

LISTING COMMITTEE REPORT

2018



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FOREWORD

PURPOSE OF THIS REPORT

This report is an account of the work of the Listing Committee¹ of The Stock Exchange of Hong Kong Limited (the “Exchange”) for the year ended 31 December 2018. It highlights the matters the Listing Committee has dealt with during the year which it believes will be of greatest interest to the investing public, practitioners and issuers, and outlines the position or action the Listing Committee, the Listing Department (the “Department”) and the Exchange have taken. It also includes a policy agenda of matters that the Listing Committee plans to consider in 2019 and beyond.

This report has been prepared for the board of the Exchange and the board of its parent company, Hong Kong Exchanges and Clearing Limited (“HKEX”) and was approved for submission to those boards on 27 February 2019. It will be forwarded to the Financial Services and the Treasury Bureau, the Securities and Futures Commission (“SFC”) and posted on the HKEX website.

AN EXTREMELY BUSY YEAR

2018 has been an extremely busy and fruitful year for the Listing Committee and the Exchange. The Listing Committee considered 184 listing applications in 2018 (a 64% increase on last year) in addition to hearing 39 review and 25 disciplinary cases. Sub-committees meetings were held to discuss matters relating to backdoor listing, corporate weighted voting rights (“WVR”) and Chapter 37 debt. The Exchange published 10 Guidance Letters, three Listing Decisions, four consultation papers and five consultation conclusions. The Listing Committee members also officiated at 218 listing ceremonies.

Hong Kong took a big step forward as an international financial centre in 2018 by facilitating the listing of biotech companies and companies with WVR. In April 2018, the Exchange expanded Hong Kong’s listing regime by adding three new Rule² chapters to facilitate the listings of these issuers and also the secondary listings of companies from Qualifying Exchanges³. In doing so, we aimed to diversify the opportunities open to investors on our market to include dynamic companies within the “New Economy”. Recognising the potential risks associated with these companies; the Exchange put in place necessary safeguards and, in doing so, became the first jurisdiction globally to establish a regulatory framework specifically for WVR.

ENHANCING THE QUALITY AND REPUTATION OF THE HONG KONG MARKET

The Exchange took several measures in 2018 to enhance the quality and reputation of the Hong Kong market.

1 The Main Board and GEM Listing Committees have operated as a combined committee since 2003, and membership of the committees was fully unified in May 2006. The expressions “Listing Committee” and “Committee” refer to the combined committees.

2 The Rules comprise the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Main Board Rules”) and Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“GEM Rules”). Rule references in this report are to the Main Board Rules unless otherwise specified.

3 The New York Stock Exchange LLC; Nasdaq Stock Market; and the Main Market of the London Stock Exchange plc (and belonging to the UK Financial Conduct Authority’s “Premium Listing” segment)

CURBING “SHELL” ACTIVITIES

In response to market concerns over “shell” activities, the Exchange applied a three-pronged approach to curb them.

The first approach was initiated in April 2018 when the Exchange further tightened its guidance on the suitability of new applicants to help prevent shell creation through IPOs⁴. We applied the tightened guidance to all listing applications and, during 2018 as a whole, rejected 21 applicants⁵ on the grounds that we believed the applicant not to be suitable for listing (compared to five such rejections in 2017).

Our second approach to curbing shell activities aimed to prevent the manufacturing or maintenance of listed company shells. Since 2017, the Exchange has taken a robust approach in applying Rule 13.24 towards issuers that have a very low level of operations and/or carry on businesses that do not have substance. This approach also deters listed issuers taking corporate actions to substantially scale down their original businesses, leaving behind a very small level of operations and, in so doing, becoming a listed shell. To this end, in May 2018, we published our Delisting Consultation Conclusions⁶. The delisting Rule amendments, which became effective in August, established a framework to facilitate the timely delisting of issuers that no longer meet our continuing listing criteria and provided certainty to the market on the delisting process.

TACKLING BACKDOOR LISTINGS

The Backdoor Listing Consultation Paper⁷ pursued our third approach curtailing the injection of ineligible new businesses into listed shells through backdoor listings without restricting legitimate business expansion or diversification. The consultation period closed in August 2018. The Exchange is currently considering the responses received and plans to publish the consultation conclusions in 2019.

ENSURING THE QUALITY AND RELIABILITY OF FINANCIAL INFORMATION

Reliable and good quality financial information is vital to ensuring that investors can make informed investment decisions. In September, we published a consultation to safeguard this principle. The Disclaimer Opinion Consultation Paper⁸ proposed to require the suspension of trading in an issuer’s securities if an issuer publishes preliminary results for a financial year and the auditor has issued, or has indicated that it will issue, a disclaimer of opinion or an adverse opinion on the issuer’s financial statements. Our aim is to ensure that issuers resolve audit matters with their auditors promptly. The consultation period closed on 30 November 2018. The Exchange is considering the responses received and plans to publish the consultation conclusions in 2019.

4 Guidance Letter (HKEX-GL68-13A) (updated in April 2018)

5 13 (2017: three) applicants were rejected by the Committee, one (2017: nil) was rejected by the Department and seven (2017: two) were rejected by the GEM Listing Approval Group (“GLAG”).

6 Consultation Conclusions on Delisting and other Rule Amendments (“Delisting Consultation Conclusions”)

7 Consultation Paper on Backdoor Listing, Continuing Listing Criteria and Other Rule Amendments (“Backdoor Listing Consultation Paper”)

8 The Consultation Paper on Proposals relating to Listed Issuers with Disclaimer or Adverse Audit Opinion on Financial Statements (“Disclaimer Opinion Consultation Paper”)

ADDRESSING CAPITAL RAISING CONCERNS

In 2018, we also tackled concerns regarding highly dilutive rights issues, open offers and other matters related to capital raisings. Whilst the capital raising activities of most listed issuers do not give rise to material regulatory issues, we had observed some questionable structures or practices that might not afford a fair treatment of minority shareholders or an orderly market for securities trading. The Consultation Conclusions on Capital Raisings⁹, published in May, indicated strong support for our proposals to put in place enhanced Rules to restrict such practices, which came into effect in July.

ENHANCING THE GOVERNANCE OF ESG¹⁰ AND CORPORATE GOVERNANCE

In July, to align our corporate governance practices with international practice, we published our CG Consultation Conclusions¹¹. This consultation took on issues such as “overboarding” (individuals with numerous directorships), board diversity (with a particular emphasis on gender), independence of INEDs¹² and directors’ attendance at general meetings. Again, we received strong support for our proposals and the Rule amendments became effective in January 2019. As a result, Hong Kong became the first jurisdiction to require every listed company to have a diversity policy.

A priority for 2019 will be promoting and enhancing the governance of ESG risks by listed issuers. Investors globally are demanding higher ESG transparency particularly around how companies manage their ESG risks. The SFC issued a Strategic Framework for Green Finance paper this September¹³. This paper stated that, as a priority, the Exchange should enhance listed companies’ reporting of environmental information with an emphasis on climate-related disclosure. In 2018 we established a standing sub-committee that met to consider, on an ongoing basis, the latest ESG and corporate governance developments. Working closely with the SFC we expect to consult on enhancements to the governance of ESG issues in 2019.

ENHANCING OUR OWN DECISION MAKING STRUCTURES

The Exchange also focused on enhancing its internal processes this year and launched a review of our decision making structures. In January 2019, we published our Conclusions on the Review Structure¹⁴ which included Rules to replace the current two-level review structure with one level of review and discontinue the Listing Appeals Committee (“LAC”). A new independent review committee (the “new Listing Review Committee”) will be established in mid-2019 to review the decisions of the Listing Committee following market support.

9 Consultation Conclusions on Capital Raisings by Listed Issuers (“Capital Raisings Consultation Conclusions”)

10 Environmental, Social and Governance

11 Consultation Conclusions on Review of the Corporate Governance Code and Related Listing Rules (“CG Consultation Conclusions”)

12 Independent non-executive directors

13 This paper can be found on the SFC website [here](#).

14 The Consultation Conclusions on Review Structure in relation to Listing Committee Decisions (“Conclusions on the Review Structure”)

MARKET EDUCATION

In addition to its vetting, supervision and enforcement responsibilities, the Exchange continued its market education efforts on listing matters by streamlining the various guidance materials provided on the HKEX website to improve clarity and reflect the currently accepted standards. We have also launched “Director e-Training – INEDs’ Role in Corporate Governance” on the HKEX website. This interactive training educates existing and new directors on topics raised in our latest corporate governance review, such as “overboarding”, mentioned above, and the particular safeguards put in place for companies with WVR.

RESPONDING TO OUR REGULATOR

In December 2018, the SFC published its annual report on its review of the Exchange’s performance in its regulation of listing matters during 2016 and 2017¹⁵. The SFC identified a number of areas for potential improvement and suggested recommendations for the Exchange to consider, which the Exchange will take forward.

OUR STRATEGIC FOCUS

The Exchange will continue to focus on both market development and quality of market matters in 2019. We intend to review our regime for overseas companies to facilitate their listing in Hong Kong and so further broaden the opportunities available to investors on our markets. We will finish the work we began in 2018 to maintain high market standards by publishing consultation conclusions on the Backdoor Listing Consultation Paper and the Disclaimer Opinion Consultation Paper. In addition, we will be reviewing issues relating to the IPO process that have been raised by market practitioners (such as pre-IPO investment and settlement cycle) to ensure Hong Kong remains competitive. A full list of our policy agenda for 2019 and beyond is set out on page 30.

