
- (a) the drafting needs to be reconciled with the responses to the consultation paper on trading halt published on 27 July 2012 (“**Trading Halt Paper**”) where “*trading halt*” also means a brief halt post announcement for the purposes of the digestion of information by the market²⁰;
- (b) the requirement that a trading halt should not last more than two trading days should be spelt out in the body of the proposed Rule 13.10A, instead of leaving this important feature obliquely in the definition section of Chapter 1²¹; and
- (c) whether other features relating to trading halts proposed in the Trading Halt Paper will be reflected in the Rules (e.g. minimum duration of a halt and minimum trading time after lifting a halt)²².

²⁰ This comment was from a listed issuer.

²¹ Only one respondent made this comment.

²² This comment was from a practitioner.

110. 9% disagreed with the proposal for the following reasons:
- (a) it is over-technical to use different terms for different types of trading suspensions; use of the different terms (in Chinese) would create confusion; if a trading halt exceeds two trading days, it becomes a trading suspension technically and this will encourage unnecessary market speculation²³;
 - (b) it is unknown as to why a trading halt is restricted to no more than two trading days; if the halt exceeds two trading days, it is unclear whether an issuer is required to make a further announcement that the trading halt has become a trading suspension²⁴; and
 - (c) it may not be appropriate to pre-determine the definition without the benefit of knowing the market responses to and consultation conclusions of the trading halt proposal; if the trading halt arrangements cannot be introduced with the proposed Rule changes, it would be confusing to adopt the term “*trading halt*” rather than the term “*suspension*”²⁵.

Our response

111. The advantages of having trading halts have been discussed in the Trading Halt Paper. A first step to introduce the concept of “*trading halt*” to the market is to change the terminology for those trading suspensions which do not exceed two trading days. Whether the mechanism proposed in the Trading Halt Paper is to be adopted, and whether Rule changes will be required for its implementation, is still subject to market feedback. We believe that the adoption of the term in this context will facilitate that process.
112. If the trading halt exceeds two trading days, it will automatically become a trading suspension. We will include a note to the definition of the term “*trading halt*” to make this clear. There is no need for an issuer to issue a further announcement if a trading halt becomes a trading suspension.

Conclusion

113. We will implement our proposal with the note mentioned in paragraph 112 above included.

Proposal to replace the term “*price sensitive information*” in the Rules with the term “*inside information*”

114. We consulted on whether the term “*price sensitive information*” in the Rules should be replaced with the term “*inside information*”. (*Consultation question 14*)

²³ This comment was from a professional body.

²⁴ This comment was from a listed issuer.

²⁵ This comment was from a professional body.

Comments received

115. An overwhelming majority of the respondents (88%) supported, and no respondent disagreed with, this proposal. 12% neither agreed nor disagreed.

Conclusion

116. We will adopt this proposal.

Proposal to retain provisions such as Rules 10.06(2)(e) and 17.05 by replacing the term “price sensitive information” with the term “inside information”

117. We consulted on our proposal to retain provisions such as Rules 10.06(2)(e) and 17.05 by replacing the term “*price sensitive information*” with the term “*inside information*” although their enforcement would require the Exchange’s interpretation of whether certain information is inside information. (*Consultation question 15*)

Comments received

118. The majority of the respondents (79%) supported this proposal.
119. 6% of the respondents disagreed. The reasons given were that (a) “*the context is slightly different here*” (and reference was made to paragraph 10(c) of the CP); and (b) the Exchange would need to interpret whether certain information is inside information and whether it has come to the issuer’s knowledge at the relevant time to determine whether the issuer has breached the Statutory Disclosure Obligation, and the SFC should deal with these matters.
120. A number of respondents expressed their expectation that the Exchange will apply Market Misconduct Tribunal (“**MMT**”) decisions and SFC guidelines in interpreting “*inside information*” to ensure consistency (some suggested that a note be included to reflect this), or that the Exchange will interpret “*inside information*” for the purposes of the Rules in a way consistent with past practices.

Our response

121. The Exchange’s interpretation of the term “*inside information*” would be for considering whether a breach of the relevant Rule provisions, e.g. Rules 10.06(2)(e) and 17.05, but not the Statutory Disclosure Obligation, has taken place.

Conclusion

122. In view of the majority support, we will implement this proposal. We will also include a note to the defined term “*inside information*” in Rule 1.01 that the Exchange, when interpreting whether a piece of information may be “*inside information*” in the context of enforcing the Rules, will be guided by published MMT decisions and SFC guidelines.

Proposal to delete references to the obligation to disclose information under the current general disclosure obligation and in particular, Rules 13.09(1)(a) and (c)

123. We consulted on our proposal to delete references to the obligation to disclose inside information under the current general disclosure obligation and in particular, Rules 13.09(1)(a) and (c). (*Consultation question 16*)

Comments received

124. An overwhelming majority of the respondents (91%) agreed with this proposal. No respondent disagreed, and 9% neither agreed nor disagreed.

Conclusion

125. We will adopt this proposal.

Proposal to create specific rules in respect of those matters which are currently discloseable under the general disclosure obligation

126. We consulted on our proposal to create specific rules in respect of those matters which are currently discloseable under the general disclosure obligation, i.e. the proposed new Rules 13.24A, 13.24B, and the revised Practice Notes 15 and 17. (*Consultation question 17*)

Comments received

127. Most respondents (78%) supported the proposal.
128. 9%²⁶ disagreed as they considered that the proposed new rules would overlap with the SFO or the SFC Guidelines.
129. One respondent²⁷, whilst agreeing with the overall proposal, disagreed with elevating the current notes 9 to 10 to Rule 13.09(1) to the proposed new Rule 13.24B, as it considered that material matters impacting on profit forecasts are likely to be inside information under the SFO and would therefore best be left for interpretation by the SFC.
130. One other respondent²⁸, while agreeing with the proposal, suggested that, to reflect the Exchange's intention, Rule 13.24A should expressly mention that the suspension is a result of failing to comply with Rule 13.24.

Our response

131. As pointed out in paragraph 26 above, the obligation under the proposed Rule 13.24B does not conflict with the obligation under the Inside Information Provisions, and we consider it necessary for maintaining an orderly, informed and fair market for the trading of securities.

²⁶ One issuer and two professional bodies.

²⁷ This comment was from a practitioner.

²⁸ This comment was from a practitioner.

132. We did not intend to confine the proposed Rule 13.24A to suspensions as a result of failing to comply with Rule 13.24.

Conclusion

133. Given the majority support, we will adopt the proposal.

Proposed changes to the provisions and the Listing Agreements in respect of the issue of debt securities

134. We consulted on our proposed changes to the provisions and the Listing Agreements in respect of the issue of debt securities. (*Consultation question 18*)

Comments received

135. Most respondents (78%) agreed with our proposed changes. 3% disagreed; 19% neither agreed nor disagreed.²⁹
136. Two respondents commented that, as issuers' obligations on disclosing inside information are in the SFO, it should only be necessary to make the changes to the issuer's obligations that are not included in the SFO³⁰.
137. One respondent³¹ raised issues concerning:
- (a) the interpretation and application of the Statutory Disclosure Obligation in respect of structured products involving debt securities (in the context of the proposed Rule 13.09(2)(a) requiring issuers to announce inside information simultaneously as disclosure is made under the Inside Information Provisions);
 - (b) the necessity for some of the proposed Rule changes in Chapter 37 as that chapter concerns the issue of debt securities to professional investors (who are sophisticated and require less protection than those investing in equity securities), and that debt securities are invariably not traded on the Exchange but only traded on the OTC market for settlement through the relevant clearing systems; and
 - (c) some of the wording of the proposed revised Rules.

Our response

138. Our intention is that, except where the circumstances justify, the proposed changes to the provisions and the Listing Agreements in respect of the issue of debt securities mirror those made to the Rule provisions regarding equity securities.

²⁹ Out of these 19% of the respondents, two offered comments.

³⁰ This comment was from an issuer who disagreed with the proposal. A professional body did not expressly indicate whether it agreed or disagreed with this proposal, but offered the same comment.

³¹ This comment was from a practitioner.

139. The proposed new Rule 13.09(2)(a) (and the corresponding proposed rules made to the provisions and the Listing Agreements regarding the issue of debt securities) is to ensure that inside information disclosed under the Inside Information Provisions will be simultaneously announced for the information of the investing public. Whether a piece of information is inside information and needs to be disclosed under the Inside Information Provisions is a matter of interpretation and application of the SFO which is under the jurisdiction of the SFC.
140. In respect of Chapter 37, we agree that some of the changes proposed to the Rules regarding equity securities may not be necessary for the reasons in paragraph 137(b) above. A drafting principle for the rules generally including changes to Chapter 37 is to, as far as possible, minimise any changes to be made whilst at the same time ensure that investor protection is not compromised as a result of the changes made consequential on the implementation of the Inside Information Provisions. We will therefore not adopt Rules 37.47C, 37.47D and 37.47E as proposed in the CP. We will also modify the wording of the proposed Rule which imposes an obligation to apply for a trading halt under certain circumstances (currently becomes Rule 37.47C).
141. We have also made some drafting changes to address some of the comments made, as appropriate.

Conclusion

142. Given the overwhelming support, we will implement the proposed changes, subject to the changes which we will make to the equivalent provisions regarding equity securities, those mentioned in paragraph 140, and some drafting changes to address some of the comments made.

Proposal to clarify the obligation on guarantors of debt securities to disclose information which may have a material effect on their ability to meet the obligations under the debt securities

143. We consulted on our proposal to clarify the obligation on guarantors of debt securities to disclose information which may have a material effect on their ability to meet the obligations under the debt securities. (*Consultation question 19*)

Comments received

144. The majority of the respondents (84%) agreed with this proposal. No respondents disagreed, and 16% neither agreed nor disagreed and did not offer comments.

Conclusion

145. We will adopt this proposal.

Plain writing amendments

146. We consulted on the plainer writing amendments and whether any part(s) of those amendments will have unintended consequences. (*Consultation question 20*)

Comments received

147. Some respondents (16%) offered drafting comments. No respondent considered that our proposed plain language amendments will have unintended consequences.
148. One respondent³² suggested that, the references to “*manager*” and “*officer*” in the proposed new Rule 13.51(2)(v) should be deleted as they are generic terms that are hard to define. Further, including these positions would make the disclosure obligations too burdensome as the provision seeks to include all historical MMT findings without any time limit.

Our response

149. The terms “*manager*” and “*officer*” are also used in other sub-rules of Rule 13.51(2), e.g. sub-rules (l), (p) and (q), and other provisions under Rule 13.51(2)(n), e.g. Rules 13.51(2)(n)(ii) and (iv). In addition, the term “*officer*” is defined in the SFO. Although the SFO does not contain a definition of the term “*manager*”, the SFC Guidelines (paragraph 53) contains some guidance as to who may be considered a “*manager*” in the context of the Inside Information Provisions.
150. We disagree with the concern about disclosing all historical MMT findings under the proposed Rule 13.51(2)(v). Only findings of breach(es) of an obligation under the Inside Information Provisions, which will only take effect from 1 January 2013, will need to be disclosed. The other disclosure obligations concerning findings of breaches of the SFO or other securities or financial markets laws, rules or regulations in Rules 13.51(2)(n), (i) to (iv) also do not contain a time limit on the findings of breaches which require disclosure.

Conclusion

151. Drafting comments will be adopted as appropriate.

Other comments: Proposed new Rule 13.09(2)(b)

Comment received

152. One respondent³³ commented that the proposed new Rule 13.09(2)(b) is unnecessary because it is not the Exchange’s responsibility to deal with the waiver applications under the Inside Information Provisions and therefore they and the SFC’s decisions need not be copied to the Exchange.

Our response

153. Knowledge of the inside information, the waiver applications and the SFC’s decisions is necessary for the Exchange to monitor the market to discharge its statutory obligation under section 21 of the SFO. This is particularly important in the context of our monitoring the market under Rule 13.10.

³² This comment was from a practitioner.

³³ This comment was from a listed issuer.

Conclusion

154. We will therefore not delete this proposed rule.

APPENDIX I: MAIN BOARD LISTING RULE AMENDMENTS

Chapter 1

GENERAL

INTERPRETATION

1.01 Throughout this book, the following terms, save where the context otherwise requires, have the following meanings:

“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 thereto~~, any listing agreement or other contractual arrangement entered into with any party under them pursuant thereto, and rulings of the Exchange made ~~in pursuance thereof~~ under them

“inside information” has the meaning defined in the Securities and Futures Ordinance as amended from time to time

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

“Securities and Futures Ordinance” or “SFO” the Securities and Futures Ordinance (Cap. 571) as amended from time to time

“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.

Chapter 2

GENERAL

INTRODUCTION

General principles

- 2.03 The Exchange 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:—
- (2) ...
 - (3) investors and the public are kept fully informed by listed issuers and, in the case of a guaranteed issue, the guarantors of ~~all~~ material factors which might affect their interests—~~and in particular that immediate disclosure is made of any information which might reasonably be expected to have a material effect on market activity in, and the prices of, listed securities;~~
 - (4) ...

Use of Electronic Means

- 2.07C (1) (a) (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.
- 2.07C (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 ~~4:00~~ 12:30 p.m. and 4:15 p.m. on a normal business day ~~provided that the reference to 1:00 p.m. shall be changed to 12:30 p.m. with effect from 5 March 2012;~~ and
 - between 8:30 a.m. and 12:00 noon 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 ~~pursuant to~~ under rule 2.07C(1)(a)(iv);
- (iii) announcements made solely ~~pursuant to~~ under rule ~~13.09(2)~~ 13.10B, or paragraph 2(2) of Parts C, D, E or H of Appendix 7;
- (iv) announcements made in response to the Exchange's enquiries of the issuer unusual movements in price or trading volume under rule 13.10, or paragraph 24 of Part C of Appendix 7, paragraph 11 of Part G of Appendix 7, or paragraph 26 of Part H of Appendix 7 ~~provided that if~~ in the announcement the issuer only provides the negative confirmations required under rule 13.10(2), or paragraph 24(2) of Part C of Appendix 7, or paragraph 11 of Part G of Appendix 7, or paragraph 26(2) of Part H of Appendix 7, states that it is not aware of any matter which might have relevance to such movement or refers to its previously published information;
- (v) announcements made in response to media news or reports under rule 13.09(1)~~(b)~~, paragraph 2(1)(b) of Part C, D, E or H of Appendix 7 or paragraph 4(3) of Part G of Appendix 7 ~~provided that 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) ...

- 2.07C (6) (a) ~~After 24 June 2008, e~~ Every issuer must have its own website on which it must publish any announcement, notice or other document published ~~by the issuer pursuant to this~~ under rule 2.07C on the Exchange's website. ~~Such~~ The publication should be at the same time as publication of the electronic copy of the document on the Exchange's website...
- (b) ...
- (c) ~~Prior to 25 June 2008, an issuer that does not have its own website must publish the announcement or notice in the newspapers on the business day next following submission of the announcement or notice to the Exchange for publication. This requirement to publish an announcement or notice in the newspapers does not apply to:~~ [Repealed 1 January 2013]

- ~~(i) announcements made by an issuer solely pursuant to rule 2.07C(1)(a)(iv);~~
- ~~(ii) announcements made solely pursuant to rule 13.43;~~
- ~~(iii) announcements made solely pursuant to rule 13.09(2), or paragraph 2(2) of Parts C, D, E or H of Appendix 7;~~
- ~~(iv) announcements made in response to unusual movements in price or trading volume under rule 13.10, or paragraph 24 of Part C of Appendix 7, paragraph 11 of Part G of Appendix 7, or paragraph 26 of Part H of Appendix 7 provided that in the announcement the issuer only states that it is not aware of any matter which might have relevance to such movement or refers to its previously published information; and~~
- ~~(v) announcements made in response to media news or reports under rule 13.09(1)(b), paragraph 2(1)(b) of Part C, D, E or H of Appendix 7 or paragraph 4(3) of Part G of Appendix 7 provided that 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.~~

Transitional Arrangement

2.17A ~~The following provisions set out transitional arrangements with regard to dissemination of issuers' information for the purpose of these Exchange Listing Rules and shall cease to have effect on such date as the Exchange may determine and promulgate. [Repealed 1 January 2013]~~

~~(1) Where:~~

~~(a) an issuer is required under these Exchange Listing Rules to publish an announcement or notice in accordance with rule 2.07C; and~~

~~(b) the announcement or notice is not published in the newspapers,~~

~~the issuer must, subject to rule 2.17A(3), publish a notification in the newspapers in addition to complying with the requirements under rule 2.07C.~~

~~*Note: Under these transitional arrangements, notifications, rather than the announcements or notices, will in most cases be published in the newspapers. However, there are cases where it is the announcement or notice that is published in the newspapers. This occurs where the issuer itself chooses to do so pursuant to rule*~~

~~2.17A(7) or where it is required to do so under a specific requirement in these Exchange Listing Rules (e.g. rule 2.07C(6)(c)).~~

- ~~(2) Publication of the notification in the newspapers must be on the business day next following submission of the electronic copy of the announcement or notice to the Exchange for publication on the Exchange's website.~~

~~Notes: (1) This is so that the announcement or notice will be on the Exchange's website by the time the notification is published in the newspapers. Issuers that are unable to meet this rule requirement will in individual circumstances need to contact the Exchange at the earliest opportunity.~~

~~(2) Please refer to rule 2.07C for the requirements governing the submission of the electronic copy of the announcement or notice to the Exchange for publication.~~

- ~~(3) The requirement in rule 2.17A(1) to publish a notification in the newspapers does not apply to:~~

~~(i) announcements made by an issuer solely pursuant to rule 2.07C(1)(a)(iv);~~

~~(ii) announcements made solely pursuant to rule 13.43;~~

~~(iii) announcements made solely pursuant to rule 13.09(2), or paragraph 2(2) of Parts C, D, E or H of Appendix 7;~~

~~(iv) announcements made in response to unusual movements in price or trading volume under rule 13.10, or paragraph 24 of Part C of Appendix 7, paragraph 11 of Part G of Appendix 7, or paragraph 26 of Part H of Appendix 7 provided that in the announcement the issuer only states that it is not aware of any matter which might have relevance to such movement or refers to its previously published information; and~~

