

Chapter 18

EQUITY SECURITIES

FINANCIAL INFORMATION

Introduction

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

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

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

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

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

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

Annual reports

Distribution

18.03 The listed issuer must send to:—

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

a copy of either (i) the directors' report and its annual financial statements and, where the listed issuer prepares consolidated financial statements, the consolidated financial statements,

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

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

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

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

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

3 *Sections 429 and 431 of the Companies Ordinance require the directors of a Hong Kong issuer to lay the issuer's annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate. An overseas issuer (including for such purposes, a PRC issuer) should comply with the same requirement as a Hong Kong issuer.*

4 *The Exchange may at its discretion suspend dealings in or cancel the listing of the securities of the listed issuer if it falls into arrears in the issue of its directors' report and financial statements. If the listed issuer has significant interests outside Hong Kong it may apply for an extension of the 6 month period. However, the attention of a Hong Kong issuer is drawn to section 431 of the Companies Ordinance which requires any extension of the time limit to be approved by the Court of First Instance.*

5 *[Repealed 1 January 2011]*

6 *Newly listed issuers will be required to prepare and publish the relevant annual report or summary financial report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 3-month deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 18.03 are not applicable to the reporting period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—*

- (a) *the financial information required under Chapter 18 in relation to annual reports, in respect of such reporting period;*
- (b) *a statement as to whether it complies with the Corporate Governance Code in Appendix 15 and, if not, the reason for deviation; and*
- (c) *that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not distributing such annual reports and accounts.*

Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 18.03 that the relevant financial information has been included in its listing document. The newly listed issuer must still comply with the requirements under rule 17.103(5).

Accounting standards

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

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

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

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

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

Information to accompany directors' report and annual financial statements

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

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

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

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

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

(a) advance to an entity under rule 17.22;

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

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

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

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

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

(g) for an issuer involving in mining activities, continuing disclosure obligations arise under rules 18A.14 to 18A.17, where appropriate;

(h) information required under rule 19.36B and/or rule 20.61 about any guarantee regarding the financial performance of a company or business acquired;

- (i) *share option schemes under rules 23.07, 23.08 and 23.09; and*
- (j) *provision of information in respect of corporate governance code provisions B.1.5 (remuneration payable to members of senior management by band) and C.1.4 (discussion and analysis of group's performance) of Appendix 15 or explain reason for deviation.*

5 *Issuers must publish ESG reports in accordance with Rule 17.103 and the ESG Reporting Guide contained in Appendix 20.*

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

- (1) in financial statements
 - (a) Section 383 – Notes to financial statements to contain information on directors' emoluments etc.;
 - (b) Schedule 4 – Accounting Disclosures relating to:
 - (i) Part 1(1) Aggregate amount of authorized loans;
 - (ii) Part 1(2) Statement of financial position to be contained in notes to annual consolidated financial statements;
 - (iii) Part 1(3) Subsidiary's financial statements must contain particulars of ultimate parent undertaking;
 - (iv) Part 2(1) Remuneration of auditor; and
 - (c) Companies (Disclosure of Information about Benefits of Directors) Regulation; and
- (2) in directors' report
 - (a) Section 390 – Contents of directors' report: general;
 - (b) Section 470 – Permitted indemnity provision to be disclosed in directors' report;
 - (c) Section 543 – Disclosure of management contract;
 - (d) Schedule 5 – Content of Directors' Report: Business Review; and
 - (e) Companies (Directors' Report) Regulation.

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

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

18.08 [Repealed 31 December 2015]

18.08A In each annual report and half-year report published during at least the first 2 full financial years after listing, a statement by the directors as to the issuer's achievement of its business objectives as stated in its listing document at the time of listing under rule 14.19. The discussion in the statement should include a balanced and concise analysis of the level of achievement of the business objectives in terms of both qualitative and quantitative financial and non-financial information. There should be a description of the principal risks and uncertainties facing the company and a commentary on the directors' approach to them, together with an explanation of any material differences between the disclosure in the listing document and actual business progress in the relevant period (including as to the use of proceeds as indicated in the listing document).

