

## Appendix 16

### DISCLOSURE OF FINANCIAL INFORMATION

This appendix sets out the minimum financial information that a listed issuer shall include in its preliminary announcements of results, interim reports, summary interim reports, annual reports, summary financial reports, listing documents and circulars in relation to equity securities. The following requirements are supplementary to and do not supplant any other disclosures required by the Exchange Listing Rules. This appendix also sets out certain recommended disclosure items on management discussion and analysis (see paragraph 52) that listed issuers are encouraged to include in their interim and annual reports. These recommended disclosure items are not obligatory, but merely items relating to good practice which are recommended for disclosure.

#### Definitions

1. Unless stated to the contrary references in this appendix to financial statements of a listed issuer or to the turnover, net income, profit or loss, activities, business, or assets of a listed issuer should be taken as referring to the consolidated financial statements of the listed issuer or the turnover, net income, profit or loss, activities, business or assets of the listed issuer as set out in its consolidated financial statements. Throughout this appendix, the following terms, save where the context otherwise requires, shall have the following meanings:

“banking company”	a bank, restricted licence bank and deposit taking company as defined in the Banking Ordinance
<u>“entitled person”</u>	<u>the same meaning as in the Companies Ordinance</u>
“financial conglomerate”	the same meaning as <del>defined</del> in paragraph 36 below
“Hong Kong issuer”	the same meaning as in Chapter 1 of the Exchange Listing Rules
“new applicant”	the same meaning as in Chapter 1 of the Exchange Listing Rules
“overseas issuer”	the same meaning as in Chapter 1 of the Exchange Listing Rules
“PRC issuer”	the same meaning as in Chapter 1 of the Exchange Listing Rules
“securities*”	<u><del>the same meaning as in paragraph 1 of Part I of Appendix 7 to the Exchange Listing Rules.</del>any and all equity securities and, unless the context otherwise provides, debt securities issued from time to time by an issuer or if applicable, by any of its subsidiaries, whether or not listed on the Exchange</u>

## Requirement for all Financial Statements

2. Each set of financial statements presented in an annual report, listing document or circular shall provide a true and fair view of the state of affairs of the listed issuer and of the results of its operations and its cashflows and shall include, at a minimum, the following components:

- (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) above inclusive for the corresponding previous period; and
- (6) accounting policies and explanatory notes.

2.1 Annual accounts of a listed issuer are required, subject to Notes 2.4 and 2.5, to conform with either:-

(a) ~~Hong Kong Financial Reporting Standards ("HKFRS") accounting standards approved by the Hong Kong Society of Accountants and laid down in the Statements of Standard Accounting Practice issued from time to time by that Society;~~ or

(b) ~~International Financial Reporting Standards ("IFRS") International Accounting Standards ("IAS") as promulgated from time to time by the International Accounting Standards Committee.~~ Listed issuers and listing-new applicants, which adopt IASIFRS, are required:-

(i) to disclose and explain differences of accounting practice between ~~IASIFRS~~ and ~~HKFRS generally accepted accounting principles in Hong Kong~~, which have a significant effect on their financial statements; and

(ii) to compile a statement of the financial effect of any such material differences.

2.2 An issuer must apply one of the bodies of standards referred to in Note 2.1 consistently and shall not change from one body of standards to the other unless there are reasonable grounds to justify such a change. All reasons for any such change must be disclosed in the annual accounts.

2.3 Listed issuers and listing-new applicants incorporated in the People's Republic of China, which adopt ~~IASIFRS~~, are not subject to the requirements of (b)(i) and (ii) in Note 2.1 above. In the cases of issuers established in the People's Republic of China, annual accounts may also present in a separate part thereof financial information conforming with applicable PRC accounting rules and regulations so long as such accounts contain a statement of the financial effect of the material differences (if any) from either of the accounting standards referred to in Note 2.1.

2.4 An overseas issuer, which has a secondary listing on the Exchange, may prepare annual accounts drawn up in conformity with Generally Accepted Accounting Principles in the United States of America ("US GAAP").

- 2.5 *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.*
- 2.6 *Where the Exchange, in exceptional circumstances, allows the annual accounts of an overseas issuer to be drawn up otherwise than in conformity with either of the standards referred to in Note 2.1, the Exchange will normally require the annual accounts to contain a statement of the financial effect of the material differences (if any) from either of the accounting standards referred to in Note 2.1 above.*
- 2.7 *References to financial statements in a circular relate to circumstances where the Exchange Listing Rules require a listed issuer to provide financial statements in a circular to shareholders. There may be financial statements of the listed issuer or of other companies.*
- 2.8 *Where there have been material changes in group structure during the period covered by the accountants' report prior to the proposed listing date of a new applicant, the new applicant should consult with the Exchange at the earliest opportunity in respect of the contents and presentation of the cash flow statement in the listing document.*
3. If the financial statements do not give a true and fair view of the state of affairs of the listed issuer and of the results of its operations and its cashflows, more detailed and/or additional information must be provided.
- 3.1 *If a listed issuer is in doubt as to what more detailed and/or additional information should be provided, it should apply to the Exchange for guidance.*
- 3.2 *If a listed issuer is not required to draw up its financial statements so as to give a true and fair view (in accordance with any statutory provisions applicable in the listed issuer's place of incorporation or establishment) but is required to draw them up to an equivalent standard, the Exchange may allow its financial statements to be drawn up to that standard. Reference must, however, be made to the Exchange. If a listed issuer is in doubt as to what more detailed and/or additional information should be provided, it should contact the Exchange for guidance.*

