

Requirements for an Offering and Listing in the U.K., U.S. or Hong Kong

The following pages summarize the listing and registration requirements of the U.K., the U.S. and Hong Kong that would apply to a company making an offering and listing of shares, or depositary receipts (“DRs”) representing its shares, on the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange, as well as the continuing obligations that would apply to a company listed on those exchanges. The following assumes that the Company would be a foreign private issuer for U.S. securities laws purposes listing DRs on the New York Stock Exchange. The U.K. regime comprises “premium listings” and “standard listings”. Premium listings, which impose more stringent standards of eligibility, disclosure and continuing obligations, are limited to shares. Standard listings are available for shares, DRs and other securities.

	United Kingdom		United States	Hong Kong
	<i>Premium Listing</i>	<i>Standard Listing</i>		
<u>Structure of Offering:</u>	Offering made by way of publication of a Prospectus coupled with admission of ordinary shares to the Official List of the United Kingdom Listing Authority (“UKLA”) and to trading on the main market of the London Stock Exchange (“LSE”)		Registration statement on Form F-1 filed with the U.S. Securities and Exchange Commission (the “SEC”) and DRs listed on the New York Stock Exchange (the “NYSE”)	<u>Offering made by way of publication of a Prospectus coupled with listing of ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKSE”)</u>
<u>Basic Documentation:</u>	<ul style="list-style-type: none"> • Prospectus and eligibility letter submitted for approval by the UKLA • Underwriting agreement (including representations, indemnity and lock-up of selling shareholders) • Lock-up letters of other shareholders, if required by underwriters 		<ul style="list-style-type: none"> • Prospectus • Registration statement (Form F-1) to be filed with SEC • NYSE listing agreement • Underwriting agreement (including representations, 	<ul style="list-style-type: none"> • Advance booking form (Form A1) • Prospectus • Underwriting agreement (including representations, indemnity and lock-up of selling shareholders)

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	Premium Listing	Standard Listing		
	<ul style="list-style-type: none"> • Comfort letters from auditors • Legal opinions • For premium listings, if the Company has a controlling shareholder¹, a relationship agreement with that shareholder including minimum prescribed undertakings 		<ul style="list-style-type: none"> • indemnity and lock-up by selling shareholders) • Lock-up letters of other shareholders, if required by underwriters • Comfort letters • Legal opinions • Depository Agent and related registration statement (Form F-6) for DR program 	<ul style="list-style-type: none"> • Lock-up undertakings of controlling shareholders² • Comfort letters • Legal opinions • Written submission on any proposed connected transactions after listing and waiver application (if any) – please see Exhibit B • Receiving banker agreement (agreement with receiving bank relating to retail tranche) • Registrar agreement • Compliance adviser agreement
<u>Sponsor:</u>	<ul style="list-style-type: none"> • A sponsor independent of the 	None	None	<ul style="list-style-type: none"> • A sponsor independent of the listing applicant is

¹ A “controlling shareholder” under the U.K. Listing Rules meaning a person who, together with its associates and parties “acting in concert” with it (as used in the context of the U.K. City Code on Takeovers and Mergers), owns 30% or more of the shares or voting rights in the Company.

² A “controlling shareholder” under the HKSE rules is any person or group of persons who is or are entitled to exercise or control the exercise of at least 30% of the voting power of the Company or who is or are in a position to control the composition of a majority of the Company’s board.

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	<p>listing applicant must be appointed from the outset of the listing process</p> <ul style="list-style-type: none"> • The Sponsor must provide confirmations to the UKLA as to the applicant's suitability and as part of this process will require various forms of comfort letter from the Company, its directors, the auditors and legal counsel • Sponsors are also required in various circumstances following the listing, including where a significant transaction or related party transaction is contemplated 			<p>required at least two months before the date of submission of the Form A1 until the listing date</p> <ul style="list-style-type: none"> • The role of the sponsor includes filing the formal application for listing (and all supporting documents) on behalf of the applicant and dealing with the HKSE on all matters arising in connection with the application • Additionally, the sponsor must be satisfied that the applicant is suitable to be listed, that the information contained in the prospectus is complete and accurate in all material respects and that the applicant's directors will be able to honor their obligations under the Listing Rules post-listing

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<u>Specific Prospectus Disclosure Requirements:</u>	<p>Company’s specific disclosure obligations in the Prospectus are governed by the Listing Rules and the Prospectus Rules.</p> <p>The Prospectus must include:</p> <ul style="list-style-type: none"> • a summary • risk factors • operating and financial review (covering financial condition and operating results), capital resources and trends • if issuer has a “complex financial history” or a “significant financial commitment” has been made, then, in addition to the historical financial information noted above, further financial reports, including proforma financial statements, may be required • (for share prospectuses only) a statement that the Group has sufficient working capital for at least the next 12 months • (for share prospectuses only) a statement of capitalisation and indebtedness dated no later than 90 days prior to the prospectus • a responsibility statement by the Company and its Directors (by the Company only if a DR prospectus) 		<p>The Company’s specific disclosure obligations in the Prospectus are governed by the requirements set forth in the Form F-1 Registration Statement (which incorporates many of the requirements of the Form 20-F). The Prospectus must include:</p> <ul style="list-style-type: none"> • risk factors • selected financial information for 5 years • information regarding the offering, use of proceeds, dividends, capitalization • operating and financial review, covering period to period review of operating results, liquidity and capital resources, trends, off-balance sheet financings • market risk • description of the business, including litigation, employees, 	<p>The Company’s specific disclosure obligations in the Prospectus are governed by the HK Listing Rules, in particular Part A of Appendix 1.</p> <p>Generally, Part A of Appendix 1 requires the following:</p> <ul style="list-style-type: none"> • general information about the Company, its advisers and the Prospectus • information about the securities for which listing is sought and the terms and conditions of their issue and distribution • information about the Company’s authorised and issued share capital • general information about the activities of the corporate group of which the Company is a member • commentary on the Group’s liquidity, financial resources and