~~(v) announcements made in response to media news or reports under rule 13.09(1)(b), paragraph 2(1)(b) of Part C, D, E or H of Appendix 7 or paragraph 4(3) of Part G of Appendix 7 provided that 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.~~

- ~~(4) The notification must set out no less (and no more) than:~~

- ~~(a) — a statement that the announcement or notice containing details of the matter 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 notification);~~
 - ~~(b) — a statement that the notification merely serves to advise investors of the matter and of the publication of the announcement or notice on the Exchange’s website and the issuer’s own website;~~
 - ~~(c) — a warning statement that the notification does not contain information upon which an investment decision should be based and should not be relied upon by investors for such purpose;~~
 - ~~(d) — a statement that investors should refer to the announcement or notice for details of the matter;~~
 - ~~(e) — a statement as to where the announcement or notice is available for inspection, that such inspection is available to the public at no charge, as to the hours of such inspection and days on which such inspection is available and the amount of any fee charged for providing copies (see rule 2.17A (9) below);~~
 - ~~(f) — in a prominent position at the top of the notification, all such headlines as may be appropriate (or, where multiple headlines, only those headlines which together best describe the subject matter of the announcement or notice), selected by the issuer from the list of headlines set out in Appendix 24;~~
- ~~Notes: (1) For the purpose of submission of the announcement or notice through HKEx EPS for publication on the Exchange’s website pursuant to rule 2.07C(3), all appropriate headlines must be selected regardless of the number.~~
- ~~(2) In cases of doubt, the issuer should consult the Exchange at an early stage.~~
- ~~(g) — in a prominent position at the top of the notification, the same title as appears in the announcement or notice; and~~
 - ~~(h) — such other information as the Exchange may from time to time require.~~
- ~~(5) — Notwithstanding the provisions of rule 2.14, the issuer does not need to include the names of its directors in the notification.~~

- ~~(6) The notification must be of a size of not less than 8 centimetres by 10 centimetres.~~
- ~~(7) The issuer may publish the announcement or notice in the newspapers instead of a notification.~~
- ~~(8) The notification does not require clearance from the Exchange prior to publication.~~
- ~~(9) Where an issuer has published a notification in the newspapers, it must make the announcement or notice available for inspection during business hours at no charge at its principal place of business in Hong Kong (in the case of a listed issuer) or at a location in the Central and Western District, Wanchai District, Eastern District or Yau Tsim Mong District of Hong Kong (in the case of a listed issuer or new applicant). The inspection period must commence on the day on which the notification is published in the newspapers. It must continue for at least one month or until such time as the relevant corporate communication is sent to shareholders by the listed issuer or distributed to the public in the case of a new applicant, whichever is the later. If no corporate communication is to be issued, it must be for at least 10 consecutive business days. The issuer may charge reasonable fees for providing copies of the announcement or notice to any person.~~

Chapter 3A

GENERAL

SPONSORS AND COMPLIANCE ADVISERS

Sponsor's declaration

- 3A.15 Having made reasonable due diligence inquiries, each sponsor must confirm that it has reasonable grounds to believe and does believe that:
- (2) the new applicant is in compliance with all the conditions in Chapter 8 of the Exchange Listing Rules, in particular, ...
 - (3) ...
 - (4) ...
 - (5) 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 to comply with 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 16, and the Inside Information Provisions) and which are sufficient 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 before and after listing; and

- (6) the directors of the new applicant collectively have the experience, qualifications and competence to manage the new applicant's business and comply with the Exchange Listing Rules,including an understanding of the nature of their obligations and those of the new applicant as an issuer under the Exchange Listing Rules

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) an issuer fails, in a manner which the Exchange considers material, to comply with the Exchange Listing Rules; or
- (2) the Exchange considers there are insufficient securities in the hands of the public (see rule 8.08(1)); or
- (3) the Exchange considers that the issuer does not have a sufficient level of operations or sufficient assets to warrant the continued listing of the issuer's securities (see rule 13.24); or
- (4) the Exchange considers that the issuer or its business is no longer suitable for listing.

Trading halt or Suspension

6.02 Any request for a trading halt or suspension must be made to the Exchange by the issuer or ~~the issuer's~~ 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. ~~whether or not trading in the issuer's securities should be suspended.~~

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 ~~issue of issuer publishing an announcement by the issuer~~ 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 ~~in accordance with rule 2.07C~~ instead. Failure by an issuer to do so may result in disciplinary proceedings being brought against the issuer and its directors with the Exchange imposing sanctions available under rule 2A.09. ~~a public statement of criticism by the Exchange directed at the issuer.~~

(2) See Practice Note 11

6.03 The ~~burden shall be on the issuer~~ requesting a trading halt or suspension of trading in its securities has the obligation to satisfy the Exchange 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 ~~in accordance with rule 2.07C~~ 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 ~~temporary suspension trading halt~~ pending an announcement) the ~~suspension 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 ~~of the issuer of securities suspended from trading~~ to ensure that trading in its securities resumes as soon as practicable following the publication of an appropriate announcement ~~in accordance with rule 2.07C~~ or when the specific reasons given by the issuer ~~in~~

~~support of supporting~~ its request for a trading halt or suspension of trading in its securities, ~~pursuant under~~ to 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 ~~of the relevant securities~~ shall notify the Exchange of:

(1) any change in circumstances affecting the reasons provided to the Exchange ~~in support of supporting~~ the trading halt or suspension ~~pursuant to 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 ~~of dealing in the issuer's securities~~ should be continued.

Note: (1) It is the issuer's responsibility ~~of the issuer of the suspended securities~~ to provide the Exchange with all relevant information, which is within the issuer's knowledge, ~~of issuer,~~ to enable the Exchange to ~~take~~ make an informed decision whether or not the trading halt or suspension of trading in ~~that~~ 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 ~~a listed~~ an issuer to publish an announcement, ~~in accordance with rule 2.07C,~~ 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 ~~by the Exchange~~ notifying the resumption of trading in the halted or suspended securities.

6.08 The Exchange's power ~~conferred upon the Exchange by~~ under Rule 6.07 shall not be exercised without first giving the issuer ~~of the suspended securities~~ the

opportunity of being heard in accordance with ~~Rule~~ 2B.07(6). At any hearing ~~in connection with~~ concerning a direction ~~pursuant to~~ under ~~Rule~~ 6.07, ~~the burden shall be on~~ the issuer opposing the resumption of trading in its securities ~~to~~ 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 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.

(3) See Practice Note 11.

6.09 The Exchange's power ~~conferred upon the Exchange by~~ under ~~Rule~~ 6.07 shall be exercised without prejudice to ~~the~~ its ability ~~of the Exchange~~ 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 an issuer or its business is no longer suitable for listing it will publish an announcement naming the issuer and specifying the period within which the issuer must have remedied those matters which have rendered it unsuitable for listing. Where appropriate the Exchange will suspend dealings in the issuer's securities, ~~of the issuer~~. If the issuer fails to remedy those matters within the specified period, ~~set out in the announcement~~ the Exchange will cancel the listing. Any proposals to remedy those matters will be treated as if they were an application for listing from a new applicant for all purposes and the issuer will be required (inter alia) to issue a listing document which contains all of the specific items of information set out in Part A of Appendix 1 and pay the initial listing fee.

Chapter 9

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

9.08 All publicity material released in Hong Kong relating to an issue of securities by a new applicant ~~must be reviewed by the Exchange before release and~~ must not be released until the Exchange has reviewed it and confirmed to the issuer that it has no ~~further~~ comments thereon. In addition, ~~such~~ the publicity material must comply with all ~~applicable~~ statutory requirements. For these purposes, 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. Moreover, circulation is permitted of documents of a marketing nature such as the invitation or offering document telex (or its equivalent ~~in another medium~~) and documents which consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the securities, provided that any obligations created thereunder to issue, subscribe, purchase or underwrite the securities are conditional on listing being granted. ~~Such~~ 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 ~~prior to~~ before the Listing Committee's meeting of the Listing Committee held to consider ~~such~~ the application must state that application has been or will be made to the Exchange for listing of and permission to deal in the securities concerned. Where any material relating to a proposed listing by a new applicant is released without the Exchange's prior review by the Exchange before the Listing Committee's meeting of the Listing Committee to consider the application, the Exchange may delay the timetable for the proposed ~~meeting of the Listing Committee~~ meeting by up to a month. If this will result in the Form A1 being more than six months old, the applicant may have to re-submit the application with the initial listing fee (see rule 9.03(1)).

~~Listed~~ Issuers must endeavour to ensure that the proposed listing (and all details thereof) are kept confidential ~~prior to~~ before the announcement concerning the proposed listing. This is particularly important where an listed issuer plans to "spin off" part of its business in a separate listing. Where the Exchange believes that an listed issuer or its advisers have permitted ~~price sensitive~~ inside information regarding the issue of new securities to leak, ~~prior to~~ before its announcement proper publication, the Exchange will not normally consider an application for the listing of those securities.

Chapter 10

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

10.06 (2) Dealing Restrictions

- (d)
- (e) an issuer shall not purchase its shares on the Exchange at any time after ~~a price sensitive development has occurred or has been the subject of a decision~~ inside information has come to its knowledge until ~~such time as~~ the ~~price sensitive~~ information is made publicly

available. In particular, during the period of one month 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 Exchange 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 Exchange Listing Rules); and
- (ii) the deadline for the issuer to ~~publish an announcement of~~ its results for any year or half-year under the Exchange Listing Rules, or quarterly or any other interim period (whether or not required under the Exchange 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) ...

Chapter 13

EQUITY SECURITIES

CONTINUING OBLIGATIONS

Preliminary

13.01 An issuer shall comply (and undertakes ~~by pursuant to~~ its application for listing (Form A1 of Appendix 5), once any of its securities have been admitted to listing, to comply) with the Exchange Listing Rules in force from time to time ~~in force~~.

13.02 ~~This Chapter sets out certain of the continuing obligations which an issuer is required to must observe once any of its securities have been admitted to listing. Additional continuing obligations are set out in the following Chapters: [Repealed 1 January 2013]~~

~~Chapter 3 — Authorised Representatives and Directors~~

~~Chapter 3A — Sponsors and Compliance Advisers~~

~~Chapter 4 — Accountants' Reports and Pro Forma Financial Information~~

~~Chapter 6 — Suspension, Cancellation and Withdrawal of Listing~~

~~Chapter 8 — Qualifications for Listing~~

~~Chapter 10 — Restrictions on Purchase and Subscription~~

~~Chapter 11 — Listing Documents~~

~~Chapter 12 — Publication Requirements~~

~~Chapter 14 — Notifiable Transactions~~

~~Chapter 14A — Connected Transactions~~

~~Appendix 16 — Disclosure of Financial Information.~~

~~Additional and alternative requirements relating to continuing obligations are set out in Chapters 18, 19, 19A, 19B, 20 and 21 dealing with mineral companies, overseas issuers, issuers incorporated in the People's Republic of China, issuers of depositary receipts, authorised Collective Investment Schemes and investment companies.~~

~~The continuing obligations applicable to issuers having debt securities in issue are set out in the listing agreement set out in Parts C, D and E of Appendix 7.~~

- 13.03 ~~The continuing obligations set out in this Chapter are primarily designed 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 any applicable continuing obligation may result in the Exchange taking disciplinary action in addition to its power to suspend or cancel a listing.~~
- 13.04 ~~The An issuer's directors of an issuer are collectively and individually responsible for ensuring the issuer's full compliance with the Exchange Listing Rules.~~

DISCLOSURE

Introduction

- 13.05 ~~The continuing obligations relating to disclosure set out in this Chapter are designed to ensure the immediate release of information in the circumstances referred to in rule 13.09. The guiding principle is that information which is expected to be price sensitive should be released immediately it is the subject of a decision. Until that point is reached, it is imperative that the strictest security within the issuer and its advisers is observed.~~

- (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 ~~Without prejudice to the generality of rule 13.09, this Chapter identifies specific circumstances in which an issuer is obliged to disclose information to the holders of its securities and the public.~~

~~*Note: The specific circumstances identified in this Chapter are not alternatives to the general disclosure obligation set out in rule 13.09 and do not in any way detract from the issuer's responsibilities under rule 13.09.*~~

- (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 ~~In adhering to the continuing obligations relating to disclosure set out in this Chapter, the~~ An issuer and its directors of an issuer must seek to ensure that dealings do not take place between parties one of whom does not have price-sensitive inside information which ~~is in the possession of the other possesses.~~
- 13.08 ~~In order to~~To maintain high standards of disclosure, the Exchange may require an issuer to announce the publication of further information, by and impose additional requirements on it, an issuer when it the Exchange considers that circumstances so justify, but However, the Exchange will allow representations by the issuer to make representations before imposing any such requirements on it which are not imposed on issuers generally. The issuer must comply with the additional such requirements failing which and, if it fails to do so, the Exchange may (where such requirements relate to the publication of information) itself publish the information when such information is available to it the Exchange. Conversely, the Exchange may waive, modify or not require compliance with the terms of any specific obligations set out in this Chapter in to suit the circumstances of a particular case, but may require the issuer concerned to enter into an agreement or undertaking, in that event, as a condition of any such dispensation.

General obligation of disclosure

- 13.09 (1) ~~Generally and apart from compliance with all the specific requirements in this Chapter, an issuer shall keep the Exchange, members of the issuer and other holders of its listed securities informed as soon as reasonably practicable of any information relating to the group (including information on any major new developments in the group's sphere of activity which is not public knowledge) which:~~
- ~~(a) is necessary to enable them and the public to appraise the position of the group; or~~
 - ~~(b) is necessary to avoid the establishment of a false market in its securities; or~~
 - ~~(c) might be reasonably expected materially to affect market activity in and the price of its securities.~~

Notes: 1 Information should not be divulged outside the issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons.

~~Information should not be released in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information. Without in any way derogating from these principles, companies may, in appropriate circumstances, give advance information in strict confidence to persons with whom negotiations are taking place with a view to the making of a contract or the raising of finance, e.g. to prospective underwriters of an issue of securities or providers of funds on loan. In any such case the persons receiving such information will be expected not to deal in the issuer's securities until the information has been released.~~

- ~~2. When developments are on hand which are likely to have a significant effect on market activity in or the price of any listed securities, **it is the direct responsibility of the directors to ensure that such information is kept strictly confidential until a formal announcement is made.** To this end the directors must ensure that the strictest security is observed within the issuer and its advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be made. In the case of an approach which may lead to an offer for all or part of the listed securities of the issuer, unless security by all parties can be assured, a warning announcement should be issued indicating that the issuer is in discussions which may lead to an offer for those securities. The lack of a warning announcement in some situations may lead to the establishment of a false market. In merger and takeover transactions, particularly where no warning announcement has been issued, a temporary suspension of dealings will normally be required where negotiations have reached a point at which an offeree company is reasonably confident that an offer will be made for its shares or where negotiations or discussions are extended to embrace more than a small group of people.~~
- ~~3. The issuer may be obliged (by statute or otherwise) to impart information to a third party. If such information thereby enters the public domain and is of a price sensitive nature, it should be simultaneously released to the market.~~
- ~~4. The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the issuer's listed securities. The overriding principle is that information which is expected to~~

~~be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings.~~

- ~~5.— Any obligation to inform holders of the issuer's securities or the public will be satisfied by the information being published in an announcement in accordance with rule 2.07C except where this Chapter requires some other form of notification.~~
- ~~6.— Where it is proposed to announce at any meeting of holders of listed securities information which might affect the market price of the issuer's securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting.~~
- ~~7.— If the directors consider that disclosure of information to the public might prejudice the issuer's business interests, the Exchange must be consulted as soon as possible.~~
- ~~8.— Information should be released before the stage when it needs to be made available outside the directors, employees and advisers necessarily concerned. The date of the requisite board meeting should be fixed with this consideration in mind; if a suitable date cannot be fixed, it may be necessary for the board to delegate its power of approval to a committee so that the appropriate announcement can be made at the proper time.~~
- ~~9.— If, during the profit forecast period, an event occurs which, had it been known at the time 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 shall notify shareholders promptly of the occurrence of such event. In any such announcement the issuer shall give an indication of its view of the likely impact of that event on the profit forecast.~~
- ~~10.— If:—
 - ~~(i) — income or loss generated by some activity outside the ordinary and usual course of its business; and~~
 - ~~(ii) — which income or loss was not disclosed as anticipated in the document in which the profit forecast was contained;~~~~

~~contributes materially in the calculation of the profits for the period to which the profit forecast related, then this information must be disclosed to shareholders, including an indication of the level to which such unusual activity has contributed to the profit achieved.~~

~~A disclosure obligation arises as soon as the issuer becomes aware that it is likely that the contribution in the calculation of profits made or to be made by income or loss generated or to be generated as aforesaid will be material.~~

~~11. The issuer must notify the Exchange, members of the issuer and other holder of its listed securities without delay where:~~

~~(i) to the knowledge of the directors there is major market upheaval in the industries, countries or regions where the issuer has significant operations or transactions, or significant changes in exchange rates of currencies that are key to its operations; or~~

~~(ii) to the knowledge of the directors there is such a change in the issuer's financial condition or in the performance of its business or in the issuer's expectation of its performance that knowledge of the change is likely to lead to substantial movement in the price of its listed securities; or~~

~~(iii) the issuer has committed significant resources to an activity which is non core business and this has not previously been disclosed.~~

~~It is the responsibility of the directors of the issuer to determine what information is material in the context of the issuer's business, operations and financial performance. The materiality of information varies from one issuer to another according to the size of its financial performance, assets and capitalisation, the nature of its operation and other factors. An event that is "significant" or "major" in the context of a smaller issuer's business and affairs is often not material to a large issuer. The directors of the issuer are in the best position to determine materiality. The Exchange recognises that decisions on disclosure require careful subjective judgements, and encourages issuers to consult the Exchange when in doubt as to whether disclosure should be made.~~

(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.