Notes:

1 *For general guidance, issuers may include information such as:*

- (a) significant developments by key business segments;*
- (b) trends, internal and external environmental and industry factors affecting performance or achievement of the objectives;*
- (c) the principal risks and uncertainties facing the issuer or its group, including strategic, operational and financial risks; and*
- (d) the key performance indicators used by the directors to measure performance in achieving the issuer's objectives.*

2 *Key performance indicators are factors by reference to which the development, performance or position of the business can be measured effectively. For the purposes of rule 18.08A these rules issuers should determine and disclose their own key performance indicators which should be of a quantitative nature so that the level of achievement of objectives can be quantified. Such quantitative standards may include, for example:*

- (a) customer retention and satisfaction*
- (b) capital adequacy and expenditure*
- (c) store portfolio changes*
- (d) reserve replacement costs*
- (e) equipment utilisation and capacity*
- (f) loan loss*
- (g) asset quality*
- (h) expected return on sales*
- (i) sales volume per square foot of store space, etc.*

3 *The issuer should use, where appropriate, a tabular format of presentation with a recitation of the business objectives (as stated in its listing document) on one side and the directors' comments about level of achievement on the other.*

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

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

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

18.10 A statement showing:—

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) The information required to be included by virtue of rule 18.15(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:

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

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

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

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

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

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

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

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

Notes:

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

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

Notes:

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

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

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

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

Notes:

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

- (ii) cash settled equity derivatives.

Notes:

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

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

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

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

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

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

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

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

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

18.22 [Repealed 31 December 2015]

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

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

18.24 Statements as to:—

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

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

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

18.24A [Repealed 1 October 2020]

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

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

2 A "transaction, arrangement or contract of significance" is one where any of the percentage ratios (as defined under 19.04(9)) of the transaction is 1% or more.

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

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

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

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

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

Note: See Note 2 to rule 18.25 and the Note to rule 18.26.

18.28 Information concerning the emoluments, pension and any compensation arrangements for the directors and past directors of the listed issuer. The information provided pursuant to this rule must include details of directors' and past directors' emoluments, by name as follows:-

- (1) the directors' fees for such financial year;
- (2) the directors' basic salaries, housing allowances, other allowances and benefits in kind;
- (3) the contributions to pension schemes for directors or past directors for such financial year;
- (4) the bonuses paid or receivable by directors which are discretionary or are based on the listed issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (5) and (6) below) for such financial year;
- (5) the amounts paid during such financial year or receivable by directors as an inducement to join or upon joining the listed issuer;

- (6) the compensation paid during such financial year or receivable by directors or past directors for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (2) to (5) above); and
- (7) information on share options held by directors as required under rule 23.07.

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

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

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

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

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

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

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

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

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

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

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

- (1) the aggregate of basic salaries, housing allowances, other allowances and benefits in kind for such financial year;
- (2) the aggregate of contributions to pension schemes for the financial year;
- (3) the aggregate of bonuses paid or receivable which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (4) and (5) below) for the financial year;
- (4) the aggregate of amounts paid during the financial year or receivable as an inducement to join or upon joining the issuer or the group;
- (5) the aggregate of compensation paid during such financial year or receivable for the loss of any office in connection with the management of the affairs of any member of the group distinguishing between contractual payments and other payments (excluding amounts disclosed in (1) to (3) above); and
- (6) an analysis showing the number of individuals whose remuneration (being amounts paid under (1) to (5) above) fell within bands from HK\$nil up to HK\$1,000,000 or into higher bands (where the higher limit of the band is an exact multiple of HK\$500,000 and the range of the band is HK\$499,999).