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	<ul style="list-style-type: none"> • history and development • group activities (principal activities and markets, employees, investments, licenses) • management information, remuneration and benefits, board practices • individual director shareholdings • major shareholdings • detail on any direct or indirect owner / controller, the nature of the control and arrangements to avoid abuse of that control (see “Controlling Shareholders” below in relation to premium listings) • related party transactions • information on the shares/DRs • material litigation • material contracts • plan of distribution • for specialist issuers, further reports may be required – for example a mineral company would be required to include a “Mineral 		<ul style="list-style-type: none"> • regulation and competition • management information, including aggregate (unless otherwise disclosed individually) remuneration and benefits and board practices • related party transactions • major beneficial shareholders (covering beneficial owners of at least 5% of outstanding shares, or, if less, those who have notifiable interests under local law) • information on the capital stock • tax consequences of the offering • plan of distribution • material contracts filed as exhibits • for specialist issuers, such 	<ul style="list-style-type: none"> • capital structure • information on general business trends • financial information about the Group and the prospects of the Group³ • information about the Company’s management • use of the proceeds of the public offering • material contracts and documents for inspection • interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation which will have to be notified to the Company and the HKSE under the Securities and Futures

³ The inclusion of profit forecasts is not required, but is encouraged.

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	Expert's Report" and specific disclosures on reserves and resources		as property casualty insurance companies, oil and gas companies and mining companies, further disclosure may be required	Ordinance (the "SFO") <ul style="list-style-type: none"> • interests and short positions of each person, other than a director or chief executive of the Company, in the DRs and underlying shares of the Company which would fall to be disclosed to the Company and the HKSE under the SFO • valuation report on the Company's interests in real property, subject to certain carrying amount thresholds • <u>information in respect of the Company's pension schemes</u>
<u>Historical Financial Information Disclosure:</u>	Audited accountants' report covering financial information for three years and ending not more than	Audited financial information for three years and interim financial information covering the first six	Audited financial information for three years, and unaudited information covering first six months of year if prospectus is dated more than 9 months after	Audited accountants' report covering three financial years and, if Prospectus is dated more than six months after the financial year-end, interim

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	six months from the date of the prospectus. If more than six months since year end, audited interim financial information must be included. Needs to be IFRS or equivalent.	months of year if prospectus is dated more than 9 months after end of last fiscal year, together with comparative information from the prior year. Needs to be IFRS or equivalent.	end of last fiscal year, together with comparative information from the prior year. Needs to be U.S. GAAP or IFRS as issued by IASB (otherwise reconciliation to U.S. GAAP required). For “emerging growth companies” (companies having less than \$1 billion in revenues), the U.S. JOBS Act allows companies to elect to include only two years’ of historical financial information, not three.	periods, prepared in accordance with HK GAAP ⁴ .
<u>General Prospectus Disclosure Obligation:</u>	In addition to specific requirements under the Prospectus Rules: <ul style="list-style-type: none"> A Prospectus must contain all such information as is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the issuer the rights attaching to the securities to be issued.(s.87A U.K. Financial Services and 	In addition to specific requirements under Form F-1: <ul style="list-style-type: none"> U.S. Rule 10b-5 and other similar anti-fraud rules – Prospectus must not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light 	<u>The Prospectus must contain such particulars and information which are necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the Company and of its profits and losses and of</u>	

⁴ The accounts of overseas companies can be drawn up in conformity with IAS, if the HKSE so approves.

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	Markets Act 2000 (“ <u>FSMA</u> ”))		<p>of the circumstances under which they were made, not misleading</p> <ul style="list-style-type: none"> Generally, information is deemed to be material if there is a substantial likelihood that a “reasonable” investor would consider it important in making an investment decision 	<p><u>the rights attaching to such securities (rule 11.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “<u>HK Listing Rules</u>”))</u>.</p>
<u>Shareholder / Director Lock-up:</u>	The underwriters typically require that for a particular period following listing the Company and certain key shareholders (and, in a premium listing/offering, the Directors) be prevented from selling shares (180 days is the customary period).		The underwriters typically require that for a particular period following listing the Company and certain key shareholders be prevented from selling shares (180 days is the customary period).	<ul style="list-style-type: none"> The underwriters typically require that for a particular period following listing the Company and certain key shareholders be prevented from selling shares (180 days is the customary period) In addition, under the HK Listing Rules, controlling shareholder must undertake not to dispose of or otherwise create any options, rights, interests or encumbrances in respect of its interest in the Company, from the date

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				<p>of the Prospectus until six months after the listing date</p> <ul style="list-style-type: none"> • A controlling shareholder must undertake not to dispose of or otherwise create any options, rights, interests or encumbrances in respect of its interest in the Company if such disposal would result in its ceasing to be a controlling shareholder during the six-month period after the expiry of the period referred to in the point above • A controlling shareholder must undertake to the Company and the HKSE to disclose any pledge or charge of any securities beneficially owned by it, from the date of disclosure of its shareholding in the Prospectus until 12 months after the listing date