~~(2) If securities of the issuer are also listed on other stock exchanges, the Exchange must be simultaneously informed of any information released to any of such other exchanges and the issuer must ensure that such information is released to the market in Hong Kong at the same time as it is released to the other markets.~~

~~Note: This includes any information released by a subsidiary of the issuer to another stock exchange on which that subsidiary is listed or another market, if that information is discloseable by the issuer under this Chapter.~~

Response to enquiries

13.10 ~~Where the Exchange makes enquiries An issuer shall respond promptly to any enquiries made of the issuer by the Exchange concerning unusual movements in the price or trading volume of its~~ 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: by

(1) ~~giving~~ provide to the Exchange and, if requested by the Exchange, announce, any such relevant information relevant to the subject matter(s) of the enquiries which as is available to it, so as to inform the market or to clarify the situation; ~~the issuer 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, appropriate, by issuing make an announcement in accordance with rule 2.07C containing a statement to the that effect (see note 1 below), 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 and shall also respond promptly to any other enquiries made of the issuer by the Exchange.

Notes: 1. —~~If the enquiry relates to unusual movements in the price or trading volume of securities and the directors of the issuer are aware of any matter that might have relevance to such movements, an announcement clarifying the situation must should be issued in accordance with rule 2.07C. If it is not possible to make such an announcement a temporary suspension of dealings in the issuer's securities may be necessary.~~

2. —~~If the directors of the issuer are not aware of any matter that might have relevance to such movements (and only in such circumstances) the issuer should issue an announcement in accordance with rule 2.07C in the following form:~~

1. The form of the announcement referred to in rule 13.10(2) is as follows:-

“This ~~announcement statement~~ 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]. ~~and wish to state that~~ 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~~such [increases/decreases].~~

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.

GENERAL SPECIFIC MATTERS RELEVANT TO THE ISSUER'S BUSINESS

13.11 (1) ~~Without prejudice to any obligation to disclose information pursuant to rule 13.09 and without limiting the scope of that rule, r~~ Rules 13.12 to 13.19 set out specific instances that give rise to a disclosure obligation on ~~the part of an issuer's part.~~

Note: ~~Issuers are reminded that t~~ Transactions and financing arrangements of the sort referred to in rules 13.12 to 13.19 may also be subject to ~~the requirements of Chapters 14 and/or Chapter 14A.~~

(2) For the purposes of rules 13.12 to 13.19,

(b) ...

(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; ~~and~~

(d) ~~the expression "general disclosure obligation" refers to the obligation imposed by rule 13.09 on issuers to keep the Exchange, members of the issuer and other holders of its listed securities informed as soon as reasonably practicable of any information relating to the group which meets the conditions set out in that rule.~~
[Repealed 1 January 2013]

- (3) ~~The disclosure obligation arising under this Chapter and other applicable provisions of the Exchange Listing Rules to inform holders of the issuer's securities or the public will be satisfied by an announcement being published in accordance with rule 2.07C. [Repealed 1 January 2013]~~
- (4) ...
- (5) ~~If the directors consider that the disclosures pursuant to rules 13.12 to 13.19 might prejudice the issuer's business interests, the Exchange must be consulted as soon as possible. [Repealed 1 January 2013]~~

Situations for disclosure

13.12 ...

Advance to an entity

- 13.13 ~~A general disclosure obligation will arise w~~ Where the relevant advance to an entity exceeds 8% under the assets ratio as 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 ~~A general disclosure obligation will arise w~~ Where the relevant advance to an entity increases from that previously disclosed under rule 13.13, 13.14~~under this rule,~~ or ~~under rule~~ 13.20 and the amount of the increase since the previous disclosure is 3% or more under the assets ratio as defined under rule 14.07(1), the issuer must announce the information in rule 13.15 as soon as reasonably practicable.
- 13.15 ~~Where a general disclosure obligation arises u~~ Under rules 13.13 or 13.14, ~~above issuers must shall disclose~~ 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, where any trade receivable is not regarded as a relevant advance to an entity if:
 - (1) it any trade receivable (other than as a result of the provision of financial assistance) arose in the issuer's ordinary and usual course of business (other than as a result of the provision of financial assistance) of the issuer; and
 - (2) the transaction from which the trade receivable arose was on normal commercial terms;

~~the trade receivable shall not be regarded as a relevant advance to an entity.~~

Financial assistance and guarantees to affiliated companies of an issuer

13.16 ~~A general disclosure obligation will arise w~~ 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 as defined under rule 14.07(1), ~~In these circumstances the issuer must announce as soon as reasonably practicable the following information to be disclosed is:~~

- (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) ...

Pledging of shares by the controlling shareholder

13.17 ~~A general disclosure obligation will arise w~~ Where the issuer's controlling shareholder ~~of the issuer~~ has pledged all or part of its interest in shares of the issuer's shares to secure the issuer's debts of the issuer or to secure guarantees or other support of its obligations, the issuer must announce the following information as soon as reasonably practicable of the issuer. ~~The following details are to be disclosed:~~

- (1) ...

Loan agreements with covenants relating to specific performance of the controlling shareholder

13.18 ~~A general disclosure obligation will arise w~~ 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, ~~of the issuer~~ must announce the following information as soon as reasonably practicable. ~~The information to be disclosed in these circumstances is:~~

- (1) ...

Breach of loan agreement by an issuer

- 13.19 ~~A general disclosure obligation will arise w~~ When an issuer there is a breaches of the terms of its loan agreements ~~by the issuer~~, for loans that are significant to its the operations ~~of the issuer~~, such that the lenders may demand their immediate repayment, ~~of the loans~~ 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 ...

13.21 ...

- 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, ~~the issuer's~~ its interim or annual report ~~shall~~ 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 ~~of the issuer~~ in the affiliated companies. ~~In cases where~~ If it is not practicable to prepare the combined balance sheet of affiliated companies, the Exchange on the issuer's application ~~from the issuer~~ may consider to 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 shall announce disclose details of acquisitions and realisations of assets and other transactions as required by Chapters 14 and 14A and, where applicable, ~~shall~~ must circularise holders of its listed securities with their details ~~thereof~~ and obtain their approval of them. ~~thereto.~~

(2) ...

Sufficient operations

13.24 ...

- 13.24A An issuer must, after trading in its listed securities has been suspended, publish periodic 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 ~~of or~~ on the happening of any of the following events as soon as ~~it the same shall~~ comes to ~~the~~ its attention ~~of the issuer:-~~

(b) ...

(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~~ 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 ~~as~~ 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 as 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 as defined under rule 14.04(9)....

Notes: 1. — ~~In the circumstances referred to in Note 7 to rule 13.09(1), the Exchange may be prepared to give a dispensation from the requirement to make the information public. However, the Exchange must be informed in any event.~~ [Repealed 1 January 2013]

2. — ~~The issuer must at all times also have regard to its general disclosure obligation under rule 13.09.~~

GENERAL MATTERS RELEVANT TO THE ISSUER'S SECURITIES

After board meetings

13.45 An issuer shall inform the Exchange immediately after approval by or on behalf of the board of:—

- (2) ...
- (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 ~~announcements regarding decisions on dividends and results should be published~~ announced either between 12:00 noon and ~~1:00~~ 12:30 p.m. or after the market closes at 4:15 p.m. on a normal business day, ~~in accordance with rule 2.07C provided that the reference to 1:00 p.m. shall be changed to 12:30 p.m. with effect from 5 March 2012.~~ 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 12:00 noon ~~in accordance with rule 2.07C.~~ The directors

are reminded that it is their direct responsibility to ensure that such information is kept strictly confidential until it is announced. ~~the announcement is so published. By following this procedure, an issuer will have taken appropriate steps to ensure that no dealings take place in which one party is in possession of information of which the other is not. Each transaction in the market will thus take place in the light of all information from the moment that such information is released to the market.~~

2. *~~Issuers are reminded that Note 8 to rule 13.09(1) and Note 1 above is~~ are 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, ~~in view of their price sensitive nature,~~ as the basis of a preliminary announcement of results for the full year.*

(4) ...

- (5) any decision to change the general character or nature of the business of the issuer or group.

Note: In discharging the obligations ~~as set out~~ in ~~this~~ 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.

NOTIFICATION

Changes

13.51 An issuer must publish an announcement as soon as practicable in regard to:—

(2) ...

(m) ...

(n) full particulars where:

- (i) he has been identified as an insider dealer under ~~pursuant to~~ 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 ~~such expression is~~ 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 pursuant to 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 be in breached of 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; ~~or~~
- (iv) any enterprise, company or unincorporated business enterprise in which he was or is a controlling shareholder (as ~~such term is~~ defined in the Exchange 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 be in breached of 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;

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 considers additional requirements in respect of takeovers and mergers.

Note: ~~Listed issuers should note that even if a transaction is not required to be disclosed pursuant to the provisions of this Chapter, it may nevertheless be required to be disclosed under the listed issuer's general obligation to keep the market informed of all price sensitive information (see rule 13.09).~~

Definitions

- 14.04 For the purposes of this Chapter:—
- (1) any reference to a “transaction” by a listed issuer:
- (g)

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. ~~However, listed issuers should note that any such transaction may nevertheless be required to be disclosed under the listed issuer's general obligation to keep the market informed of all price sensitive information (see rule 13.09).~~

2 ...

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 or reverse takeover have been finalised, the listed issuer must in each case:—

- (1) inform the Exchange; and

Note: ~~Under rule 13.09, a listed issuer's notification obligations in respect of information expected to be price sensitive arise as soon as that information is the subject of a decision.~~

- (2) publish an announcement ~~in accordance with rule 2.07C~~ as soon as possible. See also rule 14.37.

Trading halt and ~~Short~~ suspension of dealings

- 14.37
- (1) ~~Where an listed issuer has signed an agreement in respect of a share transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover and the required announcement has not been published on a business day, the listed issuer it must request a short suspension of dealings apply for a trading halt or a trading suspension in its securities pending the publication of the announcement in accordance with rule 2.07C.~~
 - (2) ~~Without prejudice to rule 14.37(1), In any event, an listed issuer that has signed an agreement in respect of a notifiable transaction which it reasonably believes would require disclosure under the Inside Information Provisions that is expected to be price sensitive must immediately request a short suspension of dealings apply for a trading halt or a trading suspension in its securities pending the publication of the required announcement of the agreement.~~
 - (3) ~~An listed 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 that is expected to be price sensitive must ensure confidentiality of the relevant information until making publication of the required announcement in accordance with rule 2.07C. Where the listed issuer considers that the necessary degree of security cannot be maintained or that the security may have been breached, it must make publish an announcement in accordance with rule 2.07C or immediately request a short suspension of dealings apply for a trading halt or a trading suspension in its securities pending the publication of the announcement.~~
 - (4) ~~Directors of listed issuers must, are reminded of their obligation under rule 13.06A, pursuant to note 2 to rule 13.09(1) maintain to keep confidentiality of information that is likely to have be inside information a significant effect on market activity in or the price of any listed securities,~~

~~until such time as it is announced a formal announcement is made in accordance with the requirements of note 5 to rule 13.09(1).~~

- (5) In the case of a reverse takeover, suspension of dealings in the ~~listed~~ issuer's securities ~~must should~~ continue until the issuer has announced disclosure of sufficient information has been made by the listed issuer by way of an announcement published in accordance with rule 2.07C. Whether the amount of information disclosed in the announcement is sufficient or not is determined on a case-by-case basis.

Additional requirements for major transactions

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 ~~listed~~ 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: -

- (1) no shareholder is required to abstain from voting if the ~~listed~~ issuer were to convene a general meeting for the approval of the transaction;
- (2) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at that general meeting to approve the transaction. Where a listed issuer discloses ~~unpublished price sensitive~~ 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.

Contents of announcements

Profit forecast in an announcement

14.62 Where the announcement contains a profit forecast in respect of the ~~listed~~ issuer or a company which is, or is proposed to become, one of its subsidiaries, the ~~listed~~ issuer must submit the following additional information and documents to the Exchange by no later than the making publication of such announcement ~~in accordance with rule 2.07C:—~~

- (1) ...
- (2) a letter from the ~~listed~~ issuer's auditors or reporting accountants confirming

- (3) a report from the ~~listed~~ issuer's financial advisers confirming that If no financial advisers have been appointed in connection with the transaction, the ~~listed~~ issuer must provide ...

Note: See rules 13.24B(1) and 13.24B(2) in respect of issuers' obligation to announce material or significant changes which impact on profit forecasts.

Chapter 14A

EQUITY SECURITIES

CONNECTED TRANSACTIONS

Waivers

Shareholders' meeting waiver

14A.43 Where independent shareholders' approval of a connected transaction is required, ~~such~~ the approval shall be given by a majority vote at a general meeting of the shareholders of the ~~listed~~ issuer unless the following conditions are met, in which case a written independent shareholders' approval may be accepted in lieu of holding a general meeting: -

- (1) no shareholder of the ~~listed~~ issuer is required to abstain from voting if the ~~listed~~ issuer were to convene a general meeting for the approval of the connected transaction; and
- (2) ...

Notes: 1 ...

- 2 *Where a listed issuer discloses ~~price-sensitive~~ inside information to any shareholder in confidence to solicit the written independent 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.*

Announcement requirements

14A.47 Issuers proposing to enter into a connected transaction or a continuing connected transaction which is subject to announcement requirements must:—

- (1) notify the Exchange as soon as possible after the terms of the transaction have been agreed;

Note: ~~Under rule 13.09, a listed issuer's notification obligations in respect of information expected to be price sensitive arise as soon as that information is the subject of a decision.~~

- (2) publish an announcement ~~in accordance with rule 2.07C~~ as soon as possible; and

Note: Where the connected transaction is also a share transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover, rule 14.37 (requirement for trading halt or short suspension of dealings) also applies.

- (3) ...

Chapter 15A

STRUCTURED PRODUCTS

Structured Products

- 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 in accordance with rule 13.09 of the Exchange Listing Rules, Chapters 13, 14 and 14A of the Exchange Listing Rules, the Inside Information Provisions, Rule 3 of the Hong Kong Code on Takeovers and Mergers, or Rule 10 of the Hong Kong Code on sShare rRepurchases.~~ Where the company is listed on an overseas exchange, transaction refers to matters which would be discloseable under regulations equivalent to those in ~~rule 13.09, Chapters 13, 14 and 14A of the Exchange Listing Rules, the Inside Information Provisions, Rule 3 of the Hong Kong Code on Takeovers and Mergers, or Rule 10 of the Hong Kong Code on sShare rRepurchases.~~ 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 (~~Cap. 571~~).

Single Stock Structured Products

15A.31 Factors which the Exchange will consider in determining the suitability of structured products which relate to shares listed or dealt in on another regulated, regularly operating, open stock market include, but are not limited to, the following:–

- (2) ...
- (3) whether the jurisdiction in which the market is situated restricts foreign investors in the trading of securities listed or dealt in on that market or the remittance of any proceeds from a disposal through, e.g., foreign exchange controls or foreign ownership restrictions;
- (4) the quality of the reporting requirements such as the timely reporting of adequate financial information and the price and volume of transactions whether on or off exchange, timely dissemination of ~~price sensitive~~ inside information and the availability of the foregoing to investors in Hong Kong;
- (5) ...

Trading halt or Ssuspension of Ttrading

15A.85 In addition to ~~the provisions of~~ rules 6.02 to 6.10 and 13.10A, and other relevant provisions of the Exchange 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 ~~shall~~ must also be halted or suspended.

Chapter 17

EQUITY SECURITIES

SHARE OPTION SCHEMES

Restriction on the time of grant of options

17.05 ~~An issuer grant of options may not grant any options be made after inside information has come to its knowledge a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until it has announced the an announcement of such price sensitive information has been published in accordance with rule 2.07C. In particular, it may not grant any option during the period commencing one month immediately preceding before the earlier of:~~

- (1) the date of the board meeting (as such date is first notified to the Exchange ~~under in accordance with~~ the Exchange Listing Rules) for approving the approval of the listed issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the Exchange Listing Rules); and
- (2) the deadline for the issuer to announce ~~publish an announcement~~ of its results for any year or half-year under the Exchange Listing Rules, or quarterly or any other interim period (whether or not required under the Exchange Listing Rules),

and ending on the date of the results announcement, ~~no option may be granted.~~

Note: ~~The period during which n~~No option may be granted during will ~~cover any period of delay in the publication of~~ publishing a results announcement.

Chapter 19A

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

Chapter 6 – Trading Halt, Suspension, Cancellation and Withdrawal of Listing

19A.12 ...

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 ~~this Chapter and the other~~ 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:

- (c) ...
- (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).

Chapter 24

DEBT SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

Preliminary

24.08 All publicity material released in Hong Kong relating to an issue of debt securities by a new applicant, ~~must be reviewed by the Exchange before release and must not be released until the Exchange has reviewed it and confirmed to the issuer that it has no further comments thereon.~~ In addition, ~~such~~ the publicity material must comply with all ~~applicable~~ 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 ~~telex~~ (or its equivalent ~~in another medium~~) 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~~ Such 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 ~~prior to~~ before the Exchange's meeting of the Exchange held to consider ~~such~~ 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. ~~may be rejected by the Exchange.~~ Listed issuers must comply with the obligation (which arises under the Listing Agreement) to maintain confidentiality ~~prior to~~ before the announcement of an issue.

Chapter 26

DEBT SECURITIES

LISTING AGREEMENT

Preliminary

- 26.04 ~~One of the principal objects of the Listing Agreement is to secure the immediate release of information which might be reasonably expected to have a significant effect on the ability of the issuer to meet its commitments. As will be clear from the terms of the Listing Agreement and related notes, the guiding principle is that information which is expected to be price sensitive should be released immediately it is the subject of a decision. Until that point is reached, it is imperative that the strictest security within the issuer and its advisers is observed. [Repealed 1 January 2013]~~
- 26.05 ~~Strict compliance with the terms of the Listing Agreement 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. ~~By following its provisions,~~ ~~†~~ The issuer should ensure that dealings do not take place between parties one of whom does not have price sensitive inside information which is ~~in the possession of the other~~ possesses. ~~It would be clearly damaging to an issuer's relationship with the holders of its listed debt securities and the Exchange if there is an apparent unreadiness to disclose information at the proper time.~~~~
- 26.06 ~~In order ~~†~~~~To maintain high standards of disclosure, the Exchange may require an issuer to announce the publication of further information, ~~by~~ and impose additional requirements on it, a listed issuer where ~~it~~ the Exchange considers that circumstances so justify, ~~but~~ However, the Exchange will allow ~~representations by the issuer~~ to make representations before imposing any such requirements on it which are not imposed on listed issuers generally. The issuer must comply with the additional such requirements failing which ~~and, if it fails to do so,~~ the Exchange may ~~(where such requirements relate to the publication of information)~~ itself publish the information available to it. Conversely, the Exchange may be prepared to ~~waive dispense with,~~ vary or not require compliance with the terms of the Listing Agreement ~~to suit the circumstances of~~ in a particular case, but may require the issuer ~~concerned~~ to enter into an ancillary agreement, ~~in that event,~~ as a condition of such dispensation.