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

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

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

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

- 18.32 In the case of any issue for cash of equity securities (including securities convertible into equity securities):—

- (1) the reasons for making the issue;
- (2) the classes of equity securities issued;
- (3) as regards each class of equity securities, the number issued, their aggregate nominal value, if any;
- (4) the issue price of each security;
- (5) the net price to the listed issuer of each security;
- (6) the names of the allottees, if less than 6 in number, and, in the case of 6 or more allottees, details of such allottees in accordance with rule 10.12(4);

- (7) the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed; and
- (8) the total funds raised from the issue and details of the use of proceeds including:
 - (a) a detailed breakdown and description of the proceeds for each issue and the purposes for which they are used during the financial year;
 - (b) if there is any amount not yet utilized, a detailed breakdown and description of the intended use of the proceeds for each issue and the purposes for which they are used and the expected timeline; and
 - (c) whether the proceeds were used, or are proposed to be used, according to the intentions previously disclosed by the issuer, and the reasons for any material change or delay in the use of proceeds.

Note: Issuers are recommended to present the above information in tabular format to show separately the amounts used and the purposes for which they are used, and compare each of the actual or intended uses against the intention and expected timeframe previously disclosed by the issuer.

- 18.32A To the extent that there are proceeds brought forward from any issue of equity securities (including securities convertible into equity securities) made in previous financial year(s), the listed issuer shall disclose the amount of proceeds brought forward and details of the use of such proceeds as set out in rule 18.32.
- 18.33 A summary, in the form of a comparative table, of the published results and of the assets and liabilities of the group for the last 5 financial years. Where the published results and statement of assets and liabilities have not been prepared on a consistent basis this must be explained in the summary.
- 18.34 An issuer shall include the following information in addition to the information required under the relevant accounting standard in respect of pension schemes:
- (1) a brief outline of how contributions are calculated or benefits funded;
 - (2) 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 date of statement of financial position for such use; and
 - (3) in the case of defined benefit plans, an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the date to which the listed issuer's financial statements are drawn up) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of:—
 - (a) the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions;
 - (b) the market value of the scheme assets at the date of their valuation or review (unless the assets are administered by an independent trustee in which case this information may be omitted);

- (c) the level of funding expressed in percentage terms; and
- (d) comments on any material surplus or deficiency (including quantification of the deficiency) indicated by (c) above.

18.35 If the issuer has caused any property interests to be valued (under Chapter 8) or has caused any valuation to be made of any other tangible assets and included such a valuation in the prospectus relating to the initial public offer of shares in the issuer and those assets are not stated at such valuation (or at subsequent valuation) in its first annual financial statements published after listing, then the issuer is required to disclose the following additional information in its first annual report published after listing:–

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

18.36 [Repealed 31 December 2015]

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

18.37A [Repealed 31 December 2015]

18.37B [Repealed 31 December 2015]

18.38 [Repealed 31 December 2015]

18.39 Brief biographical details in respect of the directors and senior managers of the listed issuer. Such details will include name, age, positions held with the listed issuer and other members of the listed issuer's group, length of service with the listed issuer and the group and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons (which would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities). Where a director has any former name or alias, such information should also be disclosed. Where any of the directors or senior managers are related, having with any other director or senior manager any one of the relationships set out below, that fact should be stated. The relationships are spouse; any person cohabiting with the director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law. Where any director of the listed issuer is a director or employee of a company which has an interest in the share capital of the listed issuer which would fall to be disclosed to the listed issuer under the provisions in Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated.

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

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

- 18.39A In relation to an independent non-executive director appointed by a listed issuer during the financial year, the listed issuer shall disclose the reasons why such an independent 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 5.09.
- 18.39B A listed issuer must confirm whether it has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to rule 5.09 and whether it still considers the independent non-executive directors to be independent.
- 18.40 Additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—
- (1) a statement of the percentage of purchases attributable to the group's largest supplier;
 - (2) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;
 - (3) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's largest customer;
 - (4) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;
 - (5) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors own more than 5% of the number of issued shares of the listed issuer) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;
 - (6) in the event that the percentage which would fall to be disclosed under (2) above is less than 30, a statement of that fact shall be given and the information required in (1), (2) and (5) (in respect of suppliers) may be omitted; and
 - (7) in the event that the percentage which would fall to be disclosed under (4) above is less than 30, a statement of that fact shall be given and the information required in (3), (4) and (5) (in respect of customers) may be omitted.

