

# AMENDMENTS TO GEM LISTING RULES

## Chapter 1

### GENERAL

#### INTERPRETATION

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

...

**“authorised representative”** ...

**“balance sheet”** has the same meaning as “statement of financial position” and vice-versa

**“bank”** ...

...

**“Code of Conduct”** Code of Conduct for Persons Licensed by or Registered with the ~~Securities and Futures~~ Commission

**“Code on Share ~~Repurchases~~ Buy-backs” or “Share Buy-backs Code”** the Code on Share ~~Repurchases~~ Buy-backs approved by the Commission as amended from time to time

**“Code on Takeovers and Mergers” or “Takeovers Code”** the Code on Takeovers and Mergers approved by the Commission as amended from time to time

**“Commission”** the Securities and Futures Commission...

**“Companies Ordinance”** the Companies Ordinance (Cap.622) as amended from time to time

<b><u>“Companies (Winding Up and Miscellaneous Provisions) Ordinance”</u></b>	<u>the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) as amended from time to time</u>
<b>“company”</b>	...
...	
<b>“gazetted newspapers”</b>	those newspapers which are, from time to time, specified in the list of newspapers issued and published in the Gazette for the purposes of sections <u>71A162 to 169</u> of the Companies Ordinance by the Chief Secretary
...	
<b>“holding company”</b>	<del>the meaning attributed to it in section 2 of the Companies Ordinance, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under this rule 1.01</del> <u>in relation to a company, means another company of which it is a subsidiary</u>
...	
<b>“IFA group”</b>	...
<b><u>“income statement”</u></b>	<u>has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa</u>
<b>“inside information”</b>	...
...	
<b>“professional accountant”</b>	...
<b><u>“profit and loss account”</u></b>	<u>has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa</u>
<b>“promoter”</b>	...

**“prospectus”** the same meaning as in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

...

**“subsidiary”** includes:

- (a) a “subsidiary undertaking” as defined in ~~the twenty-third~~ schedule 1 to the Companies Ordinance;
- (b) ...
- (c) ...

...

**“summary financial report”** a summary financial report of a company, which complies with sections ~~441CF(1)~~437 to 446 of the Companies Ordinance

**“supervisor”** a member elected to the supervisory committee of a PRC issuer which under PRC law performs a supervisory function in relation to such issuer’s board of directors, the manager and other officers

**“~~Takeovers Code~~”** ~~the Code on Takeovers and Mergers approved by the Commission as amended from time to time~~

**“tap issues”** ...

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# Chapter 2

## GENERAL

### INTRODUCTION

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#### Characteristics of GEM

...

- 2.14 The Exchange expects each director of an issuer to be cognizant of the GEM Listing Rules and reasonably familiar with the obligations and duties imposed upon him and the issuer pursuant to the GEM Listing Rules, the Securities and Futures Ordinance, the Companies Ordinance, the Takeovers Code and the Code on Share Repurchases Buy-backs.

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# Chapter 5

## GENERAL

### DIRECTORS, COMPANY SECRETARY, BOARD COMMITTEES, AUTHORISED REPRESENTATIVES AND CORPORATE GOVERNANCE MATTERS

#### Directors

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5.02 Every director must satisfy the Exchange that he has the character, experience and integrity and is able to demonstrate a standard of competence commensurate with his position as a director of an issuer. The Exchange may request information regarding the background, experience, other business interests or character of any director or proposed director of an issuer. The Exchange expects every director of an issuer:—

- (1) to be cognizant of the GEM Listing Rules and reasonably familiar with the obligations and duties imposed upon him and the issuer pursuant to the GEM Listing Rules, the Securities and Futures Ordinance, the Companies Ordinance, the Takeovers Code and the Code on Share Repurchases Buy-backs. The Exchange reserves a right to require directors to demonstrate their knowledge and understanding of the same; and

...

...

5.09 In assessing the independence of a non-executive director, the Exchange will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if the director:—

- (1) holds more than 1% of the ~~total~~ number of issued shares ~~capital~~ of the issuer;

*Notes: 1. An issuer wishing to appoint an independent non-executive director holding an interest of more than 1% must satisfy the Exchange, prior to such appointment, that the candidate is independent. A candidate holding an interest of 5% or more will normally not be considered independent.*

2. *When calculating the 1% limit set out in rule 5.09(1), the issuer must take into account the total number of shares held legally or beneficially by the director, together with the total number of shares which may be issued to the director or his nominee upon exercise of any outstanding share options, convertible securities and other rights (whether contractual or otherwise) to*

*call for the issue of shares.*

(2) ...

...

...

### **Company secretary**

5.14 The issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

*Notes: 1 ...*

...

2 *In assessing “relevant experience”, the Exchange will consider the individual’s:*

(a) ...

(b) *familiarity with the GEM Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;*

...

...

# Chapter 6A

## SPONSORS AND COMPLIANCE ADVISERS

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### Impartiality and independence of Sponsors

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6A.07 At least one Sponsor of a new applicant must be independent of it. The Sponsor is required to demonstrate to the Exchange its independence or lack of independence and declare in accordance with the terms set out in Appendix 7K.

A Sponsor is not independent if any of the following circumstances exist at any time from the date of submission of an application for listing on Form 5A up to the date of listing:-

- (1) the Sponsor group and any director or close associate of a director of the Sponsor collectively holds or will hold, directly or indirectly, more than 5% of the number of issued shares~~capital~~ of the new applicant, except where that holding arises as a result of an underwriting obligation;

...

*Notes: ...*

...

### Application of other rules

6A.28 Insofar as the GEM Listing Rules impose a higher standard of conduct on Sponsors or Compliance Advisers than~~to~~ that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct, the Takeovers Code, the Share ~~Repurchases~~Buy-backs Code and all other relevant codes and guidelines applicable to them, the GEM Listing Rules will prevail.

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# Chapter 7

## GENERAL

### ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

#### When required

7.01 This Chapter sets out the detailed requirements for accountants' reports on the profits and losses, assets and liabilities of, and other financial information on, an issuer and/or a business or company, to be acquired or disposed of (as the case may be) by an issuer for inclusion in listing documents or circulars. Accountants' reports are required to be included in the following listing documents and circulars: —

...

- (2) a listing document issued by a listed issuer in connection with an offer of securities to the public for subscription or purchase which is required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule to that Ordinance; and

...

#### Basic contents of accountants' report for a listing document

7.03 In the case of a new applicant (rule 7.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 7.01(2) the accountants' report must include:—

#### *History of results*

...

- (2) the results of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in (1) above) in respect of each of the 2 financial years referred to in (1) above (or in respect of the period since commencement of such business or the incorporation or establishment of such subsidiary, as the case may be, if this occurred within such 2 year period).

#### ~~Balance sheet~~ Statement of financial position

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



in each case as at the end of each of the two financial years to which the latest audited ~~accounts~~ financial statements of the issuer have been made up except that if the listing document is not required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule of that Ordinance and the issuer is itself a holding company then the accountants' report need only include the consolidated ~~balance sheet~~ statement of financial position of the issuer and its subsidiaries;

(b) in the case of banking companies, the ~~balance sheet~~ statement of financial position as at the end of each of the two financial years prepared in accordance with rule 7.03(3)(a) must include information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~ Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority Authorized Institutions issued by the Hong Kong Monetary Authority;

(4) (a) the ~~balance sheet~~ statement of financial position of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in (3) above) in each case as at the end of each of the two financial years to which the latest audited ~~accounts~~ financial statements of such business or subsidiary (as the case may be) have been made up;

(b) in the case of banking companies, the ~~balance sheet~~ statement of financial position as at the end of each of the two financial years prepared in accordance with rule 7.03(4)(a) must include information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~ Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

*Cash flow statement*

(4A) the cash flow statement of the issuer or, if the issuer is itself a holding company, the consolidated cash flow statement of the issuer and its subsidiaries in each case for each of the two financial years to which the latest audited ~~accounts~~ financial statements of the issuer have been made up;

*Statement of changes in equity*

(4B) a statement of changes in equity of the issuer for each of the two financial years to which the latest audited ~~accounts~~ financial statements of the issuer have been made up;

*Additional disclosures for Financial Conglomerates*

- (4C) ~~where the issuer is regarded as a financial conglomerate (see rule 18.37B) in any of the two financial years to which the latest audited accounts have been made up, the information required by rule 18.37A in respect of the financial year or years in which the issuer is regarded as a financial conglomerate; [Repealed [date]]~~

...

*Other*

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

...

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

...

*Specific detail concerning financial information*

7.04 The report on results and financial position under rules 7.03(1) to (4) above must include the disclosures required under the relevant accounting standards adopted and disclose separately at least the following information:—

- (1) ~~Income statement~~ Statement of profit or loss and other comprehensive income
- (a) ~~turnover;~~
- (b) ~~investment and other income;~~
- (ea) profit (or loss) on sale of ~~investments or~~ properties;
- (d) ~~cost of goods sold;~~
- (e) ~~interest on borrowings;~~
- (f) ~~depreciation/amortisation;~~
- (gb) profit (or loss) before taxation, including the share of the profit (or loss) of ~~affiliated companies~~ associates and joint ventures, with separate disclosure of any items included therein which are exceptional because of size, nature and incidence; and
- (hc) taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation, with separate disclosure of the taxation on share of ~~affiliated companies'~~ associates and joint ventures' profits;

- ~~(i) profit (or loss) attributable to non-controlling interests;~~
  - ~~(j) profit (or loss) attributable to shareholders;~~
  - ~~(k) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby and any waivers of dividend except that the accountants' report need not disclose this information:—~~
    - ~~(a) if combined results are presented in accordance with rule 7.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;~~
    - ~~(b) if the accountants' report relates to an issue of debt securities; or—~~
    - ~~(c) in the case of a major transaction; and~~
    - ~~(l) details of any special dividend proposed to be paid after the date of the accountants' report;~~
- (2) ~~Balance sheet~~Statement of financial position information as follows, if applicable:
- ~~(a) fixed assets;~~
  - ~~(b) current assets~~
    - ~~(i) stocks;~~
    - ~~(a) (ii) debtors including credit policy and ageing analysis of accounts receivable; and~~
    - ~~(iii) cash at bank and in hand; and~~
    - ~~(iv) other current assets;~~
  - ~~(c) current liabilities~~
    - ~~(i) borrowings and debts; and~~
  - ~~(b) (ii) ageing analysis of accounts payable;~~
  - ~~(d) net current assets (liabilities);~~
  - ~~(e) total assets less current liabilities;~~
  - ~~(f) non-current liabilities~~

- ~~(i) borrowings and debts;~~
- ~~(g) capital and reserves; and~~
- ~~(h) non-controlling interests.~~

Notes: 1 If an issuer/ a company is itself a holding company, the information referred to rule 7.04(2) above is of the consolidated statement of financial position of the issuer/ the company and its subsidiaries.

2 The ageing analysis should normally be presented on the basis of the date of the relevant invoice or demand note and categorised into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position. The basis on which the ageing analysis is presented should be disclosed.

(3) Dividends

- (a) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby and any waivers of dividend except that the accountants' report need not disclose this information:—
    - (i) if combined results are presented in accordance with rule 7.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;
    - (ii) if the accountants' report relates to an issue of debt securities; or
    - (iii) in the case of a major transaction; and
  - (b) details of any special dividend proposed to be paid after the date of the accountants' report; and
- ~~(34) in the case of banking companies, the information on results and financial position set out in the Financial Disclosure by Locally Incorporated Authorized Institutions Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in sub paragraph (1) ~~(with the exception of that required by sub-paragraphs 1(k) and 1(l))~~ and (2) above; and.~~

~~(4) Segment information~~

~~The income statement and balance sheet shall, in addition to that information required by (1) to (2) immediately above, include segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

~~Note: The information required by this rule may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.~~

...

### **Basic contents of accountants' report for certain notifiable transaction circulars**

7.05 In the cases referred to in rule 7.01(3) concerning a circular in connection with a reverse takeover, a very substantial acquisition or a major transaction on the acquisition of a business, company or companies, the accountants' report must include:—

#### *Three year history of results*

- (1) (a) the results, for the relevant period, of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up; provided always that where any company in question has not or will not become a subsidiary of the issuer, the Exchange may be prepared to relax this requirement;

*Note: For the purposes of this rule, the "relevant period" comprises:*

- (1) ...
- (2) *in the case of a very substantial acquisition or a major transaction, (i) each of the three financial years of the business or company immediately preceding the issue of the circular and where applicable a stub period; or (ii) if the audited ~~accounts~~ financial statements of the business or company for the latest completed financial year has not been prepared at the time of the issue of the*

*circular, each of the three financial years of the business or company immediately preceding the latest completed financial year and a stub period;  
or*

(3) ...

...

- (b) in the case of banking companies, the report on results prepared in accordance with rule 7.05(1)(a) must include the information on results set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

*Three year ~~balance sheet~~ statement of financial position*

- (2) (a) the ~~balance sheet~~ statement of financial position of the business which, or of the company (and, if that company is itself a holding company, the consolidated ~~balance sheet~~ statement of financial position of the company and its subsidiaries) in whose share capital an interest has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up, in each case as at the end of each of the three financial years (or the end of each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited ~~accounts~~ financial statements of such business or company (as the case may be) have been made up;
- (b) in the case of banking companies, the ~~balance sheet~~ statement of financial position as at the end of each of the three financial years (or the end of each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) must include the information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

*Three year cash flow statement*

- (2A) the cash flow statement of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up, in each case for each of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited ~~accounts~~ financial statements of such business or company (as the case may be) have

been made up;

*Three year statement of changes in equity*

- (2B) a statement of changes in equity of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up, in each case for each of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited ~~accounts~~ financial statements of such business or company (as the case may be) have been made up;

*Additional disclosures for Financial Conglomerates*

- (2C) ~~where the business or company acquired or to be acquired is regarded as a financial conglomerate (see rule 18.37B) in any of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited accounts have been made up, the information required by rule 18.37A in respect of the financial year or years in which the issuer is regarded as a financial conglomerate; [Repealed [date]]~~

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

...

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

...

**Requirements applicable in all cases**

7.08 In all cases:—

- (1) the accountants' report must include a statement of:
- (a) whether or not the ~~accounts~~ financial statements for the period reported on have been audited and, if so, by whom; and
- (b) whether or not any audited ~~accounts~~ financial statements have been made up since the end of the last financial period reported on;

- (2) the reporting accountants must express an opinion as to whether or not the relevant information gives, for the purposes of the accountants' report, a true and fair view of the results and cash flows for the period reported on and of the ~~balance sheet~~ statement of financial position as at the end of each of the period reported on;

...

### **Individual or combined results**

- 7.09 In the case of a new applicant (rule 7.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 7.01(2), the reporting accountants must report on the consolidated or combined financial history of results and the consolidated or combined ~~balance sheet~~ statement of financial position of the issuer and its subsidiaries and any business or subsidiary acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up, unless otherwise agreed by the Exchange.
- 7.10 In the case of a circular issued by a listed issuer in connection with the acquisition of more than one business and/or company and/or group of companies, the reporting accountants must report on the individual financial histories of results and the individual ~~balance sheet~~ statements of financial position of each of those businesses, companies or groups of companies referred to in rule 7.05, unless otherwise agreed by the Exchange.

### **Disclosure**

- 7.11 The information to be disclosed in respect of rules 7.03, 7.09 and 7.10 must be in accordance with best practice which is at least that required to be disclosed in respect of those specific matters in the ~~accounts~~ financial statements of a company under the ~~Companies Ordinance~~ and HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements and, in the case of banking companies, the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~ Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

### **Accounting standards**

- 7.12 The financial history of results and the ~~balance sheet~~ statement of financial position included in the accountants' report must normally be drawn up in conformity with:-
- (a) Hong Kong Financial Reporting Standards (HKFRS); or
  - (b) International Financial Reporting Standards (IFRS); or
  - (c) China Accounting Standards for Business Enterprises (CASBE) in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.



*Note: The issuer must apply one of these bodies of standards consistently and shall not change from one body of standards to the other.*

- 7.13 The financial history of results and the ~~balance sheet~~ statement of financial position included in the accountants' report of a listing applicant, which is listed, or is to be simultaneously listed, on the New York Stock Exchange or the Nasdaq National Market of the United States of America may, be drawn up in conformity with Generally Accepted Accounting Principles in the United States of America (US GAAP) provided that:—

...

#### **Statement of adjustments**

- 7.19 The statement of adjustments must set out, for each of the years reported upon, each adjustment made and be sufficiently detailed so as to reconcile the figures in the accountants' report with the corresponding figures in the audited ~~accounts~~ financial statements and must give the reasons therefor.

...

#### **Additional matters for disclosure**

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

#### **General**

- 7.25 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the accountants' report which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions. In the case of such issuers the opinion of the reporting accountants which is required by 7.08(2) may be expressed on an appropriate basis. [Repealed [date]]~~

*Note: ~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~*

...

#### **Pro Forma Financial Information**

- 7.27 In the cases referred to in rule 7.01(3) concerning a circular in connection with a major transaction, the pro forma financial information required under rules 19.67(6)(a)(ii) or 19.67(6)(b)(ii) on the enlarged group (i.e. the issuer, its subsidiaries and any business or subsidiary or, where applicable, assets acquired or proposed to be acquired since the date to which the latest audited

~~accounts-financial statements~~ of the issuer have been made up (including but not limited to any business, company or companies being acquired)) must include all the information referred to in rule 7.31 in respect of such enlarged group.

- 7.28 In the cases referred to in rule 7.01(3) concerning a circular in connection with a reverse takeover or a very substantial acquisition, the pro forma financial information required under rules 19.69(4) (a)(ii) or 19.69(4)(b)(ii) on the enlarged group (i.e. the issuer, its subsidiaries and any business or subsidiary or, where applicable, assets acquired or proposed to be acquired since the date to which the latest audited ~~accounts-financial statements~~ of the issuer have been made up (including but not limited to any business, company or companies being acquired)) must include all the information referred to in rule 7.31 in respect of such enlarged group.

...

- 7.30 In the case of a new applicant (rule 7.01(1)) which has acquired or proposed to acquire any businesses or companies, which would at the date of application or such later date of acquisition before listing of the applicant be classified as a major subsidiary, since the date to which the latest audited ~~accounts-financial statements~~ of the issuer have been made up, it must include in its listing document the pro forma financial information required under rule 7.31 in respect of the enlarged group (i.e. the new applicant, its subsidiaries and any businesses or companies acquired or proposed to be acquired since the date to which the latest audited ~~accounts-financial statements~~ of the issuer have been made up).