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<u>Comfort Letters:</u>	<ul style="list-style-type: none"> The underwriters will require a “comfort letter” to be provided from the Company’s accountants giving comfort as to the financial information contained in the Prospectus Under U.S. comfort letter rules, comfort letter may be dated no more than 135 days after the date of the most recent audited financial statements or interim period review (may not apply if no U.S. tranche is planned) In a premium listing, the Sponsor will require a “long form report” analyzing various financial and business matters relating to the Company; a report on the Company’s financial reporting procedures (“FRP”) and a working capital analysis to support the Company’s working capital statement 		<ul style="list-style-type: none"> The underwriters will require a “comfort letter” to be provided from the Company’s accountants giving comfort as to the financial information contained in the Prospectus Under U.S. comfort letter rules, comfort letter may be dated no more than 135 days after the date of the most recent audited financial statements or interim period review 	<ul style="list-style-type: none"> The underwriters will require a “comfort letter” to be provided from the Company’s accountants giving comfort as to certain financial information contained in the Prospectus In addition, a comfort letter from the sponsor (financial adviser) on any profit forecasts and the sufficiency of the Company’s working capital may also be required Under U.S. comfort letter rules, comfort letter may be dated no more than 135 days after the date of the most recent audited financial statements or interim period review (may not apply if no U.S. tranche is planned)

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<u>Listing Requirements:</u>	<ul style="list-style-type: none"> • Minimum market capitalisation £700,000 • Need free float of at least 25% of the listed securities (in public hands in the EEA) • Adhere to the UKLA's two Listing Principles (including maintenance of adequate procedures and internal controls to enable it to comply with its listing obligations) and six Premium Listing 	<ul style="list-style-type: none"> • Minimum market capitalisation £700,000 • Need free float of at least 25% of the listed securities (in public hands in the EEA) – for DRs, this is assessed by reference to the portion of share capital represented by DRs rather than the total share capital • Adhere to the UKLA's two Listing Principles (including maintenance of 	<ul style="list-style-type: none"> • Minimum quantitative requirements, which vary depending on expected size and structure of the transaction (no public float requirements, although distribution requirements will need to be met) • Qualitative requirements, including adherence to minimum shareholder meeting/annual report requirements, public disclosure requirements and corporate governance requirements of the listing rules. The principal corporate governance requirements applicable to a non-U.S. company listed 	<ul style="list-style-type: none"> • Meet one of three financial criteria: the profit test⁵; the market capitalisation/revenue test⁶; or the market capitalisation/revenue/cashflow test⁷ • Have a trading record of at least three financial years and management continuity for at least the three previous financial years under substantially the same management • Have ownership continuity and control for at least the most recent audited financial year • Has a market

⁵ Profits of HK\$50 million in the last three years (with HK\$20 million in the most recent year and an aggregate of HK\$30 million in the preceding two years); and market capitalisation of at least HK\$200 million at the time of listing.

⁶ Market capitalisation of at least HK\$4 billion at the time of listing; and revenue of at least HK\$500 million for the most recent audited financial year.

⁷ Market capitalisation of at least HK\$2 billion at the time of listing; revenue of at least HK\$500 million for the most recent audited financial year; and positive cashflow from operating activities of at least HK\$100 million in aggregate for the preceding three financial years.

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	<p>Principles</p> <ul style="list-style-type: none"> • Comply with the U.K. Corporate Governance Code or explain any instances of non-compliance • Provide pre-emption rights equivalent to those in the U.K. Companies Act 2006 • At least 75% of the applicant's business is supported by a three year historic earning revenue (subject to exceptions for certain "specialist" issuers such as mineral companies) 	<p>adequate procedures and internal controls to enable it to comply with its listing obligations)</p> <ul style="list-style-type: none"> • Not subject to the U.K. Corporate Governance Code • The securities must be freely transferable (subject only to lock-ups, etc.) • For DRs, the listing amount represents no more than the total amount of issued share capital (usually "up to" listing of amount to give headroom for future issuances) 	<p>on NYSE are:</p> <ul style="list-style-type: none"> • to disclose (in English, in its Annual Report on Form 20-F) any significant differences between the Company's corporate governance practices and those required of U.S. companies listed on NYSE • to have an audit committee that satisfies the independence and responsibility requirements established pursuant to the Sarbanes-Oxley Act of 2002 ("<u>Sarbanes-Oxley</u>"), discussed below • to have an independent compensation 	<p>capitalisation of at least HK\$200 million at the time of listing</p> <ul style="list-style-type: none"> • Maintain at all times a minimum public float of 25% of the Company's total issued share capital⁸ • Shares of at least HK\$50 million held by the public at the time of listing • Have a minimum of 300 shareholders • No more than 50% of the securities comprising the public float at the time of listing can be owned by the three largest public shareholders • The public tranche must be fully underwritten • In the event of over-subscription, there have to

⁸ This may be lowered to 15% to 25% if the Company's market capitalisation exceeds HK\$10 billion.

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	<ul style="list-style-type: none"> • Must be carrying on an independent business as its main activity (see “Controlling Shareholders” below) • The shares must be freely transferable (subject only to lock-ups, etc.) • The shares must be eligible for electronic settlement 		<p>committee (although foreign private issuers are allowed to follow local requirements)</p> <ul style="list-style-type: none"> • to notify NYSE of any material non-compliance with the provisions of any NYSE corporate governance standards that do apply to the Company 	<p>be specific restrictions on the basis of allocation within the public subscription tranche and the claw back mechanism between the placing tranche and the public subscription tranche</p>
<u>Ongoing Periodic Reports:</u>	<ul style="list-style-type: none"> • Annual Report, including annual consolidated financial statements and management report be prepared in accordance with UKLA Disclosure and Transparency Rules (DTRs) and in accordance with IFRS or equivalent and published with four months of financial year end • For premium listed companies, there are additional prescribed contents for the annual report, including a statement of compliance with the U.K. Corporate Governance Code 		<ul style="list-style-type: none"> • Form 20-F Annual Report – must be filed (in English) within 4 months of year end, requiring the Company to disclose annual audited financial information, as well as additional information, such as: <ul style="list-style-type: none"> • a reconciliation to U.S. GAAP (unless 	<ul style="list-style-type: none"> • In respect of each financial year, either (a) an annual report (including an auditor’s report) or (b) a summary financial report, not less than 21 days before the date of the Company’s annual general meeting and in any event within four months after the end of the relevant financial