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

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

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

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

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

- (1) the group's liquidity and financial resources. This may include comments on the level of borrowings at the end of the period under review, the seasonality of borrowing requirements, and the maturity profile of borrowings and committed borrowing facilities. Reference may also be made to the funding requirements for capital expenditure commitments and authorisations;
- (2) the capital structure of the group in terms of maturity profile of debt, type of capital instruments used, currency and interest rate structure. The discussion may cover funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled; the currencies in which borrowings are made and in which cash and cash equivalents are held; the extent to which borrowings are at fixed interest rates; the use of financial instruments for hedging purposes; and the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments;
- (3) the state of the group's order book (where applicable) and prospects for new business including new products and services introduced or announced;
- (4) significant investments held, their performance during the year and their future prospects;
- (4A) a breakdown of its significant investments (including any investment in an investee company with a value of 5 per cent. or more of the issuer's total assets as at the year end date):
 - (a) details of each investment, including the name and principal businesses of the underlying company, the number and percentage of shares held and the investment costs;
 - (b) the fair value of each investment as at the year end date and its size relative to the issuer's total assets;
 - (c) the performance of each investment during the year, including any realised and unrealised gain or loss and any dividends received; and
 - (d) a discussion of the issuer's investment strategy for these significant investments;
- (5) details of material acquisitions and disposals of subsidiaries, associates and joint ventures in the course of the 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 revenue and margins;
- (7) where applicable, details of the number and remuneration of employees, remuneration policies, bonus and share option schemes and training schemes;

- (8) details of charges on group assets;
- (9) details of future plans for material investments or capital assets and their expected sources of funding in the coming year;
- (10) gearing ratio;
- (11) exposure to fluctuations in exchange rates and any related hedges; and
- (12) details of contingent liabilities, if any.

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

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

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

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

18.43 [Repealed 1 July 2008]

18.44 The following information in respect of an issuer:-

- (1) the full name and professional qualifications (if any) of:-
 - (a) the company secretary of the issuer; and
 - (b) the compliance officer of the issuer appointed pursuant to rule 5.19; and
- (2) a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under paragraphs G to Q of Appendix 15 regarding the accounting period covered by the annual report. To the extent that it is reasonable and appropriate, the issuer may incorporate by reference information in its annual report into the Corporate Governance Report. Any such references must be clear and unambiguous and the Corporate Governance Report must not contain only a cross-reference without any discussion of the matter.

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

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

- 18.48 [Repealed 31 December 2015]

Obligation to publish

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

Preliminary announcement of results for the financial year

Preliminary

- 18.49 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the financial year, which has been agreed with its auditors, on the GEM website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of its results. The issuer must publish such results not later than 3 months after the date upon which the financial year ended.

Notes: 1 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.

2 Newly listed issuers will be required to prepare and publish the relevant annual results (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 3-month deadline for publishing the results falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 18.49 are not applicable to the reporting period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

- (a) the financial information required under Chapter 18 in relation to annual results announcements, in respect of such reporting period; and*
- (b) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not publishing such annual results announcements.*

Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 18.49 that the relevant financial information has been included in its listing document.

Content of preliminary announcement

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

- (1) the information in respect of the statement of financial position and the statement of profit or loss and other comprehensive income as set out in rule 18.50B comprising a statement of profit or loss and other comprehensive income for the financial year, with comparative figures for the immediately preceding financial year, and statement of financial position as at the end of the financial year, with comparative figures as at the end of the immediately preceding financial year. The listed issuer must include the notes relating to revenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the year. Directors of the listed issuer must 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 rule 18.50A);

Note: [Repealed 31 December 2015]

- (2) a commentary covering the following:
 - (a) a fair review of the development of the business of the listed issuer and its subsidiaries during the financial year and of their financial position at the end of the year;
 - (b) details of important events affecting the listed issuer and its subsidiaries which have occurred since the end of the financial year; and
 - (c) an indication of likely future developments in the business of the listed issuer and its subsidiaries;
- (3) [Repealed 31 December 2015]
- (4) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries, of its listed securities during the financial year, or an appropriate negative statement;
- (5) any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant year;
- (6) a statement as to whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 15. The listed issuer must also disclose any deviations from the code provisions and considered reasons for such deviations. To the extent that it is reasonable and appropriate, such information may be given by reference to the immediately preceding half-year report or to the Corporate Governance Report in the immediately preceding annual report, and summarising any changes since that report. Any such references must be clear and unambiguous;
- (7) a statement as to whether the annual results have been reviewed by the audit committee of the listed issuer;