*Note: For purposes of rule 7.30, all acquisitions or proposed acquisitions since the date to which the latest audited ~~accounts-financial statements~~ in the accountants' report of the issuer have been made up, whether of businesses or companies, should be aggregated. If the aggregated total assets, profits or revenue represents 5% or more under any of the percentage ratios as defined under rule 19.04(9), these acquisitions will be deemed to be an acquisition of a major subsidiary for the purpose of rule 7.30. 100% of the major subsidiary's total assets, profits or revenue (as the case may be) or, where the major subsidiary itself has subsidiaries, the consolidated total assets, profits or revenue (as the case may be) of the major subsidiary is to be compared to the total assets, profits or revenue (as the case may be) shown in the issuer's latest audited consolidated financial statements in the accountants' report irrespective of the interest held in the major subsidiary.*

- 7.31 Where an issuer includes pro forma financial information in any document (whether or not such disclosure of pro forma financial information is required under the GEM Listing Rules), that information must comply with rules 7.31(1) to (6) and a report in the terms of rule 7.31(7) must be included in the relevant document.

- (1) The pro forma financial information must provide investors with information about the impact of the transaction the subject of the document by illustrating how that transaction might have affected the financial information presented in the document, had the transaction been undertaken at the commencement of the period being reported on or, in the case of a pro forma ~~balance sheet~~ statement of financial position or net asset statement, at the date reported. The pro forma financial information presented must not be misleading, must assist investors in analyzing the future prospects of the issuer and must include all appropriate adjustments permitted by rule 7.31(6), of which the issuer is aware, necessary to give effect to the transaction as if the transaction had been undertaken at the commencement of the period being reported on or, in the case of a pro forma ~~balance sheet~~ statement of financial position or net asset statement, at the date reported on.

...

- (4) Pro forma financial information may only be published in respect of:
- (a) the current financial period;
  - (b) the most recently completed financial period; and/or
  - (c) the most recent interim period for which relevant unadjusted information has been or will be published or is being published in the same document;

and, in the case of a pro forma ~~balance sheet~~ statement of financial position or net asset statement, as at the date on which such periods end or ended.

- (5) The unadjusted information must be derived from the most recent:
- (a) audited published ~~accounts~~ financial statements, published half-year reports or published half-year or annual results announcements;

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# Chapter 8

## VALUATION OF AND INFORMATION ON PROPERTIES

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### Requirements for an issuer

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- 8.03 For a connected transaction involving an acquisition or a disposal of any property interest or a company whose assets consist solely or mainly of property (including a company listed on the Exchange) ~~from or to a connected person~~, a valuation of and information on the property must be included in any circular issued to shareholders in connection with the acquisition or disposal (see rule 20.68(7)). The circular must include full text of valuation reports and the general information in rule 8.36, if it applies.

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# Chapter 10

## EQUITY SECURITIES

### METHODS OF LISTING

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#### Rights Issue

...

10.29 If the proposed rights issue would increase either the number of issued shares ~~capital~~ or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed rights issue or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—

(1) the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.28 in the circular to shareholders; and

(2) ....

...

#### Open Offer

...

10.39 If the proposed open offer would increase either the number of issued shares ~~capital~~ or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other open offers or rights issues announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed open offer or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—

(1) the open offer must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent

non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.28 in the circular to shareholders; and

(2) ...

...

# Chapter 11

## EQUITY SECURITIES

### QUALIFICATIONS FOR LISTING

...

#### Conditions relevant to the securities for which listing is sought

11.23 There must be an open market in the securities for which listing is sought. This will normally mean that:—

(1) ...

...

(6) the expected total market capitalisation of a new applicant at the time of listing must be at least HK\$100,000,000 which shall be calculated on the basis of all issued shares ~~capital~~ (including the class of securities for which listing is sought and such other class(es) of securities, if any, that are either unlisted or listed on other regulated market(s)) of the new applicant at the time of listing;

(7) subject to rule 11.23(10) below, at least 25% of the issuer's total number of issued shares ~~capital~~ must at all times be held by the public;

...

(9) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares ~~capital~~. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares ~~capital~~, having an expected market capitalisation at the time of listing of not less than HK\$30,000,000;

...

...

# Chapter 12

## EQUITY SECURITIES

### APPLICATION PROCEDURES AND REQUIREMENTS

...

#### Documentary requirements – New Listing Applications

*At the time of application for listing*

12.22 The following documents, as applicable, must be lodged with the Exchange for review together with the application for listing form in respect of a new applicant:—

...

(2) a confirmation from the new applicant's legal advisers that the new applicant's articles of association conform with the relevant parts of Appendices 3 and 11, and on the whole, are not inconsistent with the GEM Listing Rules and the laws of the place where the new applicant is incorporated or otherwise established;

...

(15) a final or an advanced draft of any application for a waiver of any provision of the GEM Listing Rules and the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the Sponsor and the directors/proposed directors.

...

*Before bulk-printing of the listing document*

12.23A ...

...

*After notification of approval in principle but before the date of issue of the listing document*

...

12.25 In the case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be lodged with the Exchange by ~~no later than~~ 11 a.m. on the intended date of authorisation of the prospectus:—



- (1) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);
- (2) 2 printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed on or attached to the documents stipulated by the relevant section; and
- (3) ...

...

...

### **Documentary Requirements – Applications by Listed Issuers**

12.26A ...

...

*At the time of application for listing*

12.26B The following documents, as applicable, must be lodged with the Exchange together with the listing application in accordance with rule 12.16:—

- (1) such number of copies of drafts or proofs of the listing document as the Exchange may require, marked in the margin to indicate where the relevant provisions of the GEM Listing Rules and/or the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been met;

...

...

*In case of a listing document constituting a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance*

12.26E If the listing document constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be submitted to the Exchange:

- (1) ...
- (2) by 11 a.m. on the intended date of authorisation for registration of the prospectus,
  - (a) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);
  - (b) two printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up

and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed thereon or annexed thereto the documents required under the relevant section;

...

...

*Before dealings commence*

12.27 The following documents must be submitted to the Exchange before dealings commence:—

...

- (3) in the case of securities issued as consideration for shares in a listed company which are acquired pursuant to ~~section 168~~ Division 4 of Part 13 of the Companies Ordinance, a certified copy of the notice given under that section;

...

# Chapter 13

## EQUITY SECURITIES

### RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

...

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

##### *General*

- 13.03 Subject to the provisions of the Code on Share ~~Repurchases~~ Buy-backs, an issuer may purchase shares on GEM or on another stock exchange recognised for this purpose by the Commission and the Exchange. All such purchases must be made in accordance with rules 13.04 to 13.14. The Code on Share ~~Repurchases~~ Buy-backs must be complied with by an issuer and its directors and any breach thereof by an issuer will be a deemed breach of the issuer's undertaking to comply with its continuing obligations under the GEM Listing Rules and the Exchange may in its absolute discretion take such action to penalise any breach of this rule as it shall think appropriate. It is for the issuer to satisfy itself that a proposed purchase of shares does not contravene the Code on Share ~~Repurchases~~ Buy-backs.

...

##### *Procedures to be complied with*

...

- 13.09 The ordinary resolution proposed to shareholders to give the directors of the issuer a specific approval or general mandate to purchase shares must include the following:—
- (1) the total number and description of the shares which the issuer is authorised to purchase, provided that the number of shares which the issuer is authorised to purchase on GEM or on another stock exchange recognised for this purpose by the Commission and the Exchange under the Code on Share ~~Repurchases~~ Buy-backs, may not exceed 10 per cent of the number of issued shares ~~capital~~ of the issuer and the total number of warrants to subscribe for or purchase shares (or other relevant class of securities) authorised to be so purchased may not exceed 10 per cent of the warrants of the issuer (or such other relevant class of securities, as the case may be), in each case as at the date of the resolution granting the general mandate; and

*Note: If the issuer conducts a share consolidation or subdivision after the repurchase mandate has been approved in general meeting, the maximum number of shares that may be repurchased under the mandate as a*

percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

(2) ...

...

# Chapter 14

## EQUITY SECURITIES

### LISTING DOCUMENTS

#### *Preliminary*

- 14.01 This Chapter sets out the Exchange's requirements for the contents of listing documents relating to equity securities. Issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their application that all requisite information has been included in the listing document or will be included before the final version is submitted for review.

...

# Chapter 15

## EQUITY SECURITIES

### PROSPECTUSES

#### Preliminary

- 15.01 Issuers are reminded that a listing document which is a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance must both comply with the GEM Listing Rules and, where required, comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The GEM Listing Rules are entirely independent of and without prejudice to the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance relating to prospectuses. Accordingly, compliance with the GEM Listing Rules does not guarantee compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance nor does it guarantee that such prospectus will be authorised by the Exchange for registration by the Registrar of Companies.
- 15.02 ...

#### Transfer of functions

- 15.03 The Commission's functions under sections 38B(2A)(b), 38D(3) and (5) and 342C(3) and (5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance ~~(Cap.32)~~, to the extent that they relate to any prospectus which is concerned with any shares or debentures of a company that have been or are proposed to be approved for listing on GEM, and the power to charge and retain the fees which would have been payable to the Commission in respect of any such prospectus under the Commission's fees rules, have been transferred to the Exchange by order of the Chief Executive in Council pursuant to section 25 of the Securities and Futures Ordinance (the "Transfer Order").
- 15.04 Under the terms of the Transfer Order the Exchange shall vet every prospectus which relates to shares and debentures that have been or are proposed to be approved for listing on the Exchange and shall have the authority to authorise the registration of such a prospectus by the Registrar of Companies under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

#### Compliance with Companies (Winding Up and Miscellaneous Provisions) Ordinance

- 15.05 To ensure compliance, issuers are urged to seek advice from their ~~Hong Kong~~ legal advisers. Issuers are reminded that compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance remains their primary

responsibility and that they will not be absolved from any liability by virtue only of the submission of a prospectus to the Exchange for vetting or the issue by the Exchange of a certificate authorising registration.

### **Certificates of exemption**

- 15.06 The Commission's power to grant certificates of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has not been transferred to the Exchange.

### **Abridged prospectuses**

- 15.07 The Commission's powers under section 38B(2A)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to authorise in any particular case the form and manner of publication of any extract from or abridged version of a prospectus, have been transferred to the Exchange in so far as they relate to shares or debentures that have been approved for listing on the Exchange.

### **Procedural requirements**

...

- 15.10 The Exchange will review a prospectus for compliance with the GEM Listing Rules concurrently with the review of the prospectus for compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Exchange will not authorise a prospectus for registration by the Registrar of Companies until it is satisfied that it has no further comments on such prospectus in respect of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements and is prepared to grant a listing for the securities to which such prospectus relates.
- 15.11 If the Exchange is satisfied that the prospectus delivered to it pursuant to rules 12.25 and 12.26E(2) should be authorised for registration pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, it will issue a certificate under section 38D(5) or section 342C(5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be). It is the responsibility of the issuer to deliver the prospectus and any ancillary documents to the Companies Registry for registration pursuant to section 38D(7) or section 342C(7) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be).

*Note: The issue of the certificate of authorisation by the Exchange does not constitute a form of confirmation that the prospectus complies with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Nor does the issue of the certificate constitute registration of a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Issuers must ensure that a copy of the prospectus, complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, has been registered by the Registrar of Companies before it is issued. Under no*

*circumstances should the certificate of authorisation issued by the Exchange be relied upon as evidence either of compliance with the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or of registration.*



# Chapter 16

## EQUITY SECURITIES

### PUBLICATION REQUIREMENTS

...

#### **Publication of electronic form prospectus and printed application form**

- 16.04D (1) Where an issuer intends to rely on section 9A of the Companies ~~Ordinance~~ (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) (“Class Exemption Notice”) and issue a printed application form for its equity securities with an electronic form prospectus displayed on certain websites (“Mixed Media Offer”), it must satisfy all the conditions in the Class Exemption Notice...

...

...

#### **Formal notice on issue**

...

- 16.10 Model forms of formal notices for offers for subscription or sale, placings and introductions are set out in Appendix 10 for the guidance of issuers. Issuers are reminded that where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with Section 38B of that Ordinance.

...

#### **Publication on the GEM website**

16.17 ...

(1) (a) ...

...

- (2) (a) Other than where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the GEM website a ready-to-publish electronic copy of any corporate communication which is required by the GEM Listing Rules (including any listing document of a listed issuer or new applicant which is not to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance)...

- (b) Where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the GEM website a ready-to-publish electronic copy of each of the prospectus and any application forms...They must be submitted only after the issuer has received the letter from the Companies Registry confirming registration of the prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance...

...

# Chapter 17

## EQUITY SECURITIES

### CONTINUING OBLIGATIONS

...

#### Specific matters relevant to the issuer's business

...

##### *Sufficient operations*

17.26 ...

17.26A An issuer must, after trading in its listed securities has been suspended, publish periodic announcements of its developments.

##### *Material matters which impact on profit forecast*

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

...

(2) The issuer must announce the information under rule 17.26AB(1) ...

...

#### General matters relevant to the issuer's securities

##### *Changes in issued shares~~-capital~~*

17.27A (1) In addition and without prejudice to specific requirements contained elsewhere in the GEM Listing Rules, an issuer must, whenever there is a change in its issued shares ~~capital~~ as a result of or in connection with any of the events referred to in rule 17.27A(2), submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the GEM website a return in such form and containing such information as the Exchange may from time to time prescribe by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the relevant event.

(2) The events referred to in rule 17.27A(1) are as follows:

(a) any of the following:

(i) ...

...

- (xi) change in issued shares ~~capital~~ not falling within any of the categories referred to in rule 17.27A(2)(a)(i) to (x) or rule 17.27A(2)(b); and

...

- (b) ...

- (3) The disclosure obligation for an event in rule 17.27A(2)(b) only arises where:

- (a) the event, either individually or when aggregated with any other events described in that rule which have occurred since the listed issuer published its last monthly return under rule 17.27B or last return under this rule 17.27A (whichever is the later), results in a change of 5% or more of the listed issuer's issued shares ~~capital~~; or

- (b) ....

- (4) For the purposes of rule 17.27A(3), the percentage change in the listed issuer's issued shares ~~capital~~ is to be calculated by reference to the listed issuer's total number of issued shares ~~capital~~ as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under rule 17.27B or a return published under this rule 17.27A.

...

*No further issues of securities within 6 months of listing*

17.29 No further shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed) may be issued...within 6 months from the date on which securities of the listed issuer first commence dealing on GEM...except for:

...

- (5) ...

- (a) ...

...

- (d) the circular in respect of the issue and the related transaction...must comply with the requirements of a circular as specified in Chapter 19...

*Note: The circular must include:*

- (i) ...

...

(ix) *how the acquired assets would complement the listed issuer's business; and*

(x) *details of the persons who would receive the new shares or securities and their connection, if any, with any core connected persons of the listed issuer; ~~and.~~*

(xi) *[Repealed 1 October 2013]*

...

...

*Pre-emptive rights*

...

17.41 No such consent as is referred to in rule 17.39 shall be required:—

(1) ...

...

(2) if, but only to the extent that, the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to allot or issue such securities or to grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of, whether during the continuance of such mandate or thereafter, subject to a restriction that the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of (i) 20% of the number of existing-issued shares capital of the issuer as at the date of the resolution granting the general mandate (or in the case of a scheme of arrangement involving an introduction in the circumstances set out in rule 10.18(3), 20% of the number of issued shares capital of the issuer following implementation of the scheme) ~~plus and~~ (ii) the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the number of existing-issued shares capital of the issuer as at the date of the resolution granting the repurchase mandate), provided that the existing shareholders of the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate.

*Notes:* 1....

2. If the issuer conducts a share consolidation or subdivision after the issue mandate has been approved in general meeting, the maximum number of securities that may be issued under the mandate as a percentage of the total number of issued shares at

the date immediately before and after such consolidation or subdivision shall be the same.

...

## Meetings

...

### *Meetings of holders of securities*

17.47 (1) An issuer proposing to solicit proxies or votes in connection with any meeting of holders...

...

(6) In relation to any transactions that are subject to independent shareholders' approval pursuant to the GEM Listing Rules...or spin-off proposals that are subject to approval of the shareholders of the issuer pursuant to paragraph 3(e) of Practice Note 3; ̄

(a) ...

...

...

### *Board decisions*

17.49 An issuer shall ~~inform the Exchange and publish an announcement~~ announce immediately after (and for the purpose of providing details of) the approval by or on behalf of the board of:—

(1) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities ~~and, including~~ the rate and amount thereof of the dividend or distribution and the expected payment date;

(2) ...

(3) ...

Notes: 1 ...

2 ...

3. If there is any change to the expected payment date previously disclosed under rule 17.49(1) or this note, the issuer should announce this fact and the new expected payment date as soon as practicable.

(4) ...

Note: ...

Suspension on Failure to Publish Timely Financial Information

17.49A Without prejudice to the generality of rules 18.03, 18.49, 18.53, 18.66, 18.78 and 18.79, the Exchange will normally require suspension of trading in an issuer's securities if an issuer fails to publish periodic financial information in accordance with the Rules. The suspension will normally remain in force until the issuer publishes an announcement containing the requisite financial information.

**Changes**

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

- (1) any proposed alteration to the issuer's memorandum or articles of association or equivalent documents...

...the issuer should submit to the Exchange (a) a letter addressed to the issuer from its legal advisers confirming that the proposed amendments ~~comply~~ conform with the requirements of the GEM Listing Rules, where applicable, and the laws of the place where it is incorporated or otherwise established;...

*Note: Changes to the relevant parts of the articles of association or equivalent documents must conform with the requirements of Appendix 3 to the GEM Listing Rules and, in the case of an overseas issuer which is incorporated or otherwise established in a jurisdiction in respect of which additional requirements are set out in Appendix 11 (including, for these purposes, the PRC), such changes must conform with Appendix 11.*

- (2) any changes in its directorate (and, in the case of a PRC issuer, its supervisory committee),...

...

- (m) subject to the provisions of the Rehabilitation of Offenders Ordinance or comparable legislation of other jurisdictions, full particulars of any conviction for any offence (including details of each such offence, the court by which he was convicted, the date of conviction and the penalty imposed):

(i) ...

- (ii) under the Securities and Futures Ordinance, the Companies Ordinance, Part II of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (insofar as that Part relates, whether directly or indirectly, to the performance of functions by the ~~Securities and~~

~~Futures~~ Commission in relation to prospectuses and purchase by a company of its own shares) and Part XII of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (insofar as that Part relates, whether directly or indirectly, to the performance of functions by the ~~Securities and Futures~~ Commission in relation to prospectuses) ...; or

(iii) ...