Our future plans will include exploring the use of technology to help us modernise our workflows as well as assist in our market regulatory efforts. We will also continue to monitor our resources to ensure that both the Listing Department and the Listing Committee have the appropriate expertise to regulate our market as it develops and expands.

¹⁵ Report of the Securities and Futures Commission’s review of the Exchange’s performance in its regulation of listing matters, December 2018 (This report can be found on the SFC website [here](#)).

CHARITABLE INITIATIVES

Finally, in 2018 the Committee continued to lead charitable initiatives and held “Pedal Power” for the eighth consecutive year. This initiative raised more than \$1.3 million for specially selected local secondary school students to participate in leadership courses with Outward Bound Hong Kong. The Listing Committee also led the “Hike for Hong Kong” in October and raised over \$380,000 for HandsOn Hong Kong to make possible a full year of outings and extra-curricular activities for students with intellectual and physical disabilities.

The Department continued to perform well and maintained its very high standards during 2018. I wish to thank my two Deputy Chairmen, fellow Listing Committee members, the Head of Listing David Graham and the Department for their insight, dedication and hard work.



Andrew Weir
Chairman

MAIN TOPICS ARISING IN THE YEAR

1. This section contains the matters that the Listing Committee has dealt with during the year which it believes will be of greatest interest to the investing public, practitioners and issuers, and outlines the position or action the Listing Committee, the Department and the Exchange have taken. A full list of policy matters considered by the Committee is set out in Appendix 2.

CONSULTATIONS

Consultation Paper and Conclusions on A Listing Regime for Companies from Emerging and Innovative Sectors

2. On 23 February 2018, the Exchange published the Consultation Paper on A Listing Regime for Companies from Emerging and Innovative Sectors (“New Regime Consultation Paper”).
3. The New Regime Consultation Paper proposed three new chapters in the Main Board Rules to: (a) permit listings of biotech issuers that do not meet any of the financial eligibility tests of the Main Board; (b) permit listings of companies with WVR structures; and (c) establish a new concessionary secondary listing route for Greater China and international companies that wish to secondary list in Hong Kong.
4. The Exchange proposed necessary and appropriate investor safeguards, recognising the potential risks associated with pre-revenue firms and those with WVR structures. These included detailed criteria for determining the suitability of applicants, a higher market capitalisation requirement, as well as enhanced disclosure requirements. For pre-revenue biotech issuers, safeguards included restrictions on fundamental changes of principal business and a more streamlined de-listing process to address “shell” concerns. For WVR issuers, we proposed limits on WVR power and Rules to protect non-WVR holders’ right to vote, in addition to enhanced corporate governance requirements.
5. The consultation period closed on 23 March 2018. A total of 283 responses were received from a broad range of respondents representing all stakeholders. On 24 April 2018, the Exchange published the consultation conclusions. The feedback showed overwhelming support for the proposals. The proposed new Rules took effect on 30 April 2018, from which date companies in emerging and innovative sectors seeking to list under the new regime could submit formal applications.
6. The [consultation paper](#), [consultation conclusions](#) and copies of [respondents’ submissions](#) are available on the HKEX website.
7. Also on 30 April 2018, to accompany the new regime, the Exchange published Guidance Letters for each of the three new chapters (([HKEX-GL92-18](#)), ([HKEX-GL93-18](#)) and ([HKEX-GL94-18](#))). The Exchange also published Guidance Letter ([HKEX-GL97-18](#)) (“GL97-18”)¹⁶ on 6 July 2018 for companies in the internet technology sector or that have internet-based business models and published [FAQs](#)¹⁷ on the questions the Exchange had most frequently received regarding the new regime on 24 August 2018.

¹⁶ Please refer to paragraphs 49 and 50 for more details.

¹⁷ Frequently Asked Questions on Listing Regime for Companies from Emerging and Innovative Sectors.

8. Given the specialised nature of the biotech sector, the Exchange has set up the Biotech Advisory Panel to assist in its review of listing applications from biotech firms applying under the new regime. The function of the members of the Panel is advisory only and members are consulted by the Exchange on an individual and “as needed” basis. A brief description and list of current members of the Biotech Advisory Panel is available on the HKEX website.

Consultation Paper and Conclusions on Review Structure in relation to Listing Committee Decisions

9. As stated in our Joint Consultation Conclusions¹⁸, on 10 August 2018, the Exchange published a Consultation Paper on Review Structure in relation to Listing Committee Decisions.
10. The Exchange proposed, amongst others, to:
 - (a) revise the current two-level review structure for decisions of material significance made by the Committee so that those decisions will be subject to only one level of review and discontinue the LAC.
 - (b) establish the new Listing Review Committee consisting entirely of outside market participants with no current Committee members or representatives of the SFC or HKEX to replace the Listing (Review) Committee and the Listing (Disciplinary Review) Committee.
 - (c) routinely publish decisions of the new Listing Review Committee for non-disciplinary matters to enhance the transparency and accountability of the Exchange’s decision-making process.
11. The consultation period closed on 12 October 2018. A total of 19 responses were received from professional parties, market practitioners, listed issuers, industry associations, other entities and individuals. On 18 January 2019, the Exchange published the Consultation Conclusions on the Review Structure. The feedback showed strong support for the proposals. The proposed new Rules and the new review regime will become effective around mid-2019.
12. Modifications to the proposals are summarized below:
 - (a) expand the size of the new Listing Review Committee to at least 20 members, with at least four members forming a chairmen pool. A chairman will be drawn from this pool to chair a review hearing of the new Listing Review Committee.
 - (b) the membership of the new Listing Review Committee must include at least six investor representatives and 14 members who are a suitable balance of representatives of listed issuers and market practitioners (including lawyers, accountants, corporate finance advisers and Exchange participants (or their officers)), and who have experience and expertise in Listing Rules matters, or are familiar with the work of the Listing Committee. An individual who was a former Listing Committee member may be eligible for appointment as a member of the new Listing Review Committee after the lapse of two years from the date on which he last vacates office of the Listing Committee.
13. The consultation paper, consultation conclusions and copies of respondents’ submissions are available on the HKEX website.

¹⁸ The Joint Consultation Conclusions on Proposed Enhancements to the Exchange’s Decision-Making and Governance Structure for Listing Regulation (“Joint Consultation Conclusions”)

Consultation Conclusions on Delisting and Other Rule Amendments

14. The Exchange published the Consultation Paper on Delisting and Other Rule Amendments on 22 September 2017 to improve the effectiveness of the delisting framework and address prolonged suspension of trading in listed issuers' listed securities. The consultation period closed on 24 November 2017. A total of 43 responses were received from a broad range of stakeholders. On 25 May 2018, the Exchange published the Delisting Consultation Conclusions. The feedback indicated strong support for the proposals. The Rule amendments became effective on 1 August 2018.

15. The changes to the Rules included the following:

Main Board

- (a) adding a separate delisting criterion to allow the Exchange to delist an issuer after a trading suspension of 18 continuous months.
- (b) allowing the Exchange to (i) publish a delisting notice stating its right to delist an issuer if the issuer fails to resume trading within the period specified in the notice, or (ii) delist the issuer immediately in appropriate circumstances.
- (c) removing Practice Note 17, which sets out a three stage delisting procedure for issuers without sufficient operations or assets that will no longer be needed after the new delisting process takes effect.

GEM

- (d) making changes to align the delisting process with that of the Main Board except for allowing the Exchange to delist a GEM issuer after a trading suspension of 12 continuous months.

16. The Exchange also provided transitional arrangements for issuers whose securities were under a trading suspension immediately before the effective date for the new Rules. A Guidance Letter (HKEX-GL95-18) on long suspension and delisting was issued to provide guidance relating to the new delisting framework.

17. The Exchange also made other Rule amendments to (a) remove a bright line trading halt requirement where a major (or above) transaction has not been announced by an issuer, in which case a trading suspension may still be required if the transaction is inside information, and (b) expedite the process for the Exchange directing resumption of trading, with a view to keeping any trading suspension to a minimum.

18. The consultation paper, consultation conclusions and copies of respondents' submissions are available on the HKEX website.

Consultation Paper on Backdoor Listing, Continuing Listing Criteria and Other Rule Amendments

19. The Exchange published the Backdoor Listing Consultation Paper on 29 June 2018 to seek market views on proposed changes to the Rules to address concerns over backdoor listings and "shell" activities. This forms part of the Exchange's ongoing holistic review of the Rules to tackle problematic corporate behaviour with a view to maintaining the quality and reputation of the Hong Kong market.

20. The Exchange proposed to:

Proposals relating to backdoor listing

- (a) formalise the Exchange’s practices in regulating backdoor listings, and impose additional requirements to address specific concerns and backdoor transaction structures, including concerns about:
- new investors acquiring de facto control of an issuer and subsequently using the issuer as a listing platform to acquire new businesses and circumvent initial listing eligibility requirements;
 - issuers breaking up acquisitions into a series of smaller acquisitions to avoid triggering reverse takeover rules; and
 - issuers acquiring new businesses that do not meet initial listing eligibility requirements and subsequently disposing of its original businesses.
- (b) tighten the compliance requirements for reverse takeovers and extreme transactions to discourage the use of shell companies for backdoor listings and to ensure the acquisition targets that are the subjects of new listings under the reverse takeover Rules are suitable for listing.

Proposals relating to continuing listing criteria

- (c) address concerns about issuers attempting to maintain their listing status by holding significant assets or investments, rather than operating businesses that have substance and are viable and sustainable in the long term.

Other proposed Rule amendments

- (d) impose additional limitations or require additional disclosures regarding securities transactions, significant distribution in specie of unlisted assets and other matters relating to notifiable or connected transactions.