- (8) where the auditors are likely to issue a modified report on the listed issuer's annual financial statements, details of the modification;
- (9) where there are any significant changes in accounting policies, a statement of that fact must be made; and

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

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

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

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

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

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

- (1) Statement of profit or loss and other comprehensive income
 - (a) profit (or loss) on sale of properties;
- (2) Statement of financial position, if applicable:
 - (a) ageing analysis of accounts receivable; and
 - (b) ageing analysis of accounts payable;

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

(3) Dividends

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

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

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

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

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

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

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

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

18.51 [Repealed 1 March 2019]

18.52 [Repealed 31 December 2015]

Half-year reports

Obligation to prepare and publish

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

Notes: 1 Newly listed issuers will be required to prepare and publish the relevant half-year report or summary half-year report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rules 18.53 and 18.54 are not applicable to the half-year period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

- (a) *the financial information required under Chapter 18 in relation to half-year reports, in respect of such six-month period (with comparative figures for the corresponding six-month period of the immediately preceding financial year);*
- (b) *a statement as to whether it complies with the Corporate Governance Code in Appendix 15 and, if not, the reason for deviation; and*
- (c) *that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not distributing such half-year reports.*

Such a newly listed issuer should publish an announcement no later than the time prescribed in rules 18.53 and 18.54 that the relevant financial information has been included in its listing document.

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

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

Note: [Repealed 1 January 2011]

Content of half-year reports

18.55 Each half-year report shall contain the disclosures required under the relevant accounting standards adopted and the information set out below:

- (1) [Repealed 31 December 2015]
- (2) [Repealed 31 December 2015]
- (3) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries, of its listed securities during the relevant period, or an appropriate negative statement;
- (4) a statement in relation to the accounting period covered by the half-year report on whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 15. Where there are any deviations from the code provisions in the Code, the listed issuer must also give considered reasons for the deviations from the code provisions, either by:
 - (a) giving considered reasons for each deviation; or
 - (b) to the extent that it is reasonable and appropriate, by referring to the Corporate Governance Report in the immediately preceding annual report and providing details of any changes together with considered reasons for any deviation not reported in that annual report. Any such references must be clear and unambiguous and the half-year report must not only contain a cross-reference without any discussion of the matter;

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

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

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

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

4 [Repealed 31 December 2015]

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

- 6 *Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adaptations should be made. Where the requirements of this rule are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*
- 7 *The Exchange may authorise the omission from an interim report of specified items of information if it considers:—*
- (a) such omission to be necessary or appropriate; or*
 - (b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,*
- provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.*
- 8 *The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 7 above is based.*
- 9 *Each half-year report must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*
- 10 *A half-year report shall contain the following information required under other parts of the Listing Rules:*
- (a) advance to an entity under rule 17.22;*
 - (b) pledging of shares by the controlling shareholder under rule 17.23;*
 - (c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;*
 - (d) breach of loan agreement by an issuer under rule 17.23;*
 - (e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24;*
 - (f) provision of information in respect of and by directors, supervisors and chief executives under rule 17.50A(1);*
 - (g) for a Mineral Company, continuing disclosure obligation arises under rule 18A.14; and*
 - (h) share option schemes under rules 23.07 and 23.08.*

18.55A. A listed issuer shall include in its interim report the information in relation to any issue for cash of equity securities (including securities convertible into equity securities) during the interim period as set out in rule 18.32, and where applicable, the information required under rule 18.32A.