...

(3) ...

(4) any change in its auditors or financial year end, the reason(s) for the change and any other matters that need to be brought to the attention of holders of securities of the issuer (including, but not limited to, information set out in the outgoing auditors' confirmation in relation to the change in auditors); ~~and~~

*Note: ...*

(5) any change in its registered address or registered office or (as applicable) its registered place of business in Hong Kong or agent for the service of process in Hong Kong; and

(6) any revision of interim reports, quarterly reports, annual reports or summary financial reports, the reason leading to the revision of published financial reports, and the financial impacts, if any.

...

## **Trading and Settlement**

...

### *Issue of certificates, registration and other fees*

...

17.72 Certificate replacement service: An issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:

(1) representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or

(2) either:

(a) representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or



(b) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.

...

### **Miscellaneous obligations**

...

#### *Takeovers and share repurchases*

17.89 An issuer must comply with the Takeovers Code and the Code on Share Repurchases ~~Buy-backs~~.

...

#### *Independent financial advisers*

...

17.96 An independent financial adviser must be independent from any issuer for whom it acts. An independent financial adviser is not independent if any of the following circumstances exist as at the time of making the declaration required by rule 17.97(1):

(1) the IFA group and any director or close associate of a director of the independent financial adviser holds, directly or indirectly, in aggregate more than 5% of the number of issued shares ~~capital~~ of the issuer, another party to the transaction, or a close associate or core connected person of the issuer or another party to the transaction;

(1A) in the case of a connected transaction, the independent financial adviser holds more than 5% of the number of issued shares ~~capital~~ of an associate of another party to the transaction;

...

...

17.99 Insofar as the GEM Listing Rules impose a higher standard of conduct on independent financial advisers ~~than to~~ that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct ~~for Persons Licensed by or Registered with the Securities and Futures Commission~~, the Takeovers Code, the Share Repurchases ~~Buy-backs~~ Code and all other relevant codes and guidelines applicable to them, the GEM Listing Rules will prevail.

...

# Chapter 18

## EQUITY SECURITIES

### FINANCIAL INFORMATION

#### Introduction

18.01 This Chapter sets out the continuing obligations of a listed issuer with regard to the disclosure of routine financial information on an annual, half-yearly and quarterly basis. It also sets out certain recommended disclosure items on ~~management~~ discussion and analysis (see rule 18.83) that listed issuers are encouraged to include in their half-year and annual reports. These recommended disclosure items are not obligatory, but merely items relating to good practice which are recommended for disclosure. Additional requirements, relating to non-routine financial disclosure, are set out in the following Chapters:

Chapter 7	—	Accountants' Reports and Pro Forma Financial Information
Chapter 14	—	Listing Documents
Chapter 19	—	Notifiable Transactions
Chapter 20	—	Connected Transactions

Additional disclosure requirements in respect of routine financial information are set out in the following Chapters, in so far as they relate to the following issuers:—

Chapter 24	—	Overseas issuers
Chapter 25	—	PRC issuers
Chapter 31	—	Issuers of debt securities

*Note: In circumstances where the disclosure requirements of Chapters 24 or 25, as appropriate, are inconsistent with the requirements of this Chapter, the requirements of Chapters 24 or 25, as appropriate, shall prevail.*

18.02 A listed issuer is required to prepare annual ~~accounts~~ financial statements, half-year reports and quarterly reports. The contents, timing and publication requirements for each such ~~accounts~~ financial statements or reports are set out in this Chapter.

## Annual reports

### *Distribution*

18.03 The listed issuer must send to:—

- (1) every member of the listed issuer; and
- (2) every other holder of its listed securities,

a copy of either (i) the directors' report and its annual ~~accounts~~financial statements and, where the listed issuer prepares ~~group accounts~~consolidated financial statements, the ~~group accounts~~consolidated financial statements, together with a copy of the auditors' report thereon or (ii) its summary financial report, not less than 21 days before the date of the listed issuer's annual general meeting and not more than 3 months after the date upon which the financial period ended. The Issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and ~~accounts~~financial statements, provided that it complies with rule 18.81 and the relevant provisions set out in sections ~~441~~437 to ~~446~~ of the Companies Ordinance and in the Companies (Summary Financial Reports of Listed Companies) Regulation or, in the case of overseas issuers, with provisions no less onerous than the above provisions for listed issuers incorporated in Hong Kong.

Nothing in this rule shall require the listed issuer to send any of the documents referred to therein to:—

- (a) a person of whose address the listed issuer is unaware; or
- (b) more than one of the joint holders of any of its listed securities.

*Notes: 1 “~~Group accounts~~Consolidated financial statements”, for the purposes of a Hong Kong listed issuer, has the meaning ascribed to it under section ~~124(1)~~379(2) of the Companies Ordinance.*

*2 The directors' report, auditors' report, annual ~~accounts~~financial statements (including ~~group accounts~~consolidated financial statements) and, where applicable, summary financial report must be in the English language and must be accompanied by a Chinese translation or be in the Chinese language accompanied by an English translation. In respect of overseas members, it shall be sufficient for the listed issuer to mail an English language version of either (i) its directors' report, auditors' report and annual ~~accounts~~financial statements or (ii) its summary financial report if such documents contain a prominent statement in both English and Chinese to the effect that a*

Chinese translation is available from the listed issuer, on request.

- 3 ~~Sections 422-429 and 431~~ of the Companies Ordinance requires ~~the annual accounts of the directors of a Hong Kong listed issuer to lay the issuer's annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate~~ which are laid before the listed issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting. An overseas issuer (including for such purposes, a PRC issuer) should comply with the same requirement as a Hong Kong issuer must make up its annual accounts to a date not more than 6 months before the date of its annual general meeting.
- 4 The Exchange may at its discretion suspend dealings in or cancel the listing of the securities of the listed issuer if it falls into arrears in the issue of its directors' report and ~~accounts~~ financial statements. If the listed issuer has significant interests outside Hong Kong it may apply for an extension of the 6 month period. However, the attention of a Hong Kong ~~listed~~ issuer is drawn to section ~~422-(1B)~~ 431 of the Companies Ordinance which requires any extension of the time limit to be approved by the ~~High~~ Court of First Instance.
- 5 [Repealed 1 January 2011]

#### Accounting standards

- 18.04 Annual ~~accounts~~ financial statements of a listed issuer are required, subject to rule 18.05 and rule 18.06, to conform with HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

*Note: The issuer must apply one of these bodies of standards consistently and shall not normally change from one body of standards to the other unless there are reasonable grounds to justify such change. All reasons for any such change must be disclosed in the annual ~~accounts~~ financial statements.*

- 18.05 A listed issuer, which is also listed on the New York Stock Exchange or the Nasdaq National Market of the United States of America, may prepare annual ~~accounts~~ financial statements drawn up in conformity with Generally Accepted Accounting Principles in the United States of America (US GAAP), subject to the following:—

- (1) the listed issuer has adopted US GAAP for the purposes of reporting to shareholders on the New York Stock Exchange or the Nasdaq National Market of the United States of America;
- (2) a listed issuer already listed on the Exchange which subsequently obtains a listing on the New York Stock Exchange or the Nasdaq National Market of the United States of America and thereafter adopts US GAAP in place of the standards referred to in rule 18.04 in the preparation of its annual ~~accounts~~financial statements will be required to compile a statement of the financial effect of material differences from the standards referred to in rule 18.04 in the first annual ~~accounts~~financial statements in which US GAAP is adopted;
- (3) a listed issuer which was permitted to adopt US GAAP on the basis that it is listed on the New York Stock Exchange or the Nasdaq National Market of the United States of America but is no longer so listed, will be required to revert to one of the relevant standards referred to in rule 18.04 for financial reporting purposes; and
- (4) a listed issuer whose principal activity is property development and/or investment may not adopt US GAAP for financial reporting purposes.

18.06 Where the Exchange, in exceptional circumstances, allows the annual ~~accounts~~financial statements of any overseas issuer to be drawn up otherwise than in conformity with accounting standards referred to in rule 18.04 or with US GAAP in the circumstances set out in rule 18.05, the Exchange will normally require the annual ~~accounts~~financial statements to contain a statement of the financial effect of the material differences (if any) and a summary of any material differences in disclosure (if any) from either HKFRS or IFRS referred to in rule 18.04.

*Information to accompany directors' report and annual ~~accounts~~financial statements*

18.07 The listed issuer shall include the disclosures required under the relevant accounting standards adopted and the information set out in rules ~~18.08~~18.07A to ~~18.48~~18.47 in its directors' report and annual ~~accounts~~financial statements. ~~Each set of financial statements presented in an annual report shall include, at a minimum, the components set out below.~~ Unless stated to the contrary the financial information specified in these rules may be included outside the financial statements and will therefore be outside the scope of the auditors' report on the financial statements. The ~~income statement~~statement of profit or loss and other comprehensive income and ~~balance sheet~~statement of financial position set out in the financial statements must include at least the information set out in rule 18.50B. Banking companies (meaning banks, restricted licence banks and deposit-taking companies as defined in the Banking Ordinance) shall, in addition, comply with the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules as issued by the Hong Kong Monetary Authority.

- ~~(1) — balance sheet;~~
- ~~(2) — income statement;~~
- ~~(3) — cash flow statement;~~
- ~~(4) — statement of changes in equity;~~
- ~~(5) — comparative figures for the statements referred to in (1) to (4) immediately above for the corresponding previous period; and~~
- ~~(6) — accounting policies and explanatory notes.~~

*Notes: 1 The Exchange may authorise the omission from an annual report of specified items of information if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the listed issuer. The Exchange will only authorise such omission provided it is satisfied that the omission is not likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question. The listed issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for such exemption is based.*

*2 The annual report and ~~accounts~~financial statements must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

*3 If an accounting estimate reported in prior interim period of the current financial year is changed during the subsequent interim period of the same financial year and has a material effect in that subsequent interim period, the nature and amount of a change in an accounting estimate that has a material effect in the current financial year or which is expected to have a material effect in subsequent periods should be disclosed. If it is impracticable to quantify the amount, this fact should be disclosed.*

*4 An annual report shall contain the following information required under other parts of the Listing Rules:*

*(a) advance to an entity under rule 17.22;*

*(b) pledging of shares by the controlling shareholder under rule 17.23;*

- (c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;
- (d) breach of loan agreement by an issuer under rule 17.23;
- (e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24;
- (f) provision of information in respect of and by directors, supervisors and chief executives under rule 17.50A(1);
- (g) for an issuer involving in mining activities, continuing disclosure obligations arise under rules 18A.14 to 18A.17, where appropriate;
- (h) information of profit guarantee provided by a connected person regarding the financial performance of the company or business acquired from the connected person under rule 20.61;
- (i) share option schemes under rules 23.07, 23.08 and 23.09; and
- (j) provision of information in respect of corporate governance code provisions B.1.5 (remuneration payable to members of senior management by band) and C.1.4 (discussion and analysis of group's performance) of Appendix 15 or explain reason for deviation.

18.07A In addition, a listed issuer shall include disclosures required under the following provisions of the Companies Ordinance and subsidiary legislation:–

- (1) in financial statements
  - (a) Section 383 - Notes to financial statements to contain information on directors' emoluments etc.;
  - (b) Schedule 4 - Accounting Disclosures relating to:
    - (i) Part 1(1) Aggregate amount of authorized loans;
    - (ii) Part 1(2) Statement of financial position to be contained in notes to annual consolidated financial statements;
    - (iii) Part 1(3) Subsidiary's financial statements must contain particulars of ultimate parent undertaking;

- (iv) Part 2(1) Remuneration of auditor; and
- (c) Companies (Disclosure of Information about Benefits of Directors) Regulation; and
- (2) in directors' report
  - (a) Section 390 - Contents of directors' report: general;
  - (b) Section 470 - Permitted indemnity provision to be disclosed in directors' report;
  - (c) Section 543 - Disclosure of management contract;
  - (d) Schedule 5 - Content of Directors' Report: Business Review; and
  - (e) Companies (Directors' Report) Regulation.

*Notes: 1 Directors must prepare the directors' report which complies with section 388 of the Companies Ordinance and the directors' report must be approved and signed, which complies with section 391 of the Companies Ordinance.*

*2 Section 390(3)(b) of the Companies Ordinance requires a company to disclose the name(s) of the director(s) of its subsidiaries. Notwithstanding the disclosure provisions in sub-paragraph 2(a) above, a listed issuer not incorporated in Hong Kong is not required to disclose the name(s) of its subsidiaries' director(s).*

18.08 ~~A listed issuer shall include in its financial statements the segmental information required by the accounting standards adopted for the preparation of its annual financial statements: —[Repealed [date]]~~

- ~~(1) — Hong Kong Financial Reporting Standards (HKFRS); or~~
- ~~(2) — International Financial Reporting Standards (IFRS); or~~
- ~~(3) — Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~
- ~~(4) — China Accounting Standards for Business Enterprises (CASBE).~~

18.08A In each annual report and half-year report published during at least the first 2 full financial years after listing, a statement by the directors as to the issuer's achievement of its business objectives as stated in its listing document at the time of listing under rule 14.19. The discussion in the statement should include a balanced and concise analysis of the level of achievement of the business objectives in terms of both qualitative and quantitative financial and non-financial information. There should be a



description of the principal risks and uncertainties facing the company and a commentary on the directors' approach to them, together with an explanation of any material differences between the disclosure in the listing document and actual business progress in the relevant period (including as to the use of proceeds as indicated in the listing document).

*Notes:*

- 1 *For general guidance, issuers may include information such as:*
  - (a) *significant developments by key business segments;*
  - (b) *trends, internal and external environmental and industry factors affecting performance or achievement of the objectives;*
  - (c) *the principal risks and uncertainties facing the issuer or its group, including strategic, operational and financial risks; and*
  - (d) *the key performance indicators used by the directors to measure performance in achieving the issuer's objectives.*
  
- 2 *Key performance indicators are factors by reference to which the development, performance or position of the business can be measured effectively. For the purposes of rule 18.08A these rules issuers should determine and disclose their own key performance indicators which should be of a quantitative nature so that the level of achievement of objectives can be quantified. Such quantitative standards may include, for example:*
  - (a) *customer retention and satisfaction*
  - (b) *capital adequacy and expenditure*
  - (c) *store portfolio changes*
  - (d) *reserve replacement costs*
  - (e) *equipment utilisation and capacity*
  - (f) *loan loss*
  - (g) *asset quality*
  - (h) *expected return on sales*
  - (i) *sales volume per square foot of store space, etc.*
  
- 3 *The issuer should use, where appropriate, a tabular format of presentation with a recitation of the business objectives (as stated*

*in its listing document) on one side and the directors' comments about level of achievement on the other.*

18.08B An issuer shall include in its annual report a statement of sufficiency of public float with information as required under rule 17.38A.

18.09 (1) In relation to connected transactions (including continuing connected transactions) that are not exempt from annual reporting requirement in Chapter 20, particulars of the transactions pursuant to rule 20.69.

(2) Where a listed issuer includes in its annual report particulars of a related party transaction or continuing related party transaction (as the case may be) in accordance with applicable accounting standards adopted for the preparation of its annual financial statements, a statement as to whether or not the transaction falls under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) in Chapter 20. The listed issuer must also confirm whether or not it has complied with the disclosure requirements in accordance with Chapter 20.

18.10 A statement showing:—

(1) the name of every subsidiary, its principal country of operation, its country of incorporation or other establishment and the kind of legal entity it is registered as (for the purposes of the relevant jurisdiction);

(2) particulars of the issued share capital and debt securities of every subsidiary; and

(3) the nature of the business of every subsidiary,

provided that if, in the opinion of the directors of the listed issuer, the number of them is such that compliance with this rule would result in particulars of excessive length being given, compliance with this rule shall not be required except in the case of subsidiaries carrying on a business the results of the carrying on of which, in the opinion of the directors, materially affected the amount of the profit or loss of the group or the amount of the assets of the group.

18.11 Details of the classes and numbers of any convertible securities, options, warrants or similar rights issued or granted by the listed issuer or any of its subsidiaries during the financial year, together with the consideration received by the listed issuer or any of its subsidiaries therefor.

18.12 Particulars of any exercise made during the financial year of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the listed issuer or any of its subsidiaries.

18.13 Particulars of any redemption or purchase or cancellation by the listed issuer or any of its subsidiaries of its redeemable securities and the amount of such securities outstanding after any such redemption or purchase or cancellation has been made.

18.14 Particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year (analysed on a monthly basis), or an appropriate negative statement. Such statement must include the aggregate price paid or received by the listed issuer for such purchases, sales or redemptions and should distinguish between those securities purchased or sold:—

- (1) on the Exchange;
- (2) on another stock exchange;
- (3) by private arrangement; and
- (4) by way of a general offer; and

any such statement must also distinguish between those listed securities which are purchased by the listed issuer (separately distinguishing those shares which are cancelled and those which are held as treasury stock, if applicable) and those which are purchased by a subsidiary of the listed issuer. The directors' report shall contain references to the purchases made during the year and the directors' reasons for making such purchases (see rule 13.13(2)).

18.15 (1) Subject to rule 18.15(2), a statement as at the end of the relevant financial year showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

- (a) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance; or
- (b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in rule 5.46 (which for purposes of this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or
- (c) if there is no such interests or short positions, a statement of that fact,

provided that the Exchange may agree, in its sole discretion, that compliance with this subparagraph may be modified or waived in respect of any associated corporation if, in the opinion of the

Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under Part XV of the Securities and Futures Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length.

- (2) The information required to be included by virtue of rule 18.15(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:
- (a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or
  - (b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

*Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.*

18.16 A statement as at the end of the relevant financial year, showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

*Note: 1 For the purposes of rules 18.15 and 18.16, particulars should be given of the extent of any duplication which occurs.*

2 In the case of a PRC issuer, references to director or chief executive in rules 18.15 and 18.16 inclusive shall also mean and include supervisors.

18.17 Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such statements should describe the capacity in which such interests and short

positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporation should be disclosed.

18.17A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
  - (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*
  - (iii) *has a right to receive money if the price of the underlying shares increases; or*

- (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- (3) *For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*
- (2) aggregate short position in shares and (in respect of positions held pursuant to, equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) *A short position arises:*
  - (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*
  - (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
    - (a) *has a right to require another person to take the underlying shares of the equity derivatives;*
    - (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*

- (c) *has a right to receive from another person money if the price of the underlying shares declines; or*
- (d) *has a right to avoid a loss if the price of the underlying shares declines.*

18.17B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
  - (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*
  - (iii) *has a right to receive money if the price of the underlying shares increases; or*
  - (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- (3) *For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) *A short position arises:*
  - (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*
  - (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
    - (a) *has a right to require another person to take the underlying shares of the equity derivatives;*
    - (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*
    - (c) *has a right to receive from another person money if the price of the underlying shares declines; or*
    - (d) *has a right to avoid a loss if the price of the underlying shares declines.*

18.17C For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.17B, except that note (3) to Rule 18.17B(1) does not apply.