21. The proposals are targeted at problematic corporate behaviour and are not intended to restrict listed issuers from legitimate business expansion or diversification that are part of the issuers’ business strategies.
22. Also on 29 June 2018, the Exchange also issued a Guidance Letter ([HKEX-GL96-18](#)) (“GL96-18”) on listed issuer’s suitability for continued listing, citing examples of circumstances where the Exchange may raise concerns on whether a listed issuer or its business continues to be suitable for listing.
23. The consultation period closed on 31 August 2018. The Exchange is considering the responses received and plans to publish the Backdoor Listing Consultation Conclusions in 2019.
24. The [consultation paper](#) and GL96-18 are available on the HKEX website.

Consultation Conclusions on Capital Raisings by Listed Issuers

25. The Exchange published the Consultation Paper on Capital Raisings by Listed Issuers on 22 September 2017 to address potential abuses related to large scale deeply discounted capital raising activities. The consultation period closed on 24 November 2017. A total of 46 responses were received from a broad range of stakeholders. On 4 May 2018, the Exchange published the Capital Raisings Consultation Conclusions. The feedback indicated strong support for the proposals. The Rule amendments became effective on 3 July 2018.

26. The changes to the Rules included:

Highly dilutive capital raisings

- (a) disallowing rights issues, open offers and specific mandate placings, individually or when aggregated within a rolling 12-month period, that would result in a cumulative material value dilution (25 per cent or more), unless there are exceptional circumstances, e.g. the issuer is in financial difficulties.

Rights issues and open offers

- (b) requiring minority shareholders' approval for all open offers, unless the new shares are to be issued under the authority of an existing general mandate.
- (c) removing the underwriting requirements for all rights issues and open offers.
- (d) requiring underwriters (if any) for rights issues and open offers to be persons licensed under the Securities and Futures Ordinance and independent from the issuers and their connected persons. This is with the exception that controlling shareholders or substantial shareholders may act as underwriters if compensatory arrangements are made available for the unsubscribed offer shares and the connected transaction Rules are complied with.
- (e) removing the connected transaction exemption currently available to connected persons acting as underwriters of rights issues or open offers.
- (f) requiring issuers to adopt either excess application arrangements or compensatory arrangements for the disposal of unsubscribed shares in rights issues or open offers (currently, these arrangements are optional).
- (g) requiring issuers to disregard any excess applications made by the controlling shareholders and their associates in excess of the offer size minus their pro-rata entitlements.

Placing of warrants or convertible securities under general mandate

- (h) disallowing the use of general mandate for a placing of warrants.
- (i) disallowing the use of general mandate for the placing of convertible securities with an initial conversion price that is less than the market price of the shares at the time of placing.

27. The Exchange also put in place other Rule amendments to enhance the disclosure of the use of proceeds from equity fundraisings, and to impose an additional requirement for subdivisions and bonus issues of shares to ensure an orderly market.

28. The consultation paper, consultation conclusions and copies of respondents' submissions are available on the HKEX website.

Consultation Paper on Proposals relating to Listed Issuers with Disclaimer or Adverse Audit Opinion on Financial Statements

29. On 28 September 2018, the Exchange published the Disclaimer Opinion Consultation Paper.
30. The Exchange proposed to:
- (a) normally require suspension of trading in an issuer's securities if the issuer publishes a preliminary results announcement for a financial year and the auditor has issued, or has indicated that it will issue, a disclaimer of opinion or an adverse opinion on the issuer's financial statements. Trading in the securities may resume once the issuer addressed the matters giving rise to the disclaimer or adverse opinion, provided comfort that a disclaimer or adverse opinion in respect of such matters would no longer be required, and disclosed sufficient information for investors to assess its updated financial positions.
 - (b) require the suspended issuer to take action to resolve the matters that resulted in the disclaimer or adverse opinion to bring itself into re-compliance with the Rules and resume trading. Under the Rules, the Exchange may delist a Main Board issuer after a trading suspension of a continuous 18 months (GEM issuer: 12 months).
31. The proposals are intended to apply to preliminary results announcements of listed issuers for the financial years commencing on or after 1 January 2019.
32. The consultation period closed on 30 November 2018. The Exchange is considering the responses received and plans to publish the consultation conclusions in 2019.
33. The consultation paper is available on the HKEX website.

Consultation Conclusions on Proposed Exemption for Aircraft Leasing Activities

34. The Exchange published a Consultation Paper on Proposed Exemption for Aircraft Leasing Activities on 17 November 2017. The consultation period closed on 22 December 2017. A total of 16 responses were received from listed issuers and other entities and individuals. On 17 August 2018, the Exchange published the consultation conclusions. The feedback indicated strong support for the proposals. The Rule amendments became effective on 15 October 2018.
35. The amended Rules exempt Qualified Aircraft Leasing Activities¹⁹ from the specific disclosure and/or shareholders' approval requirements normally applicable to notifiable transactions. Issuers are required to provide alternative disclosure by way of announcements and in their interim/annual reports.
36. The consultation paper, consultation conclusions and copies of respondents' submissions are available on the HKEX website.

19 Aircraft Leasing Activities include: (a) acquisitions or disposals of aircraft; and (b) finance leases or operating leases of aircraft with aircraft operators that are conducted in the ordinary and usual course of business of Qualified Aircraft Lessors. Qualified Aircraft Lessors include listed issuers that are actively engaged in aircraft leasing with aircraft operators as their principal activities and satisfy the qualification criteria set out in the amended Rules.

Consultation Conclusions on Review of the Corporate Governance Code and Related Listing Rules

37. The Exchange published the Consultation Paper on Review of the Corporate Governance Code and Related Listing Rules on 3 November 2017 to raise the overall standards of corporate governance amongst the issuers and to address a number of corporate governance concerns. The consultation period closed on 8 December 2017. A total of 91 responses were received from a broad range of stakeholders. On 27 July 2018, the Exchange published the CG Consultation Conclusions. The feedback indicated strong support for the proposals. The Rule amendments became effective on 1 January 2019.
38. The new measures are designed to:
- (a) strengthen the transparency and accountability of the board and/or nomination committee and election of directors, including INEDs.
 - (b) improve transparency of INEDs' relationships with issuers.
 - (c) enhance criteria for assessing independence of potential INED candidates.
 - (d) promote board diversity, including gender diversity.
 - (e) require greater dividend policy transparency.
39. The consultation paper, consultation conclusions and copies of respondents' submissions are available on the HKEX website.
40. To help directors carry out their role more effectively, the Exchange published "Guidance for Boards and Directors" ("Guidance") at the same time as the publication of the CG Consultation Conclusions. The Guidance contains practical advice to boards and directors on their roles and responsibilities. It covers directors' duties and board effectiveness, board committees, board diversity – including gender diversity – and corporate governance for weighted voting rights issuers. The publication also contains a section on the company secretary's role and function, in particular when the role is outsourced to an external service provider. In addition, the Guidance encourages listing applicants to appoint INEDs at least two months prior to listing.
41. The Exchange also published an updated FAQ Series 17²⁰ on 28 December 2018 on the HKEX website.

Consultation Conclusions on Proposed Changes to Documentary Requirements relating to Listed Issuers and Other Minor Rule Amendments

42. The Exchange published a Consultation Paper on Proposed Changes to Documentary Requirements relating to Listed Issuers and Other Minor Rule Amendments on 3 November 2017 to simplify and streamline the administrative procedures involved in the submission and collection of documents to enhance procedural efficiency. The consultation period closed on 8 December 2017. A total of 32 responses were received from a broad range of stakeholders. On 1 February 2019, the Exchange published the consultation conclusions. The feedback indicated support for the proposals. The Rule amendments became effective on 1 March 2019.

20 Frequently Asked Questions Series 17 on Review of the Corporate Governance Code and Related Listing Rules

43. The changes to the Rules included:
- (a) revising the declaration and undertaking by directors and supervisors to include an undertaking to inform the Exchange of the director's or supervisor's contact information, to grant the Exchange with the power to gather information from supervisors and to align the Main Board Rules and the GEM Rules in relation to directors' and supervisors' obligations.
 - (b) streamlining listed issuers' filing requirements in respect of an issue of new securities.
 - (c) removing the filing requirements for (i) documents that are submitted to the Exchange for record only; and (ii) documents whose contents are already disclosed to the public.
 - (d) other minor Rule amendments and housekeeping Rule amendments.
44. The consultation paper, consultation conclusions and copies of respondents' submissions are available on the HKEX website.
45. The Exchange also published updated FAQs²¹ on 28 February 2019 on the HKEX website.

PROSPECTUS AND LISTING PROCESS

Review of Regulatory Approach to Potential Shell Companies under the Guidance Letter (HKEX-GL68-13A)

46. At its March 2018 policy meeting, the Committee endorsed the publication of Guidance Letter on IPO vetting and suitability for listing (HKEX-GL68-13A) ("GL68-13A") with revisions to emphasise the qualitative focus of the Exchange's suitability review. GL68-13A reiterated that the characteristics set out in GL68-13A should not be used as a "checklist" for potential shell companies and that exhibiting none of those characteristics does not necessarily mean that a listing applicant is suitable for listing.
47. The Exchange revised the guidance to state that it assesses a listing applicant's suitability holistically and, in particular, examines whether the use of proceeds and funding needs are consistent with its future objectives and strategies; whether the listing applicant has a commercial rationale for listing; and all other relevant information. Listing applicants that are unable to demonstrate their commercial rationale for listing may not be suitable for listing.
48. The revised GL68-13A was published on the HKEX website on 13 April 2018. The Exchange applied the revised GL68-13A to all listing applications and, during 2018 as a whole, rejected 21 applicants²² on the grounds that we believed the applicant not to be suitable for listing (compared to five such rejections in 2017).