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

Notes:

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

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

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

Notes:

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

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

Notes:

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

- 18.58C For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.58B, except that note (3) to Rule 18.58B(1) does not apply.
- 18.59 The listed issuer should include a discussion and analysis of its performance covering all those matters set out in rule 18.41. The discussion should include any significant information needed for investors to make an informed assessment of the trend of its activities and profit (or loss). It should identify and explain any special factors which has influenced its activities and its profit (or loss) during the relevant period. It should provide a comparison with the corresponding period of the preceding financial year and must also, as far as possible, give an indication of the listed issuer's prospects for the current financial year. Such discussion may focus only on the significant changes in the group's performance since the most recent published annual report. Where the current information in relation to those matters set out in rule 18.41 has not changed materially from the information disclosed in the most recent published annual report, a statement to this effect may be made and no additional disclosure is required.
- 18.60 [Repealed 31 December 2015]
- 18.61 Any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant period.
- 18.62 [Repealed 1 July 2008]
- 18.63 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.
- 18.64 Each half-year report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) is a modified report, details of such modification must be set out in the half-year report.
- 18.65 [Repealed 31 December 2015]

Quarterly reports

Obligation to prepare and publish

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

Notes: 1 Newly listed issuers will be required to prepare and publish the relevant quarterly report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rules 18.66 and 18.67 are not applicable to the 3-month or 9-month period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

- (a) the financial information required under Chapter 18 in relation to quarterly reports, in respect of such 3-month or 9-month period (with comparative figures for the corresponding 3-month or 9-month period of the immediately preceding financial year);*
- (b) a statement as to whether it complies with the Corporate Governance Code in Appendix 15 and, if not, the reason for deviation; and*
- (c) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not distributing such quarterly reports.*

Such a newly listed issuer should publish an announcement no later than the time prescribed in rules 18.66 and 18.67 that the relevant financial information has been included in its listing document.

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

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

Note: [Repealed 1 January 2011]

Content of quarterly reports

- 18.68 Each quarterly report shall contain at least the following information in respect of the group:—
- (1) the information set out in rule 18.79; and
 - (2) the further information set out in rules 18.69 to 18.76 below.

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

2 *The Exchange may authorise the omission from a quarterly report of specified items of information if it considers:—*

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

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

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

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

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

5 *Each quarterly report must be reviewed by the issuer's audit committee.*

6 *A quarterly report shall contain the following information required under other parts of the Listing Rules:*

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

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

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

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

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

18.69 (1) Subject to rule 18.69(2), a statement as at the end of the relevant period showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

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

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

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

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

(2) The information required to be included by virtue of rule 18.69(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:

(a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or

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

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

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

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

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

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

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

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

Notes:

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

- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
 - (i) physically settled equity derivatives;
 - (ii) cash settled equity derivatives; and
 - (iii) other equity derivatives.

Notes:

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

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

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

Notes:

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

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

Notes:

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

- 18.71C For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.71B, except that note (3) to Rule 18.71B(1) does not apply.
- 18.72 An explanatory statement relating to the activities of the group and profit (or loss) during the relevant period which must include any significant information enabling investors to make an informed assessment of the trend of the activities and profit (or loss) of the group together with an indication of any special factor which has influenced those activities and the profit (or loss) during the period in question, and enable a comparison to be made with the corresponding period of the preceding financial year and must also, as far as possible, refer to the prospects of the group in the current financial year.
- 18.73 [Repealed 31 December 2015]
- 18.74 Any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant period.
- 18.75 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.
- 18.76 Each quarterly report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) is a modified report, details of such modification must be set out in the quarterly report.
- 18.77 [Repealed 31 December 2015]

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

- 18.78 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the first 6 months of each financial year, containing at least the information set out below, on the GEM website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of the results. The issuer must publish such results not later than 45 days after the end of such period:
- (1) the information in respect of the statement of profit or loss and other comprehensive income and the statement of financial position as set out in rule 18.50B comprising statement of profit or loss and other comprehensive income for the current interim period, with comparative figures for the comparable period of the immediately preceding financial year, and statement of financial position as at the end of the interim period, with comparative figures as at the end of the immediately preceding financial year. The listed issuer must include the notes relating to revenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the financial period. The statement of profit or loss and other comprehensive income and statement of financial position shall be as they appear in the listed issuer's full half-year report;