#### **Basic Financial Information**

- 4 Financial statements referred to in paragraph 2 shall include at least the information set out below. This information may be included in the notes to the financial statements. Banking companies shall comply with Appendix 15 as regards the disclosure requirements for preliminary announcements of results, interim reports, annual reports, listing documents and circulars.
- (1) Income statement
- (a) turnover;
- (b) profit (or loss) before taxation, including the share of the profit (or loss) of associated companies and jointly controlled entities with separate disclosure of any items included therein which are exceptional because of size, nature and incidence;
- (c) taxation on profits (Hong Kong and overseas) in each case indicating basis of computation with separate disclosure of the taxation on share of profits of associated companies and jointly controlled entities;

- (d) profit (or loss) attributable to minority interests;
- (e) profit (or loss) attributable to shareholders;
- (f) 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);
- (g) earnings per share;
- (h) investment and other income;
- (i) cost of goods sold;
- (j) interest on borrowings,
- (k) depreciation / amortisation;
- (l) profit (or loss) on sale of investments or properties;
- (m) comparative figures for the matters specified in (a) to (l) inclusive for corresponding previous period;

*4.1 Where the items of information specified in sub-paragraph 4(1) are unsuited to a listed issuer's activities, appropriate adjustments should be made. Where the requirements of this appendix are unsuited to a listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*

(2) Balance sheet

- (a) fixed assets;
- (b) current assets
  - (i) stocks
  - (ii) debtors including credit policy and ageing analysis of accounts receivable;
  - (iii) cash at bank and in hand; and
  - (iv) other current assets;
- (c) current liabilities
  - (i) borrowings and debts
  - (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) minority interests.

(3) Segment information

The income statement and balance sheet of a listed issuer shall, in addition to that information required by paragraphs 4(1) and (2), include the information required by:-

- (a) Statement of Standard Accounting Practice 26 if it prepares its annual financial statements in accordance with ~~standard accounting practices in~~ Hong Kong Financial Reporting Standards; or
- (b) International Accounting Standard 14 if it prepares its annual financial statements in accordance with International Financial Reporting Accounting Standards; or
- (c) the relevant accounting standards dealing with segment reporting in Generally Accepted Accounting Principles in the United States of America (US GAAP) if it prepares its annual financial statements in accordance with US GAAP.

5. In the accounting policies section a listed issuer shall state which body of accounting standards have been followed in the preparation of its financial statements. Where applicable, a listed issuer should include a statement by the directors as to the reasons for any significant departure from an accounting standard that forms part of this body of accounting standards.

#### Information in annual reports

6. A listed issuer shall include the information as set out in paragraphs 7 to 35 in its annual report. Unless stated to the contrary the financial information specified in these paragraphs may be included outside the financial statements and will therefore be outside the scope of the auditors' report on the financial statements. Banking companies shall, in addition, comply with the Financial Disclosure by Locally Incorporated Authorized Institutions or other regulations in relation to the contents of annual report issued or specified from time to time by the Hong Kong Monetary Authority.

6.1 *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.*

6.2 *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.*

7. ~~(1) For accounting periods commencing before 1st January, 2001, a listed issuer shall provide a description of its principal activities. Where two or more such activities are so described, the listed issuer should include a statement giving the turnover and contribution to trading results attributable to each activity.~~

~~(2) For accounting periods commencing on or after 1st January, 2001, a A listed issuer shall include in its financial statements the information required by:-~~

- ~~(1a) Statement of Standard Accounting Practice 26 if it prepares its annual financial statements in accordance with ~~standard accounting practices in~~ Hong Kong Financial Reporting Standards; or~~

- ~~(2b)~~ International Accounting Standard 14 if it prepares its annual financial statements in accordance with International Accounting-Financial Reporting Standards; or
- ~~(3e)~~ the relevant accounting standards dealing with segment reporting in Generally Accepted Accounting Principles in the United States of America (US GAAP) if it prepares its annual financial statements in accordance with US GAAP.

~~8. (1) For accounting periods commencing before 1st January, 2001, a listed issuer shall provide a geographical analysis of turnover. If the contribution to net income from a specific geographic area is abnormal in nature, the listed issuer should also disclose the net income of operations carried on by the listed issuer outside Hong Kong. No analysis of net income is required where such overseas operations comprise less than ten per cent of turnover and ten per cent of the trading results of the group;~~

~~8.1 Transactions within the group should be excluded.~~

~~8.2 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 per cent 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 Hong Kong and activities carried out otherwise than in Hong Kong.~~

~~8.3 Listed issuers should include an appropriate analysis of net income by geographical areas where this is needed for a proper appraisal of its business, for example, where a significant portion of net income is derived from activities carried out in any one territory. No analysis of net income is required unless the net income 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 per cent profit margin is earned by the group in relation to turnover in one continent compared with 10 per cent on turnover elsewhere, this fact should be made apparent.~~

~~(2) For accounting periods commencing on or after 1st January, 2001, a listed issuer shall include in its financial statements the information required by:-~~

~~(a) Statement of Standard Accounting Practice 26 if it prepares its annual financial statements in accordance with standard accounting practices in Hong Kong; or~~

~~(b) International Accounting Standard 14 if it prepares its annual financial statements in accordance with International Accounting Standards; or~~

~~(c) the relevant accounting standards dealing with segment reporting in Generally Accepted Accounting Principles in the United States of America (US GAAP) if it prepares its annual financial statements in accordance with US GAAP.~~

~~8. (1) In relation to connected transactions that are not exempt under rule 14A.31, a listed issuer shall include particulars of the transactions pursuant to rule 14A.45.~~

~~(2) In relation to continuing connected transactions that are not exempt under 14A.33, a listed issuer shall include particulars of the transactions pursuant to rules 14A.45 and 14A.46.~~

~~(3) Where a listed issuer includes in its annual report particulars of a connected transaction or continuing connected transaction (as the case may be) in accordance with the Statement of Standard Accounting Practice "Related Party Disclosures" issued by the Hong Kong Society of Accountants or applicable International Financial Reporting Standards, it must specify whether~~

or not the transaction falls under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) in Chapter 14A of the Exchange Listing Rules. The listed issuer must also confirm whether or not it has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.