18.18 In the event of trading results shown by the ~~accounts~~financial statements for the period under review differing materially from any published forecast made by the listed issuer, an explanation for the difference.

18.19 A statement in the accounting policies section of the ~~accounts~~financial statements indicating which accounting body's generally accepted accounting principles and standards have been followed in the preparation of the ~~accounts~~financial statements.

18.20 A statement as to the reasons for any significant departure from accounting standards adopted by the listed issuer for the preparation of its annual financial statements.

*Note: In this regard, refer to rules 18.04 to 18.06.*

18.21 Except where the listed issuer is a banking company, a statement as at the end of the financial year showing, firstly, bank loans and overdrafts and, secondly, other borrowings of the group, the aggregate amounts repayable:—

- (1) on demand or within a period not exceeding 1 year;
- (2) within a period of more than 1 year but not exceeding 2 years;
- (3) within a period of more than 2 years but not exceeding 5 years; and
- (4) within a period of more than 5 years.

18.22 ~~In respect of the financial year, a statement of the amount of interest capitalised by the group during the year.~~[Repealed [date]]

18.23 Where any of the percentage ratios (as defined under rule 19.04(9)) of any properties held for development and/or sale or for investment purposes held by the group exceeds 5%, the following information:

- (1) in the case of property held for development and/or sale:—
  - (a) an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;
  - (b) if in the course of construction, the stage of completion as at the date of the annual report and ~~accounts~~financial statements;
  - (c) if in the course of construction, the expected completion date;
  - (d) the existing use (e.g. shops, offices, factories, residential, etc.);

- (e) the site and gross floor area of the property; and
  - (f) the percentage interest in the property.
- (2) in the case of property held for investment:—
- (a) an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;
  - (b) the existing use (e.g. shops, offices, factories, residential, etc.); and
  - (c) whether the property is held on short lease, medium term lease or long lease or, if situated outside Hong Kong, is freehold; and
- (3) such other details as may be prescribed or requested from time to time by the Exchange, provided that if, in the opinion of the directors of the listed issuer, the number of the properties is such that compliance with this rule would result in particulars of excessive length being given, compliance with this rule shall not be required except in the case of properties which in the opinion of the directors are material.

18.24 Statements as to:—

- (1) the unexpired period of any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), of any director proposed for re-election at the forthcoming annual general meeting or, if there are no such service contracts, a statement of that fact; and

*Note: In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.*

- (2) the length of the term of appointment of every non-executive director.

18.24A Particulars of any service contracts that are exempt under rule 17.91.

18.25 Particulars (nature and extent) of any transaction, arrangement or contract of significance subsisting during or at the end of the financial year in which a director of the listed issuer or an entity connected with a director is or was materially interested, either directly or indirectly, or, if there has been no such transaction, arrangement or contract, a statement of that fact.

*Notes: 1 In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.*

*~~12~~ A “transaction, arrangement or contract of significance” is one where any of the percentage ratios (as defined under 19.04(9)) of the transaction is 1% or more.*

*~~23~~ An interest in a transaction, ~~or~~ arrangement or contract is material for the purposes of disclosure in the ~~accounts~~ financial statements if the omission of information relating to that transaction, arrangement or contract ~~or arrangement~~ could have changed or influenced the judgement or decision of a person relying on the relevant information.*

*4 A reference to an entity connected with a director has the meaning given by section 486 of the Companies Ordinance.*

18.26 Particulars of any contract of significance between the listed issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries.

*Note: For the purposes of this rule and rule 18.27, the words “controlling shareholder” mean any shareholder entitled to exercise, or control the exercise of, 30 per cent (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the listed issuer or one which is in a position to control the composition of a majority of the board of directors of the listed issuer.*

18.27 Particulars of any contract of significance for the provision of services to the listed issuer or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

*Note: See Note ~~12~~ to rule 18.25 and the Note to rule 18.26.*

18.28 Information concerning the emoluments, pension and any compensation arrangements for the directors and past directors of the listed issuer ~~as is specified in sections 161 and 161A of the Companies Ordinance (which information must be provided irrespective of where the listed issuer is in fact incorporated).~~ The information provided pursuant to this rule must include details of directors’ and past directors’ emoluments, by name as follows:–

- (1) the directors’ fees for such financial year;
- (2) the directors’ basic salaries, housing allowances, other allowances and benefits in kind;
- (3) the contributions to pension schemes for directors or past directors for such financial year;

- (4) the bonuses paid or receivable by directors which are discretionary or are based on the listed issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (5) and (6) below) for such financial year;
- (5) the amounts paid during such financial year or receivable by directors as an inducement to join or upon joining the listed issuer;
- (6) the compensation paid during such financial year or receivable by directors or past directors for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (2) to (5) above); and
- (7) information on share options held by directors as required under rule 23.07.

*Notes: 1 In the case of a PRC issuer, references to directors or past directors in this rule shall also mean and include past and present supervisors (as appropriate).*

*2 Sub-paragraphs (2) to (6) of this rule require an analysis of the amounts to be disclosed in the issuer's ~~accounts~~ financial statements under the provisions of section ~~161(1)~~ 383(1)(a) to (c) inclusive of the Companies Ordinance.*

*3 Where a director is contractually entitled to bonus payments which are fixed in amount such payments are more in the nature of basic salary and accordingly must be disclosed under sub-paragraph (2) of this rule.*

*4 In addition to discretionary bonus payments, all bonus payments to which a director is contractually entitled and which are not fixed in amount, together with the basis upon which they are determined, must be disclosed under sub-paragraph (4) of this rule.*

*5 Where the information provided under sub-paragraphs (1) to (5) of this rule does not disclose the full compensation of a director for the financial year, any outstanding element of compensation must also be disclosed.*

*6 References to "director" in this rule include a chief executive who is not a director.*

18.29 A listed issuer shall include particulars of any arrangement under which a director has waived or agreed to waive any emoluments.

*Note: Where a director has agreed to waive future emoluments, particulars of such waiver must be given together with those relating to emoluments which accrued during the past financial year. This applies in respect to emoluments from the listed issuer or any of its subsidiaries or other person.*

18.29A The following information in respect of the group's emolument policy:

- (1) a general description of the emolument policy and any long-term incentive schemes of the group; and
- (2) the basis of determining the emolument payable to its directors.

18.30 Additional information in respect of those 5 individuals whose emoluments (excluding amounts paid or payable by way of commissions on sales generated by the individual) were the highest in the listed issuer or the group for the year and details of the increase of each of their emoluments. Where all 5 of these individuals are directors and the information required by this rule has been disclosed in the emoluments of directors, this must be stated and no additional disclosure is required. Where the details of one or more of the individuals whose emoluments were the highest have not been included in the emoluments of directors, the following information must be disclosed:—

- (1) the aggregate of basic salaries, housing allowances, other allowances and benefits in kind for such financial year;
- (2) the aggregate of contributions to pension schemes for the financial year;
- (3) the aggregate of bonuses paid or receivable which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (4) and (5) below) for the financial year;
- (4) the aggregate of amounts paid during the financial year or receivable as an inducement to join or upon joining the issuer or the group;
- (5) the aggregate of compensation paid during such financial year or receivable for the loss of any office in connection with the management of the affairs of any member of the group distinguishing between contractual payments and other payments (excluding amounts disclosed in (1) to (3) above); and
- (6) an analysis showing the number of individuals whose remuneration (being amounts paid under (1) to (5) above) fell within bands from HK\$nil up to HK\$1,000,000 or into higher bands (where the higher

limit of the band is an exact multiple of HK\$500,000 and the range of the band is HK\$499,999).

*Notes: 1 It is not necessary to disclose the identity of the highest paid individuals, unless any of them are directors of the issuer.*

*2 The purpose of these disclosures is to provide shareholders with an indication of the fixed management costs of groups and accordingly employees who are higher paid by virtue of sales commissions are to be omitted from this disclosure.*

18.31 Particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends.

*Note: Where a shareholder has agreed to waive future dividends, particulars of such waiver(s) must be given together with those relating to dividends which were payable during the past financial year. Waivers of dividends of minor amount may be disregarded provided that some payment has been made on each share during the relevant calendar year.*

18.32 In the case of any issue for cash of equity securities made otherwise than to the listed issuer's shareholders in proportion to their shareholdings and which has not been specifically authorized by the listed issuer's shareholders:—

- (1) the reasons for making the issue;
- (2) the classes of equity securities issued;
- (3) as regards each class of equity securities, the number issued, their aggregate nominal value, if any;
- (4) the issue price of each security;
- (5) the net price to the listed issuer of each security;
- (6) the names of the allottees, if less than 6 in number, and, in the case of 6 or more allottees, details of such allottees in accordance with rule 10.12(4);
- (7) the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed; and
- (8) the use of the proceeds.

18.33 A summary, in the form of a comparative table, of the published results and of the assets and liabilities of the group for the last 5 financial years. Where the published results and statement of assets and liabilities have not been prepared on a consistent basis this must be explained in the summary.

18.34 An issuer shall include the following information in addition to the information required under the relevant accounting standard in respect of pension schemes:

- ~~(1)~~ the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);
- (2) a brief outline of how contributions are calculated or benefits funded;
- ~~(3)~~ the employer's pension cost charge to the profit and loss account for the period;
- (4) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the ~~balance sheet date~~ of statement of financial position for such use; and
- (5) in the case of defined benefit plans, an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the date to which the listed issuer's ~~accounts~~ financial statements are drawn up) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of:—
  - (a) the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions;
  - (b) the market value of the scheme assets at the date of their valuation or review (unless the assets are administered by an independent trustee in which case this information may be omitted);
  - (c) the level of funding expressed in percentage terms; and
  - (d) comments on any material surplus or deficiency (including quantification of the deficiency) indicated by (c) above.

18.35 If the issuer has caused any property interests to be valued (under Chapter 8) or has caused any valuation to be made of any other tangible assets and included such a valuation in the prospectus relating to the initial public offer of shares in the issuer and those assets are not stated at such valuation (or at subsequent valuation) in its first annual ~~accounts~~ financial statements

published after listing, then the issuer is required to disclose the following additional information in its first annual report published after listing:–

- (1) the amount of such valuation of those properties or other tangible assets as included in the prospectus; and
- (2) the additional depreciation (if any) that would be charged against the ~~income statement~~statement of profit or loss and other comprehensive income had those assets been stated at such valuation (or subsequent valuation).

18.36 ~~If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.~~[Repealed [date]]

18.37 A statement of the reserves available for distribution to shareholders by the listed issuer (as calculated under the provisions of sections ~~79B~~291, 297 and 299 of the Companies Ordinance) as at the ~~balance sheet~~ date of its statement of financial position.

#### **Additional disclosure for Financial Conglomerates**

18.37A ~~Where a listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B below), the listed issuer shall, in addition to the requirements as set out in all preceding paragraphs, include in its annual report at least the information as set out in rule 18.37A(1) to 18.37A(4) inclusive. Information required by rule 18.37A(1) to 18.37A(3) should be included in the financial statements.~~ [Repealed [date]]

~~(1) — Income Statement~~

~~(a) — interest income;~~

~~(b) — interest expense;~~

~~(c) — gains less losses arising from dealing in foreign currencies;~~

~~(d) — gains less losses on trading securities or other investments in securities;~~

~~(e) — gains less losses from other dealing activities;~~

~~(f) — gains less losses arising from derivative products;~~

~~(g) — charge for bad and doubtful debts;~~

~~(h) — gains less losses from disposal of investment securities or non-trading securities;~~



~~(i) provisions on held-to-maturity securities and investment securities or provisions on held-to-maturity securities and non-trading securities; and~~

~~(j) operating profit by products and divisions.~~

~~(2) Balance Sheet~~

~~(a) cash and short term funds (with an analysis between cash and balances with banks and other financial institutions, money at call and short notice and treasury bills where applicable);~~

~~(b) trading securities or other investments in securities (investments in securities should be distinguished between equities and debt securities and analysed between those which are listed and those which are unlisted. The analysis should be provided separately for held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities where applicable. Market value of the listed securities as at the balance sheet date should also be disclosed);~~

~~(c) advances and other accounts (with an analysis between advances to customers, advances to banks and other financial institutions, accrued interest and other accounts, provisions for bad and doubtful debts and the related collateral security);~~

~~(d) held-to-maturity securities and investment securities or held-to-maturity securities and non-trading securities (with an analysis of held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities separately into those issued by central governments and central banks, public sector entities, banks and other financial institutions; corporate entities; and others. Market value of listed securities as at the balance sheet date should also be disclosed);~~

~~(e) issued debt securities;~~

~~(f) other accounts and provisions such as obligations on leases, sale and repurchase agreements, and forward contracts (with an analysis where material); and~~

~~(g) a maturity profile of the following assets and liabilities unless immaterial,~~

~~Assets—~~

~~Advances to customers.~~

~~Placements with banks and other financial institutions.~~

~~Certificates of deposit held.~~

~~Debt securities (with an analysis into those included in held-to-maturity securities, trading securities or other investments in securities and investment securities or non-trading securities).~~

~~Liabilities—~~

~~Deposits and balances of banks and other financial institutions.~~

~~Current, fixed, savings and other deposits of customers.~~

~~Certificates of deposit issued.~~

~~Issued debt securities.~~

~~(3) Off Balance Sheet exposures~~

~~(a) contingent liabilities and commitments;~~

~~(b) derivatives (with an analysis into those related to exchange rate contracts and interest rate contracts. The aggregate notional amounts of each significant class of derivative instruments should also be analysed into those entered into for trading or hedging purposes);~~

~~(c) where applicable, the aggregate credit risk weighted amounts of its contingent liabilities and commitments, exchange rate contracts, interest rate contracts and other derivatives, if any; and~~

~~(d) the aggregate replacement costs of its exchange rate contracts, interest rate contracts, and other derivative contracts, if any.~~

~~The information required by rule 18.37A(1) to 18.37A(3) inclusive may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.~~

~~(4) Supplementary Information~~

~~(a) Management of risks~~

~~A description of the main types of risk arising out of its business, including, where appropriate, credit, interest rate, foreign exchange and market risks arising out of its trading book. It should also include a description of the policies, procedures (including hedging policies) and controls used for measuring, monitoring and controlling those risks and for managing the capital required to support them.~~

~~(b) Segmental information~~

~~Where a geographical segment of the financial business represents 10% or more of the listed issuer's whole business, then that segment should be further analysed.~~

~~Notes: 1 — Listed issuers should provide the information as required by paragraph 18.37(A)(1)(j) in accordance with rule 18.08.~~

~~2 — For disclosure purposes, listed issuers may use different terms to those prescribed in rules 18.37A(2)(b) and (d) provided that the meaning of alternative terms is made clear and the accounting treatment adopted conforms to the requirements to disclose segmental information under the accounting standards adopted by the issuers for the preparation of its annual financial statements:~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

~~3 — Listed issuers should provide the information as required by rule 18.37A(4)(b) in accordance with the requirements for segmental information as set out in the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.~~

~~4 — The corresponding amounts for the immediately preceding financial year may be omitted if the disclosures set out in rule 18.37A(1) to (3) are applied for the first time.~~

~~5 — Listed issuers shall provide sufficient descriptions in their accounting policy notes or other notes to the financial statements to enable the users of the financial statements to~~

~~understand how material items have been dealt with.~~

~~6—The items contained in this paragraph shall have the same meanings as prescribed in the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.~~

18.37B ~~A listed issuer will be regarded as a “Financial Conglomerate” for the purpose of rule 18.37A above only if: [Repealed [date]]~~

~~(1) any of the percentage ratios (as defined under rule 19.04(9)) of its financial business exceeds 5%. For the avoidance of doubt, the listed issuer must compare the total assets of its financial business to that of the group as at the end of the relevant period for the purpose of the assets ratio under rule 19.07. The listed issuer must compare the revenue and profits of its financial business during the period under review to that of the group for the purpose of the revenue ratio and profits ratio under rule 19.07; and~~

~~(2) as at the end of the relevant period its financial business has total assets of over HK\$1,000 million or has customer deposits plus financial instruments held by the public of over HK\$300 million.~~

~~Note: For the purpose of this rule, financial business includes, but not limited to, the business of securities trading; giving advice in connection with securities; commodities trading; leveraged foreign exchange trading; insurance activities; and money lending.~~

~~Information in the annual report which is outside the scope of the auditor’s report~~

18.38 ~~In addition, the information set out in rules 18.39 to 18.47 is to be included in the listed issuer’s directors’ report or chairman’s statement attached to the annual report and accounts and will therefore be outside the scope of the auditor’s report on the financial statements. (It is recognised that auditors are under no obligation to report on the listed issuer’s compliance or otherwise with the disclosure provisions of the listing rules). [Repealed [date]]~~

18.39 Brief biographical details in respect of the directors and senior managers of the listed issuer. Such details will include name, age, positions held with the listed issuer and other members of the listed issuer’s group, length of service with the listed issuer and the group and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons. Where any of the directors or senior managers are related, having with any other director or senior manager any one of the relationships set out below, that fact should be stated. The relationships are spouse; any person cohabiting with

the director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law. Where any director of the listed issuer is a director or employee of a company which has an interest in the share capital of the listed issuer which would fall to be disclosed to the listed issuer under the provisions in Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated.

It is the responsibility of the directors of the listed issuer to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries; heads of divisions, departments or other operating units within the group as, in the opinion of the listed issuer's directors, is appropriate.

Note: In the case of a PRC issuer, references to directors and senior managers in this paragraph shall also mean and include supervisors.

- 18.39A In relation to an independent non-executive director appointed by a listed issuer during the financial year, the listed issuer shall disclose the reasons why such an independent nonexecutive director was and is considered to be independent if he has failed to meet any of the independence guidelines set out in rule 5.09.
- 18.39B A listed issuer must confirm whether it has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to rule 5.09 and whether it still considers the independent non-executive directors to be independent.
- 18.40 Additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—
- (1) a statement of the percentage of purchases attributable to the group's largest supplier;
  - (2) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;
  - (3) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;
  - (4) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

- (5) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors own more than 5% of the number of issued shares of the listed issuer's share capital) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;
- (6) in the event that the percentage which would fall to be disclosed under (2) above is less than 30, a statement of that fact shall be given and the information required in (1), (2) and (5) (in respect of suppliers) may be omitted; and
- (7) in the event that the percentage which would fall to be disclosed under (4) above is less than 30, a statement of that fact shall be given and the information required in (3), (4) and (5) (in respect of customers) may be omitted.

