



香港交易所

The Stock Exchange of Hong Kong Ltd.

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref: RW20040517-022

17 May 2004

To: All Main Board listed banks

Attention: Authorised Representatives

Dear Sirs

Rules 13.13 to 13.15 of the Listing Rules

As I am sure you are aware, a package of rule changes came into effect on 31 March 2004 with the aim of enhancing the corporate governance of issuers.

Among the changes was the replacement of the provisions governing the disclosure of advances to entities contained in Paragraph 3.2 of the now repealed Practice Note 19 of the Listing Rules by new Rules 13.13 to 13.15.

Under Paragraph 3.2.1, a disclosure obligation arose where a "relevant advance to an entity" exceeded 25% of the issuer's net assets. Under Rule 13.13, a disclosure obligation now arises where any of the "percentage ratios" of the relevant advance exceeds 8%. "Percentage ratios" is a reference to the five new ratios used for categorising notifiable transactions under the new Chapter 14 of the Listing Rules, namely the total assets, profits, revenue, consideration and equity ratios.

Under Paragraph 3.2.2, the percentage increase threshold for triggering further disclosure was 10% of the issuer's net assets. Under Rule 13.14, this is now 3% under any of the percentage ratios.

In response to concerns expressed by the banking community about the impact of the revised requirements on listed banks to disclose advances to entities, we have decided to review policy in this area. Pending completion of this review we have decided not to take action against any listed bank (i.e. any listed issuer which is a bank, a restricted licence bank or a deposit-taking company as defined in the Banking Ordinance or a bank constituted under appropriate overseas legislation or authority) for any failure since 31 March 2004 to comply with Rules 13.13 to 13.15, so long as the listed bank is in compliance with the disclosure requirements under Paragraph 3.2 of Practice Note 19 (as if such Paragraph had not been repealed).

The Exchange has received the consent of the Securities and Futures Commission to this decision in accordance with Listing Rule 2.04.

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香港交易及結算所有限公司

Hong Kong Exchanges and Clearing Limited

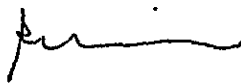
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- 2 -

If you have any specific questions, please do not hesitate to contact the Listing Division executives with oversight of your bank.

Yours faithfully
For and on behalf of
The Stock Exchange of Hong Kong Limited



Richard Williams
Head of Listing

RW/GeT

c.c. Hong Kong Association of Banks – Mr Peter Wong, Chairman
Hong Kong Monetary Association – Mr Simon Topping, Executive Director,
Banking Policy
Securities and Futures Commission – Mr Ashley Alder, Executive Director,
Corporate Finance Division