9. A listed issuer shall include in its financial statements a statement showing:-

- (1) the name of every subsidiary, its principal country of operation and its country of incorporation or other establishment, and, in the case of a subsidiary established in the PRC, the kind of legal entity it is registered as under PRC law (such as a contractual or cooperative joint venture); and
- (2) particulars of the issued share capital and debt securities of every subsidiary.

*9.1 In the case of a subsidiary incorporated in the PRC, reference to securities shall mean and refer to securities\*.*

*9.2 If a listed issuer has an excessive number of subsidiaries, the statement need only include details for subsidiaries which, in the opinion of the directors, materially contribute to the net income of the group or hold a material portion of the assets or liabilities of the group.*

10. In relation to transactions in its securities, or securities of its subsidiaries during the financial year a listed issuer shall include:-

- (1) details of the classes, numbers and terms of any convertible securities, options, warrants or similar rights issued or granted by the listed issuer or any of its subsidiaries, together with the consideration received by the listed issuer or any of its subsidiaries therefor;
- (2) particulars of any exercise 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;
- (3) 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 at the balance sheet date; and
- (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. 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:-
  - (a) on the Exchange;
  - (b) on another stock exchange;
  - (c) by private arrangement; and
  - (d) by way of a general offer.

Any such statement must also distinguish between those listed securities which are purchased by the listed issuer (and, therefore, cancelled) and those which are purchased by a subsidiary of the listed issuer;

*10.1 In the case of a PRC issuer or a listed issuer with subsidiaries incorporated in the PRC, references to securities in sub-paragraphs 10(1) to 10(4) inclusive shall mean and refer to securities\*.*

11. In the case of any issue for cash of equity securities made otherwise than shareholders in proportion to their shareholdings and which has not been specifically authorised by the shareholders, a listed issuer shall disclose:-

- (1) the reasons for making the issue;
- (2) the classes of equity securities issued;
- (3) as respect each class of equity securities, the number issued, their aggregate nominal value;
- (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 six in number, and, in the case of six or more allottees, a brief generic description of them;
- (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.

*11.1 In the case of a PRC issuer, references to securities in this paragraph shall mean and refer to securities\*.*

12. A listed issuer should provide brief biographical details of its directors and senior managers. 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 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 shares and underlying shares of the listed issuer which would fall to be disclosed to the listed issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated.

*12.1 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.*

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

12A. 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 non-executive director was and is considered to be independent if he has failed to meet any of the independence guidelines set out in rule 3.13.

12B. 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 3.13 and whether it still considers the independent non-executive directors to be independent.

13. A listed issuer shall include the information relating to interests of directors, the chief executive and others as follows:-

(1) subject to sub-paragraph 13(2), a statement as at the balance sheet date 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 Model Code for Securities Transactions by Directors of Listed Companies (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 interest or right that has been granted or exercised, a statement of that fact,

provided that the Exchange may agree, in its sole discretion, that compliance with this sub-paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated companies in respect of which each director and chief executive is taken or deemed to have an interest or short position 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 statement required by sub-paragraph 13(1) must specify the company in which the interests or short positions are held, the class to which those securities belong and the number of such securities held. The statement need not disclose:

- (a) the interests of a director 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;
- (b) the non-beneficial interests of directors 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;

*13.1 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.*

(3) a statement as at the balance sheet date, 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 and the amount of such interests and short positions, or if there is no such interests and short positions recorded in the register, a

statement of that fact; and

13.2 For the purposes of sub-paragraphs 13(2) and (3) particulars should be given of the extent of any duplication which occurs.

13.3 In the case of a PRC issuer:-

- (a) references to director or chief executive in sub-paragraphs 13(1) to 13(3) inclusive shall also mean and include supervisors;
- (b) references to securities in sub-paragraphs 13(1) to 13(3) inclusive shall mean and refer to securities\*.

14. A listed issuer shall include a statement as to the period unexpired 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.

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

14A. A listed issuer must include particulars of any service contracts that are exempt under rule 13.69.

15. A listed issuer shall include particulars of any contract of significance subsisting during or at the end of the financial year in which a director of the listed issuer is or was materially interested, either directly or indirectly, or, if there has been no such contract, a statement of that fact.

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

15.2 A "contract of significance" is one where any of the percentage ratios (as defined under rule 14.04(9)) of the transaction is 1% or more which represents in amount or value a sum equal to five per cent. or more of:-

- ~~(1) in the case of a capital transaction or a transaction of which the principal purpose or effect is the granting of credit, the net tangible assets of the listed issuer; or~~
- ~~(2) in other cases, the total purchases, sales, payments or receipts, as the case may be, of the listed issuer.~~

~~Where a listed issuer has subsidiaries, comparison must be made with total purchases, sales, payments, receipts or net tangible assets of the group on a consolidated basis.~~

15.3 Notwithstanding the percentage specified in Note 15.2, a contract is regarded as a "contract of significance" to a listed issuer if the omission of information relating to that contract could have changed or influenced the judgement or decision of a person relying on the relevant information.