21 Frequently Asked Questions on audit terminology used in the Rules with reference to the HKICPA's revised Auditor Reporting Standards effective on 15 December 2016.

22 13 (2017: three) applicants were rejected by the Committee, one (2017: nil) was rejected by the Department, and seven (2017: two) were rejected by GLAG.

Facilitative Measures for Applicants in the Financial Technology Sector or with Internet-based Business Models

49. Respondents to the New Regime Consultation Paper urged the Exchange to make the Rules more appropriate to the characteristics of companies in emerging and innovative sectors. At its policy meeting in June, the Committee endorsed the publication of GL97-18 setting out facilitative measures for applicants in the emerging and innovative sectors, which was published on the HKEX website on 6 July 2018.
50. GL 97-18 states that:
- (a) applicants in the relevant sectors often have a high degree of reliance on a parent company or connected persons, and the relevant arrangements constitute continuing connected transactions under the Rules.
 - (b) waivers may be granted to listing applicants on a case by case basis to allow annual caps on continuing connected transactions to be set as a formula instead of a monetary amount.
 - (c) waivers may be granted to allow (i) a higher percentage cap on outstanding share options to be granted; and (ii) a longer than 10 year take-up limit for a share incentive scheme.
 - (d) a legal opinion is not required if the relevant laws and regulations applicable to an applicant are still developing and are not expected to be promulgated in the near future. Disclosure of the associated risks in the listing document would be sufficient.

Streamlining Guidance Materials relating to Listing Matters

51. The Exchange publishes various guidance materials from time to time to provide market with guidance and clarity on Rules application and practices. The number of guidance materials had accumulated over the years. The Exchange had received comments from market practitioners that guidance materials should be consolidated and certain requirements set out in the guidance materials should be codified in the Rules.
52. Accordingly, at the June and October 2018 policy meetings, the Department presented to the Committee the first and second series of its streamlining exercise, respectively. The exercise involved the consolidation, codification and withdrawal of certain published guidance materials. The Committee endorsed the Department's proposals.

53. The Exchange published a news release announcing the first batch of streamlining guidance materials on 13 July 2018. This batch resulted in the following changes:
- (a) two new Guidance Letters – HKEX-GL98-18 (Guidance on disclosure in listing documents); and HKEX-GL99-18 (Guidance on the assessment of a sponsor’s independence).
 - (b) four updated Guidance Letters – HKEX-GL18-10 (Guidance on publicity materials and e-IPO advertisements); HKEX-GL55-13 (Guidance on Documentary Requirements and Administrative Matters for New Listing Application (Equity)); HKEX-GL56-13 (Guidance on disclosure requirements for substantially complete Application Proofs and publication of Application Proofs and Post Hearing Information Packs on the Exchange’s website); and HKEX-GL81-15 (Guidance on Mixed Media Offer).
 - (c) one updated FAQ series – FAQ Series 24 (Rule changes to complement the SFC’s New Sponsor Regulation).
 - (d) twenty withdrawn guidance materials – 12 Guidance Letters, five Listing Decisions, two FAQ series and one FAQ. The withdrawn materials were either outdated or incorporated into the new or updated guidance materials above.
54. The Exchange will continue to review and streamline its guidance materials as appropriate.

LISTING MATTERS

Addendum to the Memorandum of Understanding Governing Listing Matters

55. The SFC and the Exchange signed an addendum (“MOU Addendum”) to the Memorandum of Understanding Governing Listing Matters on 9 March 2018. Pursuant to the MOU Addendum, a new Listing Policy Panel (“LPP”) has been established as an advisory, consultative and steering body to initiate and centralise discussions on listing policy with broader regulatory or market implications. The LPP was set up based on the Joint Consultation Conclusions.
56. The LPP consists of 12 members comprising senior representatives of the SFC, the Listing Committee, HKEX and the Takeovers and Mergers Panel. The LPP is not a committee under the SFC, HKEX or the Exchange. The LPP held one meeting in 2018.

Directors Training

57. As part of the Exchange’s ongoing commitment to promote and maintain good corporate governance standards and practices amongst issuers, the Exchange introduced e-training to help directors of listed issuers understand the new corporate governance requirements that took effect on 1 January 2019 following the Exchange’s publication of the CG Consultation Conclusions.

58. The first e-training course covered the following six topics:
- (a) corporate governance update 2018.
 - (b) appointment of INEDs.
 - (c) INEDs' role.
 - (d) directors' attendance at meetings and dividend policy.
 - (e) WVR rights issuers' corporate governance requirements.
 - (f) key messages and conclusions.

59. The e-training was published on the HKEX website on 18 December 2018.

Reviews of Listed Issuers' Annual Disclosure

60. This year, the Exchange examined the various reviews it performs of listed issuers' annual disclosures to consolidate them and collaborate internally on the review programme assessments so that they are carried out more holistically. The Exchange encourages issuers to take note of the Exchange's recommendations.

Review of Disclosure in Annual Reports

61. The Department has conducted an annual review of listed issuers' annual reports since 2013 as part of its ongoing monitoring and compliance activities. The Department reviewed the disclosures in the annual report of issuers that carried out activities falling within the selected themes of each review. The themes are selected with reference to the matters observed through the Department's monitoring efforts and the latest regulatory development.
62. In 2018, the Department reviewed annual reports with a financial year ended in 2017. The Exchange was generally satisfied with the findings from its review of disclosures against the following themes: fundraisings through issue of equity/convertible securities and subscription rights, updates on material asset impairments and results of performance guarantees after acquisitions, and continuing connected transactions. The Exchange encourages issuers to take note of the Exchange's recommendations, especially those in respect of: financial statements with auditors' modified opinions; business reviews in Management Discussion and Analysis; material intangible assets; and disclosures on material other expenses.
63. The Report 2018 on Review of Issuers' Annual Report Disclosure was published on 31 January 2019 on the HKEX website.

Financial Statements Review Programme

64. The Department has conducted an annual review of listed issuers' published periodic financial reports since 2009 under the Financial Statements Review Programme ("FSRP"). The FSRP is an educational programme to help increase issuers' awareness of possible pitfalls in the preparation of periodic financial reports, particularly with respect to: compliance with the disclosure requirements of the Rules; accounting standards; and relevant disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) ("Companies Ordinance"). The Department adopts a risk-based approach in selecting financial reports to review and does not review all financial reports published in a year.

65. In 2018, the Department reviewed 100 reports (including annual and interim reports) released by issuers between February 2017 and April 2018 and published the Financial Statements Review Programme Report 2017 (“FSRP Report 2017”) on 1 June 2018 on the HKEX website.
66. After publication of the FSRP Report 2017, the Department conducted a review of the annual reports with financial year-end dates in 2017 released by issuers whose intangible assets had accounted for over 25% of their total assets²³. This review covered 165 annual reports and its findings were set out in the Report 2018 on Review of Issuers’ Annual Report Disclosure. Going forward, the findings of FSRP review and Review of Disclosure in Annual Reports will be presented in the Report on Review of Issuers’ Annual Report Disclosure. No stand-alone FSRP report will be published in the future.
67. Except for 11 cases which were referred to the Financial Reporting Council and the Hong Kong Institute of Certified Public Accountants for further enquiry and investigation of possible accounting and auditing irregularities, the Department did not find any significant breaches of the Rules, accounting standards or relevant disclosures requirements of the Companies Ordinance that would render the financial statements misleading, require their restatement or warrant disciplinary action.

Corporate Governance Implementation Review

68. The Department has conducted an annual or biannual analysis of listed issuers’ corporate governance disclosure in annual reports since 2007. In 2018, the Department conducted a review of listed issuers’ corporate governance practices by analysing the disclosures made by 400 randomly selected issuers (“Sample Issuers”) with financial year end dates of 31 December 2017, 30 June 2017 and 31 March 2018.
69. The results of the review demonstrated issuers’ high level of compliance with the Corporate Governance Code as with previous reviews. Whilst the compliance rates are similar to previous years, the Department has noted a 2% rise in the number of issuers that complied with all 78 Code Provisions and Chairmen’s attendance at general meetings has improved by 4%.
70. The Committee approved the publication of the “Analysis of Corporate Governance Practice Disclosure in June and December Year-End 2017 and March Year-End 2018 Annual Reports” which was published on 16 November 2018 on the HKEX website.

Implementation Review of Environmental, Social and Governance Reporting Guide

71. In 2018, the Department conducted a review of the disclosures required by the Environmental, Social and Governance Reporting Guide (“ESG Guide”) made by 400 randomly selected issuers across the industries set out in the Hang Seng Industries Classification System with financial year-end dates of 31 December 2016, 31 March 2017 and 30 June 2017. This is the first review of issuers’ compliance with the ESG Guide. The purpose of the review is primarily to give meaningful guidance to issuers on possible improvement areas to focus when preparing ESG reports so as to meet stakeholders’ expectations.
72. Overall the Exchange found the level of compliance with the ESG Guide to be high although the quality of reporting varied. At one end of the spectrum there was some excellent reporting, both in terms of detail and clarity, while at the other end, there were some ESG reports that appear to show that a “box-ticking” approach has been adopted.

23 This reflects an accounting theme for the review, namely “Material intangible assets”.

73. The Committee approved the publication of the “Analysis of Environmental, Social and Governance Practice Disclosure in 2016/2017” which was published on 18 May 2018 on the HKEX website.

