Released on 9 May 2008
(last updated on 10 September 2008, 1 December 2010, 2 January 2013, 3 September 2013, 17 April 2014 and 15 February 2018)

HKEX's FRAMEWORK FOR DEPOSITARY RECEIPTS (HDRs) – FREQUENTLY ASKED QUESTIONS (FAQs)

Notes to FAQ

These FAQs are intended to assist issuers to meet their obligations under the Main Board Listing Rules (the Listing Rules) and the rules and procedures of the Central Clearing and Settlement System (CCASS Rules) (collectively referred to as the Rules). They aim to promote a better understanding of the Rules, particularly in situations not explicitly catered for by the Rules or where further clarification may be desirable.

Readers should in all cases refer to the Rules themselves and, where necessary, seek qualified professional advice. These FAQs are not a substitute for the Rules or such advice. In the event of any discrepancy between any of the contents of these FAQs and the Rules, the Rules prevail.

In formulating our 'answers', we have in some cases assumed certain underlying facts, selectively summarised the relevant provisions of the Rules or concentrated on one particular aspect of the question which we interpreted to be the focal point of the enquiry.

The 'answers' should therefore not be construed as being definitive and applicable to all cases where the scenario may at first appear similar. In any given case, regard must be had to all the relevant facts and circumstances.

The Listing Department is available for consultation on a confidential basis where interpretation of the Listing Rules is required. Issuers and practitioners are urged to contact the Listing Department at the earliest opportunity with any queries they may have on the Rules.

A. Overview

A1. What are depositary receipts? *(Updated in December 2010)*

Depositary receipts (DRs) are securities issued by a depositary representing underlying shares of an issuer which have been placed with the depositary or its nominated custodian. The subject matter of listing is the underlying shares represented by DRs. DRs are purchased by investors (DR holders) in accordance with the terms of the deposit agreement. The depositary is the agent of the issuer and acts as a bridge between the DR holders and the issuer.

DRs are issued to investors in the target market (the host market) where they are traded, cleared and settled in host market currency in accordance with host market procedures. One DR will represent a number of underlying shares (or a fraction of a single share), according to the DR ratio. The depositary converts dividends into the host market currency and pays the amounts (net of its own fees) to the DR holders. The depositary also transmits other entitlements and corporate communications from the issuer to the DR holder, and transmits the DR holder's instructions back to the issuer. The rights and obligations of the issuer, the depositary and the DR holders are set out in the deposit agreement.

A2. What are HDRs?

'HDR' is the informal name for a depositary receipt programme listed on the Exchange.

A3. What is HKEX's depositary receipt framework? And when is it effective?

Previously, HKEX's Listing Rules would accept issuers listing equity securities only in the form of shares. Now the Listing Rules have been amended to permit issuers to list in the form of DRs (i.e. HDRs).

The HDR framework is effective from 1 July 2008.

There are no changes to the listing regime. Issuers listing in HDR form have to comply with the same listing regime as issuers listing shares. The requirements for admission, the listing process, and the continuing obligations are the same.

A4. Are HDRs allowed on GEM?

Not at this stage. The HDR framework applies to the Main Board only. ***(Updated in February 2018)***

A5. What are the main rule changes to implement the DR framework?

A new chapter on depositary receipts, Chapter 19B, has been added to the Listing Rules. Chapter 19B explains that an issuer may choose to list in the form of DRs, and that the Listing Rules will apply in the same manner as to the listing of equity securities; necessary modifications or clarifications are given. The chapter states that the issuer of the shares which are represented by DRs is 'the issuer' for purposes of the Listing Rules. Chapter 19B also requires the depositary to maintain a register of DR holders in Hong Kong via an approved share registrar, provides the qualifications for the depositary, sets out the requirements concerning the deposit agreement, and stipulates the obligations of the issuer on any change of depositary or custodian.

Minor or consequential amendments have been made to other chapters of the Listing Rules. New parts E and F, modelled on the existing parts A and B, have been added to Appendix 1 of the Listing Rules on the Listing Document.

Very minor amendments to accommodate DRs have been made to the General Rules of the Clearing and Settlement System (CCASS), the CCASS Operating Procedures and the Terms and Conditions for Investor Participants Procedures.

A6. Can warrants be issued on HDRs?

Yes. Provided the issuer meets the Exchange's criteria for the underlying stock for warrant issuance, warrants may be issued on HDRs.

A7. Can HDRs be issued by a depositary without the issuer's authorisation, i.e. can an HDR programme be 'unsponsored'?

No. HDRs cannot be issued by the depositary without the issuer's authorization. All HDR programmes must be 'sponsored'.

B. Issuers

B1. Why should issuers list in the form of HDRs rather than shares?

An issuer may choose to list either in the form of shares or in the form of HDRs. The choice is the issuer's.