16. A listed issuer shall include:-

- (1) 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;

16.1 For the purposes of this sub-paragraph and of sub-paragraph 16(2), the words "controlling shareholder" mean any shareholder entitled to exercise, or control the exercise of:-

- (i) *in the case of a PRC issuer, 30 per cent (or such ~~lower~~ other amount as may from time to time be specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise);*
- (ii) *in other cases, 30~~5~~ per cent (or such ~~lower~~ 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.*

- (2) 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.

16.2 See Notes 15.2 and 16.1

- 17. A listed issuer shall include particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends.

*17.1 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. If net income shown in the financial statements differs materially from any profit forecast published by the listed issuer, the listed issuer must include an explanation of the difference.

- 19. A listed issuer shall include 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 five 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.

- 20. An overseas issuer or a PRC issuer shall include a statement, where applicable, that no pre-emptive rights exist in the jurisdiction in which the listed issuer is incorporated or otherwise established.

*20.1 Where the listed issuer's primary listing is or is to be on another stock exchange which does not impose pre-emptive rights and the listed issuer is not otherwise subject to such rights, the Exchange expects that issues for cash of shares or securities convertible into shares or options, warrants or similar rights to subscribe for any shares or such convertible securities, made by the overseas listed issuer or by a major subsidiary so as materially to dilute the percentage interests of the listed issuer's shareholders, will not be made on terms likely to detract significantly from the value of their interests. In the case of a PRC issuer, references to securities shall mean and refer to securities\*.*

- 21. An overseas issuer or a PRC issuer shall include the information necessary to enable holders of its listed securities to obtain any relief from taxation to which they are entitled by reason of their holding of such securities.

22. In relation to loans and borrowings a listed issuer shall provide in its financial statements:-
- (1) except where the listed issuer is a banking company, an analysis as at the balance sheet date, firstly of bank loans and overdrafts and, secondly of other borrowings, showing the aggregate amounts repayable:-
    - (a) on demand or within a period not exceeding one year;
    - (b) within a period of more than one year but not exceeding two years;
    - (c) within a period of more than two years but not exceeding five years; and
    - (d) within a period of more than five years;
  - (2) a statement of the amount of interest capitalised during the financial year.
23. Where ~~any of the percentage ratios (as defined under rule 14.04(9)) of a listed issuer's properties held for development and/or sale or for investment purposes exceeds 5% represent over 15 per cent. of the value of net tangible assets or contributed over 15 per cent. of pre-tax operating profit,~~ the listed issuer shall include 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;
    - (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.

If a listed issuer has an excessive number of the properties, the statement need only include details for properties which in the opinion of the directors are material.

24. A listed issuer shall disclose in its financial statements details of director's and past director's emoluments remuneration, on a named basis, as follows:-

- (1) the ~~aggregate of the~~ directors' fees for the financial year;
- (2) the ~~aggregate of the~~ directors' basic salaries, housing allowances, other allowances and benefits in kind;
- (3) the ~~aggregate of~~ contributions to pension schemes for directors or past directors for the financial year;
- (4) the ~~aggregate of~~ 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 the financial year;
- (5) the ~~aggregate of~~ amounts paid during the financial year or receivable by directors as an inducement to join or upon joining the listed issuer; and
- (6) the ~~aggregate of~~ compensation paid during the 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); ;
- ~~(7) an analysis showing the number of directors whose emoluments (being amounts paid under (1) to (6) 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); and~~
- ~~(8) particulars of any arrangement under which a director has waived or agreed to waive any emoluments.~~

~~24.1 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.~~

~~24.21~~ Sub-paragraphs (2) to (6) above inclusive require an analysis of the amounts to be disclosed in the listed issuer's financial statements under the provisions of section 161(1) of the Companies Ordinance.

~~24.32~~ 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 should be disclosed under sub-paragraph (2) above.

~~24.43 In addition to discretionary bonus payments, all bonus payments to which Where a director is contractually entitled and which are not fixed in amount, together with the basis upon which they are determined, to bonus payments which are determined as a percentage of turnover or profits of the listed issuer or any of its subsidiaries, then such payments should must~~ be disclosed under sub-paragraph (4) above.

~~24.54~~ In the case of a PRC issuer, references to directors or past directors shall also mean and include supervisors and past supervisors (as appropriate).

24A. A listed issuer shall include particulars of any arrangement under which a director has waived or agreed to waive any emoluments.

24A.1 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.

24B. A listed issuer shall include 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.

25. A listed issuer shall disclose in its financial statements information in respect of the five highest paid individuals during the financial year. For this purposes amounts paid or payable by way of commissions on sales generated by the individual are to be ignored. Where all five of these individuals are directors of the listed issuer and the information required to be disclosed by this paragraph has been disclosed in the emoluments of directors remuneration as required by paragraph 24 above, a statement of this fact shall be made 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' remuneration, the following information shall be disclosed:-

- (1) the aggregate of basic salaries, housing allowances, other allowances and benefits in kind for the 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 listed 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 listed issuer;
- (5) the aggregate of compensation paid during the 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).

25.1 It is not necessary to disclose the identity of the highest paid individuals, unless any of them are directors of the listed issuer.