ONGOING OBLIGATIONS AND OTHER RELATED MATTERS

Modification of the Consideration Ratio for PRC Issuers Dually Listed on the Exchange and a PRC Stock Exchange

74. At the March 2018 policy meeting, the Department sought the Committee’s endorsement to apply to the SFC for a general waiver for the proposed modification of the consideration ratio for PRC issuers dually listed on the Exchange and a PRC stock Exchange. The Committee endorsed the Department’s proposal.
75. The updated Listing Decision (HKEX-LD83-1) and revised FAQ Series 1 No.49²⁴ reflecting the proposed modification were published on the HKEX website on 11 May 2018.

Listing Applications handled by the Department during the Enquiry of Listed Issuers’ Compliance with Rule 13.24

76. At the June 2017 policy meeting, the Committee endorsed the Department’s robust approach in applying Rule 13.24 (GEM Rule 17.26) to put listed issuers operating a very low level of operation into the delisting process. In 2017 and 2018, the Department presented 15 cases to the Committee for guidance, and the Committee supported the Department’s decisions that these issuers did not meet Rule 13.24 (GEM Rule 17.26)²⁵.
77. At the March 2018 policy meeting, the Committee considered the general approach in handling applications for the listing of further securities by listed companies as it is applied in Rule 13.24 cases. The Committee asked the Department to continue to update it on the Rule 13.24 cases handled by the Department.

Application of the Notifiable and Connected Transaction Rules on Lease Transactions of Listed Issuers Adopting the New Accounting Standard on Leases

78. In 2018, the Department considered the impact of the new accounting standard HKFRS/IFRS 16²⁶ (or similar accounting standards in other jurisdictions) on the application of the notifiable and connected transaction Rules on lease transactions of listed issuers. New FAQs²⁷ were published in September and December 2018 to assist issuers in complying with the Rule requirements in light of the changes in accounting treatments of leases.

Recap of the Roles and Responsibilities of Non-Executive Directors and Independent Non-Executive Directors – Considerations in Disciplinary Actions

79. At the June 2018 policy meeting, the Committee recommended that the Exchange publicly remind issuers of the roles and responsibilities of non-executive directors and INEDs (especially at the listing application stage) and the approach taken by the Department in pursuing disciplinary actions against them for non-compliance. These matters were featured in the third edition of the Enforcement newsletter published on 26 July 2018 on the HKEX website.

24 Frequently Asked Questions Series 1 on Rule Amendments relating to Corporate Governance and Listing Criteria Issues

25 Of these cases, 11 issuers sought review of the Department’s decisions. Eight decisions were upheld and one was overturned after reviews. In two cases, the reviews are in progress

26 HKFRS/IFRS 16 has become effective for annual accounting periods beginning on or after 1 January 2019

27 Frequently Asked Questions on Notifiable and Connected Transaction Rules relating to Lease Transactions of Listed Issuers adopting HKFRS/IFRS 16 “Leases” (or similar accounting standards in other jurisdictions)

REGULAR BUSINESS

LISTING APPLICATIONS

80. Statistics in relation to listing applications handled by the Listing Committee are set out in the tables below.

Meetings at which IPO applications were considered	2018	2017
Meetings Within the Regular Schedule	48	41
Specially Convened Meetings	15	6

Listing Applications considered by the Listing Committee	2018	2017
Applications Considered (Note 1)	184	112
Applications Approved (Note 2)	167	107
Applications Rejected	13	3
Decisions Deferred Pending Further Information	4	2

Listing Applications approved and/or listed by the Listing Committee	2018	2017
Applications Approved and Listed in the Year	128	85
Applications Approved in Previous Year and Listed in the Year	16	10
Applications Listed in the Year	144	95

Notes:

- 1 2018 includes one (2017: one) very substantial acquisition and RTO treated as a new listing application.
- 2 2018 includes six (2017: six) applications approved at the second hearing and nil (2017: one) application approved at the third hearing.

CANCELLATION OF LISTING

81. Statistics in relation to delisting matters considered at the Listing Committee's regular meetings are set out below:

Nature of decision (Note 1)	Number of cases	
	2018	2017
Main Board		
Listed issuers to be placed into third stage of delisting procedures		
– After rejecting resumption proposal as not viable (Note 2)	1	2
– Without submitting resumption proposal	3	3
Listings to be cancelled		
– After rejecting resumption proposal as not viable (Note 3)	4	3
– Without submitting resumption proposal (Note 4)	–	3
– Without submitting new listing application for resumption proposal involved reverse takeover (Note 5)	2	–
Listed issuer to be given notice of intention to delist under Rule 6.10 (Note 6)	–	4
Trading to be resumed	2	1
GEM		
Listed issuer to be given notice of intention to delist under GEM Rule 9.14 (Note 7)	2	5
Listings to be cancelled		
– After resumption proposal rejected as not viable (Note 8)	2	–
– Without submitting resumption proposal	–	1

Notes:

- 1 Unless otherwise indicated these decisions were not appealed.
- 2 In 2017, two decisions were appealed and were upheld after reviews.
- 3 In 2018, four decisions in 2018 were appealed. One decision was upheld after review and the other three decisions are under review. In 2017, three decisions were appealed. One issuer withdrew its review application and one decision was upheld after review. For the remaining case, the Listing (Review) Committee decided to set aside the cancellation of listing to enable the company to proceed with implementing its resumption proposal.
- 4 In 2017, one decision was appealed and was upheld after reviews.
- 5 In 2018, two decisions were appealed. One decision was upheld after review, and the other decision is under review.
- 6 In 2017, three decisions were appealed and upheld after reviews.
- 7 In 2018, two decisions were appealed and upheld after reviews. In 2017, four decisions were appealed. Three decisions were upheld, and one decision was overturned after review.
- 8 In 2018, two decisions were appealed and under review.

OTHER MATTERS

82. An analysis of other matters considered at regular meetings during the year is set out below:

Nature of decision/advice sought	Number of cases	
	2018	2017
Listing Application Requirements		
– Requests for pre-application guidance from potential IPO applicants (Note 1)	13	5
– Guidance on GEM listing applications	1	8
Ongoing Obligations		
– Approval of voluntary withdrawal of listing (Note 2)	23	32
– Guidance on whether a listed issuer had sufficient operations or assets to warrant continued listing	8	7
– Extension of deadline in connection with a resumption proposal (Note 3)	8	8
– Consideration of spin off proposal	4	1
– Consideration of individuals' suitability to be directors	1	1
– Guidance on issue of convertible securities	1	–
– Direct a resumption of trading in an issuer's securities	1	–
– Waiver from providing assured entitlements to existing shareholders	1	–
– Approval of an issuer of structured products	–	1
– Guidance on whether a listed issuer may implement its proposal to restore its public float	–	1

Notes:

- 1 2018 includes one (2017: nil) case considered twice.
- 2 2018 includes 13 (2017: 14) ETFs and two (2017: four) investment products.
- 3 2018 includes two (2017: two) cases considered twice.

SERVICE STANDARDS

LISTING APPLICATIONS

- 83. In 2018, the number of applications vetted reached a historical high, which was 24% higher than the number of applications vetted in 2017 and 73% higher than the five-year average from 2013 to 2017.
- 84. The Exchange continues to look at ways to better accommodate the increasing number of listing applications and expedite vetting of complex listing applications. The Exchange however will not jeopardise the quality of its vetting. Going forward, the Department may issue subsequent rounds of comments prior to receiving the sponsor’s response (if such responses would not affect the Department’s comments) to further accelerate the vetting process.
- 85. The relevant statistics on vetting of IPO applications are summarized in the following tables:

Action	Number of comment letters issued	Average number of business days taken from date of case acceptance
Issuance of first round of comments	346	18

Action	Number of cases	Average number of business days taken from date of case acceptance
IPO cases presented to the Listing Committees for consideration	184	109
IPO cases presented to the GLAG for consideration	71	137
Overall	255	117

MONITORING AND GUIDANCE ACTIONS

86. The following table summarises the Exchange's service standards for monitoring and guidance actions. It is the Exchange's objective to continue improving the transparency, quality, efficiency and predictability of its service.

Service for Initial Responses	Service standard	% of cases meeting service standard	
		2018	2017
Pre-vetting activities			
– Initial response to pre-vetted announcements	Same day	97%	96%
– Initial response to pre-vetted circulars (very substantial acquisition)	10 business days	100%	100%
– Initial response to pre-vetted circulars (other than very substantial acquisition)	5 business days	99%	99%
Issuers' enquiries (Note 1)			
– Initial response to issuer's enquiries	5 business days	95%	97%
Waiver applications (Note 2)			
– Initial response to waiver applications (other than application for delay in despatch of circular)	5 business days	99%	99%
Post-vetting activities			
– Initial response to post-vetted result announcements	3 business days	99%	97%
– Initial response to post-vetted announcements (other than results announcements)	1 business day	98%	99%

Notes:

- 1 In 2018, 405 written enquiries (2017: 426) on Rule interpretations and related matters were handled.
- 2 In 2018, 454 waiver applications (2017: 451) from strict compliance with requirements under the Rules were processed.

DISCIPLINARY MATTERS

GENERAL APPROACH

87. The Exchange has a statutory duty to ensure, as far as reasonably practicable, an orderly, informed and fair market for the trading of listed securities.
88. The Enforcement Policy Statement (published 17 February 2017) sets out the Exchange's approach in relation to enforcing the Rules. This includes four fundamental objectives, to:
 - (a) deter future breaches.
 - (b) educate the market.
 - (c) influence compliance culture and attitude.
 - (d) enhance corporate governance.
89. The Department is responsible for the Exchange's enforcement of the Rules.