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	<p>and details of director remuneration</p> <ul style="list-style-type: none"> • A non-U.K. listed company must disclose in its annual report and accounts whether the company is in compliance with its home country's governance rules • All companies with a share listing must publish an interim half-year financial statements (which may be unaudited) together with an interim management report within two months of the half-year end. These requirements do not apply to companies with a DR listing • New rules are expected to be introduced later in 2014 to require oil and gas, mining and logging companies to disclose on an annual basis payments made to governments in the preceding financial year 		<p>financial statements are prepared in accordance with IFRS as issued by IASB)</p> <ul style="list-style-type: none"> • operating and financial review • information regarding the business • risk factors • information regarding management, including disclosure of aggregate executive compensation • information on related party transactions • disclosure of whether the Company has a code of ethics applicable to its senior financial officers and principal executive officers and, if not, why not • disclosure of fees paid 	<p>year</p> <ul style="list-style-type: none"> • In respect of the first six months of each financial year, either (a) an interim report or (b) a summary interim report, within three months after the end of such six-month period, all of which comply with Appendix 16 to the Listing Rules or the Companies (Summary Financial Reports of Listed Companies) Regulation, as the case may be • Quarterly reporting is not mandatory, although it is a recommended best practice under the Code on Corporate Governance Practices

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			<p>to auditors and other auditor and board related matters</p> <ul style="list-style-type: none"> • statement regarding the effectiveness of the Company’s “disclosure controls and procedures” and any changes in the Company’s “internal control over financial reporting” • management report on the Company’s “internal control over financial reporting”, together with the Section 404 auditor attestation on that report⁹ • Officer Certifications – the CEO and CFO must sign certifications (302 certifications) in connection with the 	

⁹ Management internal control reports and related auditor attestations are not required until the second Annual Report on Form 20-F after the Company has become public and JOBS Act companies are exempt from attestation requirements for five years (provided they remain an “emerging growth company”).

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			<p>annual report, certifying as to, among other things:</p> <ul style="list-style-type: none"> • the Company’s “disclosure controls and procedures” • the Company’s “internal control over financial reporting” • that the annual report does not contain any untrue statement or omission of a material fact and fairly presents the Company’s financial condition and results of operation • Separate CEO and CFO certifications are required in reports containing financial statements (906 certification). Breach of the relevant provisions carry criminal liability • Form SD: Beginning in 2014, companies using “conflict minerals” 	

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			(including tantalum, tin, gold or tungsten) that originated in the Democratic Republic of the Congo or an adjoining country must disclose such use in a new Form SD; also, resource extraction issuers – companies engaged in the development of oil, natural gas, or minerals – must disclose payments to governments beginning with fiscal years ending after September 30, 2013	
<u>Merger and Acquisition Regulation:</u>	<ul style="list-style-type: none"> • Takeover Code. Applies to listed Companies incorporated in the U.K. and Channel Islands. Similar rules apply to companies incorporated in other EU jurisdictions by virtue of the EU Takeover Directive (in some cases, the U.K. Takeover Code may apply in part to such companies if their sole listing is in the U.K.). Not a legal requirement for other companies, although institutional investors may prefer listed companies incorporated outside the U.K./EU to adopt similar provisions in the Company's articles or by laws to ensure equal treatment of shareholders (though not customary for DR 		<ul style="list-style-type: none"> • Tender offer rules. U.S. tender offer rules apply if > 10% of shares are held by U.S. persons. These rules regulate communications, disclosure, timing, withdrawal, equal treatment of shareholders and responses by a target corporation in a tender offer • No securities law pre- 	<ul style="list-style-type: none"> • Transactions with the Company must comply with the Takeovers Code • Also please see Exhibit A in respect of notifiable transactions

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	<p>issuers)</p> <ul style="list-style-type: none"> • U.K. Companies Act. Not applicable to non-U.K. companies although premium listed companies must include pre-emption rights equivalent to the U.K. Companies Act in their charter and are subject to restrictions on raising new capital on a non-pre-emptive basis 		<p>emptive rights apply to future issuances of stock for cash</p> <ul style="list-style-type: none"> • No securities law approval requirements for significant transactions • Issuance of stock in M&A transactions may require SEC registration, unless exempt, and shareholder approval under NYSE rules for major issuances 	
<u>Disclosure of Price Sensitive Information Post-Offering / Listing:</u>	<ul style="list-style-type: none"> • Inside Information - must disclose “inside information” through market announcements service “as soon as possible” • Can delay publication of “inside information” in very limited circumstances (negotiations, prejudice to Company’s legitimate interests), but only where no danger of the information leaking • Selective disclosure of “inside information” only permitted in very limited circumstances (not, for example, to analysts) • Whatever information is made public in home 		<ul style="list-style-type: none"> • Form 6-K – must be filed with the SEC upon disclosure in home jurisdiction of material information • Rule 10b-5 generally restricts selective disclosure or insider trading by the Company or its directors and senior officers 	<p>Obligation to disclose inside information – The Company must, as soon as reasonably practicable after any inside information has come to its knowledge, disclose the information to the public.</p> <p>General obligation of disclosure – Where the Exchange considers that there is or is likely to be a false market in the Company’s securities, the Company must, as soon as reasonably</p>