26. A listed issuer shall include the following information 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 charged to the income statement for the financial year;
  - (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 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 balance sheet date) 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.
27. If a listed issuer has caused any property assets to be valued (in accordance with Rule 5.01) or has caused any valuation to be made of any other tangible assets and included such a valuation in the prospectus relating to its initial public offer and those assets are not stated at such valuation (or at subsequent valuation) in its first annual accounts published after listing, then the listed 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 had those assets been stated at such valuation (or subsequent valuation).
28. A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures required under the following provisions of the Companies Ordinance:-
- (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) S161B (loans to company officers);
  - (9) S162 (directors' interests in contracts); and
  - (10) S162A (management contracts).
29. A listed issuer shall include a statement of the reserves available for distribution to shareholders by the listed issuer as at the balance sheet date:-
- (1) in the case of a Hong Kong issuer, as calculated under the provisions of section 79B of the Companies Ordinance; and
  - (2) in other cases, as calculated in accordance with any statutory provisions applicable in the listed issuer's place of incorporation or, in the absence of such provisions, with generally accepted accounting principles.
30. A listed issuer shall include details of any change in its auditors in any of the preceding three years.
31. A listed issuer shall include information in respect of its 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 wholesale or retailer as the case may be) and its major 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 largest supplier;
  - (2) a statement of the percentage of purchases attributable to the 5 largest suppliers combined;
  - (3) a statement of the percentage of turnover or sales attributable to the largest customer;
  - (4) a statement of the percentage of turnover or sales attributable to the 5 largest customers combined;
  - (5) a statement of the interests of any of the directors; their associates; or any shareholder (which to the knowledge of the directors own more than 5% 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;
- 31.1 Paragraph 31 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.*
- 31.2 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.*

*31.3 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.*

*31.4 The Exchange must be consulted if there is any doubt about the application of paragraph 31.*

32. A listed issuer shall include in its annual report a separate statement containing a discussion and analysis of the group's performance during the financial year and the material factors underlying its results and financial position. It should emphasize trends and identify significant events or transactions during the financial 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 balance sheet date, 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 and obligation, type of capital instruments used, currency and interest rate structure. The discussion may cover:
    - (a) funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled;
    - (b) the currencies in which borrowings are made and in which cash and cash equivalents are held;
    - (c) the extent to which borrowings are at fixed interest rates;
    - (d) the use of financial instruments for hedging purposes; and
    - (e) 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 financial year and their future prospects;
  - (5) details of material acquisitions and disposals of subsidiaries and associated companies in the course of the financial year;
  - (6) comments on segmental information. 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 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;

*32.1 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 large 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.*

- (10) gearing ratio;

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

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

33. 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.

34. A listed issuer shall include the following information in respect of the group:

(1) a statement as to whether or not it has complied with Appendix 14 throughout the accounting period covered by the annual report. A listed issuer that has not complied with Appendix 14, or complied with only part of Appendix 14 or (in the case of requirements of a continuing nature) complied for only part of such period, must specify the paragraphs of Appendix 14 with which it has not complied and (where relevant) for what part of the period such non-compliance continued, and give reasons for any non-compliance. Insofar as a listed issuer's statement of compliance relates to paragraph 6 of Appendix 14, such statement must be reviewed by the auditors:-

(2) in respect of the Model Code set out in Appendix 10 to the Exchange Listing Rules, a statement in relation to the accounting period covered by the annual report on:

(a) whether the listed issuer has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code;

(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 set out in the Model Code and its code of conduct regarding securities transactions by directors; and

(c) in the event of any non-compliance with the required standard set out in the Model Code, details of such non-compliance and an explanation of the remedial steps taken by the listed issuer to address such non-compliance;

(3) details of non-compliance (if any) with rules 3.10(1) and 3.10(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

(4) details of non-compliance with rule 3.21 (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.

34A. A listed issuer shall include a statement of sufficiency of public float. The statement should be based on information that is publicly available to the listed issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report.

### **Financial Conglomerates**

35. Where a listed issuer is regarded as a financial conglomerate (as defined in paragraph 36 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 sub-paragraphs 35(1) to 35(4) inclusive. Information required by sub-paragraphs 35(1) to 35(3) should be included in the financial statements.

(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 sub-paragraphs 35(1) to 35(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 by industry sector.

*35.1 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.*

*35.2 Listed issuers should provide the information as required by paragraph 35(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.*

*35.3 Listed issuers should provide the information as required by paragraph 35(1)(j) in accordance with paragraphs ~~7 and 8~~.*

*35.4 The items contained in this paragraph shall have the same meanings as prescribed in the Financial Disclosure by Locally Incorporated Authorized Institutions issued from time to time by the Hong Kong Monetary Authority.*

36. A listed issuer will be regarded as a "Financial Conglomerate" for the purpose of paragraph 35 above only if:-

- (1) ~~any of the percentage ratios (as defined under rule 14.04(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 14.07. 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 14.07 as at the end of the period the net assets of its financial business represent more than 15% of the listed issuer's consolidated net assets or during the period under review the net profit attributable to the shareholders of the financial business represents more than 15% of the net profit attributable to shareholders of the listed issuer;~~ and
- (2) as at the end of the period its financial business has total assets of over HK\$1 billion or has customer deposits plus financial instruments held by the public of over HK\$300 million.