ENFORCEMENT INVESTIGATIONS

90. Each year, the Department investigates conduct which may give rise to breaches of the Rules. The Department receives referrals from various sources including:
 - (a) other regulatory or law enforcement bodies.
 - (b) complaints from the general public.
 - (c) internal referrals as a result of compliance monitoring.
91. In pursuing any potential breach of the Rules, the Department focuses its resources on the most blatant and serious conduct. The Enforcement Policy Statement sets out the non-exhaustive factors to be taken into account in deciding the level of regulatory action.
92. In circumstances where the Department commences an investigation, the conduct will be of a nature sufficiently serious to warrant a public sanction to be imposed by the Listing Committee.
93. Warning or caution letters may be issued in circumstances where disciplinary proceedings before the Listing Committee are not considered appropriate. These will be recorded as part of the compliance history for the relevant party.

94. During 2018:
- (a) the Department commenced 46 new investigations (not including active investigations continued from 2017). This is generally consistent with the number of new investigations commenced in 2016 and 2017 (41 and 44 respectively).
 - (b) the Department finalized 46 investigations. The average time for completion of an investigation was nine months (as against 9.4 months in 2017²⁸ and 8.2 months in 2016).
95. The Department plans to implement further process improvements during 2019 in an attempt to enhance efficiency for each investigation without compromising the standard of investigative and analytical work undertaken.

ENFORCEMENT THEMES

96. The Department continues to adopt a thematic approach to its investigations.
97. The current themes are as follows:
- (a) directors' performance of fiduciary duties – particularly the exercise of care, skill and diligence required under the Rules.
 - (b) financial reporting – delays or internal control and governance matters.
 - (c) inaccurate, incomplete and/or misleading disclosures in corporate communications.
 - (d) failure to comply with procedural requirements in respect of notifiable or connected transactions.
 - (e) repeated breaches of the Rules.
 - (f) delayed trading resumption.
 - (g) failure of issuers and directors to co-operate with the Department's investigation.
98. Whilst the Department will continue to pursue any breach of the Rules, during 2018, 91% of investigations related to one or more of the enforcement themes identified above.

DISCIPLINARY ACTION

99. Following an investigation and where disciplinary action is appropriate, the Committee will follow the Disciplinary Procedures which are published on the HKEX website. In 2018, there were 21 concluded disciplinary actions (this figure includes cases which had been heard by the Committee and which the results had been published).
100. By way of comparison, there were five concluded disciplinary actions in 2014, six in 2015, eight in 2016 and nine in 2017. There are a number of factors which are likely to have influenced the increase in 2018, however there is a clear correlation between the steady increase in the number of overall investigations in recent years leading to a rise in the number of concluded disciplinary actions in 2018.

28 The time for completing an investigation in 2017 was 9.4 months and not 8.7 months as previously disclosed.

SANCTIONS

101. Following any disciplinary action, the Committee has the power to impose certain sanctions on relevant parties. During 2018, the Department obtained public sanctions in all of the 21 concluded disciplinary cases that were dealt with by the Committee.
102. The collective and individual responsibility of directors continues to be a cornerstone of the current enforcement regime. Directors must provide a personal undertaking to procure Rule compliance by listed issuers. The personal undertaking not only requires directors to ensure substantive compliance with the Rules, but also imposes a proactive obligation to create conditions within listed issuers to ensure such compliance. In 2018, the Department took action against directors as follows:

Number of directors subject to sanctions	2018	2017	2016
Executive directors	71	17	23
Non-executive directors	10	4	4
INEDs	39	3	5
Total	120	24	32

103. In addition to issuing sanctions for breaches of the Rules, the Department obtained a number of directions requiring listed issuers and directors to take proactive remedial action to rectify breaches, improve internal controls and overall corporate governance. Such directions included training requirements and the appointment of external experts to assist with control deficiencies and to provide compliance advice on an ongoing basis. The following table provides an overview of the various directions obtained by the Department in 2018:

Number of cases involving	2018	2017	2016
“Internal Control Review” direction	2	0	0
“Retention of Compliance Adviser” direction	8	1	3
“Training of Directors” direction	12	4	4

104. The data in paragraphs 102 and 103 indicates a significant increase in the number of sanctions and directions obtained during the course of 2018. The Department continues to assess the effectiveness of those sanctions and directions in light of the fundamental objectives contained within the Enforcement Policy Statement and the overall purpose of enforcement of the Rules.

SETTLEMENT AND COOPERATION

105. Investigations and disciplinary actions can be disposed of by settlement as approved by the Committee. On the basis that the terms of the settlement represent a fair overall regulatory outcome and achieve the Exchange's regulatory objectives, the Committee continues to welcome the efforts made by market users and the Department to bring about the settlement and agreed disposal of investigations and disciplinary matters in an appropriate manner.
106. The Department wishes to remind directors that there is a positive obligation to interact promptly and openly during the course of all interactions with it. Directors should, by now, be acutely aware that the failure to co-operate with an investigation by the Department will likely lead to disciplinary action and is a key focus of the Department given its enforcement themes (paragraph 97 above).

INTERACTION WITH OTHER REGULATORS

107. The Department refers conduct of listed issuers and their directors which may give rise to suspected breaches of the law to the SFC and other law enforcement agencies (e.g., the Independent Commission Against Corruption and the Commercial Crime Bureau of the Hong Kong Police) as appropriate. It provides assistance by providing documents or information and witness statements (covering, amongst other things, technical advice on the application of the Rules), to support prosecution proceedings.
108. During 2018, the Department provided continuing support to the SFC and other law enforcement agencies by dealing with 72 requests for documents or information and providing seven witness statements (as compared with 55 requests and nine witness statements in 2017).

ENFORCEMENT NEWS

109. The Department continues to publish Enforcement Newsletters relating to enforcement activity and specific focus areas which it considers to be of public interest.

REVIEW MEETINGS

110. The Listing Committee considered 39 (2017: 26) requests for reviews of decisions made by the Department or the Listing Committee during the year, some of which related to decisions that had been made in the previous year. The Listing Appeals Committee considered six (2017: three) requests for review. Details of these reviews are set out in the table below.

Appeal Committee	Decision made by	Nature of decision	Number of cases	Outcome as at 31 December 2018
Listing Appeals Committee	Listing (Review) Committee	Cancellation of listing	4	Upheld
	Listing (Review) Committee	Rejection of a listing application	1	Upheld
	Listing (Disciplinary Review) Committee	Sanctions on directors	1	Upheld
Listing (Review) Committee	Listing Committee	Cancellation of listing	11	Upheld: 10 Overturned subject to conditions: 1
	Listing Committee	Rejection of a listing application	5	Upheld: 4 Overturned subject to conditions: 1
	Listing Committee	Place a listed issuer into the first stage of delisting	2	Upheld
	Listing Committee	Place a listed issuer into the third stage of delisting	1	Upheld
Listing Committee	Listing Department	Rejection of a listing application	5	Upheld
	Listing Department	Considering a proposed issuance of replacement share certificates with a waiver of guarantee as a connected transaction	1	Overturned subject to conditions
	Listing Department	Place a listed issuer into the first stage of delisting	2	Upheld
	Listing Department	Place a listed issuer into the third stage of delisting	1	Upheld

Appeal Committee	Decision made by	Nature of decision	Number of cases	Outcome as at 31 December 2018
	Listing Department	Cancellation of listing	8	Upheld: 7 Overturned: 1
	Listing Department	Rejection of a proposed spin-off	1	Upheld
	Listing Department	Considering a proposed transaction as a reverse takeover	1	Upheld
	Listing Department	Return of a listing application	1	Overturned

111. As at 31 December 2018, there were 15 cases under review as follows:

Appeal Committee	Decision made by	Nature of decision	Number of cases
Listing Appeals Committee	Listing (Review) Committee	Cancellation of listing	3
	Listing (Disciplinary Review) Committee	Sanctions on directors	2
	Listing Committee	Rejection of a listing application	1
Listing (Review) Committee	Listing Committee	Rejection of a listing application	3
	Listing Committee	Place a listed issuer into the first delisting stage	1
	Listing Committee	Cancellation of Listing	3
Listing Committee	Listing Department	Rejection of a listing application	1
	Listing Department	Cancellation of listing	1

POLICY AGENDA FOR 2019 AND BEYOND

112. Highlighted below are those matters the Exchange currently plans to consider during 2019 and beyond:

Prospectuses and listing process

- A Review of Listings by Overseas Companies
- Consultation Paper on Review of Chapter 37 Debt Issues Regime for Professional Investors Only
- A Review of the IPO Market Infrastructure
- Consultation Paper on Corporate WVR Beneficiaries

Listing matters

- Consultation Paper on ESG Reporting
- Streamlining Guidance Materials relating to Listing Matters

Ongoing obligations and other related matters

- Consultation Conclusions on Backdoor Listing, Continued Listing Criteria and Other Rule Amendments
- Consultation Conclusions on Proposal relating to Listed Issuers with Disclaimer or Adverse Audit Opinion on Financial Statements
- Consultation Paper on Codification of General Principles, Waivers, Minor Rule Amendments and Housekeeping Matters
- Consultation Paper on Review of Chapters 2A/2B

APPENDIX 1 COMPOSITION, ROLE AND OPERATIONS OF LISTING COMMITTEE

MEMBERS AS AT 31 DECEMBER 2018

Chairman

WEIR Andrew Walter Bougourd Ross

Deputy Chairmen

BRIEN Peter Wilhelm Hubert

HO Chi On, John

Ex officio member

LI Xiaojia, Charles

Other members (in alphabetical order)