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	Premium Listing	Standard Listing		
	<p>jurisdiction, to the extent it is “inside information”, must also be simultaneously released in London</p> <ul style="list-style-type: none"> • Must maintain “insider” lists of those with access to the Company’s inside information • Need internal systems and controls to enable compliance with all the above 			<p>practicable after consultation with the Exchange, announce the information necessary to avoid a false market in its securities.</p>
<p><u>Other Continuing Obligations Post-Offering / Listing:</u></p>	<ul style="list-style-type: none"> • Shareholdings – Disclose changes in significant shareholdings (thresholds of 3% and every 1% thereafter) • Share Dealings – Disclose dealings by directors or persons discharging managerial responsibilities (“PDMRs”) • Model Code – Directors and PDMRs must comply with the 	<ul style="list-style-type: none"> • Shareholdings – For companies with a share listing, disclose significant shareholdings (see “Premium Listings” opposite, with non-UK standard listed companies required to disclose at thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%). These rules are not mandatory for companies with a DR listing • Share Dealings – 	<ul style="list-style-type: none"> • Internal control and “anti-bribery” laws – listed companies are subject to the internal control requirements and restrictions on unlawful payments to foreign governmental officials contained in the U.S. Foreign Corrupt Practices Act and other Exchange Act provisions • Auditor Independence – strict requirements to ensure auditor independence • Attorney Reporting Requirements – the Company’s attorneys 	<ul style="list-style-type: none"> • Response to HKSE’s enquiries – Companies must respond promptly to any enquiries from the HKSE • Disclosure of notifiable transactions, connected transactions, takeovers and share purchases as required by Chapters 14 and 14A of the Listing Rules – please refer to Exhibits A and B • Sufficient operations – Companies must maintain sufficient operations or have assets of sufficient value to warrant the continued listing of the

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	United Kingdom		United States	Hong Kong
	Premium Listing	Standard Listing		
	<p>“Model Code” on share dealings, which sets blackout periods and other restrictions on dealings</p> <ul style="list-style-type: none"> • Significant transactions: based on “class tests”: ➤ Any class 1 transaction - where the consideration, gross assets, profits, reserves or gross capital (or proven and probable reserves for a mineral company) of the target equals or exceeds 25% of the equivalent measure in the company - or reverse takeover requires preparation of a circular approved by The Financial Conduct Authority 	<p>For companies with a share listing, disclose dealings by directors or PDMRs (see “Premium Listings” opposite). These rules are not mandatory for companies with a DR listing although are sometimes observed</p> <ul style="list-style-type: none"> • Filing requirements for changes to charter and notifications of changes in capital • Not required to comply with “Model Code” on share dealings, but often followed as measure of best practices since the market abuse regime applies to dealings in listed DRs 	<p>(outside and inside counsel) may be required to report any evidence of a material violation of securities laws, a breach of fiduciary duty or a similar violation by the Company or its directors, officers or employees “up the ladder” within the Company, including to the CEO and the Board</p> <ul style="list-style-type: none"> • Prohibition on Loans – the Company cannot directly or indirectly make loans (or extend credit of any kind) to a director or executive officer • Disgorgement of Bonuses and Other Incentive Compensation if the Company is forced to restate financials • Blackout Periods on trading by insiders during employee benefit plan blackout periods • NYSE reporting – NYSE 	<p>Company’s shares</p> <ul style="list-style-type: none"> • Public float – Companies must maintain the prescribed public float • Pre-emptive rights – Companies must obtain shareholders’ consent before issuing securities • Comply with rules relating to shareholder and board meetings • Comply with rules relating to distribution of financial information • Review of documents – Companies must submit announcements, circulars and other shareholder or public communications to the HKSE for review if they fall within the scope of the Listing Rules • Material change in the nature of the Company’s business –within the first 12 months after the listing date, the Company cannot

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	<p>(“<u>FCA</u>”) and obtaining of shareholder approval</p> <p>➤ Class 2 transactions (where the ratio exceeds 5% but is less than 25%) must be announced</p> <ul style="list-style-type: none"> • Related Party Transactions - require notification, confirmation that the transaction is fair and reasonable (as advised by a sponsor) and, for larger transactions, shareholder approval, subject to de minimis exceptions • Share Buybacks: The purchase by the Company of its own securities is proscribed during any prohibited period (periods 	<ul style="list-style-type: none"> • No specific rules on buybacks of DRs although market abuse considerations apply and companies will often seek to follow the safe harbour available for share buybacks 	<p>requires timely disclosure of material information that may affect the market for the Company’s securities</p>	<p>make any acquisition or disposal which would result in a fundamental change in its principal business activities as described in the Prospectus, unless the circumstances are exceptional and prior approval of the independent shareholders has been obtained</p>

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	<p>prior to the publication of financial results), and the purchase of equity shares must be made by tender offer unless the offer relates to less than 15% of outstanding shares of that class (or the full terms have been specifically approved by shareholders) and the offer price is within a prescribed price range determined by reference to recent LSE trading prices. Safe harbour from Market Abuse Rules also available for share repurchases</p>			
<u>Board Requirements:</u>	<ul style="list-style-type: none"> The U.K. Corporate Governance Code recommends that 	<p>No requirements although it is customary to appoint one or more INEDs</p>	<ul style="list-style-type: none"> Audit committee requirements (discussed below) effectively mean that at least 3 directors 	<ul style="list-style-type: none"> Independent non-executive directors must constitute one-third of the Company's board, of