Chapter 37

DEBT SECURITIES

DEBT ISSUES TO PROFESSIONAL INVESTORS ONLY

Continuing Obligations

37.47 An issuer must immediately, after consultation with the Exchange, announce any information which

- (a) ~~Is necessary for investors to appraise its position or~~ [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. ~~or~~

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) ~~May have a material affect on its ability to meet the obligations under its debt securities.~~ [Repealed 1 January 2013]

37.47A If the securities are guaranteed, the guarantor must immediately announce any information which may have a material effect on its ability to meet the obligations under the 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 information under rule 37.47 or rule 37.47A, or inside information which must be disclosed under the Inside Information Provisions, or 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.

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 ~~an~~ the issuer’s authorised representative ~~of the issuer~~ or some other responsible officer, ~~of the issuer concerned~~ 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~~ may be requested as to ~~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 ~~at the time of 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. ~~It should be noted, however,~~ that 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 suspension trading halt

A ~~suspension~~ request for a trading halt will normally only be acceded to where the situation falls within rules 13.10A and/or 14.37. in the following circumstances:

- ~~— where for a reason acceptable to the Exchange price sensitive information cannot immediately at that time be disclosed;~~
- ~~— 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 in accordance with rule 2.07C, or if this is not yet possible, a ‘warning’ announcement published in accordance with rule 2.07C 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;~~
- ~~— issuers 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.~~

~~It should be noted that t~~ The Exchange reserves the right to suspend dealings 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 a suspension of dealings by 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 pursuant to rule 13.10 and where applicable, under the heading “Response to enquiries” in the relevant listing agreements;
- ~~—~~ uneven dissemination or leakage of price sensitive 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 ~~wishes to~~ 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 a issuers' proper and timely disclosure of information, ~~by issuers in accordance with the Exchange Listing Rules~~. It condemns the practice of allowing information to leak ~~prior to~~ before its announcement proper publication in order 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 ~~unpublished~~ inside information is used to gain a personal advantage. ~~It The Exchange~~ will not hesitate to direct a trading halt or suspend dealings where it considers that improper use is being made of ~~price-sensitive~~ inside information, ~~whether be it~~ by persons connected with the issuer ~~concerned~~ or otherwise. ~~It The Exchange~~ may require a detailed explanation from an issuer as to who may have had access to ~~unpublished~~ inside information, and ~~as to~~ why security had not been properly maintained. If ~~it the Exchange~~ considers the result of its enquiries justifies, justify such action, it may publish its findings. ~~It The Exchange~~ places great importance on the responsibility of the directors of an listed issuer, ~~not only~~ to ensure proper security with regard to ~~unpublished~~ inside information, price sensitive news, but to ensure 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 listed issuer or its advisers have permitted ~~inside price-sensitive~~ information regarding the issue of new securities to leak, ~~before prior to~~ its announcement proper publication, ~~it the Exchange~~ will not normally consider an application for the listing of those securities.

6. The Statutory Rules

In accordance with ~~the provisions of~~ 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 1 January, 2013

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**

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:

(f)...

(g) *Announcement of spin-off*

~~A spin-off listing application is different from an ordinary listing application in that it is of material, price sensitive effect for an existing listed issuer. The Listing Committee accordingly considers that the latest time at which a formal announcement under rule 13.09 should be made is~~
An issuer must announce its spin-off listing application by the time it lodges of lodgement of 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 prior to any such before the filing. Until the publication of the announcement of the application, in accordance with rule 2.07C, strict confidentiality should be maintained and, ~~in the event of~~ if there is a leakage of information or of a significant, unexplained movement in the price or turnover volume of the Parent’s securities, an earlier announcement would be required.

~~These above are set forth~~ as 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 thereof.

...

Revised on 1st January, 2009

Revised on 1 January, 2013

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

3. Delisting Procedures

3.1 The Exchange will follow a four-stage procedure as set out below.

- ~~For~~ During the initial period of six months following the suspension, the Exchange will monitor developments. ~~During this interval~~ ~~the issuer must will be expected to~~ make periodic announcements of developments under rule 13.24A. ~~to shareholders, in accordance with the provisions of rule 13.09, to advise shareholders of developments.~~ At the end of this six months period, the Exchange will determine whether it is appropriate to extend this ~~the~~ 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 advising that the issuer is required 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 ~~the issuer’s~~ directors monthly progress reports. At the end of this ~~the six month~~ period, the Exchange will consider the issuer’s proposals and determine whether it is appropriate to proceed to the third stage. ~~In making this determination, the Exchange will consider any proposals made by or on behalf of the issuer.~~
- Where the Exchange determines to proceed to the third stage, it will announce ~~publish an announcement naming the issuer, indicating that the issuer~~ ~~it~~ does not have sufficient assets or operations for listing, and imposing a deadline (generally six months) for submitting ~~the submission~~ of 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 where~~ no resumption proposals have been received ~~for resumption~~, the listing will be cancelled. ~~This would be announced by both~~ Both the Exchange and the issuer concerned would announce this.

...

Revised on 31st March, 2004

Revised on 1 January, 2013

**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**

Due diligence

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) ~~to~~ the obligations of the new applicant and its directors under ~~to~~ ~~comply with~~ the Exchange Listing Rules and other legal and regulatory requirements, in particular the financial reporting, disclosure of ~~price sensitive information and~~ notifiable and connected transaction and inside information requirements; and
 - (ii) ~~to~~ the directors’ ability to make a proper assessment of the financial position and prospects of the new applicant and its subsidiaries, both before and after listing.

Such assessment should cover the new applicant’s compliance manuals, policies and procedures including corporate governance policies and any letters from ~~given by~~ the reporting accountants to the new applicant ~~that~~ commenting on the new applicant’s accounting and management systems or other internal controls; and

- b) ...

Appendix 5
Declaration and Undertaking with regard to Directors
Form B

Part 2
UNDERTAKING

The particulars referred to in this Part 2 are:-

- (a) ...
- (b) I shall, in the exercise of my powers and duties as a director of the issuer, comply to the best of my ability with Parts XIVA and XV of the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share Repurchases and all other securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure that the issuer shall so comply;
本人在行使發行人董事的權力及職責時，將盡力遵守《證券及期貨條例》第XIVA及 XV部、《公司收購及合併守則》、《股份購回守則》及香港所有其他不時生效的有關證券的法例及規例，本人並會盡力促使發行人遵守上述各項；
- (c)

Appendix 5
Declaration and Undertaking with regard to Directors of an Issuer
incorporated in the People's Republic of China ("PRC")
Form H

Part 2
UNDERTAKING

The particulars referred to in this Part 2 are:-

- (a) in the exercise of my powers and duties as a director of
(Insert the name of the issuer) I, the undersigned, shall:-
- (iv) ...
- (v) comply to the best of my ability with Parts XIVA and XV of the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share Repurchases and all other relevant securities laws and regulations

from time to time in force in Hong Kong, and I shall use my best endeavours to cause the issuer to so comply; and
盡力遵守《證券及期貨條例》第XIVA及XV部、《公司收購及合併守則》、《股份購回守則》及香港所有其他不時生效的有關證券的法例與規例，本人並會盡力促使發行人遵守上述各項；及

(vi) ...

Appendix 5
Declaration and Undertaking with regard to Supervisors of an Issuer
incorporated in the People's Republic of China ("PRC")
Form I

Part 2
UNDERTAKING

The particulars referred to in this Part 2 are:—

(a) in the exercise of my powers and duties as a supervisor of

(Insert the name of the issuer) I, the undersigned, shall:—

(iv) ...

(v) comply to the best of my ability, as if the same applied to me to the same extent as it does to directors of the issuer, with: (a) Parts XIVA and XV of the Securities and Futures Ordinance; (b) the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules; (c) the Code on Takeovers and Mergers; (d) the Code on Share Repurchases; and (e) all other relevant securities laws and regulations from time to time in force in Hong Kong;

盡力遵守下列條例及規則，猶如該條例適用於本人，如同其適用於公司董事般：(a) 《證券及期貨條例》第 XIVA及XV部；(b) 《上市規則》附錄十列出的《上市公司董事進行證券交易的標準守則》；(c) 《公司收購及合併守則》；(d) 《股份購回守則》；以及(e)香港所有其他不時生效的有關證券法例與規例；

(vi) ...

Appendix 7

Part C

Type of Security: Debt

Type of Issuer: Incorporated or otherwise established in Hong Kong or elsewhere except States, Supranationals, State Corporations, Banks and debt issues to professional investors only

The following is the text of the Listing Agreement...

DISCLOSURE

General matters

2. Generally and apart from compliance with all the specific requirements of this Agreement, the Issuer must comply with the followings~~shall:—~~

(1) ~~keep the Exchange and holders of its listed debt securities informed as soon as reasonably practicable of any information relating to the group (including information on any major new developments in the group's sphere of activity which is not public knowledge) which:—~~

(a) ~~is necessary to enable them and the public to appraise the position of the group; [Repealed 1 January 2013]~~

(b) Without prejudice to paragraph 24, where in the view of the Exchange there is or there is likely to be is necessary to avoid the establishment of 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; and

Note: 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.

(c) ~~might be reasonably expected to significantly affect its ability to meet its commitments; and [Repealed 1 January 2013]~~

2.1 ~~Information should not be divulged outside the Issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons. Information should not be released in such a way that~~

~~Exchange transactions may be entered into at prices which do not reflect the latest available information. Without in any way derogating from these principles, issuers may, in appropriate circumstances, give advance information in strict confidence to persons with whom negotiations are taking place with a view to the making of a contract or the raising of finance, e.g. to prospective underwriters of an issue of debt securities or providers of funds on loan. In any such case the persons receiving such information will be expected not to deal in the Issuer's debt securities until the information has been released. [Repealed 1 January 2013]~~

- 2.2 ~~When developments are on hand which are likely to have a significant effect on the ability of the Issuer to meet its commitments it is the direct responsibility of the directors to ensure that such information is kept strictly confidential until a formal announcement is published in accordance with rule 2.07C of the Exchange Listing Rules. To this end the directors must ensure that the strictest security is observed within the Issuer and its advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be published in accordance with rule 2.07C of the Exchange Listing Rules. The lack of an announcement in some situations may lead to the establishment of a false market. [Repealed 1 January 2013]~~
- 2.3 ~~The Issuer may be obliged (by statute or otherwise) to impart information to a third party. If such information thereby enters the public domain and is of a price-sensitive nature, it should be simultaneously released to the market. [Repealed 1 January 2013]~~
- 2.4 ~~The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the Issuer's listed debt securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings. [Repealed 1 January 2013]~~

- 2.5 *References in this Agreement 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.*
- 2.6 *Any obligation to inform holders of the Issuer's debt securities or the public will be satisfied by an announcement being published in accordance with rule 2.07C of the Exchange Listing Rules except where this Agreement requires some other form of notification. Certain such announcements must first have been reviewed by the Exchange in accordance with paragraph 17 of this Agreement.*
- 2.7 ~~*Where it is proposed to announce at any meeting of holders of listed debt securities information which might affect the market price of the Issuer's debt securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting. [Repealed 1 January 2013]*~~
- 2.8 ~~*If the directors consider that disclosure of information to the public might prejudice the Issuer's business interests, the Exchange must be consulted as soon as possible. [Repealed 1 January 2013]*~~
- 2.9 ~~*Information should be released before the stage when it needs to be made available outside the directors, employees and advisers necessarily concerned. The date of the requisite board meeting should be fixed with this consideration in mind; if a suitable date cannot be fixed, it may be necessary for the board to delegate its power of approval to a committee so that the appropriate announcement can be made at the proper time. [Repealed 1 January 2013]*~~
- 2.10 ~~*If, during the profit forecast period, an event occurs which, had it been known at the time 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 shall notify shareholders promptly of the occurrence of such event. In any such announcement the issuer shall give an indication of its view of the likely impact of that event on the profit forecast. [Repealed 1 January 2013]*~~

2.11 ~~If:—~~

- ~~(i) — income or loss generated by some activity outside the ordinary and usual course of its business; and~~
- ~~(ii) — which income or loss was not disclosed as anticipated in the document in which the profit forecast was contained,~~

~~contributes materially in the calculation of the profits for the period to which the profit forecast related, then this information must be disclosed to shareholders, including an indication of the level to which such unusual activity has contributed to the profit achieved.~~

~~A disclosure obligation arises as soon as the issuer becomes aware that it is likely that the contribution in the calculation of profits made or to be made by income or loss generated or to be generated as aforesaid will be material. [Repealed 1 January 2013]~~

- ~~(d) (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.**~~
- ~~(e) **The Issuer and its directors must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.**~~
- ~~(f) **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.**~~
- ~~(g) **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.**~~

(h) 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.

(i) 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) ensure that, 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 if debt securities of the Issuer are also listed on other stock exchanges, information released to any of such other exchanges is released to the market in Hong Kong at the same time as it is released to the other markets;~~

~~(3) comply with the Exchange Listing Rules in force from time to time.~~

2A. 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.

NOTIFICATION

After board meetings

11. The Issuer shall inform the Exchange immediately after approval by or on behalf of the board of directors or other governing body of:—

(1) and (2)

(3) any new issues of debt securities and, in particular, any guarantee or security in respect thereof;

11.2 *The notification of a new issue may be delayed while a marketing or underwriting is in progress (see also Note 2.1).*

(4) and (5) ...

11.3 *In discharging the obligations ~~as set out~~ in this paragraph ~~11~~, regard ~~should be had~~ to Note 2.5, and in particular to the Exchange's requirements from time to time in respect of the communication of information of an urgent nature, is required.*

Response to enquiries

24. Where the Exchange makes enquiries ~~The Issuer shall respond promptly to any enquiries made of the Issuer by the Exchange concerning unusual movements in the price or trading volume of its~~ 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: by

- (1) giving such relevant ~~provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which~~ as is available to it, so as to inform the market or to clarify the situation; ~~the Issuer 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, ~~appropriate, by issuing and if requested by the Exchange, make an announcement containing a statement to the~~ that effect, 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 debt securities and shall also respond promptly to any other enquiries made of the Issuer by the Exchange.

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 paragraph 24(1) or 24(2) cannot be made promptly.

Trading halt or trading suspension

24A. 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 2(1)(b) or 2A; or**
- (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.

Appendix 7

Part D

Type of Security: Debt

Type of Issuer: States and Supranationals

The following is the text of the Listing Agreement...

DISCLOSURE

General matters

2. Generally and apart from compliance with all the specific requirements of this Agreement, the Issuer ~~shall~~ must comply with the following:—

(1) ~~keep the Exchange and holders of its listed debt securities informed as soon as reasonably practicable of any information relating to the Issuer (including information on any major new developments in its sphere of activity which are not public knowledge) which:~~—

(a) ~~is necessary to enable them and the public to appraise the position of the Issuer;~~ [Repealed 1 January 2013]

(b) Where in the view of the Exchange there is or there is likely to be is necessary to avoid the establishment of 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; and

Note: 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.

(c) ~~might be reasonably expected to significantly affect its ability to meet its commitments.~~ [Repealed 1 January 2013]

2.1 ~~The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the Issuer's listed debt securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings.~~ [Repealed 1 January 2013]

2.2 ~~References in this Agreement 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.~~

2.3 ~~Any obligation to inform holders of the Issuer's listed 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 this Agreement requires some other form of notification. Certain such announcements must first have been reviewed~~

by the Exchange in accordance with paragraph 7 of this Agreement.

2.4 ~~If the Issuer considers that disclosure of information to the public might prejudice its interests, the Exchange must be consulted as soon as possible. [Repealed 1 January 2013]~~

(d) (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.

(e) The Issuer and its directors must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.

(f) 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.

(g) 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.

~~(2) ensure that, 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; if debt securities of the Issuer are also listed on other stock exchanges, information released to any of such other exchanges is released to the market in Hong Kong at the same time as it is released to the other markets; and~~

~~(3) comply with the Exchange Listing Rules in force from time to time.~~

2A. 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.

3. The Issuer must inform the Exchange immediately after the approval of:--

- (1)
- (2)
- (3)

3.2 *In discharging the obligations ~~as set out~~ in paragraph 3, regard ~~should be had~~ to Note 2.2, and in particular to the Exchange's requirements from time to time in respect of the communication of information of an urgent nature, is required.*

Appendix 7

Part E

Type of Security: Debt

Type of Issuer: State Corporations and Banks

The following is the text of the Listing Agreement denoted in bold type, each paragraph being followed (where appropriate) by notes denoted in italics on its interpretation and application-

DISCLOSURE

General matters

2. Generally and apart from compliance with all the specific requirements of this Agreement, the Issuer must comply with the following shall:—

- (1) ~~keep the Exchange and holders of its listed debt securities informed as soon as reasonably practicable of any information relating to the Issuer (including information on any major new developments in its sphere of activity which are not public knowledge) which:—~~
 - (a) ~~is necessary to enable them and the public to appraise the position of the Issuer; [Repealed 1 January 2013]~~
 - (b) Where in the view of the Exchange there is or there is likely to be is necessary to avoid the establishment of a false market in its listed debt securities, the Issuer must, as soon as reasonably practicable, announce the information necessary to avoid a false market in its securities; and

Note: 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.