*36.1 For the purpose of this paragraph, financial business includes, but is 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 to accompany interim reports**

37. A listed issuer shall prepare an interim report in respect of the first six months of its financial year, unless that financial year is of six months or less. Banking companies shall, in addition, comply with Appendix 15 as regards the disclosure requirements for an interim report. That interim report shall include, at a minimum, the following components:-

- (1) a balance sheet that includes at a minimum each of the major components of assets, liabilities and equity that were presented in the most recent published annual balance sheet;
- (2) an income statement that includes at a minimum each component of income and expense that were presented in the most recent published annual income statement;
- (3) a cash flow statement that includes at a minimum, the major subtotals of cash flows that were presented in the most recent published annual cash flow statement;
- (4) a statement of changes in equity;
- (5) comparative figures for the statements referred to in (1) to (4) immediately above inclusive for the corresponding previous period; and

*37.1 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 interim report.*

*37.2 In the case of the balance sheet, the comparative figures in the interim report shall be those items shown in the balance sheet as of the end of immediately preceding financial year.*

*37.3 In the case of the first cash flow statement to be included in the interim report in respect of interim financial statements relating to accounting periods ending on or after 1st July, 2000, the comparative figures for the comparable year-to-date period of the immediately preceding financial year may be omitted. The requirement for disclosure of comparative figures for the cash flow statement in the interim report shall be obligatory in respect of interim financial statements relating to accounting periods ending on or after 1st July, 2001.*

- (6) accounting policies and explanatory notes.

*37.4 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 interim report. Any significant changes in accounting policies, including those required by an accounting standard, should be disclosed together with the reason for changing the accounting policy.*

38. Except where a change in accounting policy is required by an accounting standard issued during the interim period, a listed issuer must prepare its interim report in accordance with the same accounting standards that it adopted in the preparation of its most recent published annual financial statements or for a newly listed company in its prospectus. Where there have been any significant departure from such accounting standards, then the listed issuer shall include a statement setting out particulars of, and reasons for, the departure. A listed issuer that prepares its annual financial

statements in accordance with ~~standard accounting practices in~~ Hong Kong Financial Reporting Standards should comply with Statement of Standard Accounting Practice 25 “Interim Financial Reporting” in respect of its interim report. A listed issuer that prepares its annual financial statements in accordance with International Financial Reporting Accounting Standards should comply with International Accounting Standard 34 “Interim Financial Reporting” in respect of its interim report.

*38.1 The figures in the interim report are the sole responsibilities of the directors and they must ensure that the accounting policies and methods of computation applied to the figures are consistent with those applied to annual financial statements. If those policies or methods have been changed, the listed issuer must include in the interim report a description of the nature and effects of the change. Where it is not possible to quantify the effects of the change in the accounting policies, or the effects are not significant, this shall be stated.*

39. A listed issuer’s audit committee must review the interim report. ~~Where an audit committee has not been formed, the listed issuer’s auditors shall review the interim report.~~ In the event that the audit committee ~~(or the auditors, as the case may be)~~ disagreed with an accounting treatment which had been adopted or the statement made in accordance with paragraph 38 above, full details of such disagreement must be disclosed in the interim report.

*39.1 It is the responsibility of the audit committee ~~(or the auditors, as the case may be)~~ of the listed issuer to determine the scope and extent of the review. In reviewing an interim report, the audit committee ~~(or the auditors, as the case may be)~~ may refer to relevant statements of auditing standards and auditing guidelines in relation to review of interim financial reports for guidance.*

40. A listed issuer shall include in its interim report:-

- (1) except where the listed issuer is a banking company, the minimum information in respect of the balance sheet and the income statement as set out in paragraph 4. Banking company shall comply with Appendix 15 as regards the disclosure requirements for the balance sheet and the income statement;

*40.1. Leading London and Hong Kong Counsel have advised the Exchange that Section 129C(3) of the Companies Ordinance (Cap. 32) relates to the annual balance sheet once it has been audited. Section 129C(3) does not apply to any interim balance sheet.*

- (2) a discussion and analysis of the group’s performance in the interim period covering all those matters set out in paragraph 32. 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 factor which has influenced its activities and its profit (or loss) during the 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 paragraph 32 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;
- (3) for a financial conglomerate, as defined in paragraph 36, all information required by paragraph 35. If, in the opinion of the directors of the listed issuer, the market risk arising from the trading book is not considered as material, a statement to this effect shall be stated and the information required by sub-paragraph 35(4)(a) may be omitted; and
- (4) any supplementary information which is necessary for a reasonable appreciation of the interim results.

40.2 *The Exchange may authorise the omission from an interim 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. The Exchange may authorise the omission from an interim report of any other information either on the grounds referred to above or if it considers such omission otherwise necessary or appropriate.*

41. An interim report shall contain:-

- (1) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries of its securities during the interim period as set out in paragraph 10(4);

*41.1 In the case of a PRC issuer or a listed issuer with subsidiaries incorporated in the PRC, references to securities in sub-paragraph 10(4) shall mean and refer to securities\*.*

- (2) details of interests in the equity or debt securities of the listed issuer or any associated corporation at the end of the interim period for each of the persons as set out in paragraph 13.

*41.2 In the case of a PRC issuer:-*

*(a) references to director or chief executive in paragraph 13 shall also mean and include supervisors;*

*(b) references to securities in paragraph 13 shall mean and refer to securities\*.*

42. 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.

43. Where the accounting information given in an interim report has not been audited that fact must be stated. If the accounting information contained in an interim report has been audited by the listed issuer's auditor, his report thereon including any qualifications shall be reproduced in full in the interim report.