*Notes: 1 Rule 18.40 applies to all listed issuers whose businesses comprise, in whole or in part, the supply of goods or services of whatever nature, and in the case of service references to customers includes the clients of such listed issuers.*

*2 In relation to consumer goods, references to customers are to the ultimate wholesaler or retailer, except when the listed issuer's business incorporates the wholesaling or retailing operation. In all other cases references to customers are to ultimate customer.*

*3 References to suppliers are primarily to those who provide goods or services which are specific to a listed issuer's business and which are required on a regular basis to enable the listed issuer to continue to supply or service its customers. Suppliers of goods and services which are freely available from a range of suppliers at similar prices or which are otherwise freely available (such as utilities) are excluded. In particular, it is recognised that an obligation on listed issuers who are providers of financial services (such as banks and insurance companies) to give information about suppliers would be of limited or no value, and there is therefore no disclosure requirement in respect of suppliers to such listed issuers.*

*4 The Exchange must be consulted if there is any doubt about the application of rule 18.40.*

18.41 ~~A separate statement containing~~ a discussion and analysis of the group's performance during the year and the material factors underlying its results and financial position. It should emphasise trends and identify significant events or transactions during the year under review. As a minimum the directors of the listed issuer should comment on the following:—

- (1) the group's liquidity and financial resources. This may include comments on the level of borrowings at the end of the period under review, the seasonality of borrowing requirements, and the maturity profile of borrowings and committed borrowing facilities. Reference may also be made to the funding requirements for capital expenditure commitments and authorisations;
- (2) the capital structure of the group in terms of maturity profile of debt, type of capital instruments used, currency and interest rate structure. The discussion may cover funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled; the currencies in which borrowings are made and in which cash and cash equivalents are held; the extent to which borrowings are at fixed interest rates; the use of financial instruments for hedging purposes; and the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments;
- (3) the state of the group's order book (where applicable) and prospects for new business including new products and services introduced or announced;
- (4) significant investments held, their performance during the year and their future prospects;
- (5) details of material acquisitions and disposals of subsidiaries ~~and affiliated companies~~, associates and joint ventures in the course of the year;
- (6) comments on segmental information ~~given in the directors' report and accounts~~. This may cover changes in the industry segment, developments within the segment and their effect on the results of that segment. It may also include changes in the market conditions, new products and services introduced or announced and their impact on the group's performance and changes in ~~turnover~~ revenue and margins;
- (7) where applicable, details of the number and remuneration of employees, remuneration policies, bonus and share option schemes and training schemes;
- (8) details of charges on group assets;
- (9) details of future plans for material investments or capital assets and their expected sources of funding in the coming year;

- (10) gearing ratio;
- (11) exposure to fluctuations in exchange rates and any related hedges; and
- (12) details of contingent liabilities, if any.

*Notes: 1 It is the responsibility of the directors of the listed issuer to determine what investment or capital asset is material in the context of the listed issuer's business, operations and financial performance. The materiality of investment or capital asset varies from one listed issuer to another according to its financial performance, assets and capitalisation, the nature of its operations and other factors. An event that is "material" in the context of a smaller listed issuer's business and affairs is often not material to a larger listed issuer. The directors of the listed issuer are in the best position to determine materiality. The Exchange recognises that decisions on disclosure require careful subjective judgements, and encourages listed issuers to consult the Exchange when in doubt as to whether disclosure should be made.*

*2 The basis on which the gearing ratio is computed should be disclosed.*

*3 If the above information required in this rule has been disclosed in a business review in the directors' report as set out in rule 18.07A, no additional disclosure is required.*

18.42 A statement of any change in auditors of the listed issuer in any of the preceding 3 years.

18.43 [Repealed 1 July 2008]

18.44 The following information in respect of an issuer:-

- (1) the full name and professional qualifications (if any) of:-
  - (a) the company secretary of the issuer; and
  - (b) the compliance officer of the issuer appointed pursuant to rule 5.19; and
- (2) a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under paragraphs G to P of



Appendix 15 regarding the accounting period covered by the annual report. To the extent that it is reasonable and appropriate, the issuer may incorporate by reference information in its annual report into the Corporate Governance Report. Any such references must be clear and unambiguous and the Corporate Governance Report must not contain only a cross-reference without any discussion of the matter.

- 18.45 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.
- 18.46 In respect of PRC properties where long term title certificates are not obtained by the issuer, any property revaluation surplus arising from those PRC properties must be excluded from the issuer's annual ~~accounts~~financial statements.
- 18.47 If the relevant annual ~~accounts~~financial statements do not give a true and fair view of the state of affairs and profit or loss and cash flow of the listed issuer or group, more detailed and/or additional information must be provided.

*Note: If listed issuers are in doubt as to what more detailed and/or additional information should be provided, they should apply to the Exchange for guidance.*

#### *Miscellaneous*

- 18.48 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

#### **Obligation to publish**

- 18.48A A listed issuer must publish (in accordance with the requirements of Chapter 16) its annual report, in respect of each financial year of the listed issuer, not later than 3 months after the date upon which the financial year ended.

#### **Preliminary announcement of results for the financial year**

##### *Preliminary*

- 18.49 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the financial year, which has been agreed with its auditors, on the GEM website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of its results. The issuer must publish such results not

later than 3 months after the date upon which the financial year ended.

*Note: The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.*

#### *Content of preliminary announcement*

18.50 The preliminary announcement of results for the financial year must contain at least the following information in respect of the group:

- (1) ~~except where the listed issuer is a banking company, the information in respect of the balance sheet statement of financial position and the income statement statement of profit or loss and other comprehensive income as set out in rule 18.50B comprising an income statement a statement of profit or loss and other comprehensive income for the financial year, with comparative figures for the immediately preceding financial year, and balance sheet statement of financial position as at the end of the financial year, with comparative figures as at the end of the immediately preceding financial year. A banking company shall comply with rule 18.80 as regards the disclosure requirements for the balance sheet and income statement. The listed issuer must include the notes relating to turnover revenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the year. Directors of the listed issuer must consistent with the information that will be contained in the annual reports (see rule 18.50A);~~

*Note: ~~Listed issuers are not required to include an audited balance sheet within the meaning of section 129C or other provisions of the Companies Ordinance concerning balance sheets in their preliminary results announcement for the financial year under this rule 18.50. However, the financial information included in the preliminary results announcement must have been agreed with the auditors. This does not affect the listed issuers' obligations under the Companies Ordinance concerning balance sheets as and when they are applicable. Where a listed issuer includes an audited balance sheet in its preliminary results announcement, it must comply with all applicable laws, including the relevant statutory provisions applicable in the listed issuer's place of incorporation. [Repealed [date]]~~*

- (2) a business review commentary covering the following:
  - (a) a fair review of the development of the business of the listed issuer and its subsidiaries during the financial year and of their financial position at the end of the year;

- (b) details of important events affecting the listed issuer and its subsidiaries which have occurred since the end of the financial year; and
  - (c) an indication of likely future developments in the business of the listed issuer and its subsidiaries;
- (3) ~~where the listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B), the information set out in rule 18.37A; [Repealed [date]]~~
  - (4) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries, of its listed securities during the financial year, or an appropriate negative statement;
  - (5) any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant year;
  - (6) a statement as to whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 15. The listed issuer must also disclose any deviations from the code provisions and considered reasons for such deviations. To the extent that it is reasonable and appropriate, such information may be given by reference to the immediately preceding half-year report or to the Corporate Governance Report in the immediately preceding annual report, and summarising any changes since that report. Any such references must be clear and unambiguous; ~~and~~
  - (7) a statement as to whether the annual results have been reviewed by the audit committee of the listed issuer;
  - (8) where the auditors' report on the listed issuer's annual financial statements is likely to be qualified or modified (whether or not it is also likely to be qualified), details of the qualification or modification pursuant to rule 18.51; ~~and~~
  - (9) where there are any significant changes in accounting policies, a statement ~~to~~of that fact must be made; and

*Notes: ~~1-~~ A listed issuer should apply the accounting policies consistently except where the change in accounting policy is required by an accounting standard which came into effect during the financial year.*

- (10) where there are prior period adjustments due to correction of material errors, a statement of that fact must be made.

*Note: 2. The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.*

18.50A Where, in exceptional circumstances, it becomes necessary to revise the information contained in the listed issuer's preliminary announcement of results in the light of developments arising between the date of publication of the announcement and the completion of the audit, the listed issuer must immediately notify the Exchange and publish an announcement to inform the public. The announcement must provide details of the changes made to the published preliminary announcement of results including any impact on the published financial information of the listed issuer and the reasons for such changes.

*Note: The Exchange does not expect there to be any material or substantial difference between the information contained in the listed issuer's preliminary announcement of results and that contained in its audited results.*

18.50B ~~Except for banking companies, which must comply with rule 18.80, the~~ preliminary announcements of results for the half-year, preliminary announcements of results for the financial year, half-year reports and annual reports of a listed issuer must include the disclosures required under the relevant accounting standards adopted and contain at least the following information set out below in respect of the group. This information may be included in the notes to the financial statements. In the case of banking companies, the information on results and financial position set out in the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in rules 18.50B(1) and 18.50B(2).

- (1) ~~Income statement~~ Statement of profit or loss and other comprehensive income
  - ~~(a) turnover;~~
  - ~~(b) investment and other income;~~
  - (ea) profit (or loss) on sale of ~~investments or~~ properties;
  - ~~(d) cost of goods sold;~~
  - ~~(e) interest on borrowings;~~
  - ~~(f) depreciation/amortisation;~~
  - ~~(g) profit (or loss) before taxation;~~
  - ~~(h) taxation on profits (Hong Kong and overseas) in each case indicating basis of computation;~~

- ~~(i) — profit (or loss) attributable to non-controlling interests;~~
  - ~~(j) — profit (or loss) attributable to shareholders;~~
  - ~~(k) — rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~
  - ~~(l) — all movements to and from any reserves;~~
  - ~~(m) — earnings per share;~~
  - ~~(n) — share of profit (or loss) of associated companies and jointly controlled entities attributable to equity holders (i.e. after tax and non-controlling interests in the associated companies and jointly controlled entities); and~~
  - ~~(o) — comparative figures of the matters specified in (a) to (n) immediately above for the corresponding previous period;~~
- (2) ~~Balance sheet information as follows~~ Statement of financial position, if applicable:
- ~~(a) — fixed assets;~~
  - ~~(b) — current assets~~
    - ~~(i) — stocks;~~
  - ~~(a) (ii) — debtors including credit policy and ageing analysis of accounts receivable; and~~
    - ~~(iii) — cash at bank and in hand; and~~
    - ~~(iv) — other current assets;~~
  - ~~(c) — current liabilities~~
    - ~~(i) — borrowings and debts; and~~
  - ~~(b) (ii) — ageing analysis of accounts payable;~~
  - ~~(d) — net current assets (liabilities);~~
  - ~~(e) — total assets less current liabilities;~~
  - ~~(f) — non-current liabilities~~
    - ~~(i) — borrowings and debts;~~

~~(g) capital and reserves;~~

~~(h) non-controlling interests; and~~

*Note: The ageing analysis should normally be presented on the basis of the date of the relevant invoice or demand note and categorised into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position. The basis on which the ageing analysis is presented should be disclosed.*

(3) Dividends

Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement).

~~(3) Segment information~~

~~The income statement and balance sheet of a listed issuer shall, in addition to that information required by rules 18.50B(1) and (2), include the segmental information required by the accounting standards adopted by the issuer for the preparation of its annual financial statements:—~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

*Notes: 1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adaptations should be made. Where the requirements of this rule are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*

*2 The Exchange may authorise the omission from the preliminary announcement of any information if it considers:—*

*(a) such omission to be necessary or appropriate; or*

(b) *disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,*

*provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.*

3 *The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.*

~~4 *The information required by this rule may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.*~~

18.50C Listed issuer must submit a copy of its annual report to the Exchange for publication on the GEM website as soon as reasonably practicable after the approval by or on behalf of the board of its audited financial statements and in any event not more than 3 months after the date upon which the financial year ended.

18.51 In connection with the audit of the issuer's annual ~~accounts~~financial statements:—

- (1) where the auditors' report is likely to be qualified, the preliminary announcement of results must include details of such qualification; and
- (2) where the auditors' report is likely to be modified, whether or not it is also likely to be qualified, details of such modification, together with a full explanation of the circumstances leading to the modification, must be included in the preliminary announcement of results. Where the modifications in the auditors' report refer to specific notes to the financial statements, the information in the financial statements should also be included in the preliminary announcement.

#### *Miscellaneous*

18.52 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

## Half-year reports

### *Obligation to prepare and publish*

- 18.53 The listed issuer shall prepare, in respect of each of the first 6 months of each financial year of the listed issuer, either (i) a half-year report, or (ii) a summary half-year report containing at least the information required by rules 18.55 and 18.82, respectively and publish the same (in accordance with the requirements of Chapter 16) not later than 45 days after the end of such period. The listed issuer may send a copy of its summary half-year report to a member and a holder of its listed securities in place of a copy of its half-year report, provided that such summary half-year report complies with the relevant provisions of the Companies (Summary Financial Reports of Listed Companies) Regulation governing summary financial reports.

*Notes: 1 Newly listed issuers will be required to prepare and publish the relevant half-year report or summary half-year report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. In the event that the results for the period in question (whether audited or not) have been included in the prospectus for the purpose of applying for a listing on the Exchange, there will be no obligation separately to publish the results.*

*2 The figures in each half-year report and summary half-year report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual ~~accounts~~ financial statements. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the half-year reports or summary half-year reports.*

- 18.54 As soon as reasonably practicable after publishing any half-year report and, where applicable, summary half-year report, the listed issuer must send a copy of it to the persons specified in rule 18.03.

*Note: [Repealed 1 January 2011]*

### *Content of half-year reports*

- 18.55 Each half-year report shall contain the disclosures required under the relevant accounting standards adopted and ~~at least the following information set out below.~~ in respect of the group:—



- (1) ~~interim financial statements, which shall include, at a minimum, the following components: [Repealed [date]]~~
  - ~~(a) — balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding financial year;~~
  - ~~(b) — income statements for the current interim period and cumulatively for the current financial year to date, with comparative income statements for the comparable interim periods (current and year to date) of the immediately preceding financial year;~~
  - ~~(c) — cash flow statement cumulatively for the current financial year to date, with a comparative statement for the comparable year to date period of the immediately preceding financial year;~~
  - ~~(d) — statement showing changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year to date period of the immediately preceding financial year; and~~
  - ~~(e) — accounting policies and explanatory notes.~~
- (2) ~~where the listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B), the information set out in rule 18.37A; [Repealed [date]]~~
- (3) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries, of its listed securities during the relevant period, or an appropriate negative statement;
- (4) a statement in relation to the accounting period covered by the half-year report on whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 15. Where there are any deviations from the code provisions in the Code, the listed issuer must also give considered reasons for the deviations from the code provisions, either by:
  - (a) giving considered reasons for each deviation; or
  - (b) to the extent that it is reasonable and appropriate, by referring to the Corporate Governance Report in the immediately preceding annual report and providing details of any changes together with considered reasons for any deviation not reported in that annual report. Any such references must be clear and unambiguous and the half-year report must not only contain a cross-reference without any discussion of the matter;

- (5) in respect of the required standard of dealings set out in rules 5.48 to 5.67, a statement in relation to the accounting period covered by the half-year report as to:
- (a) whether the listed issuer has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings;
  - (b) having made specific enquiry of all directors, whether its directors have complied with, or whether there has been any non-compliance with, the required standard of dealings and its code of conduct regarding directors' securities transactions; and
  - (c) in the event of any non-compliance with the required standard of dealings, details of such non-compliance and an explanation of the remedial steps taken by the listed issuer to address such non-compliance;
- (6) details of non-compliance (if any) with rules 5.05(1) and 5.05(2) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise, respectively; and
- (7) details of non-compliance with rule 5.28 (if any) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to establishment of an audit committee;
- (8) the information set out in rule 18.50B; and
- (9) the further information set out in rules 18.56 to 18.64.

*Notes: 1 An issuer should comply with the relevant standard on interim reporting in respect of its half-year reports in accordance with the requirements under HKFRS, IFRS, US GAAP or CASBE which is adopted for the preparation of its annual financial statements.*

*2 Each half-year report must be reviewed by the issuer's audit committee. In the event that the audit committee disagreed with an accounting treatment which had been adopted in the preparation of the group's half-year report, full details of such disagreement should be disclosed together with a quantification of the financial effect arising from the disagreement. Where it is not possible to quantify the effect of the disagreement, or the effect is not significant, a statement to this effect should be made.*

3 *If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the half-year reports.*

4 ~~*In the case of the first cash flow statement to be included in the half year reports relating to accounting periods commencing before 1st January, 2002, a comparative cash flow statement for the comparable year-to-date period of the immediately preceding financial year may be omitted. The requirement for disclosure of comparative cash flow statement in half year reports shall be obligatory in respect of accounting periods commencing on or after 1st January, 2002.*~~ *[Repealed [date]]*

5 *A listed issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements except where the change in accounting policy is required by an accounting standard which came into effect during the interim period. Accounting policies which have been consistently applied and which were disclosed in the listed issuer's most recent published audited financial statements or for a newly listed issuer in its recent prospectus may be omitted from the half-year reports. Any significant changes in the accounting policies, including those required by an accounting standard, should be disclosed together with the reason for changing in the accounting policy.*

6 *Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adaptations should be made. Where the requirements of this rule are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*

7 *The Exchange may authorise the omission from an interim report of specified items of information if it considers:—*

- (a) such omission to be necessary or appropriate; or
- (b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,

*provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.*

8 *The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 7 above is based.*

9 *Each half-year report must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

10 A half-year report shall contain the following information required under other parts of the Listing Rules:

(a) advance to an entity under rule 17.22;

(b) pledging of shares by the controlling shareholder under rule 17.23;

(c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;

(d) breach of loan agreement by an issuer under rule 17.23;

(e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24;

(f) provision of information in respect of and by directors, supervisors and chief executives under rule 17.50A(1);

(g) for a Mineral Company, continuing disclosure obligation arises under rule 18A.14; and

(h) share option schemes under rules 23.07 and 23.08.