CHAN Chiu Kong, Edmond

CHAN Wai Yan, Ronald

CHAN Yuen Shan, Clara

CHAU Paul

EMSLEY Matthew Calvert

GAO Vincent

LAU Pak Wai, David

MA Sean

MAGUIRE John Martin

NIXON Charles George Rupert

POGSON Keith Timothy

PU Hai Tao Richard

ROBERTS Donald Jeffrey

SWIFT Joseph Daniel

TRACY Alexandra Boakes

TYE Philip Andrew

VAN RIJN Arnout

WOLHARDT Julian Juul

WONG John William Pei-Keat

WONG Yu Tsang Alex

YIEN Yu Yu, Catherine

YIH Lai Tak, Dieter

ZEE Helen

COMPOSITION OF LISTING COMMITTEE

1. The Listing Committee consists of 28 members (or such greater number that the board of the Exchange shall agree) as follows:
 - (a) At least eight individuals whom the Listing Nominating Committee (“LNC”) considers will represent the interests of investors;
 - (b) 19 individuals whom the LNC considers will represent a suitable balance of representatives of listed issuers and market practitioners, including lawyers, accountants, corporate finance advisers, and Exchange Participants or officers of Exchange Participants; and
 - (c) The Chief Executive of HKEX as an ex-officio non-voting member²⁹.
2. The Listing Committee has no staff and no budget. A fixed annual fee of \$100,000 is offered for regular Committee members, \$125,000 for the Deputy Chairmen and \$150,000 for the Chairman on account of their contribution to the Listing Committee.

ROLE OF LISTING COMMITTEE

3. The Listing Committee acts both as an independent administrative decision maker and an advisory body for the Exchange. It has four principal functions:
 - (a) to oversee the Department (to the extent practicable given the Committee’s mode of operation).
 - (b) to provide policy advice to the Department on listing matters and to approve amendments to the Main Board Rules and GEM Rules.
 - (c) to take decisions of material significance for listing applicants, listed issuers and the individuals concerned. These include approvals of listing applications and cancellations of listing and disciplinary matters.
 - (d) to act as a review body (in its role as the Listing (Review) Committee) for decisions made by the Department and by the Listing Committee³⁰.
4. The Listing Liaison Forum (“LLF”) provides a monthly forum for operational matters to be raised by the Chairman and Deputy Chairmen with the Chief Executive and the Head of Listing (and vice versa). This is part of the oversight of the Department by the Listing Committee. The LLF is not a forum for discussing substantive policy matters. In addition, on a semi-annual basis, the Committee’s Chairman and two Deputy Chairmen and Head of Listing attend a meeting of the HKEX Board to communicate with the HKEX Board on the operation of the Department and the Listing Committee.

29 The Chief Executive of HKEX attends Listing Committee meetings as a non-voting member representing the HKEX’s board only where listing policy matters are discussed, and does not attend Listing Committee meetings on individual cases.

30 The Listing Committee will no longer act as a review body for Listing Committee decisions after the Rule amendments proposed in the Conclusions on the Review Structure become effective. For details, please refer to paragraphs 9 to 13.

5. The LPP has been established as an advisory, consultative and steering body outside the SFC and the Exchange to centralise discussion of listing policies with broader regulatory or market implications. The LPP comprises the Chairman and Deputy Chairmen of the Listing Committee, as well as representatives from HKEX, the SFC and the Takeovers Panel. The Chairman and Deputy Chairmen of the Listing Committee represent the views of the Listing Committee (including any differing views among the Listing Committee members) at LPP meetings. The authority and powers delegated by the Exchange's board to the Listing Committee remain unchanged.
6. A more detailed description of the role and mode of operation of the Listing Committee and its approach to handling conflicts of interest is set out on the HKEX website.

OPERATIONS OF LISTING COMMITTEE

7. One of the principal items of business of the Listing Committee's regular meetings is considering whether or not to approve new listing applications for the Main Board. Applications for listing on GEM are considered by the Department, with applicants retaining a right of appeal to the Listing Committee³¹. The Department may reject a Main Board listing application, but the power to approve such listing applications rests with the Listing Committee. Listing applications are considered on the basis of reports from the Department, which include a recommendation on whether or not to approve the application. In respect of each application considered by the Committee, it may approve the application, with or without the imposition of conditions, reject the application or defer a decision pending the submission of further information.
8. The power to approve the cancellation of listing of securities ("delisting") rests with the Listing Committee. Main Board issuers may be delisted immediately or delisted if they fail to remedy the issues and resume trading before the end of the remedial period specified in the delisting notice. They may also be delisted under Rule 6.01A. GEM Rules 9.14 to 9.18 deal with the delisting of GEM listed issuers.
9. The Listing Committee's approval is required to cancel the listing of a Main Board or GEM issuer. The Listing Committee's decision to delist a Main Board or GEM issuer may be subject to review by the Listing (Review) Committee and, in turn, the LAC³².
10. At each regular meeting, the Department provides the Listing Committee with information on listed issuers whose shares have been suspended from trading since the last regular meeting of the Listing Committee. Each month, the Listing Committee receives an information paper on listed issuers whose shares have been suspended for a prolonged period. This forms the basis for a monthly update that is published on the HKEX website in respect of long suspended listed issuers.

31 Pursuant to the Consultation Conclusions on the Review of the GEM and Changes to the GEM and Main Board Listing Rules published in December 2017, the delegated authority to the Department by the Listing Committee to approve or reject GEM listing applications will be unwound. Reviews of Listing Committee decisions to reject GEM listing applications will be conducted by the new Listing Review Committee. The unwinding of the delegated authority will be implemented at a date the Exchange considers appropriate. The Listing Committee will no longer act as a review body for Listing Committee decisions after the Rule amendments proposed in the Conclusions on the Review Structure become effective. For details, please refer to paragraphs 9 to 13.

32 The Listing (Review) Committee will be replaced by the new Listing Review Committee and the LAC will be discontinued after the Rule amendments proposed in the Conclusions on the Review Structure become effective. For details, please refer to paragraphs 9 to 13.

11. Policy matters are generally dealt with at policy meetings of the Listing Committee as this helps to ensure broad participation from the Listing Committee membership. The Listing Committee aims to hold policy meetings on a quarterly basis. Nonetheless it is sometimes necessary for matters to be considered at regular meetings of the Committee. These items are normally in the nature of reporting back on minor revisions to policy previously agreed at quarterly policy meetings or amendments to the Rules which have previously been approved at quarterly policy meetings that are minor in nature but which, nonetheless, require the Listing Committee's approval.
12. Disciplinary matters are generally dealt with at specially convened meetings of the Listing Committee. For contested disciplinary actions, written representations are central to the process. A typical case will involve one round of written submissions from the Department and from those alleged to have breached the Rules (the listed issuer and/or its directors), with the Chairman having flexibility to allow additional submissions where it is considered appropriate. At the hearing, the Department and those against whom action is being brought are permitted to make oral representations to supplement their written submissions and Listing Committee members may ask questions of any party or its legal representative present at the meeting. The parties may thereafter make closing submissions.
13. For agreed disposals of disciplinary matters, a settlement proposal as agreed between the Department and the relevant parties is tabled before the Listing Committee at a meeting for the Committee to consider and, where appropriate, to endorse. All settlements are subject to the Committee's approval. For transparency and procedural fairness purposes, all the parties to the disciplinary action are invited to appear before the Committee to address any concerns which the Committee may have in respect of the settlement proposal, and the Committee may also ask questions of the parties present regarding the proposed settlement.

APPENDIX 2 POLICY DEVELOPMENT

MATTERS CONSIDERED DURING THE YEAR

The table below summarises the policy matters considered at the Listing Committee's policy and regular meetings during the year.

Date	Items
18 January 2018 Regular meeting	<ul style="list-style-type: none">– Update/briefing on the SFC's 2016 review of the Exchange's performance in its regulation of listing matters
25 January 2018 Regular meeting	<ul style="list-style-type: none">– Approval of the Report on Review of Disclosure in Issuers' Annual Reports to Monitor Rule Compliance
1 February 2018 Regular meeting	<ul style="list-style-type: none">– Approval of Listing Committee Report 2017– Update/briefing on the New Regime Consultation Paper
12 February 2018 Regular meeting	<ul style="list-style-type: none">– Approval of publication of the New Regime Consultation Paper
14 February 2018 Regular meeting	<ul style="list-style-type: none">– Approval of themes of review for 2018 annual report review programme
8 March 2018 Regular meeting	<ul style="list-style-type: none">– Update/briefing on:<ul style="list-style-type: none">• The MOU Addendum• LPP Terms of Reference
15 March 2018 Regular meeting	<ul style="list-style-type: none">– Approval of amended Guidance Letter (HKEX-GL19-10) relating to obtaining title certificates for PRC properties