44. A listed issuer shall include in its interim report the following information in respect of the group:

(1) a statement that none of the directors is aware of information that would reasonably indicate that the listed issuer is not, or was not for any part of the accounting period covered by the interim report, in compliance with Appendix 14. If any of the directors is aware of such information, the listed issuer ~~should~~ must verify whether the information is correct and whether there has been any non-compliance with Appendix 14. If the listed issuer finds that there has been non-compliance with Appendix 14, then the listed issuer shall briefly explain in its interim report that it has not complied with all or part of Appendix 14, as the case may be, and include a statement giving the reasons for its non-compliance-;

(2) in respect of the Model Code set out in Appendix 10, a statement in relation to the accounting period covered by the interim report on:

(a) whether the listed issuer has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code;

- ~~(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 set out in the Model Code and its code of conduct regarding directors' securities transactions; and~~
- ~~(c) in the event of any non-compliance with the required standard set out in the Model Code, details of such non-compliance and an explanation of the remedial steps taken by the listed issuer to address such non-compliance;~~
- ~~(3) details of non-compliance (if any) with rules 3.10(1) and 3.10(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~~
- ~~(4) details of non-compliance with rule 3.21 (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.~~

**Information to accompany preliminary announcements of  
Results for the financial year**

45. A listed issuer shall ~~publish a preliminary announcement of its results in the newspapers as required under rule 13.49(1), which has been agreed with its auditors and which includes, as a minimum, the following: in its preliminary announcement of results for the financial year.~~
- ~~(1) the audited financial statements and the auditors' report thereon;~~
  - ~~(2) a discussion and analysis of the group's performance covering all those matters set out in paragraph 32. The discussion should include any significant information needed for investors to make an informed assessment of its activities and profit (or loss). It should emphasize trends and identify significant events or transactions during the financial year. It should provide a comparison with the corresponding period of the preceding 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 paragraph 32 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;~~
  - ~~(3) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries of its securities during the financial year as set out in paragraph 10(4);~~
  - ~~(1) except where the listed issuer is a banking company, the information in respect of the balance sheet and the income statement as set out in paragraph 4 comprising an income statement for the financial year, with comparative figures for the immediately preceding financial year, and balance sheet as at the end of the year, with comparative figures as at the end of the immediately preceding financial year. A banking company shall comply with Appendix 15 as regards the disclosure requirements for the balance sheet and income statement. The listed issuer must include the notes relating to turnover, 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 ensure that the information contained in the preliminary announcement of results is consistent with the information that will be contained in the annual reports (see paragraph 45A);~~

45.1 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 paragraph 45. 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.

- (2) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the relevant year or an appropriate negative statement;
- (3) a business review 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;
- (4) 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;
- (5) particulars of compliance with Appendix 14 as set out in paragraph 34;
- (6) a statement as to whether or not the annual results have been reviewed by the audit committee of the listed issuer;
- (7) 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; and
- (8) where there are any significant changes in accounting policies, a statement to that fact must be made.

45.24 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.

45.3 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.

### **Publication requirements**

- ~~(4) A listed issuer shall publish a preliminary announcement of its results in the newspapers as required by paragraph 11(1) of the Listing Agreements set out in Parts A, B and I of Appendix 7 to contain:-~~

~~Either (a) the information required by paragraphs 45(1) to 45(3) inclusive;~~

~~Or (b) the following:~~

- ~~(i) the income statement as set out in its audited financial statements;~~
  - ~~(ii) the information required by paragraph 45(2);~~
  - ~~(iii) where the auditor's report in the listed issuer's annual financial statements is qualified or modified (whether or not it is qualified), details of the qualification or modification; and~~
  - ~~(iv) a statement that the Exchange's website contains all the information required by paragraphs 45(1) to 45(3) inclusive.~~
- ~~(5) If a listed issuer adopts the alternative allowed by paragraph 45(4)(b) above, it will submit all the information required by paragraphs 45(1) to 45(3) inclusive to the Exchange for publication on the Exchange's website as soon as practicable after the approval by or on behalf of the board of its audited financial statements.~~

45A. 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 in the newspapers 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.

45A.1 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.

#### **Information to accompany preliminary announcements of Interim results**

46. A listed issuer shall publish a preliminary announcement of its results in the newspapers for the first six months of each financial year required under rule 13.49(6), which shall include, as a minimum, the following information, in its preliminary announcement of results for the first six months of each financial year.

- ~~(1) except where the listed issuer is a banking company, the information in respect of the balance sheet and the income statement as set out in paragraph 4. Banking company shall comply with Appendix 15 as regards the disclosure requirements for the balance sheet and the income statement;~~

~~46.1 Leading London and Hong Kong Counsel have advised the Exchange that Section 129C(3) of the Companies Ordinance (Cap. 32) relates to the annual balance sheet once it has been audited. Section 129C(3) does not apply to any interim balance sheet.~~

- ~~(2) a discussion and analysis of the group's performance in the interim period as set out in paragraph 32. 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 factor which has influenced its activities and its profit (or loss) during the 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 paragraph 32 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;~~

- ~~(3) any supplementary information which is necessary for a reasonable appreciation of the results for the six month period;~~
- ~~(4) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its securities during the interim period as set out in paragraph 41(1);~~
- ~~(5) a statement as to whether or not the interim figures have been audited as required by paragraph 43; and~~

~~(1) except where the listed issuer is a banking company, the information in respect of the balance sheet and the income statement as set out in paragraph 4 comprising an income statement for the current interim period, with comparative figures for the comparable period of the immediately preceding financial year, and balance sheet as at the end of the interim period, with comparative figures as at the end of the immediately preceding financial year. A banking company shall comply with Appendix 15 as regards the disclosure requirements for the balance sheet and income statement. The listed issuer must include the notes relating to turnover, 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 statement and balance sheet shall be as they appear in the listed issuer's full interim report;~~