18.56 (1) Subject to rule 18.56(2), a statement as at the end of the relevant period showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

(a) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance; or

(b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 (which for purposes of this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or

- (c) if there is no such interests and short positions, a statement of that fact,

provided that the Exchange may agree, in its sole discretion, that compliance with this subparagraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under Part XV of the Securities and Futures Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length.

- (2) The information required to be included by virtue of rule 18.56(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:

- (a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or
- (b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

*Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.*

18.57 A statement as at the end of the relevant period showing the interests and short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

*Notes: 1 For the purposes of rules 18.56 and 18.57, particulars should be given of the extent of any duplication which occurs.*

2 *In the case of a PRC issuer, references to director or chief executive in rules 18.56 and 18.57 inclusive shall also mean and include supervisors.*

18.58 Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed.

18.58A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares—~~capital~~ of the issuer or associated corporation.*

- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
- (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*
  - (iii) *has a right to receive money if the price of the underlying shares increases; or*
  - (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- (3) *For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares—~~capital~~ of the issuer or associated corporation.*
- (2) *A short position arises:*
- (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*

- (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
  - (a) *has a right to require another person to take the underlying shares of the equity derivatives;*
  - (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*
  - (c) *has a right to receive from another person money if the price of the underlying shares declines; or*
  - (d) *has a right to avoid a loss if the price of the underlying shares declines.*

18.58B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
  - (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*



- (iii) *has a right to receive money if the price of the underlying shares increases; or*
  - (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- (3) *For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) *A short position arises:*
- (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*
  - (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
    - (a) *has a right to require another person to take the underlying shares of the equity derivatives;*
    - (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*
    - (c) *has a right to receive from another person*

*money if the price of the underlying shares declines; or*

*(d) has a right to avoid a loss if the price of the underlying shares declines.*

- 18.58C For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.58B, except that note (3) to Rule 18.58B(1) does not apply.
- 18.59 The listed issuer should include a discussion and analysis of its performance covering all those matters set out in rule 18.41. The discussion should include any significant information needed for investors to make an informed assessment of the trend of its activities and profit (or loss). It should identify and explain any special factors which has influenced its activities and its profit (or loss) during the relevant period. It should provide a comparison with the corresponding period of the preceding financial year and must also, as far as possible, give an indication of the listed issuer's prospects for the current financial year. Such discussion may focus only on the significant changes in the group's performance since the most recent published annual report. Where the current information in relation to those matters set out in rule 18.41 has not changed materially from the information disclosed in the most recent published annual report, a statement to this effect may be made and no additional disclosure is required.
- 18.60 ~~If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.~~[Repealed [date]]
- 18.61 Any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant period.
- 18.62 [Repealed 1 July 2008]
- 18.63 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.
- 18.64 Each half-year report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) has been qualified or modified (whether or not it is also qualified), details of such qualification or modification must be set out in the half-year report.

*Miscellaneous*

- 18.65 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

**Quarterly reports**

*Obligation to prepare and publish*

- 18.66 The listed issuer shall prepare, in respect of each of the first 3 and 9 month periods of each financial year of the listed issuer, a quarterly report containing at least the information required by rule 18.68 and publish the same (in accordance with the requirements of Chapter 16) not later than 45 days after the end of such period.

*Notes: 1 Newly listed issuers will be required to prepare and publish the relevant quarterly report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. In the event that the results for the period in question (whether audited or not) have been included in the prospectus for the purpose of applying for a listing on the Exchange, there will be no obligation separately to publish the results.*

*2 The figures in each quarterly report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual ~~accounts~~ financial statements. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the quarterly reports.*

- 18.67 As soon as reasonably practicable after publishing any quarterly report, the listed issuer must send a copy of it to the persons specified in rule 18.03.

*Note: [Repealed 1 January 2011]*

*Content of quarterly reports*

- 18.68 ~~Subject to rule 18.80 relating to banking companies, e~~Each quarterly report shall contain at least the following information in respect of the group:—

- (1) the information set out in rule 18.79; and
- (2) the further information set out in rules 18.69 to 18.76 below.

- Notes: 1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adjustments should be made. Where the requirements of this Note are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*
- 2 The Exchange may authorise the omission from a quarterly report of specified items of information if it considers:—*
- (a) such omission to be necessary or appropriate; or*
- (b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,*
- provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.*
- 3 The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.*
- 4 Each quarterly report must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*
- 5 Each quarterly report must be reviewed by the issuer's audit committee.*
- 6 A quarterly report shall contain the following information required under other parts of the Listing Rules:*
- (a) advance to an entity under rule 17.22;*
- (b) pledging of shares by the controlling shareholder under rule 17.23;*
- (c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;*
- (d) breach of loan agreement by an issuer under rule 17.23;  
and*
- (e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24.*

- 18.69 (1) Subject to rule 18.69(2), a statement as at the end of the relevant period showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):
- (a) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance; or
  - (b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 (which for purposes of this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or
  - (c) if there is no such interests or short positions, a statement of that fact,

provided that the Exchange may agree, in its sole discretion, that compliance with this subparagraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under Part XV of the Securities and Futures Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length.

- (2) The information required to be included by virtue of rule 18.69(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:
- (a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or
  - (b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

*Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed*

*pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.*

18.70 A statement as at the end of the relevant period showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

*Notes: 1 For the purposes of rules 18.69 and 18.70, particulars should be given of the extent of any duplication which occurs.*

*2 In the case of a PRC issuer, references to director or chief executive in rules 18.69 and 18.70 inclusive shall also mean and include supervisors.*

18.71 Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed.

18.71A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

- (i) physically settled equity derivatives;
- (ii) cash settled equity derivatives;
- (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
  - (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*
  - (iii) *has a right to receive money if the price of the underlying shares increases; or*
  - (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- (3) *For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) *A short position arises:*
  - (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*
  - (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
    - (a) *has a right to require another person to take the underlying shares of the equity derivatives;*
    - (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*
    - (c) *has a right to receive from another person money if the price of the underlying shares declines; or*
    - (d) *has a right to avoid a loss if the price of the underlying shares declines.*

18.71B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.



*Notes:*

- (1) The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
  - (2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
    - (i) has a right to take the underlying shares;*
    - (ii) is under an obligation to take the underlying shares;*
    - (iii) has a right to receive money if the price of the underlying shares increases; or*
    - (iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.*
  - (3) For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) A short position arises:*
  - (i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another*

*person who has lent shares;*

(ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*

(a) *has a right to require another person to take the underlying shares of the equity derivatives;*

(b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*

(c) *has a right to receive from another person money if the price of the underlying shares declines; or*

(d) *has a right to avoid a loss if the price of the underlying shares declines.*

18.71C For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.71B, except that note (3) to Rule 18.71B(1) does not apply.

18.72 An explanatory statement relating to the activities of the group and profit (or loss) during the relevant period which must include any significant information enabling investors to make an informed assessment of the trend of the activities and profit (or loss) of the group together with an indication of any special factor which has influenced those activities and the profit (or loss) during the period in question, and enable a comparison to be made with the corresponding period of the preceding financial year and must also, as far as possible, refer to the prospects of the group in the current financial year.

18.73 ~~If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.~~[Repealed [date]]

18.74 Any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant period.

18.75 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.

18.76 Each quarterly report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) has

been qualified or modified, details of such qualification or modification must be set out in the quarterly report.

*Miscellaneous*

- 18.77 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

**Preliminary announcement of results for each of the first 6 month of each financial year**

- 18.78 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the first 6 months of each financial year, containing at least the information set out below, on the GEM website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of the results. The issuer must publish such results not later than 45 days after the end of such period:
- (1) ~~except where the listed issuer is a banking company, the information in respect of the income statements statement of profit or loss and other comprehensive income as referred to in rule 18.55(1)(b) which must contain at least the information specified in rule 18.50B(1) and the balance sheet statement of financial position as set out in rule 18.50B comprising as referred to in rule 18.55(1)(a) which must contain at least the information specified in rule 18.50B(2), to the extent relevant to the income statements statement of profit or loss and other comprehensive income for the current interim period, with comparative figures for the comparable period of the immediately preceding financial year, and balance sheet statement of financial position as at the end of the interim period, with comparative figures as at the end of the immediately preceding financial year.~~ The listed issuer must include the notes relating to ~~turnover~~ revenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the financial period. The ~~income statements~~ statement of profit or loss and other comprehensive income and ~~balance sheet~~ statement of financial position shall be as they appear in the listed issuer's full half-year report;
- Note: ~~Banking companies shall comply with rule 18.80 as regards the disclosure requirements for the balance sheet and the income statement. [Repealed [date]]~~*
- (2) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries of its listed securities during the relevant period as required by rule 18.55(3), or an appropriate negative statement;

- (3) a ~~business review~~ commentary covering the following:
- (a) a fair review of the development of the business of the listed issuer and its subsidiaries during the financial period and of their financial position at the end of the period;
  - (b) details of important events affecting the listed issuer and its subsidiaries which have occurred since the end of the financial period; and
  - (c) an indication of likely future developments in the business of the listed issuer and its subsidiaries, including the listed issuer's prospects for the current financial year; or

where there are no material changes in respect of such matters since the publication of the latest annual report, an appropriate negative statement in that regard;

- (4) a statement as to whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 15. The listed issuer must also disclose any deviations from the code provisions and considered reasons for such deviations. To the extent that it is reasonable and appropriate, such information may be given by reference to the Corporate Governance Report in the immediately preceding annual report, and summarising any changes since that annual report. Any such references must be clear and unambiguous;
- (5) the information required by rules 18.61 and, if applicable, rules 18.63 and 18.64;
- (6) a statement as to whether or not the half-year results have been reviewed by external auditors or the audit committee of the listed issuer;
- (7) full details of any disagreement by the auditors or the audit committee with the accounting treatment adopted by the listed issuer; ~~and~~
- (8) where there are any significant changes in accounting policies, a statement ~~to~~ of that fact must be made; ~~and~~ and

*Note: A listed issuer should apply the same accounting policies in its half-year financial statements as are applied in its annual financial statements, except where the change in accounting policy is required by an accounting standard which came into effect during the half-year period.*

- (9) where there are prior period adjustments due to correction of material errors, a statement of that fact must be made.

**Preliminary announcement of results for each of the first 3 and 9 month periods of each financial year**

18.79 ~~Except for banking companies which must comply with rule 18.80, i~~Issuers' preliminary announcements of results for each of the first 3 and 9 month periods of each financial year must contain at least the information set out below stated in respect of the group and such information must be published (in accordance with the requirements of Chapter 16) on the GEM website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of the results. The issuer must publish such results not later than 45 days after the end of such period:

- (1) ~~turnover~~revenue;
- (2) profit (or loss) before taxation, including the share of profit (or loss) of ~~affiliated companies~~associates and joint ventures with separate disclosure of any items included therein which are exceptional because of size and incidence;
- (3) taxation on profits (Hong Kong and overseas) in each case indicating basis of computation with separate disclosure of the taxation on share of ~~affiliated companies'~~associates and joint ventures' profits;
- (4) profit (or loss) attributable to non-controlling interests;
- (5) profit (or loss) attributable to shareholders;
- (6) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);
- (7) all movements to and from any reserves;
- (8) earnings per share;
- (9) comparative figures of the matters specified in (1) to (8) inclusive for the corresponding previous period; and
- (10) particulars of any purchase, sale or redemption by the issuer or any of its subsidiaries, of its listed securities during the relevant period, or an appropriate negative statement.

*Notes: 1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adjustments should be made. Where the requirements of this Note are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable*

*adaptations to be made.*

2 *The Exchange may authorise the omission from the preliminary announcement of any information if it considers:—*

(a) *such omission to be necessary or appropriate; or*

(b) *disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,*

*provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.*

3 *The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.*

*Banking companies*

18.80 ~~This rule sets out the minimum level of information to be included in half year reports, quarterly reports and preliminary announcements of issuers that are banking companies (meaning banks, restricted licence banks and deposit taking companies as defined in the Banking Ordinance.) [Repealed [date]]~~

~~(1) — As regards income statement~~

~~(a) — Interest income;~~

~~(b) — Interest expense;~~

~~(c) — Other operating income;~~

~~(d) — Operating expenses;~~

~~(e) — Charge for bad and doubtful debts;~~

~~(f) — Gains less losses on trading securities or other investments in securities;~~

~~(g) — Gains less losses from disposal of investment securities or non trading securities;~~

~~(h) — Provisions on held-to-maturity securities and investment securities or provisions on held-to-maturity securities and non trading securities;~~

- ~~(i) Taxation on profits (Hong Kong and overseas) in each case indicating basis of computation;~~
- ~~(k) As appropriations:—~~
  - ~~(i) transfers to or from inner reserves;~~
  - ~~(ii) all movements to or from other reserves;~~
- ~~(l) Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~
- ~~(m) Earnings per share;~~
- ~~(n) Comparative figures of the matters specified in (a) to (m) inclusive for the corresponding previous period;~~
- ~~(2) As regards statement of assets and liabilities~~
  - ~~(a) cash and short term funds;~~
  - ~~(b) trading securities or other investments in securities;~~
  - ~~(c) advances and other accounts;~~
  - ~~(d) held to maturity securities and investment securities or held to maturity securities and non trading securities;~~
  - ~~(e) issued debt securities;~~
  - ~~(f) other accounts and provisions; and~~
  - ~~(g) comparative figures of the matters specified in (a) to (f) inclusive for the corresponding previous period.~~
- ~~(3) As regards segment information~~

~~The income statement and balance sheet of a listed issuer shall, in addition to that information required by rules 18.80(1) and (2), include the segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—~~

- ~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~
- ~~(b) International Financial Reporting Standards (IFRS); or~~
- ~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

- ~~(d) China Accounting Standards for Business Enterprises (CASBE).~~
- ~~(4) As regards off balance sheet exposure~~
- ~~(a) contingent liabilities and commitments; and~~
- ~~(b) derivatives~~
- ~~(5) Those matters set out in rule 18.51 (in the case of preliminary announcements of results for the financial year) or rule 18.64 (in the case of preliminary results for the half-year period) or rule 18.76 (in the case of preliminary results for the quarterly period); and~~
- ~~(6) In the case of half year and quarterly reports:~~
- ~~(a) those matters set out in rules 18.55 (in the case of half-year reports) or rule 18.68 (in the case of quarterly reports); and~~
- ~~(b) other information required by the Hong Kong Monetary Authority in relation to half year and quarterly reports, where applicable.~~

~~Notes: 1 The information required by rules 18.80(1) to (4) may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.~~

~~2. Rules 18.80(2) to (4) (with the exception of those segment disclosures concerning results as specified in rule 18.80(3)) are not applicable to the quarterly reports of an issuer.~~

#### *Summary financial reports*

18.81 Summary financial reports of issuers must comply with the disclosure requirements set out in the Companies (Summary Financial Reports of ~~Listed Companies~~) Regulation. An issuer must also disclose the following information in its summary financial report:

- (1) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year or an appropriate negative statement; and
- (2) a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under paragraphs G to P of Appendix 15 regarding the accounting period covered by the annual report. To the extent that it is reasonable and appropriate, this



Corporate Governance Report may take the form of a summary of the Corporate Governance Report in the annual report and may also incorporate information by reference to its annual report. Any such references must be clear and unambiguous and the summary must not contain only a cross-reference without any discussion of the matter. The summary must contain, as a minimum, a narrative statement indicating overall compliance with and highlighting any deviation from the Corporate Governance Code in Appendix 15.

*Summary half-year reports*

18.82 Summary half-year reports shall include, as a minimum, the following information in respect of the listed issuer:—

- (1) information as set out in rules 18.78(1) to (89);
- (2) details of non-compliance (if any) with rules 5.05(1) and 5.05(2) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise, respectively;
- (3) details of non-compliance with rule 5.28 (if any) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to establishment of an audit committee;
- (4) where the accounting information contained in a summary half-year report has been audited by the listed issuer's auditors, an opinion from the auditors as to whether the summary half-year report is consistent with the full half-year report from which it is derived;
- (5) names of the director(s) who have signed the full half-year report on behalf of the board of directors of the listed issuer;
- (6) a statement to the effect that the summary half-year report only gives a summary of the information and particulars contained in the listed issuer's full half-year report;
- (7) a statement as to how an entitled person may obtain free of charge a copy of the listed issuer's full half-year report from which the summary half-year report is derived; and
- (8) a statement as to the manner in which an entitled person may in future notify the listed issuer of his wishes to receive a copy of a summary half-year report in place of a copy of the full half-year report from which it is derived.

Note: "Entitled person" is a person who is entitled to be sent copies of the

reporting documents for the financial year under section 430 of the Companies Ordinance.

**Recommended additional disclosure**

18.83 Issuers are encouraged to disclose the following additional commentary on ~~management~~-discussion and analysis in their half-year and annual reports:

- (1) efficiency indicators (e.g. return on equity, working capital ratios) for the last 5 financial years indicating the bases of computation;
- (2) industry specific ratios, if any, for the last 5 financial years indicating the bases of computation;
- (3) a discussion of the listed issuer's purpose, corporate strategy and principal drivers of performance;
- (4) an overview of trends in the listed issuer's industry and business;
- ~~(5) a discussion on business risks (including known events, uncertainties and other factors which may substantially affect future performance) and risks management policy;~~
- ~~(6) a discussion on the listed issuer's environmental policies and performance, including compliance with the relevant laws and regulations;~~
- ~~(7) a discussion on the listed issuer's policies and performance on community, social, ethical and reputational issues; and~~
- ~~(8) an account of the listed issuer's key relationships with employees, customers, suppliers and others, on which its success depends; and~~
- ~~(9) receipts from, and returns to, shareholders.~~

*Note: Issuers should also note the recommended disclosures set out in paragraphs Q to T of Appendix 15.*

18.84 Issuers are encouraged to include information set out in Appendix 20 in the annual report regarding the same period covered in the annual report, or as a separate report.

*Note: Where the information is included in a separate report, an issuer is free to report on any period but should consistently report on the same period so that the information can be comparable. However, the Exchange encourages an issuer to report regarding the same period as in the annual report.*

# Chapter 18A

## EQUITY SECURITIES

## MINERAL COMPANIES

...

### Competent Person

18A.21 A Competent Person must:—

(1) ...

(2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the ~~Securities and Futures Commission of Hong Kong~~ for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and

...

...

# Chapter 19

## EQUITY SECURITIES

### NOTIFIABLE TRANSACTIONS

...

#### Classification and explanation of terms

...

##### *Percentage ratios*

19.07 The percentage ratios are the figures, expressed as percentages resulting from each of the following calculations:—

(1) ...  
...