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	<p>the Chairman be independent (and not fulfil the role of CEO) and a majority of the board comprise independent non-executive directors (“INEDs”)</p> <ul style="list-style-type: none"> The size of the board should be proportionate to the size of the Company although at least three INEDs will be required to follow the recommendations on board committees summarised below 	<p>prior to listing.</p>	<p>must be “independent”</p> <ul style="list-style-type: none"> Other market-driven “best practices” may also be necessary 	<p>which at least one such director must have appropriate professional qualifications or accounting or related financial management expertise</p> <ul style="list-style-type: none"> The Company must have sufficient management presence in Hong Kong¹⁰
<u>Board Committees:</u>	<p>The U.K. Corporate Governance Code recommends that a</p>	<ul style="list-style-type: none"> A U.K. company with a standard share listing must 	<ul style="list-style-type: none"> Audit Committee – the Company must have an independent audit 	<ul style="list-style-type: none"> Audit Committee – (a) minimum three members; (b) all non-executive

¹⁰ This usually means that at least two of its executive directors must be ordinarily resident in Hong Kong. The HKSE will usually grant a waiver from this requirement if the Company’s principal business is not in Hong Kong.

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	<p>company maintain the following three committees:</p> <ul style="list-style-type: none"> • Audit Committee – the board should establish an audit committee of at least three independent non-executive directors, including one director with relevant experience, to monitor and review the effectiveness of the internal audit activities and making recommendations to the board in relation to the external auditor's appointment • Nomination Committee – the nomination committee, 	<p>maintain an audit committee (and, from 2016, all listed companies incorporated in the EU must maintain an audit committee)</p> <ul style="list-style-type: none"> • Currently no requirements for DR issuers, although it is customary to establish at least an audit committee 	<p>committee (with at least 3 “independent” members of the Board (as defined under the Exchange Act), including an audit committee financial expert satisfying specific criteria, (or disclosure of why it does not have such an expert in place) responsible for appointing and overseeing the Company’s independent auditor, pre-approving auditor services and establishing procedures to receive and respond to complaints related to accounting, internal controls or auditing matters</p> <ul style="list-style-type: none"> • Compensation Committee – As required by the U.S. Dodd-Frank Act, companies must have an independent compensation committee with sole authority to engage outside compensation consultants, 	<p>directors with a majority of independent non-executive directors; (c) at least one is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise; and (d) chaired by an independent non-executive director</p> <ul style="list-style-type: none"> • Remuneration Committee – the Company must set up a remuneration committee with specific terms of reference, and the committee is to be chaired by, and the majority of members are to be, independent non-executive directors

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	<p>comprising a majority of independent non-executive directors, should lead the process for board appointments and make recommendations to the board.</p> <p>Remuneration Committee – the remuneration committee should comprise at least three independent non-executive directors to set remuneration for executive directors and monitor senior management remuneration</p>		<p>but foreign private issuers are allowed to follow home-country requirements, so long as differences are disclosed</p>	
<u>Accounting / Internal Controls:</u>	<p>As noted under “Listing Requirements” above, the Company must maintain adequate procedures and internal controls to enable it to comply with its listing obligations.</p>		<ul style="list-style-type: none"> • Disclosure Controls and Procedures – The Company is required to have “disclosure controls and procedures” designed to ensure that the information required to be 	<ul style="list-style-type: none"> • Compliance adviser – The Company must appoint a compliance adviser acceptable to the HKSE from the listing date until its first financial year’s results are

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			<p>disclosed by an issuer in its SEC reports (including material non-financial information, as well as financial information) is recorded, processed, summarized and reported in a timely fashion</p> <ul style="list-style-type: none"> • Internal Control Over Financial Reporting – The Company must also maintain “internal control over financial reporting” – a process designed by, or under the supervision of, the CEO and CFO and effected by the board and management to provide the Company with reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements • Disclosure – the Company must review and disclose the effectiveness of its disclosure controls and procedures in the 	<p>published. The compliance adviser must be licensed or registered under the SFO to conduct business as a sponsor (financial adviser)</p> <ul style="list-style-type: none"> • Internal Control – Under the Code, the board and the audit committee must conduct an annual review of the adequacy of the resources, qualifications and experience of the Company’s accounting department. If the Company does not comply with the Code, it has to provide an explanation in its financial reports

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			CEO and CFO certification and of its internal control over financial reporting in a report to be included in the annual report, attested to by its outside auditors (each discussed above)	
<u>Auditor Independence:</u>	Prior to listing, an applicant must take reasonable steps to ensure its auditors are independent and obtain written confirmation from its auditors that they comply with applicable accountancy body independence criteria. As noted under “Ongoing Financial Reporting” above, annual financial statements must be independently audited.	As noted under “Ongoing Financial Reporting” above, annual financial statements must be independently audited.	Auditors must remain “independent” as defined by the SEC. Auditors may not, for example, provide certain prohibited non-audit services to audit clients and audit partners must rotate every 5 years.	Auditors must be “independent” in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants.
	Legislation is being introduced in the EU (from 2016) to require auditors of listed companies incorporated in the EU to be rotated every 10 years (which may be extended in certain			

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	circumstances).			
<u>Controlling Shareholders:</u>	<ul style="list-style-type: none"> Detail must be given of any director or indirect owner / controller and the nature of the control In order to be eligible to list, a company with a controlling shareholder must be able to demonstrate that it carries on an independent business as its main activity (based on a non-exhaustive list of determining factors) Such companies must also enter into an agreement containing minimum 	Detail must be given of any director or indirect owner / controller, the nature of the control and arrangements to avoid abuse of that control.	Major beneficial owners (holding greater than 5% of the outstanding class of shares) must disclose specific information about their shareholdings in Forms 13D or 13G.	Under the SFO, there is a duty to disclose specific information relating to any change in an interest in any class of shares and debentures of the Company that crosses a 5% threshold.