~~*46.1 The Exchange has been advised that Section 129C(3) of the Companies Ordinance (Cap. 32) relates to the annual balance sheet once it has been audited. Section 129C(3) does not apply to any interim balance sheet.*~~

- ~~(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, or an appropriate negative statement;~~
- ~~(3) a business review 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 have been no material changes in respect of such matters since the publication of the latest annual report, an appropriate negative statement in that regard;~~

- ~~(46) particulars of compliance with Appendix 14 as set out in paragraph 44;~~
- ~~(5) any supplementary information which is necessary for a reasonable appreciation of the results for the six month period;~~
- ~~(6) a statement as to whether or not the interim 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;~~
- ~~(8) where the accounting information contained in a preliminary interim results announcement has been audited by the listed issuer's auditor and the auditors' report in the listed issuer's interim financial statements is qualified or modified (whether or not it is also qualified), details of the qualification or modification; and~~
- ~~(9) where there are any significant changes in accounting policies, a statement to that fact must be made.~~

~~46.2 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.~~

### **Publication requirements**

- ~~(7) A listed issuer shall publish a preliminary announcement of its results in the newspapers as required by paragraph 11(6) of the Listing Agreement set out in Parts A, B and I of Appendix 7 to contain:-~~

~~Either (a) the information required by paragraphs 46(1) to 46(6) inclusive;~~

~~Or (b) the following:~~

~~(i) the income statement as required by paragraph 46(1);~~

~~(ii) the information required by paragraphs 46(2), 46(3) and 46(5); and~~

~~(iii) a statement that the Exchange's website contains all the information required by paragraphs 46(1) to 46(6) inclusive.~~

- ~~(8) If a listed issuer adopts the alternative allowed by paragraph 46(7)(b) above, it will submit all the information required by paragraphs 46(1) to 46(6) inclusive to the Exchange for publication on the Exchange's website as soon as practicable after the approval by or on behalf of the board of its interim results.~~

### **Information to accompany listing documents**

47. In those cases where listing is sought for securities of a listed issuer no part of whose share capital is already listed, listing documents shall, in addition to those items specified in Part A of Appendix 1, contain:-

- (1) financial statements as set out in paragraph 2;

*47.1 Where there have been material changes in group structure during the period covered by the accountants' report and thereafter prior to the proposed listing date of a new applicant, the new applicant should consult with the Exchange at the earliest opportunity in respect of the contents and presentation of the cash flow statement in the listing document.*

- (2) a discussion and analysis of the group's performance during the period covered by the accountants' report covering all those matters set out in paragraph 32; and

- (3) where the new applicant is regarded as a financial conglomerate (as defined in paragraph 36), all information required by paragraph 35. If, in the opinion of the directors, the market risk arising from the trading book is not considered as material, a statement to this effect shall be made and the information required by sub-paragraph 35(4)(a) may be omitted.

#### **Information to accompany circulars**

48. Subject to rules 11.09, ~~14.16, 14.17 and 14.30~~14.66, 14.69, and 14A.60, the circular shall, in addition to those items specified in Part B of Appendix 1, contain:-

- (1) financial statements as set out in paragraph 2;

*48.1 Where there have been material changes in group structure of the business or company acquired during the period covered by the accountants' report, the listed issuer should consult with the Exchange at the earliest opportunity in respect of the contents and presentation of the cash flow statement in the circular.*

- (2) a discussion and analysis of the performance of the business or company acquired during the period covered by the accountants' report covering all those matters set out in paragraph 32; and

- (3) where the listed issuer is regarded as a financial conglomerate (as defined in paragraph 36), all information required by paragraph 35. If, in the opinion of the directors of the listed issuer, the market risk arising from the trading book is not considered as material, a statement to this effect shall be made and the information required by sub-paragraph 35(4)(a) may be omitted.

#### **Banking Companies**

49. Banking companies shall comply with Appendix 15 as regards the disclosure requirements for preliminary announcements of results, interim reports and circulars.

*49.1 Listed issuers' attention is also drawn to sub-rules 4.04(3)(b) and 4.04(4)(b) in relation to the disclosure requirements in listing documents.*

#### **Summary financial reports**

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

(2) particulars of compliance with Appendix 14 as set out in paragraph 34;

- (3) details of non-compliance (if any) with rules 3.10(1) and 3.10(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
- (4) details of non-compliance with rule 3.21 (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.

### **Summary interim reports**

51. Summary interim reports of listed issuers shall include, as a minimum, the following information in respect of the listed issuers:

- (1) the information required under paragraphs 46(1) to (9);
- (2) details of non-compliance (if any) with rules 3.10(1) and 3.10(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 3.21 (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 interim report has been audited by the listed issuer's auditors, an opinion from the auditors as to whether the summary interim report is consistent with the full interim report from which it is derived;
- (5) names of the director(s) who have signed the full interim report on behalf of the board of directors of the listed issuer;
- (6) a statement to the effect that the summary interim report only gives a summary of the information and particulars contained in the listed issuer's full interim report;
- (7) a statement as to how an entitled person may obtain free of charge a copy of the listed issuer's full interim report from which the summary interim 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 interim report in place of a copy of the full interim report from which it is derived.

### **Recommended additional disclosure**

52. Listed issuers are encouraged to disclose the following additional commentary on management discussion and analysis in their interim and annual reports:

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