(5) Equity capital ratio — the number of shares to be issued by nominal value of the listed issuer's equity capital issued as consideration divided by the total number of nominal value of the listed issuer's issued shares equity capital immediately before the transaction.

*Notes:*     1. The numerator includes shares that may be issued upon conversion or exercise of any convertible securities or subscription rights to be issued or granted by the listed issuer as consideration.

2. The value of the listed issuer's debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.

...

...

##### *Methods of approval*

19.44 Shareholders' approval for a major transaction shall be given by a majority vote at a general meeting of the shareholders of the issuer unless all the following conditions are met, in which case written shareholders' approval may, subject to rule 19.86, be accepted in lieu of holding a general meeting:—

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

(2) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together

hold more than 50% ~~of the voting rights in nominal value of the securities giving the right to attend and vote~~ at that general meeting to approve the transaction. Where a listed issuer discloses inside information to any shareholder in confidence to solicit the written shareholders' approval, the listed issuer must be satisfied that such shareholder is aware that he must not deal in the listed issuer's securities before such information has been made available to the public.

...

*Profit forecast in an announcement*

...

19.62 Where the announcement contains a profit forecast...:—

(1)...

(2)...

(3)...

*Note: See rule 17.26AB ...*

...

*Major transaction circulars*

19.66 A circular relating to a major transaction must contain the following:—

(1) ...

...

(7) where a company either becomes a subsidiary or ceases to be a subsidiary of the listed issuer:—

(a) the percentage of the company's issued shares capital (if any) held by the listed issuer ~~in that company~~ after the acquisition or disposal; and

(b) ...;

...

(9) information as to the competing interests (if any) of the Compliance Adviser and each of the directors, employees and close associates (as referred to in rule 6A.32) and each of the directors and any proposed director of the issuer (excluding its subsidiaries) and his/her respective close associates (as if each of them were treated as a controlling shareholder under rule 11.04);

...

19.67 In addition to the requirements set out in rule 19.66, a circular issued in relation to an acquisition constituting a major transaction must contain:—  
...

- (7) a ~~management~~—discussion and analysis of results of the business, company or companies being acquired covering all those matters set out in rule 18.41 for the period reported on in the accountants' report.

*Inability to access information to compile circulars for major transactions or very substantial acquisitions*

19.67A (1) ...

(2) ...  
...

- (b) where information required for the enlarged group is not available, to include the following information regarding the issuer:  
...

- (iv) ~~management~~—discussion and analysis of results (this is applicable only to very substantial acquisitions, see rule 19.69(8));  
...

...

# Chapter 20

## EQUITY SECURITIES

### CONNECTED TRANSACTIONS

...

#### Content Requirements

...

#### Circulars

...

20.68 The circular must contain at least:

(1) ...

...

(15) information regarding the competing interests (if any) of the Compliance Adviser and its directors, employees and close associates (as referred to in rule 6A.32) and each of the directors and any proposed director of the listed issuer's ~~group~~ and his respective close associates as would be required to be disclosed under rule 11.04 as if each of them was a controlling shareholder; and

(16) ...

...

#### Exemptions

...

#### Repurchases of securities by the listed issuer or its subsidiary

20.92 Repurchases of own securities by a listed issuer or its subsidiary from a connected person is fully exempt if it is made:

(1) on the Exchange or a recognised stock exchange, except where the connected person knowingly sells the securities to the listed issuer's group; or

(2) in a general offer made under the Code on Share ~~Repurchases~~ Buy-backs.

...

# Chapter 21

## EQUITY SECURITIES

### OPTIONS, WARRANTS AND SIMILAR RIGHTS

...

21.02 All warrants must, prior to the issue or grant thereof, be approved by the Exchange, and in addition, where they are warrants to subscribe equity securities, by the shareholders in general meeting (unless they are issued by the directors under the authority of a general mandate granted to them by shareholders in accordance with rule 17.41(2)). In the absence of exceptional circumstances which would include, by way of example, a rescue reorganisation, the Exchange will only grant approval to the issue or grant of warrants to subscribe securities if the following requirements are complied with:—

- (1) the securities to be issued on exercise of the warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20 per cent of the number of issued shares ~~equity capital~~ of the issuer at the time such warrants are issued. Options granted under share option schemes which comply with Chapter 23 are excluded for the purpose of this limit.

The following are also excluded for the purpose of this limit:—

- (a) convertible preference shares (and any equity securities into which the same convert); and
  - (b) convertible bonds (and any equity securities into which the same convert);
- (2) ...

...



# Chapter 23

## EQUITY SECURITIES

### SHARE OPTION SCHEMES

#### Application of Chapter 23

...

#### Terms of the scheme

23.03 The scheme document must include the following provisions and/or provisions as to the following (as the case may be):—

- (1) the purpose of the scheme;
- (2) the participants of the scheme and the basis of determining the eligibility of participants;

*Note: Listed issuers are reminded to seek legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, particularly where participation in the scheme is not restricted to executives and employees.*

- (3) the total number of securities which may be issued upon exercise of all options to be granted under the scheme, together with the percentage of the issued shares ~~capital~~ that it represents at the date of approval of the scheme;

*Notes: 1. The total number of securities which may be issued upon exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10 per cent of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the scheme. Options lapsed in accordance with the terms of the scheme will not be counted for the purpose of calculating the 10% limit.*

...

2. ...

3. If the listed issuer (or the subsidiary) conducts a share consolidation or subdivision after the 10% limit has been approved in general meeting, the maximum number of securities that may be issued upon exercise of all options to be granted under all

of the schemes of the listed issuer (or the subsidiary) under the 10% limit as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

...

- (13) a provision for adjustment of the exercise price or the number of securities subject to options already granted and to the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital;

*Note: Any adjustments required under rule 23.03(13) must give a participant the same proportion of the equity capital as that to which that person was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value (if any). The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the listed issuer's auditors must confirm to the directors in writing that the adjustments satisfy the requirements set out in this note.*

...

...

### **Disclosure requirements**

...

23.09 The listed issuer must include in its annual report a summary of each share option scheme approved by its shareholders setting out:

- (1) ...

...

- (3) the total number of securities available for issue under the scheme together with the percentage of the issued shares ~~capital~~ that it represents as at the date of the annual report;

...

...

# Chapter 24

## EQUITY SECURITIES

### OVERSEAS ISSUERS

...

#### Chapter 11 – Qualifications for Listing

24.05 The following requirements apply in addition to those set out in Chapter 11:—

(1) ...

...

(2) ...

...

(e) any change in the above particulars;

*Note: The person appointed under this rule may also be the person authorised to accept service required to be appointed under Part ~~XI~~ 16 of the Companies Ordinance, if applicable.*

...

#### Chapter 14 – Listing Documents

...

24.09 The following modifications and additional requirements apply:—

(1) ...

...

(5) for an introduction in the circumstances in rule 10.18(3), the following modifications, exceptions and additional requirements apply:—

(a) the listing document must contain...a comparison between the provisions of the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association...

...

...

#### Chapters 17 and 18 -Continuing Obligations and Financial Information

...

*Information to accompany annual report and accounts*

...

24.20 An overseas issuer shall, ~~to the extent not otherwise included by virtue of the provisions of Chapter 18,~~ include in its directors' report and accounts those additional disclosures required of Hong Kong incorporated

companies under the ~~following~~ provisions of the Companies' Ordinance and subsidiary legislations set out in rule 18.07A.:-

- ~~(1) The Tenth Schedule;~~
- ~~(2) S128 (details of subsidiaries);~~
- ~~(3) S129 (details of investments);~~
- ~~(4) S129A (details of ultimate holding company);~~
- ~~(5) S129D (contents of the directors' report);~~
- ~~(6) S161 (directors' remuneration);~~
- ~~(7) S161A (corresponding figures);~~
- ~~(8) S161 B (loans to company officers);~~
- ~~(9) S162 (directors' interests in contracts); and~~
- ~~(10) S162A (management contracts).~~

...

# Chapter 25

## EQUITY SECURITIES

### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

#### Chapter 11 — Qualifications for Listing

25.07 The following modifications and additional requirements apply:—

(1) ...

(2) the PRC issuer must appoint, and maintain throughout the period its securities are listed on GEM the appointment of, a person authorised to accept service of process and notices on its behalf in Hong Kong, and must notify the Exchange of his appointment and any termination of his appointment and details of:—

(a) ...

...

(e) any change in the above particulars;

*Note: The person appointed under this rule may also be the person authorised to accept service required to be appointed under Part ~~XI~~16 of the Companies Ordinance, if applicable.*

...

...

#### Chapters 17 and 18 – Continuing Obligations and Financial Information

...

*Information to accompany annual report and accounts*

...

25.32 A PRC issuer shall, ~~to the extent not otherwise included by virtue of the provisions of Chapter 18,~~ include in its directors' report and accounts those additional disclosures required of Hong Kong incorporated companies under the ~~following~~ provisions of the Companies Ordinance and subsidiary legislations set out in rule 18.07A:—

(1) ~~the Tenth Schedule;~~

(2) ~~S128 (details of subsidiaries);~~

(3) ~~S129 (details of investments);~~

~~(4) S129A (details of ultimate holding company);~~

~~(5) S129D (contents of the directors' report);~~

~~(6) S161 (directors' remuneration);~~

~~(7) S161A (corresponding figures);~~

~~(8) S161 B (loans to company officers);~~

~~(9) S162 (directors' interests in contracts); and~~

~~(10) S162A (management contracts).~~

...

### **Constitutional documents**

...

25.41 A PRC issuer shall enter into a contract in writing with every director and officer containing at least the following provisions:—

- (1) an undertaking by the director or officer to the PRC issuer to observe and comply with the Company Law, the Regulations, the articles of association, the Takeovers Code and the Share ~~Repurchase~~Buy-backs Code and an agreement that the PRC issuer shall have the remedies provided in the articles of association and that neither the contract nor his office is capable of assignment;

...

...

# Chapter 28

## DEBT SECURITIES

### APPLICATION PROCEDURES AND REQUIREMENTS

#### Preliminary

...

- 28.05 Where any document is amended after submission, a like number of further copies must be submitted to the Exchange for review, marked in the margin to indicate where the relevant items from Part C of Appendix 1 have been met (and in the case only of a prospectus, the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance). Such copies must also be marked in the margin to indicate amendments made to conform with points raised by the Exchange. In any event, the final form, or, as appropriate, signed original of any document must have been received at least 4 clear business days prior to the provisional hearing date.

...

#### Documentary requirements

##### *At the time of application for listing*

- 28.13 The following documents, as applicable, must be lodged with the Exchange for review together with the form of application and other items referred to in rule 28.11:—
- (1) 6 drafts or proof prints of the listing document in anticipated final form, marked in the margin to indicate where compliance has been made with the relevant provisions of the GEM Listing Rules and, in the case only of a prospectus, to indicate in addition where compliance has been made with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

...

...

- 28.15 In the case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be lodged with the Exchange by ~~no later than~~ 11 a.m. on the intended date of authorisation of the prospectus:—
- (1) an application for authorisation for registration of the prospectus pursuant to section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);
  - (2) two printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed thereon or annexed thereto the documents stipulated by the relevant section;

...

...

# Chapter 29

## DEBT SECURITIES

### LISTING DOCUMENTS

#### Preliminary

29.01 This Chapter does not apply to debt issues to professional investors only. It sets out the Exchange's requirements for the contents of listing documents relating to debt securities. Issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their applications that all requisite information has been included in the listing document or will be included in the final version submitted for review (see Appendix 5C).

...

#### Publication

...

29.20 Model forms of formal notices for offers for subscription or sale and placings are set out in Appendix 10 for the guidance of issuers. Issuers are reminded that, where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with section 38B of that Ordinance.

...

#### Publication of electronic form prospectus and printed application form

29.21B (1) Where an issuer intends to rely on section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) ("Class Exemption Notice") and issue a printed application form for its debt securities with an electronic form prospectus displayed on certain websites ("Mixed Media Offer"), it must satisfy all the conditions in the Class Exemption Notice...

...

...



# Chapter 31

## DEBT SECURITIES

### CONTINUING OBLIGATIONS

...

#### Trading and settlement

*Registration services, issue of certificates, registration and other fees*

...

31.31 Certificate replacement service: An issuer shall (or shall procure that its paying agent or registrar shall) provide a certificate replacement service. The fee for replacing certificates:—

- (1) representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its paying agent or registrar) in publishing the required public notice; or
- (2) either:—
  - (a) representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or
  - (b) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its paying agent or registrar) in publishing the required public notice.

...

#### Financial information

...

*Distribution of annual report and accounts*

31.38 (1) If the issuer is incorporated or otherwise established in Hong Kong it shall send to:—

- (a) the trustee or fiscal agent in respect of its listed debt securities; and
- (b) every holder of its listed debt securities (not being bearer debt securities),

a copy of either (i) its annual report including its annual accounts and, where the issuer prepares ~~group accounts within the meaning of consolidated financial statements as referred to in section 124(1)379(2)~~ of the Companies Ordinance, the ~~group accounts~~ consolidated financial

statements or (ii) its summary financial report, not less than 21 days before the date of the issuer's annual general meeting. The Issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with the relevant provisions set out in ~~section 141~~sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports ~~of Listed Companies~~) Regulation or, in the case of overseas issuers, with provisions no less onerous than the above provisions for listed issuers incorporated in Hong Kong. An issuer, whose equity securities are not listed, may not distribute a summary financial report in place of its annual report.

(2) ...

(a) ...

(b) ...

*Notes: 1 The directors' report, auditors' report, annual accounts and, where applicable, summary financial report must be in the English language and must be accompanied by a Chinese translation or be in the Chinese language accompanied by an English translation.*

*2 Sections ~~122-429~~ and 431 of the Companies Ordinance requires the annual accounts of the directors of a Hong Kong issuer to lay the issuer's annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate~~which are laid before the issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting.~~*

*3 The Exchange may at its discretion suspend dealings in or cancel the listing of the debt securities of companies which fall into arrears in the issue of its directors' report and accounts. If the listed issuer has significant interests outside Hong Kong it may apply for an extension of the 6 month period. However, attention of a Hong Kong ~~listed~~ issuer is drawn to section ~~122(1B)~~431 of the Companies Ordinance which requires any extension of the time limit to be approved by the ~~High Court~~ of First Instance.*

*4 ...*

...

#### *Information to accompany directors' report and annual accounts*

31.48 The listed issuer shall include the information set out in rules ~~31.49~~31.51 to 31.60 in its director's report and annual accounts and the disclosures required under the relevant accounting standards.

*Note: The annual report and accounts must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

~~31.49 A description of the principal activities of the group and, where 2 or more such activities are so described, a statement giving in respect of each such activity the turnover and contribution to trading results attributable to it. [Repealed [date]]~~

~~*Note: For these purposes, a “principal activity” is one which achieved profits and losses numerically equivalent to 10% or more of the consolidated profit or loss of the group.*~~

~~31.50 Except where the listed issuer is a banking company, a geographical analysis of consolidated turnover and, if the contribution to profit or loss from a specific area is abnormal in nature, of contribution to trading results of those trading operations carried on by the issuer and/or its subsidiaries outside the country in which the main place of business of the listed issuer (or the group of which the listed issuer is a member) is situated, unless such operations comprise less than 10% of the consolidated turnover and 10% of the consolidated trading results of the group. [Repealed [date]]~~

~~*Notes: 1 Transactions within the group should be excluded.*~~

~~*2 A broad geographical analysis of net turnover by way of figures or percentages, given by market (not necessarily given country by country), will be acceptable. Where analysis is required, the analysis should be by continent but if 50% of total overseas operations relates to one continent, a further analysis, for example, by country within that continent, will be required. Overseas operations include direct exports from the country in which the main place of business of the listed issuer (or the group of which the issuer is a member) is situated and activities carried out otherwise than in such country.*~~

~~*3 In respect of trading results an appropriate statement should be included where, for a proper appraisal of the business of the listed issuer (or the group of which the issuer is a member), holders of listed debt securities should be aware of significant contributions derived from activities carried out in any one territory. No analysis of the contribution to trading results is required unless the contribution to profit or loss from a specific area is “abnormal” in nature. “Abnormal” is defined as substantially out of line with the normal ratio of profit to turnover. For example, if a 40% profit is earned by the group in relation to turnover in one continent, compared with 10% on turnover elsewhere, this fact should be made apparent.*~~

31.51 ...

...

31.58 ~~In respect of the financial year, a statement of the amount of interest capitalised by the group during the year.~~[Repealed [date]]

31.59 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the directors' report and accounts which need not be disclosed in a balance sheet or profit and loss account of the listed issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~[Repealed [date]]

...

#### *Summary financial reports*

31.61 Summary financial reports of listed issuers shall comply with the disclosure requirements set out in the Companies (Summary Financial Reports of Listed Companies) Regulation.

# The Stock Exchange of Hong Kong Limited

## Practice Note 2

to the Rules Governing the Listing of Securities  
on the Growth Enterprise Market of  
The Stock Exchange of Hong Kong Limited  
(the “GEM Listing Rules”)

Issued pursuant to rule 1.07 of the GEM Listing Rules

### **DUE DILIGENCE BY SPONSORS IN RESPECT OF INITIAL LISTING APPLICATIONS**

...

6. The Exchange reminds sponsors of their other obligations including but not limited to those under the GEM Listing Rules, the SFC Corporate Finance Adviser Code of Conduct, the Code of Conduct and particularly the SFC Sponsor Provisions, the Sponsors Guidelines, the Takeovers Code, the Code on Share ~~Repurchases~~ Buy-backs, the Securities and Futures Ordinance and all other relevant ordinances, codes, rules and guidelines applicable to Sponsors. Nothing in this Practice Note detracts from or diminishes those obligations.

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 3

to the Rules Governing the Listing of Securities  
on the Growth Enterprise Market of  
The Stock Exchange of Hong Kong Limited  
(the “GEM Listing Rules”)

Issued pursuant to rule 1.07 of the GEM Listing Rules

### **PRACTICE WITH REGARD TO PROPOSALS SUBMITTED BY ISSUERS TO EFFECT THE SEPARATE LISTING ON THE EXCHANGE OR ELSEWHERE OF ASSETS OR BUSINESSES WHOLLY OR PARTLY WITHIN THEIR EXISTING GROUPS**

...

#### **2. Introduction**

This Practice Note is intended to set out the Exchange’s policy with regard to proposals submitted by issuers to effect the separate listing on the GEM or elsewhere of assets or businesses wholly or partly within their existing groups (“spin-offs”). This Practice Note sets out the principles which the Exchange applies when considering spin-off applications.