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	<p>prescribed undertakings from the controlling shareholder and report on compliance with such undertakings</p> <ul style="list-style-type: none"> The election of independent directors by a company with a controlling shareholder requires a dual voting process, including a separate vote of independent shareholders 			
<u>Liability:</u>	<ul style="list-style-type: none"> Company and Directors responsible for contents of a share prospectus (Company only for a DR prospectus) The Company, directors and other officers, any selling shareholders or controlling persons and financial advisers are potentially liable for criminal and civil penalties in connection with an offering 		<ul style="list-style-type: none"> Strict Liability – the Company has strict liability for material misstatements or omissions made in the registration statement for the offering Due Diligence Defence – 	<ul style="list-style-type: none"> Directors and other officers, any selling shareholders or controlling persons and financial advisers are potentially liable for criminal and civil penalties for any inaccurate or misleading information, or any

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	<ul style="list-style-type: none"> • Duty to compensate investors who suffer loss as result of misleading information or omission of information from the Prospectus (including investors who buy in the after-market) • Defense of reasonable belief (after enquiries) that statement is true, i.e. due diligence defence • <u>S.89 and S.90 Financial Services Act 2012</u>: criminal offence for a person to (i) make, either knowingly or recklessly, misleading statements for the purpose of inducing another person to buy, sell, subscribe for or underwrite investments or (ii) or engage in any course of conduct which creates a false or misleading impression as to the market in, or the price or value of, any investments • <u>Insider Dealing – Criminal Justice Act 1993 (“CJA”)</u>: Subject to certain defences, a person who has inside information commits a criminal offence under the CJA if he: <ul style="list-style-type: none"> ○ deals in price-affected securities; ○ encourages another person to deal in price-affected securities; or ○ discloses inside information otherwise 		<p>officers, directors and controlling persons have a “due diligence” defence for liability on the registration statement</p> <ul style="list-style-type: none"> • Periodic Reporting Liability – the Company, its officers and directors, and any controlling persons, may be liable for material misstatements and omissions made in the Company’s ongoing Exchange Act reports, as well as other public announcements made by the Company • Sarbanes-Oxley Liability – Sarbanes-Oxley introduced new crimes, penalties for securities violations (civil and criminal) increased, statutes of limitations increased 	<p>material omissions, in the Prospectus. They may also be liable to compensate investors who have suffered resultant losses, including investors who buy in the secondary market:</p> <ul style="list-style-type: none"> • Listing Rules: a Prospectus must contain a responsibility statement, to the effect that the directors accept full responsibility for the accuracy of the information in the prospectus and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, no material facts have been omitted • Companies (Winding Up and Miscellaneous Provisions) Ordinance

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	<p>than in the proper performance of the functions of his employment, office or profession</p> <p>Contravention is a criminal offence carrying a penalty of up to 7 years' imprisonment and/or an unlimited fine</p> <ul style="list-style-type: none"> • s.118 FSMA - Market Abuse is a civil offence and is designed to prevent any behaviour which is damaging to the markets • The FCA may take action against a person who has engaged in abusive conduct or who has required or encouraged another person to do so and can lead to an unlimited financial penalty and public censure • Breach of continuing obligations of disclosure can lead to private warning, public censure of the Company / directors, fines of the Company / directors, suspension or cancellation of listing • Statutory liability to compensate investors for loss suffered to the extent information published pursuant to continuing obligations is misleading (or in the event of delay in publishing inside information) if management 		<p>s40: imposes civil liability for any untrue statement or material omission in a Prospectus on: directors, promoters¹¹ and every person "who has authorised the issue of the prospectus"</p> <ul style="list-style-type: none"> • Companies (Winding Up and Miscellaneous Provisions) Ordinance s40A: imposes criminal liability for any untrue statement or material omission in a Prospectus on "any person who has authorised" its issue • Securities and Futures Ordinance s108: imposes civil liability for misrepresentation, and is wide enough to cover misstatements in 	

¹¹ Persons promoting the Company who are involved in the preparation of the Prospectus (excluding persons acting in their professional capacities).

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	had actual knowledge or was reckless with respect thereto			<p>a Prospectus</p> <ul style="list-style-type: none"> • Under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, it is not clear whether the Company itself has liability for inaccuracies and omissions in the Prospectus. • Defences include the due diligence defence, i.e. a reasonable belief that the relevant statement was true at the time the Prospectus was issued • The Listing Committee may suspend or cancel a listing or reprimand or censure the Company, its directors, substantial shareholders, sponsors or compliance advisers
<u>Ability to De-list:</u>	<ul style="list-style-type: none"> • The Company must send an FCA-approved circular to shareholders and 	The Company can de-list by making an announcement at least 20 business days in	Foreign private issuers may de-list and de-register from the U.S. reporting requirements if their average daily trading	<ul style="list-style-type: none"> • The Company should maintain sufficient operations or have assets of sufficient value to

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	<p>obtain approval (75%) at a general shareholders' meeting, giving at least 20 business days' notice</p> <ul style="list-style-type: none"> • If the Company has one or more controlling shareholders, it is also required to obtain the approval of a majority of the vote attached to the shares of independent shareholders voting on the resolution • The same requirements apply if a company with a premium listing wishes to move to a standard listing 	<p>advance and requesting the cancellation in writing from the FCA and LSE</p>	<p>value in the U.S. is less than 5% of worldwide ADTV, subject to certain conditions</p>	<p>warrant the continued listing of the Company's shares</p> <ul style="list-style-type: none"> • The HKSE may de-list the Company if its securities have been suspended for a prolonged period • The issuer may request or the HKSE may direct a "trading halt" which is an interruption of trading (of no more than 2 trading days) in an issuer's securities, pending disclosure of information under the HKSE Rules¹² • An issuer may withdraw its listing if: <ul style="list-style-type: none"> ○ after a general offer, a right to compulsory acquisition is exercised and all the issuer's listed securities are acquired; or

¹² When a trading halt exceeds 2 trading days, it automatically becomes a trading suspension.