Date	Items
19 March 2018 Policy meeting	<ul style="list-style-type: none"> - Update/briefing on: <ul style="list-style-type: none"> • Consultation Conclusion on A Listing Regime for Companies from Emerging and Innovative Sectors • Listing policy development status and proposed way forward on the use of “nominees” and “warehousing” arrangements in corporate and market misconduct • Listing applications handled by the Department during the enquiry of listed issuers’ compliance with Rule 13.24 • Proposed modification of the consideration ratio for PRC issuers dually listed on the Exchange and a PRC stock exchange • GEM applications handled by the Department for the six months ended 30 September 2017 • Backdoor Listing Consultation Paper - Approval of publication of: <ul style="list-style-type: none"> • Delisting Consultation Conclusions • Capital Raisings Consultation Conclusions • Consultation Conclusions on Proposed Changes to Documentary Requirements relating to Listed Issuers and Other Minor Rule Amendments • Review of regulatory approach to potential shell companies under GL68-13A
28 March 2018 Regular meeting	<ul style="list-style-type: none"> - Update/briefing on performance and quality of Main Board and GEM issuers listed from 2015 to 2017
12 April 2018 Regular meeting	<ul style="list-style-type: none"> - Update/briefing on Consultation Conclusion on A Listing Regime for Companies from Emerging and Innovative Sectors
17 April 2018 Regular meeting	<ul style="list-style-type: none"> - Approval of publication of Consultation Conclusion on A Listing Regime for Companies from Emerging and Innovative Sectors
19 April 2018 Regular meeting	<ul style="list-style-type: none"> - Approval of publication of the Delisting Consultation Conclusions - Update/briefing on disclaimer/adverse audit opinion and suspension of trading
3 May 2018 Regular meeting	<ul style="list-style-type: none"> - Approval of publication of Analysis of Environmental, Social and Governance Practice Disclosure in 2016/2017
24 May 2018 Regular meeting	<ul style="list-style-type: none"> - Approval of publication of: <ul style="list-style-type: none"> • Financial Statements Review Programme Report 2017 • Consultation Paper on Review Structure in relation to Listing Committee Decisions

Date	Items
<p>4 June 2018 Policy meeting</p>	<ul style="list-style-type: none"> - Update/briefing on: <ul style="list-style-type: none"> • Recap of the roles and responsibilities of non-executive directors and independent non-executive directors – considerations in disciplinary actions • Facilitative measures for applicants in the financial technology sector or with internet-based business models • The Committee Oversight of the Department • Streamlining Guidance Materials relating to Listing Matters - Approval of publication of: <ul style="list-style-type: none"> • Backdoor Listing Consultation Paper • Consultation Conclusions on Review of the Corporate Governance Code and Related Listing Rules • Consultation Conclusions on Proposed Exemption for Aircraft Leasing Activities
<p>23 July 2018 Regular meeting</p>	<ul style="list-style-type: none"> - Update/briefing on Consultation Paper on Corporate WVR Beneficiaries
<p>6 September 2018 Regular meeting</p>	<ul style="list-style-type: none"> - Update/briefing on Consultation on Paper on Corporate WVR Beneficiaries
<p>13 September 2018 Regular meeting</p>	<ul style="list-style-type: none"> - Approval of publication of Disclaimer Opinion Consultation Paper
<p>22 October 2018 Policy meeting</p>	<ul style="list-style-type: none"> - Approval of publication of Analysis of Corporate Governance Practice Disclosure in June and December-Year End 2017 and March Year-End 2018 Annual Reports - Update/briefing on: <ul style="list-style-type: none"> • Review of disclosure on issuers’ annual reports to monitor Rule compliance • Backdoor Listing Consultation Paper • Operation of the New Regime since its launch • Proposed changes to Chapter 37 – debt issues to professional investors only • Review programmes on listed issuers conducted by the Department • Consultation Paper on Codification of General Principles and Waivers • Streamlining guidance materials relating to listing matters (Part Two) • GEM applications handled by the Department for the six months ended 31 March 2018

Date	Items
1 November 2018 Regular meeting	– Update/briefing on the SFC’s review of the Exchange’s performance in its regulation of listing matters
22 November 2018 Regular meeting	– Approval of publication of: <ul style="list-style-type: none"> • Consultation Conclusions on Review Structure • Consultation Conclusions on Proposed Changes to Documentary Requirements relating to Listed Issuers and Other Minor Rule Amendments
20 December 2018 Regular meeting	– Approval of Austria Country Guide

APPENDIX 3 MEETING STATISTICS

The following meetings were held during the period covered by this report and in the preceding period:

Nature of meeting	Number of meetings		Average number of members in attendance	
	2018	2017	2018	2017
Regular Meetings:				
– With regular business only	47	41	13.3	12.1
– With policy items	19	12	19.2	18.8
Total	66	53	15.0	16.2
Review Meetings (*excluding reviews by Listing Appeals Committee)	39	26	6.4	6.7
Disciplinary Meetings	25	14	6.6	7.3
Quarterly and ad hoc policy meetings	3	3	24.3	26.7
Total	133	96		

Details of members' attendance at meetings are set out in Appendix 4.

APPENDIX 4 ATTENDANCE AT MEETINGS

Members	NATURE OF MEETING (Note 3)							
	Regular		Policy		Disciplinary		Review	
	Attended/ Pooled	%	Attended/ Eligible	%	Attended/ Eligible	%	Attended/ Eligible	%
In office all year								
Mr Andrew Weir	56/66	85	3/3	100	0/8	0	1/7	14
Mr John Ho	31/66	47	3/3	100	6/22	27	10/31	32
Mr Peter Brien	47/66	71	2/3	67	11/22	50	8/23	35
Mr Charles Li (Note 4)	n/a	n/a	3/3	100	n/a	n/a	n/a	n/a
Mr Dennis Cassidy (Note 5)	28/31	90	2/3	67	3/12	25	12/21	57
Mr Edmond Chan	47/42	112	3/3	100	13/17	76	11/12	92
Mr Ronald Chan	31/40	78	3/3	100	6/19	32	8/22	36
Ms Clara Chan	30/42	71	3/3	100	9/15	60	10/24	42
Mr Paul Chau	36/42	86	3/3	100	5/9	56	14/18	78
Mr David Lau	43/42	102	3/3	100	12/16	75	15/17	88
Mr Keith Pogson	49/42	117	3/3	100	5/14	36	3/14	21
Mr Sean Ma	24/42	57	2/3	67	3/12	25	5/26	19
Mr John Maguire	31/42	74	3/3	100	7/14	50	6/18	33
Mr Arnout Van Rijn	32/42	76	3/3	100	2/14	14	7/14	50
Mr Donald Roberts	36/42	86	2/3	67	9/18	50	8/17	47
Mr Daniel Swift	37/42	88	3/3	100	3/21	14	3/20	15
Mrs Alexandra Tracy	47/42	112	3/3	100	10/17	59	16/20	80
Mr Philip Tye	42/42	100	3/3	100	6/14	43	9/11	82
Mr Julian Wolhardt	25/42	60	1/3	33	2/15	13	4/27	15
Ms Catherine Yien	37/42	88	3/3	100	10/17	59	14/21	67
Mr Dieter Yih	39/42	93	2/3	67	8/15	53	9/18	50
Ms Helen Zee	24/42	57	2/3	67	2/14	14	5/25	20
Appointed this year (Note 6)								
Mr Matthew Emsley	24/26	92	1/1	100	2/4	50	12/16	75
Mr Vincent Gao	17/26	65	1/1	100	0/6	0	2/19	11
Mr Charles Nixon	17/26	65	1/1	100	0/6	0	4/18	22
Mr Richard Pu	21/26	81	0/1	0	2/7	29	12/19	63
Mr Alex Wong	17/26	62	1/1	100	1/6	17	12/19	63
Mr John Wong	12/26	46	1/1	100	0/7	0	2/21	10
Retired this year (Note 7)								
Mr Stephen Brown	13/16	81	1/2	50	4/9	44	3/7	43
Ms Julia Charlton	23/16	144	2/2	100	4/8	50	4/8	50
Mr Stephen Clark	18/16	113	2/2	100	3/4	75	6/7	86
Mr Nial Gooding	18/16	113	1/2	100	9/11	82	5/6	83
Ms Yvonne Ho	19/16	119	2/2	100	7/8	88	8/11	73
Ms Eirene Yeung	12/16	75	2/2	100	0/10	0	1/7	14

Notes:

1. Percentage attendance at regular meetings is calculated based on actual attendance and the number of meetings that the member was pooled for (i.e. scheduled to attend) during the year in accordance with a pooling schedule. The Chairman and Deputy Chairmen are pooled to attend all regular meetings. Other members are pooled to attend approximately half of the regularly scheduled meetings. In all cases the number of meetings that a member is pooled for will be reduced by one if:
 - A meeting that the member is pooled for is cancelled; or
 - The member is conflicted on all substantive matters to be considered at a meeting that the member is pooled for.
2. Percentage attendance at review and disciplinary meetings is based on the number of meetings a member was eligible to attend having regard to potential conflicts of interest and whether the member had attended the meeting reaching the decision that was being reviewed. Members' unavailability due to other commitments on a scheduled date has not been taken into account in the table above. Unlike regular meetings that are scheduled on the same day and at the same time every week, review and disciplinary meetings are scheduled on an ad hoc basis. Therefore, conflicts with members' other commitments are more likely as it is not possible for members to block out a regular time in their diaries to attend these meetings. Also, some review and disciplinary meetings have to be scheduled on short notice due to their nature. The Chief Executive does not participate in review and disciplinary meetings.
3. This year, in addition to these meetings, Listing Committee members also attended sub-committee meetings on particular policy matters and officiated at 218 listing ceremonies.
4. The HKEX Chief Executive attends Committee meetings as a non-voting member representing the HKEX's board only where listing policy matters were discussed, and does not attend Listing Committee meetings on individual cases.
5. Mr. Dennis Cassidy stepped down from the Committee on 23 October 2018 for personal reasons.
6. Members were appointed on 22 June 2018.
7. Members retired on 22 June 2018.
8. For policy meetings and regular meetings at which policy matters were discussed, attendance includes participation by telephone.

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