Issuers are reminded that they are required to submit their spin-off proposals to the Exchange for its approval.

*Note: This Practice Note is normally only applicable to an issuer and entity which is a subsidiary of the issuer at the time of submission of the spin-off proposal. However, the Exchange will treat an entity as if it were a subsidiary of an issuer for the purpose of this Practice Note if such entity is at the time of submission of the issuer’s spin-off proposal, an associated company of the issuer and was, at any time during the latest completed financial year of the issuer (comprising at least 12 months) up to the date of submission of the spin-off proposal, a subsidiary of the issuer.*

*In such circumstances, the entity will be required to comply with the requirements of this Practice Note and will be treated as if it has remained as a subsidiary of the issuer. The issuer is required to substantiate to the satisfaction of the Exchange the changes in the beneficial ownership of the entity’s issued shares ~~capital~~ in the period stated above.*

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 5

to the Rules Governing the Listing of Securities  
on the Growth Enterprise Market of  
The Stock Exchange of Hong Kong Limited  
(the “GEM Listing Rules”)

Issued pursuant to rule 1.07 of the GEM Listing Rules

### Publication of Application Proofs and Post Hearing Information Packs (PHIPs)

...

#### Content of Application Proofs and PHIPs

3. For the purpose of publication on the GEM website, an Application Proof and a PHIP should be prepared on the following principles:
  - (a) ...
  - (b) there must not be any information regarding the proposed offering or other information that would constitute the Application Proof or PHIP a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as ~~amended from time to time (Cap.32)~~ (“~~Companies Ordinance~~”) or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance as amended from time to time ~~(Cap. 571)~~ (“~~Securities and Futures Ordinance~~”);
- ...
4. A new applicant must redact an Application Proof and a PHIP only to the extent necessary for these documents not to constitute a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance (unless consent is obtained for further redactions). A new applicant must also include adequate warning and disclaimer statements on the GEM website and in every Application Proof and PHIP published on the GEM website to advise viewers of the legal status of these documents.

#### Legal Confirmation

5. Every new applicant must ensure that the publication of any Application Proof and PHIP on the GEM website complies with paragraphs 3 and 4. Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ~~and~~ the Securities and Futures Ordinance and other laws and regulations remains the primary responsibility of every new applicant.

...

**No pre-vetting of Application Proofs or PHIPs**

19. Application Proofs, ~~and~~ PHIPs and statements issued under rule 12.10(2)(c) do not require pre-vetting or clearance from the Exchange before their publication on the GEM website.

...



# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part A

#### Equity Securities

##### **In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed**

###### **General information about the issuer, its advisers and the listing document**

...

6. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

###### **General information about the group's activities**

28. (1) (a) the general nature of the business of the group and, in cases where 2 or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed. A commentary should be provided on this information covering changes in each such activity, developments within each such activity and their effects on the results of that activity. It should also include changes in market conditions, new products and services introduced or announced and their impact on the group's performance, changes in market share or position and changes in ~~turnover~~ revenue and margins. If the group trades outside the country of incorporation or other establishment of the issuer a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the country of incorporation or other establishment of the issuer, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Hong Kong. (*Note 4*)
- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

...

- (iii) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;
- (iv) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;
- (v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5 per cent of the number of issued shares of the issuers' ~~share capital~~) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

...

### **Financial information about the group and the prospects of the group**

...

33. (1) A statement showing the ~~sales turnover figures or gross trading income~~ revenue of the group during the 2 financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~ revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

(2) The following information in respect of directors' emoluments:—

(a) ...

(b) the aggregate of the directors' basic salaries, housing allowances, other allowances and benefits in kind for each of the 2 financial years immediately preceding the issue of the listing document;

(c) the aggregate of contributions to pension schemes for directors or past directors for each of the 2 financial years immediately preceding the issue of the listing document;

(d) the aggregate of bonuses paid to or receivable by the directors which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (e) and (f) below) for each of the 2 financial years immediately preceding the issue of the listing document;

(e) the aggregate of amounts paid to or receivable by the directors for each of the 2 financial years immediately preceding the issue of the listing document as an inducement to join or upon joining the issuer;

- (f) the aggregate of compensation paid to or receivable by the directors or past directors for each of the 2 financial years immediately preceding the issue of the listing document for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (b) to (e) above); and

...

Sub-paragraphs (b) to (f) inclusive require an analysis of the amounts which must be disclosed in the accounts of an issuer incorporated in Hong Kong under the provisions of section ~~161~~ and ~~161A~~383(1)(a) to (c) (inclusive) of the Companies Ordinance. The requirements of section ~~161~~ and ~~161A~~383(1)(a) to (c) (inclusive) have, for the purposes of the GEM Listing Rules, been applied to issuers incorporated or otherwise established outside Hong Kong.

...

(3) ...

(4) The following information in addition to the information required under the relevant accounting standard in respect of pension schemes:—

~~(a) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~

~~(b)~~ a brief outline of how contributions are calculated or benefits funded;

~~(c) the employer's pension cost charge to the profit and loss account for the period;~~

~~(d)~~ in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the balance sheet date for such use; and

~~(e)~~ in the case of defined benefit plans, an outline of the results of the most recent formal actuarial valuation or later formal review of the scheme on an ongoing basis. This should include disclosure of:—

...

...

...

### **Information about the issuer's management**

...

45. (1) ...

(2) ...

- (3) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

*(Notes 6 and 9)*

- (4) ...

45A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
- (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

*(Note 7)*

45B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

Notes:

(1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares capital of the issuer.*

...

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares capital of the issuer.*

...

(Note 7)

...

## NOTES

...

4 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the listing document which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~

~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

...

# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part B

#### Equity Securities

##### **In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed**

...

##### **General information about the group's activities**

26. (1) (a) ...

(b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

...

(iii) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;

(iv) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

(v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5 per cent of the number of issued shares of the issuers' share capital) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

...

##### **Information about the issuer's management**

...

38. (1) ...

...

(3) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or

chief executive of the issuer, who has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (*Note 2*)

(*Notes 6 and 8*)

(4) ...

38A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...



- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares—~~capital~~ of the issuer or associated corporation.*

...

*(Note 7)*

38B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

Notes:

(1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(Note 7)

...

## NOTES

...

5 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions, of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the listing document which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~

~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

...

# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part C

#### Debt Securities

##### In the case where listing is sought for debt securities

##### **General information about the issuer, its advisers and the listing document**

...

7. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business, if any, in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

##### **Information concerning the debt securities**

...

18. A reference to the registration of the listing document and any supporting documents with the Registrar of Companies and an indication as to any exemptions granted from the prospectus requirements contained in the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

...

##### **Financial information about the group and prospects of the group**

...

40. A statement showing the ~~sales turnover figures or gross trading income~~ revenue during the 2 financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~ revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

...

##### **Information about the issuer's management**

...

49. (1) ...

(2) ...

(3) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital or, if there are no such interests or short positions, an appropriate negative statement. (*Note 5*)

(*Note 6*)

(4) ...

49A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

(1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);

(b) interests in debentures; and

(c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives;

(iii) other equity derivatives.

*Notes:*

(1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position*

*in shares represents to the issued voting shares~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares~~capital~~ of the issuer or associated corporation.*

...

*(Note 7)*

49B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and

- (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(Note 7)

...

## **Appendix 2**

### **DOCUMENTS OF TITLE**

#### **Part B**

##### **Definitive Documents of Title**

###### **Equity securities (must be in registered form)**

...

5. If the certificate relates to shares and there is more than one class in issue:—

(1) ...

(2) ...

(3) every share certificate issued by the issuer shall contain in a prominent position a statement that its share capital is divided into different classes of shares which shall specify in respect of the shares of each class the nominal value (if any) thereof and the voting rights attached thereto.

...

## Appendix 3

### ARTICLES OF ASSOCIATION

The articles of association or equivalent document must conform with the following provisions and, where necessary, a certified copy of a resolution of the board of directors or other governing body undertaking to comply with the appropriate provisions must be lodged with the Exchange.

...

#### As regards Definitive Certificates

2. (1) That all certificates for capital ~~shall~~ must be under seal, which ~~shall~~ may only be affixed with the authority of the directors, or be executed under signature of appropriate officials with statutory authority.

(2) ...

...



# Appendix 5

## FORMS RELATING TO LISTING

### FORM B

#### Application Form - Equity securities (of an issuer part of whose share capital is already listed)

...

17. We declare, to the best of our knowledge and belief, having made due and careful enquiries, that:—

(a) ...

...

(d) all information required to be included in the listing document (if any) by virtue of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeovers and Mergers and all other relevant regulations, has been included therein or, for information that cannot be ascertained as at the date of this form, will be included therein before the final version of the listing document is submitted for review;

(e) all the requirements of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeovers and Mergers and all other relevant regulations, insofar as applicable and required to be fulfilled at the time of application, have been fulfilled in relation to the Issuer and the securities of the Issuer referred to in paragraph 4 above; and

...

# Appendix 5

## FORMS RELATING TO LISTING

### FORM C

#### Application Form - Debt securities

...

14. We declare, to the best of our knowledge and belief, having made due and careful enquiries, that:—

(a) ...

...

(d) all information required to be included in the listing document (if any) by virtue of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeovers and Mergers and all other relevant regulations, has been included therein or, for information that cannot be ascertained as at the date of this form, will be included therein before the final version of the listing document is submitted for review;

(e) all the requirements of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeovers and Mergers and all other relevant regulations, insofar as applicable and required to be fulfilled at the time of application, have been fulfilled in relation to the Issuer and the securities of the Issuer referred to in paragraph 5 above; and

...

# Appendix 5

## FORMS RELATING TO LISTING

### Form E

#### Declaration of compliance

...

1. that all documents required by the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be filed with the Registrar of Companies in connection with the issue/offer/introduction on..... /..... /..... of the following securities of the Issuer, namely..... (insert particulars), have been duly filed and that to the best of our knowledge, information and belief compliance has been made with all other legal requirements in connection with such issue/offer/introduction;

2. ...

...

7. that the number of shares ~~capital~~ forming the subject of the listing is as follows (insert exact amounts and descriptions of securities (giving distinctive numbers if any)):  
*(applicable only to new applicants for listing)*

...

# Appendix 6

## 附錄六

### DIRECTOR'S AND SUPERVISOR'S FORMS

#### 董事及監事的表格

#### Form A

#### A表格

#### Director's Declaration, Undertaking and Acknowledgement

#### 董事及監事的表格聲明、承諾及確認

...

#### Part 2

#### 第二部分

#### UNDERTAKING AND ACKNOWLEDGEMENT

#### 承諾及確認

The particulars referred to in this Part 2 are:—

此第二部分所述的資料為：

(a) ...

...

(b) I shall, in the exercise of my powers and duties as a director of the issuer, comply to the best of my ability with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure that the issuer shall so comply;

本人在行使發行人董事的權力及職責時，將盡力遵守《公司條例》、《公司(清盤及雜項條文)條例》、《證券及期貨條例》、《公司收購及合併守則》、《公司股份購回購守則》及香港所有其他不時生效的有關證券的法例及規例，本人並會盡力促使發行人遵守上述各項；

...

# Appendix 6

## 附錄六

### DIRECTOR'S AND SUPERVISOR'S FORMS

#### 董事及監事的表格

#### Form B

#### B表格

#### Director's Declaration, Undertaking and Acknowledgement

#### (PRC Issuer)

#### 董事的聲明、承諾及確認（適用於中國發行人）

...

#### Part 2

#### 第二部分

#### UNDERTAKING AND ACKNOWLEDGEMENT

#### 承諾及確認

The particulars referred to in this Part 2 are:—

此第二部分所述的資料為：

- (a) in the exercise of my powers and duties as a director...shall:—  
在行使...董事的權力及職責時...須：

(i) ...

...

- (v) comply to the best of my ability with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other relevant securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure the issuer to so comply; and  
盡力遵守《公司條例》、《公司(清盤及雜項條文)條例》、《證券及期貨條例》、《公司收購及合併守則》、《公司股份購回購守則》及香港所有其他不時生效的有關證券的法例與規例，本人並會盡力促使發行人遵守上述各項；及

...

...

## Appendix 6

### 附錄六

#### DIRECTOR'S AND SUPERVISOR'S FORMS

#### 董事及監事的表格

##### Form C

##### C表格

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

#### 監事的聲明、承諾及確認

(適用於在中華人民共和國(「中國」)註冊成立的發行人)

...

##### Part 2

##### 第二部分

#### UNDERTAKING AND ACKNOWLEDGEMENT

#### 承諾及確認

The particulars referred to in this Part 2 are:—

此第二部分所述的資料為：

1. ...

(a) ...

...

(c) use my best endeavours to cause the issuer and its directors to comply with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited from time to time in force (the "GEM Listing Rules"), the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other relevant securities laws and regulations from time to time in force in Hong Kong;

盡力促使發行人及其董事遵守不時生效的《香港聯合交易所有限公司創業板證券上市規則》(《創業板上市規則》)、《公司收購及合併守則》、《公司股份購回購守則》及香港所有其他不時生效的有關證券的法例及規例；

(d) ...

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

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

...

# Appendix 7

## SPONSOR'S FORMS

### FORM G

#### **Sponsor's Declaration in support of a New Applicant**

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

...

We, ...

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

- (1) all of the documents required by the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ...to be submitted to the Exchange on or before the date of issue of the Company's listing document and in connection with the Company's listing application have been submitted;

...



# Appendix 11

## ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

### PART A

#### BERMUDA

...

#### Section 1

### ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND BYE-LAWS OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN BERMUDA

...

#### 3. As regards notices of general meetings

The bye-laws shall stipulate that any annual general meeting ~~or extraordinary general meeting at which a special resolution is to be proposed shall be convened~~ on must be called by notice of at least 21 days, notice and that any other general meeting (including an extraordinary general meetings) at which an ordinary resolution is to be proposed shall be convened on must be called by notice of at least 14 days notice.

*Note: The articles of association may provide that issuers may convene a general meeting on shorter notice than required under this provision or the companies' bye-laws if it is agreed:*

*(a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and*

*(b) in any other case, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together representing at least 95% of the total voting rights at the meeting of all the members.*

...

#### 6. As to corporate representatives

The bye-laws shall provide that if a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance ~~of Hong Kong~~ is a member of the company it may, to the extent permitted by law, authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company or at any meeting of any class of members of the company provided that, if more than one person is so authorised, the authorisation

shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the company.

## Section 2

### MODIFICATIONS AND ADDITIONAL REQUIREMENTS

...

1. In the case of an introduction...:—

(1) ...

(2) ...

(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association, which is required by rule 24.09(5)(a),

...

...

4. The Exchange will require the formal application for listing to be accompanied by a copy of a letter to the overseas issuer from the overseas issuer's Hong Kong legal advisers confirming that they have reviewed the summaries of the relevant laws and the constitutive documents and that in their opinion, on the basis of the legal advice received from Bermudian lawyers, the listing document sets out or, in the case of an introduction in the circumstances set out in rule 10.18(3), the listing document and the documents offered for inspection together set out the material differences between Hong Kong law and the law of Bermuda and the provisions of the existing ~~memorandum and~~ articles of the listed Hong Kong issuer and the proposed constitutive documents of the overseas issuer. The letter should also confirm that the constitutive documents contain provisions complying with the provisions of the GEM Listing Rules.

...

# Appendix 11

## ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

### PART B

#### THE CAYMAN ISLANDS

...

#### Section 1

#### ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN THE CAYMAN ISLANDS

...

#### 3. As regards shareholders

- (1) The articles of association shall stipulate that any annual general meeting ~~or any extraordinary general meeting at which a special resolution is to be proposed shall be convened on~~ must be called by notice of at least 21 days, ~~notice~~ and that any other general meeting (including an extraordinary general meetings) at which an ordinary resolution is to be proposed shall be convened on must be called by notice of at least 14 days ~~notice~~. The articles of association shall stipulate that the notice convening a meeting shall contain particulars of the resolutions to be considered at that meeting.

*Note: The articles of association may provide that issuers may convene a general meeting on shorter notice than required under this provision or the companies' articles of association if it is agreed:*

*(a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and*

*(b) in any other case, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together representing at least 95% of the total voting rights at the meeting of all the members.*

- (2) The articles of association shall provide for the branch register of members in Hong Kong to be open for inspection by members but may permit the company to close the register in terms equivalent to sections ~~98 and 99~~ 632 of the ~~Hong Kong~~ Companies Ordinance.

...

...

## 6. As to corporate representatives

The articles of association shall provide that if a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance ~~of Hong Kong~~ is a member of the company it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company or at any meeting of any class of members of the company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the company.

## Section 2

### MODIFICATIONS AND ADDITIONAL REQUIREMENTS

...

#### 1. In the case of an introduction...:—

(1) ...

(2) ...

(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association, which is required by rule 24.09(5)(a),

...

...

#### 4. The Exchange will require the formal application for listing to be accompanied by a copy of a letter to the overseas issuer from the overseas issuer's Hong Kong legal advisers confirming that they have reviewed the summaries of the relevant laws and the constitutive documents and that in their opinion, on the basis of the legal advice received from Cayman Islands lawyers, the listing document sets out or, in the case of an introduction in the circumstances set out in rule 10.18(3), the listing document and the documents offered for inspection together set out the material differences between Hong Kong law and the law of the Cayman Islands and the provisions of the existing ~~memorandum and~~ articles of the listed Hong Kong issuer and the proposed constitutive documents of the overseas issuer. The letter should also confirm that the constitutive documents contain provisions complying with the provisions of the GEM Listing Rules.

...

# Appendix 17

## Headline Categories

...

### Schedule 1

#### Headline Categories for Announcements and Notices

...

#### Financial Information

Advance to an Entity  
Date of Board Meeting  
Delay in Results Announcement  
Dividend or Distribution  
Final Results  
Financial Assistance and/or Guarantee to Affiliated Company  
Interim Results  
Net Asset Value  
Profit Warning  
Prior Period Adjustments due to Correction of Material Errors  
Qualified and/or Modified Audit Report  
Quarterly Results  
Results of a Subsidiary  
Revision of Information in Published Preliminary Results  
Revision of Published Financial Statements and Reports

...

#### Securities/Share Capital

Announcement pursuant to Code on Share ~~Repurchases~~ Buy-backs  
Capital Reorganisation

...

### Schedule 2

#### Headline Categories for Circulars

...

#### Securities/Share Capital

Capitalisation Issue  
Change in Terms of Securities or Rights attaching to Securities  
Document issued pursuant to Code on Share ~~Repurchases~~ Buy-backs  
Exchange or Substitution of Securities

...