(c) ~~might reasonably be expected to significantly affect its ability to meet its commitments.~~ **[Repealed 1 January 2013]**

2.1 ~~Information should not be divulged outside the Issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons. Information should not be released in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information. Without in any way derogating from these principles, issuers may, in appropriate circumstances, give advance information in strict confidence to persons with whom negotiations are taking place with a view to the making of a contract or the raising of finance, e.g. to prospective underwriters of an issue of debt securities or providers of funds on loan. In any such case the persons receiving such information will be expected not to deal in the Issuer's listed debt securities until the information has been released.~~ **[Repealed 1 January 2013]**

2.2 ~~When developments are on hand which are likely to have a significant effect on the ability of the Issuer to meet its commitments it is the direct responsibility of the directors to ensure that such information is kept strictly confidential until a formal announcement is published in accordance with rule 2.07C of the Exchange Listing Rules. To this end the directors must ensure that the strictest security is observed within the Issuer and its advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be published in accordance with rule 2.07C of the Exchange Listing Rules. The lack of an announcement in some situations may lead to the establishment of a false market.~~ **[Repealed 1 January 2013]**

2.3 ~~The Issuer may be obliged (by statute or otherwise) to impart information to a third party. If such information thereby enters the public domain and is of a price sensitive nature, it should be simultaneously released to the market.~~ **[Repealed 1 January 2013]**

- 2.4 ~~The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the Issuer's listed debt securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings. [Repealed 1 January 2013]~~
- 2.5 References in this Agreement 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.
- 2.6 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 this Agreement requires some other form of notification. Certain such announcements must first have been reviewed by the Exchange in accordance with paragraph 12 of this Agreement.
- 2.7 ~~Where it is proposed to announce at any meeting of holders of listed debt securities information which might affect the market price of the Issuer's debt securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting. [Repealed 1 January 2013]~~
- 2.8 ~~If the directors consider that disclosure of information to the public might prejudice the Issuer's business interests, the Exchange must be consulted as soon as possible. [Repealed 1 January 2013]~~
- 2.9 ~~Information should be released before the stage when it needs to be made available outside the directors, employees and advisers necessarily concerned. The date of the requisite board meeting should be fixed with this consideration in mind; if a suitable date cannot be fixed, it may be necessary for the board to delegate its power of approval to a committee so that the appropriate announcement can be made at the proper time. [Repealed 1 January 2013]~~

- (d) (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.
- (e) The Issuer and its directors must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.
- (f) 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.
- (g) 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.
- ~~(2) ensure that, 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; if debt securities of the Issuer are also listed on other stock exchanges, information released to any of such other exchanges is released to the market in Hong Kong at the same time as it is released to the other markets; and~~
- ~~(3) comply with the Exchange Listing Rules in force from time to time.~~

2A. Where the debt securities 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 debt securities.

NOTIFICATION

After board meetings

5. The Issuer shall inform the Exchange immediately after approval by or on behalf of the board of directors or other governing body of:—

(1) and (2) ...

(3) any new issues of listed debt securities and, in particular, any guarantee or security in respect thereof;

5.2 *The notification of a new issue may be delayed while a marketing or underwriting is in progress (see also Note 2.1).*

5.3 *In discharging the obligations ~~as set out~~ in this paragraph, ~~5~~ regard ~~should be had~~ to Note 2.5, and in particular to the Exchange's requirements from time to time in respect of the communication of information of an urgent nature, is required.*

Winding-up and liquidation

10. 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 ~~the attention of the Issuer~~.

10.1 *~~In the circumstances referred to in Note 2.8, the Exchange may be prepared to give a dispensation from the requirement to make the information public. However, the Exchange must be informed in any event. [Repealed 1 January 2013]~~*

Appendix 7

Part H

Type of Security: Structured Products

The following is the text of the Listing Agreement...

DISCLOSURE

General matters

2. Generally and apart from compliance with all the specific requirements of this Agreement, each of the Issuer and the Guarantor must comply with the following shall:—

(1) ~~keep the Exchange and holders of its listed securities informed as soon as reasonably practicable of any information relating to the Issuer's and/or the Guarantor's group which:—~~

(a) ~~might be reasonably expected to significantly affect the Issuer's or the Guarantor's ability to meet its commitments; [Repealed 1 January 2013]~~

(b) Without prejudice to paragraph 26, where in the view of the Exchange there is or there is likely to be is necessary to avoid the establishment of a false market in the Issuer's its listed securities, the Issuer and the Guarantor must, as soon as reasonably practicable after consultation with the Exchange, announce the information necessary to avoid a false market in the securities; and

Note: If the 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.

(c) ~~might be reasonably expected materially to affect market activity in and the price of its listed securities; and [Repealed 1 January 2013]~~

2.1 ~~When developments are on hand which are likely to have a significant effect on market activity in or the price of any listed securities, it is the direct responsibility of the directors to ensure that such information is kept strictly confidential until a formal announcement is made. To this end the directors must ensure that the strictest security is observed within the Issuer and the Guarantor and their respective advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be made. [Repealed 1 January 2013]~~

2.2 ~~The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the Issuer's listed securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings. [Repealed 1 January 2013]~~

- 2.3 *References in this Agreement 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.*
- 2.4 *Any obligation to inform holders of the Issuer's listed securities or the public will be satisfied by the information being published on the web site of the Exchange except where this Agreement requires some other form of notification. Certain such announcements must first have been reviewed by the Exchange in accordance with paragraph 14 of this Agreement.*
- 2.5 ~~*Where it is proposed to announce at any meeting of holders of listed securities information which might affect the market price of the Issuer's listed securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting.*~~ *[Repealed 1 January 2013]*
- 2.6 ~~*If the directors consider that disclosure of information to the public might prejudice the Issuer's or the Guarantor's business interests, the Exchange must be consulted as soon as possible.*~~ *[Repealed 1 January 2013]*
- (d) (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 must also simultaneously announce the information.**
- (ii) The Issuer and the Guarantor 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.**
- (e) The Issuer and the Guarantor must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.**

(f) The Issuer and the Guarantor 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.

(g) The Issuer and the Guarantor 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) ~~ensure that, 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 securities are listed; if listed securities of the Issuer are also listed on other stock exchanges, the Exchange is simultaneously informed of any information relating to the listed securities which is released to any of such other exchanges and that such information is released to the market in Hong Kong at the same time as it is released to the other markets;~~

(3) to (4)...

(5) ~~comply with the Exchange Listing Rules in force from time to time.~~

2A. Where the securities 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 securities.

GENERAL

Response to enquiries

26. Where the Exchange makes enquiries ~~The Issuer and the Guarantor shall respond promptly to any enquiries made of the Issuer or the Guarantor by the Exchange concerning unusual movements in the price or trading volume of its the Issuer's listed securities, the possible development of a false market in the securities, or any other matters, the Issuer and/or Guarantor shall respond promptly as follows: by~~

(1) giving such relevant provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which as is available to the Issuer and the Guarantor;
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 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 Securities and Futures Ordinance, appropriate, by issuing and if requested by the Exchange, make an announcement containing a statement to the that effect (see note 1 below). that the Issuer and the Guarantor (as the case may be) 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 and shall also respond promptly to any other enquiries made of the Issuer or the Guarantor by the Exchange.

26.1 ~~If the enquiry relates to unusual movements in the price or trading volume of securities and the Issuer or the Guarantor are aware of any matter that might have relevance to such movements, an announcement clarifying the situation should be issued. If it is not possible to make such an announcement, a temporary suspension of dealings in the Issuer's listed securities may be necessary. [Repealed 1 January 2013]~~

26.2 ~~If the Issuer is not aware of any matter that might have relevance to such movements (and only in such circumstances) the Issuer should issue an announcement in the following form or such other form as required by the Exchange [Repealed 1 January 2013]~~

Notes: 1. The form of the announcement referred to in paragraph 26(2) is as follows:

“This ~~announcement statement~~ 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 Company] 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 ~~and wish to state 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.”

~~We are not aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature."~~

The above statement may be given on a corporate basis.

2. 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.
3. The Exchange reserves the right to direct a trading halt of the Issuer's securities if an announcement under paragraph 26(1) or 26(2) cannot be made promptly.

Trading halt or trading suspension

26A. Without prejudice to the Exchange's ability to direct the halt, suspension and resumption of trading in the Issuer's listed 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 2(1)(b) or 2A; or**
- (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 the Issuer and/or the Guarantor 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 does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.

Appendix 10

Model Code for Securities Transactions by Directors of Listed Issuers

Basic Principles

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 ~~Exchange Listing Rules~~ or connected transactions under Chapter 14A of the ~~Exchange Listing Rules~~ or any ~~price-sensitive~~ inside information must refrain from dealing in the ~~listed~~ issuer's securities as soon as they become aware of them or privy to them until the information has been announced ~~proper disclosure of the information in accordance with the Exchange Listing Rules~~. Directors who are privy to relevant negotiations or agreements or any inside ~~price-sensitive~~ information should caution those directors who are not so privy that there may be ~~unpublished~~ inside ~~price-sensitive~~ information and that they must not deal in the ~~listed~~ issuer's securities for a similar period.

RULES

A. Absolute prohibitions

1. A director must not deal in any of the securities of the ~~listed~~ issuer at any time when he possesses ~~is in possession of unpublished~~ inside ~~price-sensitive~~ information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule B.8 of this code.

Note: "~~Price sensitive information~~" means information described in rule 13.09(1) and the notes thereunder. In the context of this code, rule 13.09(1)(c) and its notes 9, 10 and 11 are of particular relevance.

2. A director must not deal in the securities of an listed issuer when by virtue of his position as a director of another ~~listed~~ issuer, he possesses ~~is in possession of unpublished~~ inside ~~price-sensitive~~ information in relation to those securities.

B. Notification

8. A director must not deal in any securities of the ~~listed~~ 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... The designated director must not deal in any securities of the ~~listed~~ issuer without first notifying the chairman and receiving a dated written acknowledgement....

Note: For the avoidance of doubt, the restriction under A.1 of this code applies ~~in the event that price sensitive~~ if inside information develops following the grant of clearance.

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 ~~be in possession of unpublished price-sensitive~~ inside information in relation to the securities of any ~~listed~~ issuer does not deal in those securities ~~at a time~~ when he would be prohibited from dealing by this code if he were a director.

Appendix 14

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

A.6 Responsibilities of directors

Code Provisions

- A.6.4 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 his office or employment, is likely to possess ~~be in possession of unpublished price sensitive~~ inside information in relation to the issuer or its securities.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial reporting

Code Provisions

- C.1.5 The board should present a balanced, clear and understandable assessment in annual and interim reports, ~~other price sensitive announcements~~ and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.

RECOMMENDED DISCLOSURES

S. INTERNAL CONTROLS

- (a) Where an issuer includes a directors' statement that they have conducted a review of its internal control system in the annual report under paragraph C.2.1, it is encouraged to disclose the following:
- (i) ...
 - (ii) procedures and internal controls for the handling and dissemination of ~~price sensitive~~ inside information;
 - (iii)

Appendix 19

SPONSOR'S DECLARATION

To: The Listing Division
The Stock Exchange of Hong Kong Limited

...../...../.....

Pursuant to rule 3A.13 we declare to The Stock Exchange of Hong Kong Limited (the "Exchange") that:

- (b) having made reasonable due diligence inquiries, we have reasonable grounds to believe and do believe that:
- (iv)
 - (v) the Company has established procedures, systems and controls (including accounting and management systems) which are adequate having regard to the obligations of the Company and its directors under to comply with the 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 16, and Part XIVA of the Securities and Futures Ordinance) and which are sufficient to enable the Company's directors to make a proper assessment of the financial position and prospects of the Company and its subsidiaries, both before and after listing; and
 - (vi) ...

Appendix 24

Headline Categories

The following documents are submitted by issuers for publication on our website as listed companies information:–

Schedule 1

Headline Categories for Announcements and Notices

Reorganisation/Change in Shareholding/Major Changes/Public Float/Listing Status

...

Suspension

Trading Halt

Miscellaneous

...

~~Price Sensitive~~ Inside Information

...

APPENDIX II: GEM LISTING RULE AMENDMENTS

Chapter 1

GENERAL

INTERPRETATION

1.01 Throughout this book, the following terms, save where the context otherwise requires, have the following meanings:

“GEM Listing Rules” or “GLR” or “Rules” the rules governing the listing of securities on GEM made by the Exchange from time to time

“inside information” has the meaning defined in the Securities and Futures Ordinance as amended from time to time

Note: Where the Exchange interprets whether a piece of information is inside information in the context of enforcing the GEM Listing Rules, e.g. rules 13.11(4) and 23.05, 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

“Securities and Futures Ordinance” or “SFO” the Securities and Futures Ordinance (Cap. 571) as amended from time to time

“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.

Chapter 2

GENERAL

INTRODUCTION

General principles

- 2.06 The GEM Listing Rules are designed to ensure that investors have and can maintain confidence in the market and in particular that:—
- (2) ...
 - (3) investors and the public are kept fully informed by listed issuers and, in the case of a guaranteed issue, the guarantors of ~~all~~ material factors which might affect their interests—~~and in particular that immediate disclosure is made of any information which might reasonably be expected to have a material effect on market activity in, and the prices of, listed securities;~~
 - (4) ...

Characteristics of GEM

- 2.13 The GEM Listing Rules require, and emphasise the on-going need for, comprehensive and timely disclosure of relevant information by all ~~listed~~ issuers. In this regard, particular attention is drawn to the following matters:—
- (2) ...
 - (3) ~~Rule 17.10 sets out the general obligation of disclosure which applies to all listed issuers without prejudice to the specific instances requiring disclosure as set out in other provisions of Chapter 17 or elsewhere in the GEM Listing Rules; [Repealed 1 January 2013]~~
 - (4) The directors of an issuer are collectively and individually responsible for ensuring the issuer's full compliance with ~~the disclosure obligations and all other obligations imposed upon issuers under the~~ GEM Listing Rules; and
 - (5) ...

Chapter 5

GENERAL

DIRECTORS, SECRETARY AND CORPORATE GOVERNANCE MATTERS

Securities transactions by directors

Basic principles

- 5.50 The single most important thrust of the required standard of dealings 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 19 or connected transactions under Chapter 20 of the GEM Listing Rules or any ~~price sensitive~~ 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~~ proper disclosure of the information in accordance with the requirements of Chapter 16. Directors who are privy to relevant negotiations or agreements or any inside ~~price sensitive~~ information should caution those directors who are not so privy that there may be ~~unpublished price sensitive~~ inside information and that they must not deal in the issuer's securities for a similar period.

Absolute prohibitions

- 5.54 A director must not deal in any of the securities of the issuer at any time when he possesses inside ~~is in possession of unpublished price sensitive~~ information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule 5.61.

Note: "Price sensitive information" means information described in rule 17.10 and the notes thereunder. In the context of this rule, rule 17.10(3) and its notes 11 and 13 are of particular relevance.

- 5.55 A director must not deal in the securities of an issuer listed on GEM or the Main Board when by virtue of his position as a director of another issuer, he possesses inside ~~is in possession of unpublished price sensitive~~ information in relation to those securities.

Notification

- 5.61 A director must not deal in any securities of the ~~listed~~ issuer without first notifying in writing the chairman or a director (other than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement... The designated director must not deal in any securities of the ~~listed~~ issuer without first notifying the chairman and receiving a dated written acknowledgement...

Note: For the avoidance of doubt, the restriction under rule 5.54 applies ~~if~~ ~~the event that price sensitive~~ inside information develops following the grant of clearance.

- 5.66 The directors of the issuer must as a board and individually endeavour to ensure that any employee of the issuer 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 ~~be in possession of unpublished price sensitive~~ information in relation to the securities of any issuer on GEM or the Main Board does not deal in those securities ~~at a time~~ when he would be prohibited from dealing by the required standard of dealings if he were a director.

Chapter 6A

SPONSORS AND COMPLIANCE ADVISERS

Sponsor's declaration

- 6A.15 Having made reasonable due diligence inquiries, each Sponsor must confirm that it has reasonable grounds to believe and does believe that:

- (4)
- (5) 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 to comply with~~ the GEM Listing Rules and other relevant legal and regulatory requirements (in particular rules 17.10, 17.11, 18.03, 18.49 and 18.53 to 18.64 and Chapters 19 and 20, and the Inside Information Provisions) and which are sufficient 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 before and after listing; and
- (6) ...

Chapter 9

GENERAL

TRADING HALT, SUSPENSION AND RESUMPTION OF DEALINGS, CANCELLATION AND WITHDRAWAL OF LISTING

General

- 9.01 Listing is always granted subject to the condition that, where the Exchange considers it necessary for the protection of investors or the maintenance of an orderly market, it may, at any time, halt, suspend or direct the resumption of dealings in an 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.

Trading halt or Ssuspension

- 9.03 An issuer shall endeavour to avoid any trading halt or suspension of dealings in its securities.

Notes: 1 Recourse to a trading halt or suspension should only be made where necessary in the interests of all parties.

2 In many cases the appropriate course of action, which the Exchange expects all issuers to follow so far as reasonably practicable, will be for the issuer to publish an announcement ~~in order~~ to avoid the need for a trading halt or suspension.

3 ~~In circumstances w~~ Where a detailed announcement may take time to prepare, the issuer should, subject to rules 19.37 and 20.47 concerning announcements ~~in respect~~ of notifiable and connected transactions, consider making a short announcement to disclose information which is or may be inside information of a price sensitive nature ~~immediately it is the subject of a decision~~ (and for the purpose of avoiding a suspension). This could be followed, at the soonest practicable opportunity thereafter, with a detailed announcement giving all information required by the GEM Listing Rules.

- 9.04 ~~Pursuant to~~ Under rule 9.01, the Exchange may direct a trading halt or suspend dealings in an issuer's securities regardless of whether or not the issuer has requested the same and may do so in any circumstances, including:—

(6) ...

- (7) where there are 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 and 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 such securities or the development of a false market, or where the issuer delays in issuing an announcement in the form required pursuant to under rule 17.11; or
- (8) where there is uneven dissemination or leakage of ~~price-sensitive~~ inside information in the market giving rise to an unusual movement in the price or trading volume of the issuer's listed securities.