Some overseas issuers may find the HDR form convenient. Where regulations in the issuer's home jurisdiction discourage the overseas listing of shares, HDRs may offer a practicable alternative. Where the issuer's shares are of a very different size from that customarily used in Hong Kong, the HDR form may provide a convenient means to 'resize' the issue.

Although well-resourced investors may prefer to buy and hold overseas shares directly, retail investors and smaller institutions usually do not wish to do so since direct holding means dealing with share registration procedures, tax reclaims, currency conversion and possibly investor registration procedures in the overseas jurisdiction. With HDRs, these onerous procedures are handled by the depositary. Accordingly, the use of HDRs may enable an issuer to reach a larger investor base than would be possible in ordinary share form.

B2. What are the listing requirements for HDR issuers? How do they compare with the requirements for issuers of ordinary shares?

The listing requirements for HDR issuers are essentially the same as for issuers of shares, i.e. Chapter 8 of the Listing Rules applies to issuers of HDRs as well as to issuers of shares.

HDR issuers have to comply with certain additional requirements set out in the new Chapter 19B of the Listing Rules. These additional requirements concern the contents of the deposit agreement and other DR-specific matters.

B3. Do HDR issuers have to be already listed on any exchange?

No. Any issuers, whether listed on any exchange or not, which can meet the requirements of the Listing Rules are welcome to apply to list as HDRs.

B4. Which jurisdictions are approved for DR issuance?

Issuers from any jurisdiction which can meet the requirements set out in the Joint policy statement regarding the listing of overseas companies issued by the Exchange and the

SFC on 27 September 2013 (the "**Joint Policy Statement**") and the related requirements of the Listing Rules are welcome to apply to the Exchange. ***(Updated in February 2018)***

B5. Can issuers already listed on the Exchange issue HDRs?

An issuer cannot have both shares and HDRs listed on the Exchange at the same time. A share issuer wishing to list in HDR form must apply to delist as a share issuer and re-apply to list as a HDR issuer. This process will require the share issuer to comply with its own constitutional requirements and all relevant rules and regulations, including where applicable the consent of its existing shareholders.

B6. Can Hong Kong or Mainland issuers apply to list as HDRs?

Yes. Any issuer which can meet the requirements of the Listing Rules and is in compliance with its local regulatory regime is welcome to apply to list in HDR form.

B7. How long would it take to effect a HDR listing in Hong Kong?

The procedures for applications for listing are set out in Chapter 9 of the Listing Rules. The Listing Rules apply as much to HDR issuers as they do to issuers of shares. Consequently, the time taken to effect a listing of HDRs should be similar to that taken to effect a listing of shares.

Any specific questions such as those concerning the issuer's place of incorporation or specific waivers may be dealt with by way of a preliminary hearing prior to filing of a Form A1. ***(Updated in September 2013)***

B8. Do the HDR-related rule amendments affect an issuer which has, or plans to have, a global depositary receipt (GDR) or American depositary receipt (ADR) programme overseas?

The Exchange's HDR framework applies only to HDR programmes listed in Hong Kong. The rule amendments do not apply to existing or future DR programmes in overseas markets.

B9. Can existing or future GDR or ADR programmes be listed on the Exchange?

Any DR programme to be listed on the Exchange will have to comply with the requirements of Chapter 19B as well as Chapter 8 and the other Listing Rules and guidelines applying to new listings. Any existing ADR or GDR programme that complies with these requirements will be welcome; however, in practice it might not be practicable for existing programmes designed for overseas markets to comply with the Exchange's rules.

B10. Does a HDR issuer have to apply for 'headroom'?

It is up to the issuer to decide the amount of DRs in respect of which listing is to be applied for. However, an HDR issuer must ensure that listing approval has been sought for all HDRs traded in Hong Kong from time to time.

A hypothetical example is as follows. Say an issuer has 100 shares. It wishes to raise capital by issuing the equivalent of 25 new shares in the form of DRs in the Hong Kong market, thus bringing its outstanding share capital to 125 shares. The issuer is free to apply to list whatever number of HDRs it wishes on the Exchange provided that all other listing requirements are met (e.g. public float – see also B11 below). In this hypothetical case, taking account of shares held by the public in its domestic market, the issuer reckons that it must list a minimum of 25 shares. To allow for possible future inflow, e.g. as a result of the arbitrage process (see E5 below), the issuer decides to apply for listing of 40 shares in the form of DRs. (The issuer may apply for listing of HDRs in respect of up to 125 shares, but will probably choose not to do so because of the costs involved.) The excess of 40 over 25, i.e. 15, is called the 'headroom'.