Note: [Repealed 31 December 2015]

- (2) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries of its listed securities during the relevant period as required by rule 18.55(3), or an appropriate negative statement;
- (3) a commentary covering the following:
 - (a) a fair review of the development of the business of the listed issuer and its subsidiaries during the financial period and of their financial position at the end of the period;
 - (b) details of important events affecting the listed issuer and its subsidiaries which have occurred since the end of the financial period; and
 - (c) an indication of likely future developments in the business of the listed issuer and its subsidiaries, including the listed issuer's prospects for the current financial year; or

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

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

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

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

Note: Newly listed issuers will be required to prepare and publish the relevant half-year results (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the results falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 18.78 are not applicable to the half-year period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

- (a) *the financial information required under Chapter 18 in relation to half-year results announcements, in respect of such six-month period (with comparative figures for the corresponding six-month period of the immediately preceding financial year); and*
- (b) *that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not publishing such half-year results announcements.*

Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 18.78 that the relevant financial information has been included in its listing document.

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

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

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

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

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

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

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

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

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

4 *Newly listed issuers will be required to prepare and publish the relevant 3-month or 9-month results (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the results falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 18.79 are not applicable to the 3-month or 9-month period which ended immediately before the listing a newly listed issuer if the following is disclosed in its listing document:—*

(a) *the financial information required under Chapter 18 in relation to quarterly results announcements, in respect of such 3-month or 9-month period (with comparative figures for the corresponding 3-month or 9-month period of the immediately preceding financial year); and*

(b) *that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not publishing such quarterly results announcements.*

Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 18.79 that the relevant financial information has been included in its listing document.

18.80 [Repealed 31 December 2015]

Summary financial reports

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

- (1) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year or an appropriate negative statement; and

- (2) a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under paragraphs G to Q of Appendix 15 regarding the accounting period covered by the annual report. To the extent that it is reasonable and appropriate, this Corporate Governance Report may take the form of a summary of the Corporate Governance Report in the annual report and may also incorporate information by reference to its annual report. Any such references must be clear and unambiguous and the summary must not contain only a cross-reference without any discussion of the matter. The summary must contain, as a minimum, a narrative statement indicating overall compliance with and highlighting any deviation from the Corporate Governance Code in Appendix 15.

Summary half-year reports

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

- (1) information as set out in rules 18.78(1) to (9);
- (2) details of non-compliance (if any) with rules 5.05(1) and 5.05(2) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise, respectively;
- (3) details of non-compliance with rule 5.28 (if any) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to establishment of an audit committee;
- (4) where the accounting information contained in a summary half-year report has been audited by the listed issuer's auditors, an opinion from the auditors as to whether the summary half-year report is consistent with the full half-year report from which it is derived;
- (5) names of the director(s) who have signed the full half-year report on behalf of the board of directors of the listed issuer;
- (6) a statement to the effect that the summary half-year report only gives a summary of the information and particulars contained in the listed issuer's full half-year report;
- (7) a statement as to how an entitled person may obtain free of charge a copy of the listed issuer's full half-year report from which the summary half-year report is derived; and
- (8) a statement as to the manner in which an entitled person may in future notify the listed issuer of his wishes to receive a copy of a summary half-year report in place of a copy of the full half-year report from which it is derived.

Note: "Entitled person" is a person who is entitled to be sent copies of the reporting documents for the financial year under section 430 of the Companies Ordinance.

Recommended additional disclosure

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

- (1) efficiency indicators (e.g. return on equity, working capital ratios) for the last 5 financial years indicating the bases of computation;

- (2) industry specific ratios, if any, for the last 5 financial years indicating the bases of computation;
- (3) a discussion of the listed issuer's purpose, corporate strategy and principal drivers of performance;
- (4) an overview of trends in the listed issuer's industry and business;
- (5) a discussion on the listed issuer's policies and performance on community, social, ethical and reputational issues; and
- (6) receipts from, and returns to, shareholders.

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

18.84 [Repealed 1 January 2016]