Notes: 1 The Exchange will not hesitate to direct a trading halt or suspend dealings where it considers that improper use is being made of ~~unpublished price-sensitive~~ inside information, ~~whether be it~~ by persons connected with the issuer ~~concerned~~ or otherwise. ~~It The Exchange~~ may require a detailed explanation from an issuer as to who may have had access to unpublished information, and ~~as to~~ why security had not been properly maintained. If ~~it the Exchange~~ considers the result of its enquiries justify ~~such action~~, it may publish its findings. ~~It The Exchange~~ places great importance on the responsibility of the directors of an listed issuer, ~~not only~~ to ensure not only proper security with regard to ~~unpublished price-sensitive~~ inside information, but ~~also to ensure~~ that relevant information is disclosed in a proper, and equitable manner, in the interests of the market as a whole, and not to the benefit of a selected group or individual.

2 Where the Exchange believes that an listed issuer or its advisers have permitted ~~price-sensitive~~ inside information regarding the issue of new securities to leak, ~~prior to~~ before its announcement proper publication, ~~it the Exchange~~ will not normally consider an application for the listing of those securities.

3 ~~Under In accordance with the provisions of the Statutory Rules~~, the Exchange will notify the Commission of trading halts, suspensions and restorations of dealings. In addition, the Exchange will halt or suspend dealings if the Commission directs under directed to do so by the Commission pursuant to the provisions of the Statutory Rules.

9.05 The Exchange retains a discretion to allow the trading halt or suspension of dealings in an issuer's securities in appropriate circumstances which may, on a case by case basis, include the following:—

- (1) where, for a reason acceptable to the Exchange, ~~price-sensitive~~ inside information cannot at that time be disclosed; or
- (2) 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. Trading halts or ~~S~~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 discussion which could lead to an offer, should be issued, without recourse to a trading halt or a suspension; or
- (3) where necessary to maintain an orderly market; or
- (4) in respect of certain levels of notifiable or connected transaction, for example, one involving 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.

Procedure

9.06 If the issuer believes that a trading halt or suspension cannot, in all of the circumstances, be avoided it should contact the Exchange at the earliest practicable opportunity.

- Notes: 1 Any request for a trading halt or suspension of dealings should be directed by telephone to the Listing Division in accordance with rule 2.22. It will only be considered when it is received directly from ~~an~~ the issuer's authorised representative, ~~of the issuer or~~ some other responsible officer, ~~of the issuer or from its~~ Compliance Adviser, financial adviser, or legal adviser. Confirmation may be requested as to the authority of the person requesting the trading halt or the suspension. A formal letter supporting the request will be required, although, if the circumstances are exceptionally urgent, this need not be delivered to the Listing Division at the time of the initial request.*
- 2 *Reason(s) for the trading halt or suspension must be given in support of the request and the issuer will be expected to explain why an announcement cannot be or could not have been issued ~~in order~~ to avoid the trading halt or the suspension.*

3 *A request for a trading halt or suspension of dealings (or continued trading halt or suspension of dealings) following the publication of an announcement based solely on a wish that the information should be allowed time to disseminate more widely will not be accepted by the Exchange.*

9.07 An issuer must endeavour to ensure that any request for suspension is, so far as is reasonably practicable, made outside Exchange trading hours (and as early as is practicable ~~prior to~~ before commencement of the next half-day trading session on GEM). Only in exceptional circumstances should a request be made during a trading session.

9.08 Where dealings have been halted or suspended, the issuer must announce the reason(s) for the trading halt or suspension and, where halted or suspended at the request of the issuer, the known or anticipated timing of the lifting of the trading halt or suspension, having regard to the matters set out in rule 9.11.

Resumption

9.09 In the interests of a fair and continuous market, the Exchange requires any period of trading halt or suspension to be kept as short as reasonably practicable. In this regard, the issuer must use its reasonable endeavours to obtain all relevant consents (including regulatory consents) necessary to ensure the lifting of such trading halt or suspension.

Note: 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.

9.10 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.

9.11 In the case of a trading halt or suspension pending an announcement of any matter which is or may be inside information ~~of a price sensitive nature~~, the issuer shall use its reasonable endeavours to issue the announcement before commencement of the next half-day trading session on GEM. ~~In circumstances where~~ If it is not possible, for whatever reason, to issue the announcement within this time scale, the issuer shall, if requested to do so by the Exchange:—

(1) ...

Notes: 1 Any holding announcement required for the purpose of this rule, should be in substantially the following form:—

“ ...

The directors of [] are aware that there remains outstanding information relating to the Company which is or may be ~~of a price sensitive nature~~ inside information and which it is not practicable to publish at this time.

...

As required ~~pursuant to~~ under the GEM Listing Rules, the Company has requested the resumption of dealings in its securities with effect from []... ”

.....

- 2 *A holding announcement of the type under ~~referred to in~~ Note 1 ~~above~~ must be published in accordance with ~~the requirements of~~ Chapter 16.*

9.12 ~~Pursuant to~~ Under rule 9.01, the Exchange may direct the resumption of dealings in securities. In particular, the Exchange may:—

- (1) without prejudice to rule 9.11, 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 dealings in the issuer’s securities, following the publication of which the Exchange may direct the resumption of dealings; and/or
- (2) direct a resumption of dealings following the publication of an announcement by the Exchange notifying the resumption of dealings in the securities.

9.13 The power conferred upon the Exchange by rule 9.12 shall not be exercised without first giving the issuer of the securities subject to trading halt or suspension the opportunity of having the matter reviewed in accordance with rule 4.07(5). At any hearing in connection with a direction for resumption, the burden shall be on the issuer opposing the resumption to satisfy the Exchange that a continued trading halt or suspension would be appropriate.

Transfer of listing

9.26 As soon as reasonably practicable and in any event ~~not later than~~ by the same day when the documents described under Main Board Listing Rule 9A.06 are submitted to the Exchange for a transfer of listing from GEM to the Main Board, the issuer shall ~~issue and publish an announcement in accordance with rule 17.10 to inform the market of~~ the relevant facts to inform the market.

Note: Issuers are reminded of Main Board rule 9A.08 which requires a more detailed announcement to be made when they have received the Exchange's formal approval for the transfer ~~has been received from the Exchange~~.

Chapter 12

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

Applications

General

- 12.10 All publicity material released in Hong Kong relating to an issue of securities by a new applicant, ~~must be reviewed by the Exchange before release and~~ must not be released until the Exchange has reviewed it and confirmed to the issuer that it has no ~~further~~ comments thereon. In addition, ~~such~~ the publicity material must comply with all ~~applicable~~ statutory requirements. For these purposes, 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. Moreover, circulation is permitted of documents of a marketing nature such as the invitation or offering telex document (or its equivalent ~~in another medium~~) and documents which consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the securities, provided that any obligations created thereunder to issue, subscribe, purchase or underwrite the securities are conditional on listing being granted. ~~Such~~ 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 Listing Division's hearing ~~by the Listing Division~~ of the new applicant's application for listing must state that application has been or will be made to the Exchange for listing of and permission to deal in the securities concerned. Where any material relating to a proposed listing by a new applicant is released without the Exchange's prior review ~~by the Exchange~~ before the ~~such~~ hearing, the Exchange may postpone the ~~such~~ hearing by up to 1 month. If this will result in the application form being more than 6 months out of date, the applicant may have to submit a new application form and a further non-refundable listing fee (see rule 12.07).

~~Listed~~ Issuers must endeavour to ensure that the proposed listing (and all details thereof) are kept confidential ~~prior to~~ before any announcement concerning the proposed listing. Where the Exchange believes that an ~~listed~~ issuer or its advisers have permitted ~~price sensitive~~ inside information regarding the issue of additional securities to leak, ~~prior to~~ before announcing an announcement on the subject, the Exchange will not normally consider an application for the listing of those securities.

Chapter 13

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

Restrictions and notification requirements on issuers purchasing their own shares on a stock exchange

Dealing restrictions

13.11 The following dealing restrictions must be adhered to:—

- (3) ...
- (4) an issuer shall not purchase its shares on GEM at any time after ~~a price sensitive development has occurred or has been the subject of a decision~~ inside information has come to its knowledge until such time as the ~~price sensitive~~ information is made publicly available. In particular, during the period of 1 month immediately preceding the earlier of:
 - (i) the date of the board meeting (as such date is first notified to the Exchange in accordance with rule 17.48) for the approval of the issuer's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (ii) the deadline for the issuer to ~~publish an announcement of~~ its results for any year, half-year or quarter-year period under rules 18.49, 18.78 or 18.79 or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, the issuer may not purchase its shares on GEM, unless the circumstances are exceptional;

- (5) ...

Chapter 16

EQUITY SECURITIES

PUBLICATION REQUIREMENTS

Publication on the GEM website

- 16.17 (1) (d) 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 GEM 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.
- 16.18 (3) (a) Announcement or notice must not be published on the GEM website:
- between 8:30 a.m. and 12:00 noon and between ~~1:00~~ 12:30 p.m. and 4:15 p.m. on a normal business day ~~provided that the reference to 1:00 p.m. shall be changed to 12:30 p.m. with effect from 5 March 2012;~~ and
 - ...
 - except for:
 - (i) [Repealed 10 March 2008];
 - (ii) announcements made solely under ~~pursuant to~~ rule 16.17(1)(d);
 - (iii) announcements made solely under ~~pursuant to~~ rule 17.12, rule 17.13 or rule 31.06;
 - (iv) announcements made in response to the Exchange's enquiries of the issuer unusual movements in price or trading volume under rule 17.11 or rule 31.05 ~~provided that if in the announcement the issuer only provides the negative confirmations required under rule 17.11(2) or rule 31.05(2), states that it is not aware of any matter which might have relevance to such movement or refers to its previously published information;~~

- (v) announcements made in response to media news or reports under rule 17.10(2) or rule 31.04(2) provided that 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) ...
- 16.19 (1) ~~After 24 June 2008, e~~ Every issuer must have its own website on which it must publish any announcement, notice or other document published by the issuer pursuant to under rule 16.17 on the GEM website. Such publication should be at the same time as publication of the electronic copy of the document on the GEM website. In any event....
- (2) ...
- (3) ~~Prior to 25 June 2008, an issuer with its own website must publish on its website, in accordance with the timing prescribed in rule 16.19(1), any announcement, notice or other document submitted by the issuer pursuant to rule 16.17 for publication on the GEM website. [Repealed 1 January 2013]~~

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

Preliminary

- 17.01 An issuer shall comply (and undertakes by pursuant to its application for listing (Appendix 5A), once any of its securities have been admitted to listing, to comply), at all times, with all of the requirements of the GEM Listing Rules in force from time to time, in force, save for any that are stated not to apply. Set out in this Chapter is the general continuing obligation of disclosure, together with certain other general continuing obligations.

~~This Chapter is not exhaustive and issuers are reminded that other Chapters contain additional specific obligations, including, in particular, the following:—~~

~~Chapter 5 — Directors, Secretary and Corporate Governance Matters~~

~~Chapter 9 — Suspension and Resumption of Trading, Cancellation and Withdrawal of Listing~~

~~Chapter 11 — Qualifications for Listing~~

~~Chapter 13 — Restrictions on Purchase, Disposal and Subscription~~

~~Chapter 16 — Publication Requirements~~

~~Chapter 18 — Financial Information~~

~~Chapter 19 — Notifiable Transactions~~

~~Chapter 20 — Connected Transactions.~~

~~Additional continuing obligations are set out in Chapter 31, in so far as they relate to issuers having debt securities in issue. Additional requirements relating to continuing obligations are set out in Chapter 18A dealing with Mineral Companies.~~

- 17.02 ~~The continuing obligations set out in this Chapter are primarily designed to ensure the maintenance of a fair and orderly securities market and that all market users have simultaneous access to the same information. Issuers must keep the holders of their securities (and the public) fully informed of all material factors which might affect their interests and treat the holders of their securities in a proper manner.~~
- 17.03 ~~The directors of a~~An issuer's directors are collectively and individually responsible for ensuring the issuer's full compliance with the GEM Listing Rules.
- 17.04 ~~The directors should seek advice and guidance from the issuer's Sponsor (for so long as the issuer is obliged to retain, or otherwise retains, the services of a Sponsor) regarding the issuer's obligation to comply with, and the manner and extent of compliance with, the GEM Listing Rules. They and should take such advice and guidance into account.~~
- 17.05 ~~Any announcement an issuer is required to make under be made by an issuer pursuant to the GEM Listing Rules must be made according to in accordance with the publication requirements contained in Chapter 16, unless otherwise stated.~~

Continuing disclosure obligations

Introduction

- 17.06 ~~The continuing obligations relating to disclosure set out in this Chapter are designed to ensure the immediate release of information in the circumstances referred to in rule 17.10. The guiding principle is that information which is~~

~~expected to be price sensitive should be released immediately it is the subject of a decision. Until that point is reached, it is imperative that the strictest security within the issuer and its advisers is observed.~~

- (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 GEM 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.

17.07 ~~Without prejudice to the generality of rule 17.10, this Chapter identifies specific circumstances in which an issuer is obliged to disclose information to the holders of its securities and the public.~~

~~Note: The specific circumstances identified in this Chapter are not alternatives to the general disclosure obligation set out in rule 17.10 and do not in any way detract from the issuer's responsibilities under rule 17.10.~~

- (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 GEM Listing Rules as required.

17.07A An issuer and its directors must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.

17.07B 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.

~~17.08 In adhering to the continuing obligations relating to disclosure set out in this Chapter, the An issuer and its directors of the issuer must seek to ensure that dealings do not take place between parties one of whom does not have price-sensitive inside information which is in the possession of the other possesses.~~

~~17.09 In order to~~ To maintain high standards of disclosure, the Exchange may require an issuer to announce the publication of further information, by and impose additional requirements on it, a listed issuer where it the Exchange considers that circumstances so justify, but However, the Exchange will allow representations by the issuer to make representations before imposing any such requirements on it which are not imposed on listed issuers generally. The issuer must comply with the additional such requirements failing which and, if it fails to do so, the Exchange may (where such requirements relate to the publication of information) itself publish the information when such information is available to it the Exchange. Conversely, the Exchange may waive, modify or not require compliance with the terms of any specific obligations set out in this Chapter in to suit the circumstances of a particular case, but may require the issuer concerned to enter into an agreement or undertaking, in that event, as a condition of any such dispensation.

General obligation of disclosure

~~17.10 Generally and apart from compliance with all the specific requirements of the GEM Listing Rules, an issuer shall keep the Exchange, members of the issuer and other holders of its listed securities informed, as soon as reasonably practicable, of any information relating to the group (including information on any major new developments in the group's sphere of activity which is not public knowledge) which:~~

~~(1) is necessary to enable them and the public to appraise the position of the group; or~~

~~(2) is necessary to avoid the establishment of a false market in its securities; or~~

~~(3) might be reasonably expected materially to affect market activity in and the price of its securities.~~

- ~~Notes: 1—Information should not be divulged outside the issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons. Information should not be released in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information. Without in any way derogating from this principle, issuers may, in appropriate circumstances, give advance information in strict confidence to persons with whom negotiations are taking place with a view to the making of a contract or the raising of finance, e.g. to prospective underwriters of an issue of securities or providers of funds on loan. In any such case the persons receiving such information will be expected not to deal in the issuer's securities until the information has been released.~~
- ~~2—When developments are on hand which are likely to have a significant effect on market activity in or the price of any listed securities, it is **the direct responsibility of the directors to ensure that such information is kept strictly confidential** until a formal announcement is made. To this end the directors must ensure that the strictest security is observed within the issuer and its advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be made as soon as possible thereafter. In the case of an approach which may lead to an offer for all or part of the listed securities of the issuer, unless security by all parties can be assured, a warning announcement should be issued indicating that the issuer is in discussions which may lead to an offer for those securities. The lack of a warning announcement in some situations may lead to the establishment of a false market. In merger and takeover transactions, particularly where no warning announcement has been issued, a temporary suspension of dealings may be appropriate where negotiations have reached a point at which an offeree company is reasonably confident that an offer will be made for its shares or where negotiations or discussions are extended to embrace more than a small group of people.~~
- ~~3—The issuer may be obliged (by statute or otherwise) to impart information to a third party. If such information thereby enters the public domain and is of a price sensitive nature, it should be simultaneously released to the market.~~
- ~~4—The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the issuer's listed securities. The overriding principle is that information which is expected to be price sensitive should be~~

~~announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings.~~

- ~~5—The issuer must endeavour to avoid any suspension of its securities having regard to the provisions of rule 9.03 and the Notes thereto.~~
- ~~6—Rule 17.56 sets out general principles as to the presentation of information in all announcements, listing documents and circulars required to be published under the GEM Listing Rules.~~
- ~~7—Any obligation to inform holders of the issuer's securities or the public will be satisfied by the information being announced in accordance with rule 17.05.~~
- ~~8—Where it is proposed to announce at any meeting of holders of listed securities information which might affect the market price of the issuer's securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting in accordance with Chapter 16.~~
- ~~9—If the directors consider that disclosure of information to the public might prejudice the issuer's business interests, the Exchange must be consulted as soon as practicable.~~
- ~~10—Information should be released before the stage when it needs to be made available outside the directors, employees and advisers necessarily concerned. The date of the requisite board meeting should be fixed with this consideration in mind; if a suitable date cannot be fixed, it may be necessary for the board to delegate its power of approval to a committee so that the appropriate announcement can be made at the proper time.~~
- ~~11—If, during the period of any profit forecast made by the issuer:
 - ~~(a)—an event occurs which, had it been known at the time the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different; or~~
 - ~~(b)—income or loss is generated by some activity outside the ordinary and usual course of the business (which income or loss was not disclosed as anticipated in the document in which the profit forecast was made) and which contributes~~~~

~~or is likely to contribute materially to the calculation of the profits for such period,~~

~~the issuer shall promptly disclose the occurrence of such event and relevant details to holders of the issuer's securities. The issuer should give an indication in the announcement of the likely impact of the event or activity referred to above on the profit forecast.~~

~~A disclosure obligation arises under sub paragraph (b) above as soon as the issuer becomes aware that it is likely that the contribution in the calculation of profits made or to be made by income or loss generated or to be generated as aforesaid will be material.~~

~~12—An issuer must consider whether or not it is appropriate or necessary to make any disclosure pursuant to this rule in circumstances where the profits or business developments of the issuer are or are likely to be out of line with any estimate or projection of the issuer or with market expectations of the issuer. If thought appropriate or necessary, an announcement should be made, on a timely basis, revising any estimate or projection and setting out reasons or explanations for the difference.~~

~~13—An issuer must notify the Exchange, members of the issuer and other holder of its listed securities without delay where:—~~

~~(i) —to the knowledge of the directors there is no major market upheaval in the industries, countries or regions where the issuer has significant operations or transactions, or significant changes in exchange rates of currencies that are key to its operations; or~~

~~(ii) —to the knowledge of the directors there is such a change in the issuer's financial condition or in the performance of its business or in the issuer's expectation of its performance that knowledge of the change is likely to lead to substantial movement in the price of its listed securities; or~~

~~(iii) —the issuer has committed significant resources to an activity which is non-core business and this has not previously been disclosed.~~

~~14—In circumstances where the issuer is aware that the price or trading volume of its listed securities is being or may be influenced by speculation or rumour, the issuer is encouraged to make an announcement by way of clarification in order to avoid the~~

~~establishment of an uninformed, misinformed or false market in its securities. In the event that the Exchange contacts the issuer concerning unusual movements in the price or trading volume of its securities, rule 17.11 shall apply.~~

~~15 Without limiting the generality of Note 14 above, comments by individuals who:—~~

~~(a) are directors or representatives of an issuer or its controlling shareholder; and/or~~

~~(b) hold positions in entities with authority, administrative control or influence over an individual issuer or its controlling shareholder irrespective of that entity's equity interest in the issuer or controlling shareholder; and/or~~

~~(c) hold positions in entities with authority, administrative control, influence or regulatory responsibility over an industry~~

~~may be accorded considerable weight by the news media and investors. They may affect market activity in and the price of an issuer's securities thereby giving rise to an obligation under this rule. If these individuals make public proposed transactions or developments in relation to an issuer, which have not previously been announced or disclosed to shareholders in accordance with the GEM Listing Rules, the issuer affected will generally be required to clarify such comments by way of an announcement. Furthermore, comments by individuals holding positions in entities having authority, administrative control, influence or regulatory responsibility over an industry may give rise to an obligation on issuers operating in that industry to issue a clarification announcement.~~

~~16 Any confidentiality undertaking entered into by an issuer shall be made subject to any obligation on the part of the issuer to disclose information pursuant to the GEM Listing Rules.~~

(1) Without prejudice to rule 17.11, 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 17.11.