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				<ul style="list-style-type: none"> ○ it is privatised under the Takeovers Code ● An issuer which is listed only on the HKSE may withdraw its listing if: <ul style="list-style-type: none"> ○ approved by at least 75% of the votes attaching to any class of listed securities; ○ not disapproved by more than 10% of the votes attaching to any class of listed securities; and ○ shareholders and security holders are offered a reasonable alternative ● An issuer with a primary listing on the HKSE and a secondary listing on an exchange approved by the HKSE may withdraw its listing if: <ul style="list-style-type: none"> ○ approved by an

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				<p>ordinary resolution of shareholders;</p> <ul style="list-style-type: none"> ○ approved by the holders of any other class of listed securities; and ○ the issuer has given its shareholders and security holders at least three months' notice of the proposed withdrawal <ul style="list-style-type: none"> ● An issuer with a secondary listing on the HKSE may withdraw its listing if: <ul style="list-style-type: none"> ○ it has complied with the laws of the jurisdiction of its primary listing; and ○ it has given its shareholders at least three months' notice of the proposed withdrawal

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SUMMARY OF RULES RELATING TO NOTIFIABLE TRANSACTIONS (HKSE)

A. Types of notifiable transactions

The Listing Rules set out various categories of notifiable transactions, which are classified according to the ratios of the size of the transaction to the size of the Company's assets, profits or revenue. If any of the following thresholds is met, the Company is required to comply with the obligations applicable to the relevant type of transaction. In the case of a transaction involving both an acquisition and a disposal, the ratios are calculated using the relevant figures in the larger transaction.¹³

Transaction type	Assets ratio	Consideration ratio	Profits ratio	Revenue ratio	Equity capital ratio ¹⁴
Share transaction			Less than 5%		
Discloseable transaction			5% or more but less than 25%		
Major transaction (disposal)			25% or more but less than 75%		N/A
Major transaction (acquisition)			25% or more but less than 100%		
Very substantial disposal			75% or more		N/A
Very substantial acquisition			100% or more		

B. Obligations relating to notifiable transactions

Transaction type	Notification to the	Announcement ¹⁵	Circular to	Shareholders'	Accountants'
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¹³ Rules 14.07 to 14.08 of the HK Listing Rules.

¹⁴ This ratio only relates to acquisitions (not disposals) in which the Company issues new equity.

¹⁵ The Company is required to publish the announcement on its and the HKSE's websites.

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	HKSE		shareholders	approval	report
Share transaction	Yes	Yes	No	No ¹⁶	No
Discloseable transaction	Yes	Yes	No	No	No
Major transaction	Yes	Yes	Yes	Yes*	Yes (in relation to the target) ¹⁷
Very substantial disposal	Yes	Yes	Yes	Yes*	No (in relation to the Group)
Very substantial acquisition	Yes	Yes	Yes	Yes*	Yes (in relation to the target)
Reverse takeover	Yes	Yes	Yes	Yes* ¹⁸	Yes (in relation to the target)

*In the event that a shareholder has a material interest in the transaction, he and his associates must abstain from voting.

¹⁶ No shareholders' approval is required if the shares issued as consideration were issued under a general mandate.

¹⁷ This applies to acquisitions only.

¹⁸ The HKSE's approval is required.

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SUMMARY OF RULES RELATING TO CONNECTED TRANSACTIONS

Connected transactions are transactions between the Company (or any of its subsidiaries) and any connected person¹⁹ of the Company. At the time the listing application is filed, any ongoing connected transactions must be identified and appropriate waivers sought from the HKSE.

* * *

First, the Company should identify transactions between itself or its subsidiaries, on the one hand, and its connected persons, on the other. Historic and future pricing information should also be identified.

Second, the Company should determine whether its transactions qualify for any exemptions. The main exemptions are as follows:

Type of Exempted Transaction	Exemption From
(A) Revenue transactions with associates of a substantial shareholder who is a passive investor	Disclosure, reporting and shareholders' approval obligations
(B) Provision of goods and services on normal commercial terms	
(C) Sharing of administrative services on a fair and equitable cost basis	
(D) Transactions in which the ratios calculated using the five "size tests" (other than the profits ratio) are (i) less than 0.1%, (ii) less than 1% and the transaction is a connected transaction only because it involves a person connected at the subsidiary level or (iii) less than 5% and the consideration does not exceed HK\$3 million	

¹⁹ Connected persons include (i) directors (including a director of the Company within the preceding 12 months), chief executive, substantial shareholders and their respective associates and (ii) any non wholly-owned subsidiary of the Company where any connected person(s) in sub-clause (i) is/are (individually or together) entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of such non wholly-owned subsidiary.

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(E) Transactions in which the ratios calculated using the five “size tests” (other than the profits ratio) Shareholders’ approval obligations are (i) less than 5% or (ii) less than 25% and the consideration does not exceed HK\$10 million

Third, all arrangements which do not fall within exemptions (A) to (D) set forth above should be documented. Such agreements should not have a term exceeding three years.

* * *

If a waiver from compliance with the HK Listing Rules is granted, it may be subject to certain conditions imposed by the HKSE.

September 2014

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