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

17.11 ~~Where the Exchange makes enquiries An issuer shall respond promptly to any enquiries made of the issuer by the Exchange concerning unusual movements in the price or trading volume of its listed securities, the possible development of a false market in its securities, or any other matters, the issuer must respond promptly as follows: by~~

~~(1) giving provide to the Exchange and, if requested by the Exchange, announce, any such relevant information relevant to the subject matter(s) of the enquiries which as is available to it, so as to inform the market or to clarify the situation; the issuer 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, appropriate, by issuing make an announcement containing a statement to the that effect (see note 1 below), 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 and shall also respond promptly to any other enquiries made of the issuer by the Exchange.~~

Notes: 1—If the enquiry relates to unusual movements in the price or trading volume of securities and the directors of the issuer are aware of any matter that might have relevance to such movements, an announcement clarifying the situation should be issued. The issuer should endeavour to issue an announcement sufficient to avoid the

~~need for any suspension of its securities (see rule 9.03). However, if it is not possible to make such an announcement, for example because negotiations may have reached a delicate stage, a temporary suspension of dealings in the issuer's securities may be necessary (see rule 9.06).~~

~~2. If the directors of the issuer are not aware of any matter that might have relevance to such movements (and only in such circumstances) the issuer should issue an announcement in the following form~~

1. The form of the announcement referred to in rule 17.11(2) is as follows:—

“This announcement is made at the request of The Stock Exchange of Hong Kong Limited. 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.

We have noted [the recent increases/decreases in the price and/or trading volume of the [shares/warrants] of the Company] or [We refer to the subject matter of the Exchange's enquiry]. ~~and wish to state that~~ 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 such [increases/decreases].

~~We also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price sensitive nature.~~

This announcement is ~~M~~ made by the order of the Company. ~~†~~The Board of [], the ~~d~~Directors of which collectively and individually accept 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 17.11(1) or 17.11(2) cannot be made promptly.

Trading halt or trading suspension

17.11A 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 17.10; 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.

Dual listing disclosure obligation

~~17.12 If securities of the issuer are also listed on other stock exchanges, the Exchange must be simultaneously informed of any information released to any of such other stock exchanges on which its securities are listed at the same time as the information is released to that other exchange, and the issuer must ensure that such information is announced at the same time as it is released to the other markets.~~

Disclosure of information released by a listed subsidiary

- 17.13 ~~In circumstances w~~Where a subsidiary of the issuer listed on another stock exchange or securities market releases information on that stock exchange or in that securities market, the issuer must ensure that such information is announced as soon as practicable thereafter, irrespective of any obligation on the issuer to ~~announce issue its own announcement~~ under the GEM Listing Rules rule 17.10 or otherwise.

General Specific matters relevant to the issuer's business

Exposure to borrowers and other specific circumstances that may require disclosure

- 17.14 ~~Without prejudice to any obligation to disclose information pursuant to rule 17.10 and without limiting the scope of that rule,~~ Rules 17.15 to 17.21 set out specific instances that give rise to a disclosure obligation on the part of an issuer's part.

Notes: 1 ~~Issuers are reminded that~~ † Transactions and financing arrangements of the sort referred to in rules 17.15 to 17.21 may also be subject to the requirements of Chapter 19 (Notifiable Transactions) and/or Chapter 20 (Connected Transactions).

2 For the purposes of rules 17.15 to 17.21, the following terms have the following meanings:—

...

3 ...

4 ~~If the directors consider that any disclosure pursuant to rules 17.15 to 17.21 might prejudice the issuer's business interests, the Exchange must be consulted as soon as possible. [Repealed 1 January 2013]~~

Advances to an entity

- 17.15 ~~A disclosure obligation arises w~~Where the relevant advance to an entity from the issuer or any of its subsidiaries exceeds 8% under the assets ratio as defined under rule 19.07(1), the issuer must announce the information in rule 17.17 immediately thereafter. For the avoidance of doubt, an advance to a subsidiary of the issuer, or between subsidiaries of the issuer, will not be regarded as a relevant advance to an entity.

17.16 ~~A disclosure obligation arises w~~ Where the relevant advance to an entity increases from that previously disclosed (whether pursuant to under rule 17.15, 17.16 this rule or rule 17.22) and the amount of the increase since the previous disclosure is 3% or more under the assets ratio as defined under rule 19.07(1), the issuer must announce the information in rule 17.17 immediately thereafter.

17.17 ~~Where a disclosure obligation arises u~~ Under rule 17.15 or 17.16, an issuer must announce, immediately thereafter, publish an announcement disclosing the following information:—

(1) ...

17.17A For the purpose of rules 17.15 and 17.16, ~~where~~ any trade receivable is not regarded as a relevant advance to an entity if:

(1) it any trade receivable (other than as a result of the provision of financial assistance) arose in the issuer's ordinary and usual course of business (other than as a result of the provision of financial assistance) of the issuer; and

(2) the transaction from which the trade receivable arose was on normal commercial terms;

~~the trade receivable shall not be regarded as a relevant advance to an entity.~~

Financial assistance and guarantees to affiliated companies of an issuer

17.18 ~~A disclosure obligation arises w~~ Where the financial assistance extended by an issuer or any of its subsidiaries to affiliated companies of the issuer, and guarantees given by the issuer or any of its subsidiaries in respect of facilities granted to affiliated companies of an issuer, in aggregate exceeds 8% under the asset ratio as defined under rule 19.07(1), the issuer must immediately thereafter announce the following. ~~In these circumstances, the information required to be announced, immediately thereafter, is as follows:~~

(1) ...

Pledging of shares by the controlling shareholder

17.19 ~~A disclosure obligation arises w~~ Where the issuer's controlling shareholder of ~~the issuer~~ has pledged all or part of its interest in shares of the issuer's shares to secure the issuer's debts of the issuer or to secure guarantees or other support of its obligations, the issuer must immediately thereafter announce the following of the issuer. ~~In these circumstances, the information required to be announced, immediately thereafter, is as follows:—~~

(1) ...

Note: ~~This disclosure obligation set out in this rule is separate from the disclosure obligation arising from the pledging or charging of securities by controlling shareholders which is dealt with in rule 17.43.~~

Loan agreements with covenants relating to specific performance by the controlling shareholder

17.20 ~~A disclosure obligation arises w~~ 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, of the issuer the issuer must immediately thereafter announce the following. ~~In these circumstances, the information required to be announced, immediately thereafter, is as follows:—~~

(1) ...

Breach of loan agreement by an issuer

17.21 ~~An obligation to make an announcement arises when~~ If there is a an issuer or any of its subsidiaries breaches of the terms of a loan agreement by the issuer or any of its subsidiaries, in respect of any loan that is significant to the group's operations of the group, such that the lender may demand its immediate repayment of the loan and where the lender has not waived issued a waiver in respect of the breach, the issuer must announce such information.

Continuing disclosure requirements

17.22 ...

17.23 ...

17.24 Where the circumstances giving rise to a disclosure under rule 17.18 continue to exist at the issuer's half yearly or quarterly period end or annual financial year end, ~~the issuer's~~ its half-year, quarterly or annual report ~~shall~~ 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 effective economic interest of the issuer in the affiliated companies. ~~In cases where~~ If it is not practicable to prepare the combined balance sheet of affiliated companies, the Exchange, on the issuer's application from the issuer, may consider ~~to~~ 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.

Material changes following listing

- 17.25 Any proposed fundamental change in the principal business activities of an issuer or its group must be announced immediately after it has been the subject of any decision. Other than with the prior approval of the issuer's independent shareholders of the issuer in general meeting under pursuant to rule 19.89, an issuer may not, during the period of 12 months from the date on which dealings in its securities commenced on GEM, implement any such material change.

Note: See also rules 19.88 to 19.90.

- 17.26 ...

Material matters which impact on profit forecasts

17.26A (1) If, during the period of any forecast made by the issuer:-

- (a) 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; or
- (b) profit or loss is 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) and which materially contributes to or reduces, or is likely to materially contribute to or reduce, the profits for such period,

the issuer must promptly announce the event and relevant details. In the announcement, the issuer must also indicate the likely impact of that event or activity on the profit forecast already made.

- (2) The issuer must announce the information under rule 17.26A(1) 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 as aforesaid will be material.

Winding-up and liquidation

- 17.27 (1) An issuer shall inform the Exchange of and announce ~~make an announcement on~~ the happening of any of the following events, as soon as it the same shall come to the its attention of the issuer:—
- (b) ...

- (c) the passing of any resolution by the issuer, its holding company or any subsidiary falling under rule 17.27(2) that it be ~~wound-up~~ wound up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;
 - (d) ...
 - (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 as defined under rule 19.04(9).
- (2) Rules 17.27(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 as defined under rule 19.04(9).

Notes: 1 ...

- 2 ~~*In the circumstances referred to in Note 9 to rule 17.10, the Exchange may be prepared to give a dispensation from the requirement to make the information public. However, the Exchange must be informed in any event. [Repealed 1 January 2013]*~~
- 3 ~~*The issuer must at all times also have regard to its general disclosure obligation under rule 17.10. [Repealed 1 January 2013]*~~

General matters relevant to the issuer's securities

Board decisions

- 17.49 An issuer shall inform the Exchange and publish an announcement immediately after (and for the purpose of providing details of) the approval by or on behalf of the board of:—
- (2) ...
 - (3) any preliminary announcement of profits or losses for any year, or any half-year or quarterly report or results announcements for any or other period; and

- Notes: 1 *The timing of board meetings is a matter for the convenience and judgement of individual boards, but an issuer should inform the Exchange of ~~should be informed of~~, and ~~an announcement be made in respect of~~, decisions on dividends and results as soon as practicable after they ~~such decisions~~ have been taken. The directors are reminded that it is their direct responsibility to ensure that such information is kept strictly confidential until it is the announced ~~is made~~. In the case of a preliminary announcement of results, ~~listed~~ issuers' attention is drawn to the ~~provisions set out in Chapter 18 regarding disclosure of in relation to the disclosure requirements for~~ regarding disclosure of quarterly, half-year and annual results announcements.*
- 2 ~~Issuers are reminded that Note 10 to rule 17.10 and Note 1 above are~~ 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, ~~in view of their price-sensitive nature,~~ as the basis of a preliminary announcement of results for the full year.

(4) ...

Changes

17.50 An issuer must publish an announcement as soon as practicable in regard to:—

(2) ...

(m) ...

(n) full particulars where:

- (i) he has been identified as an insider dealer ~~under~~ pursuant to 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 ~~such expression is~~ 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 pursuant to~~ 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 be in breached of 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; or
- (iv) any enterprise, company or unincorporated business enterprise in which he was or is a controlling shareholder (as ~~such term is~~ defined in the GEM 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 be in breached of 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 GEM 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;

Chapter 19

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

Preliminary

- 19.01 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 considers additional requirements in respect of takeovers and mergers.

Note:—Listed issuers should note that even if a transaction is not required to be disclosed pursuant to the provisions of this Chapter, it may nevertheless be required to be disclosed under the listed issuer's general obligation to keep the market informed of all price sensitive information (see rule 17.10).

Definitions

- 19.04 For the purposes of this Chapter:—
- (1) any reference to a “transaction” by a listed issuer:
- (g)

Notes: 1 To the extent not expressly provided in rules 19.04(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. However, listed issuers should note that transaction may nevertheless be required to be disclosed under the listed issuer's general obligation to keep the market informed of all price sensitive information (see rule 17.10).

Requirements for all transactions

Notification and announcement

- 19.34 As soon as possible after the terms of a share transaction, discloseable transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover have been finalised, the listed issuer must in each case:—

- (1) inform the Exchange; and

Note: ~~Under rule 17.10, a listed issuer's notification obligations in respect of information expected to be price sensitive arise as soon as that information is the subject of a decision.~~

- (2) ...

Requirements for all transactions

Trading halt and ~~Short~~ suspension of dealings

- 19.37 (1) Where an listed issuer has signed an agreement in respect of a share transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover and the required announcement has not been published on a business day, ~~the listed issuer~~ it must request a short suspension of dealings in its securities apply for a trading halt or a trading suspension pending the publication of the announcement.
- (2) Without prejudice to rule 19.37(1), ~~In any event,~~ an listed issuer that has signed an agreement in respect of a notifiable transaction which it reasonably believes would require disclosure under the Inside Information Provisions that is expected to be price sensitive must immediately request a short suspension of dealings in its securities apply for a trading halt or a trading suspension pending the publication of the required announcement of the agreement.
- (3) An listed 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 that is expected to be price sensitive must ensure confidentiality of the relevant information until making publication of the required announcement. Where the listed issuer considers that the necessary degree of security cannot be maintained or that the security may have been breached, it must ~~make publish~~ an announcement or immediately apply for a trading halt or a trading suspension request a short suspension of dealings in its securities pending the publication of the announcement.
- (4) Directors of listed issuers must, ~~are reminded of their obligation under rule 17.07A, pursuant to Note 2 to rule 17.10~~ maintain to keep confidentiality of information that is likely to be inside information have a significant effect on market activity in or the price of any listed securities, until such time as it is announced a formal announcement is made in accordance with the requirements of Chapter 16.

- (5) ~~In the case of a reverse takeover, suspension of dealings in the listed issuer's securities must should continue until the issuer has announced disclosure of sufficient information has been made by the listed issuer by way of an announcement.~~ Whether the amount of information disclosed in the announcement is sufficient or not is determined on a case-by-case basis.

Additional requirements for major transactions

Methods of approval

- 19.44 Shareholders' approval for a major transaction shall be given by a majority vote at a general meeting of the shareholders of the ~~listed~~ issuer unless all the following conditions are met, in which case written shareholders' approval may, subject to rule 19.86, be accepted in lieu of holding a general meeting:—
- (1) no shareholder is required to abstain from voting if the ~~listed~~ 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% in nominal value of the securities giving the right to attend and vote at that general meeting to approve the transaction. Where a listed issuer discloses ~~unpublished price sensitive~~ 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.

Contents of announcements

Profit forecast in an announcement

- 19.62 Where the announcement contains a profit forecast in respect of the ~~listed~~ issuer or a company which is, or is proposed to become, one of its subsidiaries, the ~~listed~~ issuer must submit the following additional information and documents to the Exchange by no later than the making ~~publication~~ of such announcement:—
- (1) ...
 - (2) a letter from the ~~listed~~ issuer's auditors or reporting accountants confirming...; and
 - (3) a report from the ~~listed~~ issuer's financial advisers confirming that ... If no financial advisers have been appointed in connection with the transaction, the ~~listed~~ issuer must provide...

Note: See rule 17.26A in respect of issuers' obligation to announce material or significant changes which impact on profit forecasts.

Chapter 20

EQUITY SECURITIES

CONNECTED TRANSACTIONS

Waivers

Shareholders' meeting waiver

20.43 Where independent shareholders' approval of a connected transaction is required, ~~such~~ the approval shall be given by a majority vote at a general meeting of shareholders of the ~~listed~~ issuer unless the following conditions are met, in which case a written shareholders' approval may be accepted in lieu of holding a general meeting:—

- (1) no shareholders of the ~~listed~~ issuer is required to abstain from voting if the ~~listed~~ issuer were to convene a general meeting for the approval of the connected transaction; and
- (2) ...

Notes: 1 ...

- 2 *Where a listed issuer discloses ~~price-sensitive~~ inside information to any shareholder in confidence to solicit the written independent 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.*

Announcement requirements

20.47 Issuers proposing to enter into a connected transaction or a continuing connected transaction which is subject to announcement requirements must:—

- (1) ...

~~Note: Under rule 17.10, a listed issuer's notification obligations in respect of information expected to be price sensitive arise as soon as that information is the subject of a decision.~~

- (2) submit an announcement to the Exchange to be published on the GEM website as soon as possible; and

Note: Where the connected transaction is also a share transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover, rule 19.37 (requirement for trading halt or ~~share~~ suspension of dealings) also applies.

Chapter 23

EQUITY SECURITIES

SHARE OPTION SCHEMES

Restriction on the time of grant of options

23.05 ~~An issuer grant of options may not grant any options be made after inside information has come to its knowledge a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until it has announced the such price sensitive information has been announced in accordance with the requirements of Chapter 16. In particular, it may not grant any option during the period commencing one month immediately before preceding~~ the earlier of:

- (1) the date of the board meeting (as such date is first notified to the Exchange ~~under in accordance with~~ rule 17.48) for ~~approving the approval of the listed~~ issuer's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
- (2) the deadline for the issuer to ~~announce publish an announcement of~~ its results for any year, half year or quarter-year period under rules 18.49, 18.78 or 18.79 or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, ~~no option may be granted.~~

Note: ~~The period during which n~~No option may be granted during ~~will cover any period of delay in the publication of publishing a results announcement.~~

Chapter 28

DEBT SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

Preliminary

28.08 All publicity material released in Hong Kong relating to an issue of debt securities by a new applicant ~~must be reviewed by the Exchange before release and~~ must not be released until the Exchange has reviewed it and confirmed to the issuer that it has no ~~further~~ comments thereon. In addition, ~~such~~ the publicity material must comply with all ~~applicable~~ 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 telex (or its equivalent ~~in another medium~~) 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~~ Such documents will not be considered as falling within the scope of this rule and need not be submitted for prior review. Any publicity material and announcement referring to a new applicant which is issued before the Listing Division's hearing ~~by the Listing Division~~ of the new applicant's application for listing 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. Where any material relating to a proposed listing by a new applicant is released without the Exchange's prior review ~~by the Exchange~~ before the ~~such~~ hearing, the Exchange may postpone the ~~such~~ hearing by up to 1 month.

~~Listed~~ Issuers must ~~comply with the obligation to~~ maintain confidentiality ~~prior to the announcement of~~ before announcing an issue. Where the Exchange believes that an listed issuer or its advisers have permitted inside price sensitive information regarding the issue of additional securities to leak; before announcing ~~prior to an announcement~~ on the subject, the Exchange will not normally consider an application for the listing of those securities.

Chapter 30

DEBT SECURITIES

DEBT ISSUES TO PROFESSIONAL INVESTORS ONLY

Continuing Obligations

30.40 An issuer must immediately, after consultation with the Exchange, announce any information which

- (a) ~~Is necessary for investors to appraise its position or [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. ~~or~~

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) ~~May have a material affect on its ability to meet the obligations under its debt securities. [Repealed 1 January 2013]~~

30.40A If the securities are guaranteed, the guarantor must immediately announce any information which may have a material effect on its ability to meet the obligations under the debt securities.

30.40B (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.

30.40C An issuer must, as soon as reasonably practicable, apply for a trading halt or a trading suspension where there is information under rule 30.40 or rule 30.40A, or inside information which must be disclosed under the Inside Information Provisions, or 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.

Chapter 31

DEBT SECURITIES

CONTINUING OBLIGATIONS

Continuing disclosure obligations

General obligation of disclosure

31.04- Generally and apart from compliance with all the specific requirements of the GEM Listing Rules, an issuer ~~shall~~ must comply with the following ~~keep the Exchange and holders of its listed debt securities informed as soon as reasonably practicable of any information relating to the group (including information on any major new developments in the group's sphere of activity which is not public knowledge) which :—~~

- (1) ~~is necessary to enable them and the public to appraise the position of the group; or~~ [Repealed 1 January 2013]
- (2) Without prejudice to rule 31.05, where in the view of the Exchange there is or there is likely to be a false market in its listed debt securities, an issuer must, as soon as reasonably practicable after consultation with the Exchange, announce the information is necessary to avoid—~~the establishment of a false market in its listed debt securities; or~~

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.

- (3) ~~might be reasonably expected materially to affect its ability to meet its commitments.~~ [Repealed 1 January 2013]
- (4) If the securities are guaranteed, the guarantor must immediately announce any information which may have a material effect on its ability to meet the obligations under the debt securities.
- (5) (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.

- (6) An issuer and its directors must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.
- (7) 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.
- (8) 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.
- (9) (a) If, during the period of any profit forecast made by the issuer:—
- (i) 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; or
- (ii) profit or loss is 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) and which materially contributes to or reduces, or is likely to materially contribute to or reduce, the profits for such period,
- the issuer must promptly announce the event and relevant details. In the announcement, the issuer must also indicate the likely impact of that event or activity on the profit forecast already made.
- (b) The issuer must announce the information under rule 31.04(9)(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 profit or loss generated or to be generated as aforesaid will be material.

Notes: 1 ~~Information should not be divulged outside the issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons. Information should not be released in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information. [Repealed 1 January 2013]~~

~~Without in any way derogating from this principle, issuers may, in appropriate circumstances, give advance information in strict confidence to persons with whom negotiations are taking place with a view to the~~

~~making of a contract or the raising of finance, e.g. to prospective underwriters of an issue of debt securities or providers of funds on loan. In any such case the persons receiving such information will be expected to deal in the issuer's debt securities until the information has been released.~~

- 2 ~~When developments are on hand which are likely to have a significant effect on the ability of the issuer to meet its commitments **it is the direct responsibility of the directors to ensure that such information** is kept strictly confidential until a formal announcement is made. [Repealed 1 January 2013]~~

~~To this end the directors must ensure that the strictest security is observed within the issuer and its advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be made. The lack of an announcement in some situations may lead to the establishment of a false market.~~

- 3 ~~The issuer may be obliged (by statute or otherwise) to impart information to a third party. If such information thereby enters the public domain and is of a price-sensitive nature, it should be simultaneously released to the market. [Repealed 1 January 2013]~~

- 4 ~~The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the issuer's listed debt securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings. [Repealed 1 January 2013]~~

- 5 ~~The issuer must endeavour to avoid any suspension of its securities having regard to the provisions of rule 9.03 and the Notes thereto. [Repealed 1 January 2013]~~

- 6 ~~Rule 31.20 sets out general principles as to the presentation of information in all announcements, listing documents and circulars required to be published under the GEM Listing Rules. [Repealed 1 January 2013]~~

- 7 Any obligation to inform holders of the issuer's debt securities or the public will be satisfied by the information being announced in accordance with rule 31.03.

- 8 ~~Where it is proposed to announce at any meeting of holders of listed debt securities information which might affect the market price of the issuer's debt securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting in accordance with Chapter 16. [Repealed 1 January 2013]~~
- 9 ~~If the directors consider that disclosure of information to the public might prejudice the issuer's business interests, the Exchange must be consulted as soon as practicable. [Repealed 1 January 2013]~~
- 10 ~~Information should be released before the stage when it needs to be made available outside the directors, employees and advisers necessarily concerned. The date of the requisite board meeting should be fixed with this consideration in mind; if a suitable date cannot be fixed, it may be necessary for the board to delegate its power of approval to a committee so that the appropriate announcement can be made at the proper time. [Repealed 1 January 2013]~~
- 11 ~~If, during the period of any profit forecast made by the issuer:—
[Repealed 1 January 2013]~~
- ~~(a) an event occurs which, had it been known at the time the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different;
or~~
- ~~(b) income or loss is generated by some activity outside the ordinary and usual course of the business (which income or loss was not disclosed as anticipated in the document in which the profit forecast was made) and which contributes or is likely to contribute materially to the calculation of the profits for such period,~~
- ~~the issuer shall promptly disclose the occurrence of such event and relevant details to holders of the issuer's debt securities. The issuer should give an indication in the announcement of the likely impact of the event or activity referred to above on the profit forecast.~~
- ~~A disclosure obligation arises under sub paragraph (b) above as soon as the issuer becomes aware that it is likely that the contribution in the calculation of profits made or to be made by income or loss generated or to be generated as aforesaid will be material.~~
- 12 ~~An issuer must consider whether or not it is appropriate or necessary to make any disclosure pursuant to this rule in circumstances where the profits or business developments of the issuer are or are likely to be out of line with any estimate or projection of the issuer or with market~~

~~expectations of the issuer. If thought appropriate or necessary, an announcement should be made, on a timely basis, revising any estimate or projection and setting out reasons or explanations for the difference. [Repealed 1 January 2013]~~

- 13 ~~In circumstances where the issuer is aware that the price or trading volume of its listed debt securities is or may be being influenced by speculation or rumour, the issuer is encouraged to make an announcement by way of clarification in order to avoid the establishment of an uninformed, misinformed or false market in its securities. In the event that the Exchange contacts the issuer concerning unusual movements in the price or trading volume of its securities, rule 31.05 shall apply. [Repealed 1 January 2013]~~
- 14 ~~Without limiting the generality of Note 13 above, comments by individuals who: — [Repealed 1 January 2013]~~
- ~~(a) are directors or representatives of an issuer or its controlling shareholder; and/or~~
- ~~(b) hold positions in entities with authority, administrative control or influence over an individual issuer or its controlling shareholder irrespective of that entity's equity interest in the issuer or controlling shareholder; and/or~~
- ~~(c) hold positions in entities with authority, administrative control, influence or regulatory responsibility over an industry may be accorded considerable weight by the news media and investors. They may affect market activity in and the price of an issuer's securities thereby giving rise to an obligation under this rule. If these individuals make public proposed transactions or developments in relation to an issuer, which have not previously been announced or disclosed to shareholders in accordance with the GEM Listing Rules, the issuer affected will generally be required to clarify such comments by way of an announcement. Furthermore, comments by individuals holding positions in entities having authority, administrative control, influence or regulatory responsibility over an industry may give rise to an obligation on issuers operating in that industry to issue a clarification announcement.~~
- 15 ~~Any confidentiality undertaking entered into by an issuer shall be made subject to any obligation on the part of the issuer to disclose information pursuant to the GEM Listing Rules. [Repealed 1 January 2013]~~

Response to enquiries

31.05 ~~Where the Exchange makes enquiries An issuer shall respond promptly to any enquiries made of the issuer by the Exchange concerning unusual movements in the price or trading volume of its listed debt securities, the possible development of a false market in its securities, or any other matters, the issuer must respond promptly as follows: by~~

- ~~(1) giving provide to the Exchange and, if requested by the Exchange, announce, any such relevant information relevant to the subject matter(s) of the enquiries which as-is available to it, so as to inform the market or to clarify the situation; the issuer 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 Inside Information Provisions, and if requested by the Exchange, appropriate, by issuing make an announcement containing a statement to that the effect (see note 1 below), 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 debt securities and shall also respond promptly to any other enquiries made of the issuer by the Exchange.~~

Notes: If the directors of the issuer are not aware of any matter that might have relevance to such movements (and only in such circumstances) the issuer should issue an announcement in the following form

1. The form of the announcement referred to in rule 31.05(2) is as follows:—

“This announcement is made at the request of The Stock Exchange of Hong Kong Limited. 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.

We have noted [the recent increases/decreases in the price and/or trading volume of the debt securities of the Company] or [We refer to the subject matter of the Exchange’s enquiry]. Having made such enquiry with respect to the issuer as is reasonable in the

circumstances, we confirm ~~and wish to state~~ that we are not aware of [any reasons for these movements such [increases/decreases] 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.

~~The Board is not aware of any matter discloseable under the general obligation imposed by rule 31.04 of the GEM Listing Rules, which is or may be of a price sensitive nature.~~

This announcement is ~~M~~made by the order of the Company. The Company's Board of ~~t~~, the ~~d~~Directors of which collectively and individually accept 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 31.05(1) or 31.05(2) cannot be made promptly.

31.05A Without prejudice to the Exchange's ability to direct the halt, suspension and resumption of trading in an issuer's listed debt securities, an issuer and/or the guarantor of the issued debt securities 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 rule 31.04(2) or (4); or

(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 the issuer and/or the guarantor 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 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.

Winding-up and liquidation

31.07 The issuer shall inform the Exchange ~~of on~~ the happening of any of the following events, as soon as ~~it the same shall~~ comes to ~~its the~~ attention of the issuer:—

(5) ...

~~Note: In the circumstances referred to in Note 9 to rule 31.04, the Exchange may be prepared to give a dispensation from the requirement to make the information public. However, the Exchange must be informed in any event.~~

Practice Note 2

DUE DILIGENCE BY SPONSORS IN RESPECT OF INITIAL LISTING APPLICATIONS

Due diligence

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) ~~to~~ the obligations of the new applicant and its directors under ~~to~~ ~~comply with~~ the GEM Listing Rules and other legal and regulatory requirements, in particular the financial reporting, disclosure of ~~price sensitive information~~ and notifiable and connected transaction and inside information requirements; and

(ii) ~~to~~ the directors' ability to make a proper assessment of the financial position and prospects of the new applicant and its subsidiaries, both before and after listing.

Such assessment should cover the new applicant's compliance manuals, policies and procedures including corporate governance policies and any letters ~~from given by~~ the reporting accountants to the new applicant ~~that~~ commenting on the new applicant's accounting and management systems or other internal controls; and

(b) ...

Practice Note 3

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

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) to (f)...

(g) *Announcement of spin-off*

~~A spin-off listing application is different from an ordinary listing application in that it is of material, price-sensitive effect for an existing listed issuer. The Exchange accordingly considers that the latest time at which a formal announcement under rule 17.10 should be made is An issuer must announce its spin-off listing application by the time it lodges of lodgement of the Form A (or its equivalent in any overseas jurisdiction). Where an overseas jurisdiction requires a confidential filing, the matter should be discussed with the Listing Division ~~prior to any such~~ before the filing. Until ~~the publication of the announcement of the application, in accordance with rules 16.17 to 16.19,~~ strict confidentiality should be maintained and, ~~in the event of if there is~~ a leakage of information or of a significant, unexplained movement in the price or turnover volume of the Parent's securities, an earlier announcement would be required.~~

~~These above are set forth as~~ 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 thereof.

Appendix 6
DIRECTOR'S AND SUPERVISOR'S FORMS
FORM C

**Supervisor's declaration and undertaking and acknowledgement
in respect of an issuer incorporated in the People's Republic of China ("PRC")**

Part 2
UNDERTAKING AND ACKNOWLEDGEMENT

The particulars referred to in this Part 2 are:—

1. in the exercise of my powers and duties as a supervisor of
(Insert the name of the issuer) I, the undersigned, shall:

(d) ...

- (e) comply to the best of my ability, as if the same applied to me to the same extent as it does to directors of the issuer, with: (a) Parts XIVA and XV of the Securities and Futures Ordinance; (b) rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors; (c) the Code on Takeovers and Mergers; (d) the Code on Share Repurchases, and (e) all other relevant securities laws and regulations from time to time in force in Hong Kong;

盡力遵守下列條例及規則，猶如該條例適用於本人，程度上如同其適用於公司董事般：(a)《證券及期貨條例》第XIVA及XV部；(b)《創業板上市規則》第5.46至5.67條有關董事進行證券交易的規定；(c)《公司收購及合併守則》；(d)《股份購回守則》；以及(e)香港所有其他不時生效的有關證券法例與規例；

Appendix 7
SPONSOR'S FORMS
FORM G

Sponsor's Declaration in support of a New Applicant

Pursuant to rule 6A.13 we declare to The Stock Exchange of Hong Kong Limited (the "Exchange") that:

(1) ...

- (2) having made reasonable due diligence inquiries, we have reasonable grounds to believe and do believe that:

(d) ...

(e) the Company has established procedures, systems and controls (including accounting and management systems) which are adequate having regard to the obligations of the Company and its directors ~~under to comply with~~ the GEM Listing Rules and other relevant legal and regulatory requirements (in particular rules 17.10, 17.11, 18.03, 18.49 and 18.53 to 18.64 and Chapters 19 and 20, and Part XIVA of the Securities and Futures Ordinance) and which are sufficient to enable the Company's directors to make a proper assessment of the financial position and prospects of the Company and its subsidiaries, both before and after listing; and

Appendix 15

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

A.6 Responsibilities of directors

Code Provisions

A.6.4 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 his office or employment, is likely to ~~possess~~ ~~be in possession of~~ ~~unpublished price sensitive~~ inside information in relation to the issuer or its securities.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial reporting

Code Provisions

C.1.5 The board should present a balanced, clear and understandable assessment in annual and interim reports, ~~other price sensitive announcements~~ and other financial disclosures required by the GEM Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.

S. INTERNAL CONTROLS

- (a) Where an issuer includes a directors' statement that they have conducted a review of its internal control system in the annual report under paragraph C.2.1, it is encouraged to disclose the following:
- (i) ...
 - (ii) procedures and internal controls for the handling and dissemination of ~~price sensitive~~ inside information;
 - (iii)

**Appendix 17
Headline Categories**

The following documents are submitted by issuers for publication on our website as listed companies information:-

Schedule 1

Headline Categories for Announcements and Notices

Reorganisation/Change in Shareholding/Major Changes/Public Float/Listing Status

...

Suspension

Trading Halt

Miscellaneous

...

~~Price Sensitive~~ Inside Information

APPENDIX III: LIST OF RESPONDENTS

Listed companies (18)

1. AIA Group Limited
2. Cathay Pacific Airways Limited
3. CLP Holdings Limited
4. Henderson Land Development Company Limited
5. Hong Kong Aircraft Engineering Company Limited
6. HSBC Holdings PLC
7. Hutchison Whampoa Limited
8. The Link Management Limited (as manager of The Link REIT)
9. MTR Corporation Limited
10. Standard Chartered PLC
11. Swire Pacific Limited
12. Swire Properties Limited
13. TOM Group Limited
- 14.-18. 5 listed companies requested anonymity

Practitioners and professional bodies (13)

19. Baker & McKenzie
20. The Chamber of Hong Kong Listed Companies
21. The Hong Kong Association of Banks
22. Hong Kong Bar Association
23. Hong Kong Institute of Certified Public Accountants
24. The Hong Kong Institute of Chartered Secretaries
25. The Hong Kong Institute of Directors
26. Hong Kong Securities Association Ltd
27. Latham & Watkins
28. The Law Society of Hong Kong
29. Linklaters
30. Norton Rose Hong Kong
31. Simpson Thacher & Bartlett

Individuals (1)

32. Suen Chi Wai