This means that the issuer can make further issues of HDRs in the Hong Kong market up to the limit of the headroom, i.e. the equivalent of 15 shares more, without making a further application for listing to the Exchange. Alternatively, inflow of shares into the Hong Kong market up to the limit of the headroom in the form of HDRs is also permitted without application for listing. (Any combination of HDRs issued for capital raising or issued as a result of conversion of underlying shares is permitted and listing approvals will be given for specific purposes and amounts.) However, if the limit of 40 shares will be exceeded, application for listing must be made. It will be the responsibility of the issuer to ensure that the headroom is not exceeded. On a day-to-day basis the depositary will monitor the level of HDRs outstanding, and will not permit shares to be converted into HDRs if to do so would cause the limit to be exceeded.

The issuer may make new issues of shares in the overseas market and these shares may be converted into HDRs listed on the Exchange. No application for listing need be made to the Exchange in such case unless the headroom is to be exceeded.

B11. How is the HDR issuer's public float calculated?

Listing Rule 8.08(1)(a), which applies to HDR issuers as it does to issuers of shares, requires that at least 25% of the issuer's total issued share capital must at all times be held by the public. (A lower percentage applies to companies with an expected market capitalisation of over HK$10 billion.)

Where the HDRs listed in Hong Kong are fungible with the underlying shares, the total shares and shares represented by DRs of the issuer held by the public on both the Exchange and any overseas market(s) concerned will count toward the 25%.

B12. Can HDR issuers list by introduction?

Yes. The methods of listing are the same as for issuers of shares, i.e. Chapter 7 of the Listing Rules applies to HDR issuers as much as it applies to issuers of shares.

B13. Do HDR issuers have to conduct an IPO?

The Exchange's existing listing regime applies to DR issuers as much as it applies to issuers of shares. Where there is expected to be significant public interest in an issue an IPO is required.

B14. What are the listing fees for DR issuers?

The listing fees for DR issuers follow the same schedule as for issuers of shares, i.e. Appendix 8 of the Listing Rules applies. In the case of the annual listing fee, the term 'nominal value' in Appendix 8 refers to the nominal value of the shares represented by the DRs.

B15. Does the requirement for pre-emptive rights (in Listing Rule 13.36) apply to the HDRs or to the issuer's shares?

The requirements of rule 13.36 apply in respect of the issuer's shares.

B16. Can HDRs be issued on products such as GDR, ADR, exchange-traded funds (ETFs), or exchange traded commodities (ETCs)?

No. The securities underlying the HDRs must be the shares of an issuer and not other products.

B17. Does the definition of "holder of depositary receipts" include a holder evidenced by a book-entry in the HDR register?

Yes. The definition of "holder of depositary receipts" includes a holder evidenced by a book-entry in the HDR register.

B18. How is the HDR ratio (a ratio to show the number of shares that each HDR represents) determined?

The HDR ratio is determined by the issuer and is disclosed in the listing document as one of the key terms of the deposit agreement. Any change in the HDR ratio is the subject of an announcement by the issuer under the Listing Rules. ***(Added in January 2013)***

C. Investors

C1. What are the benefits of HDRs for Hong Kong investors? *(Updated in December 2010)*

DRs provide a convenient means for Hong Kong investors to invest in an overseas issuer. Direct investment in shares in some markets entails compliance with onerous procedures on registration, withholding tax reclaims and foreign currency conversion. It may also be difficult for investors to receive corporate communications and entitlements, or to exercise their entitlements. Some overseas issuers may not be able to list their shares in Hong Kong; and in such case the Hong Kong investor wishing to invest in the company would have to do so through the local market via that market's trading, settlement and share custody procedures.

With DRs, the above problems are mitigated. DRs are traded in Hong Kong in accordance with the standard trading, settlement and custody procedures of the Hong Kong market. The currency of trading will be Hong Kong dollars (or US dollars if the issuer so chooses); dividends will be converted into Hong Kong dollars (or US dollars), and corporate communications and entitlements will be transmitted to the investor by the depositary, in addition to the requirement that corporate communications must be posted on the HKEX website and the issuer's website. The investor will also be able to transmit his voting instructions to the issuer and exercise his entitlements via the depositary.

C2. Will retail investors be allowed to buy HDRs?

Yes. There are no restrictions on who may buy or sell HDRs.

C3. Can investors hold HDRs in physical form, i.e. in scrip?

Yes. However, if investors wish to trade their HDRs through the Exchange they must first arrange via their broker or custodian for the HDRs to be deposited with CCASS.

C4. In what currency will dividends on HDR be paid?

The depositary will receive dividends from the issuer in the original currency and convert the amount into Hong Kong dollars (or US dollars if the issuer so chooses) at the appropriate market rate and remit the proceeds, net of any applicable taxes and the depositary's own fee, to the HDR holder. Where the investor holds the HDRs in CCASS, the dividend will be credited to his CCASS account (in respect of an Investor Participant) or the CCASS account of his broker of custodian, net of CCASS's dividend collection fee in accordance with the existing CCASS tariff.

C5. What protections are there for Hong Kong investors in HDRs?

To be admitted to listing on the Exchange, the HDR issuer will have to demonstrate compliance with all the shareholder protection provisions that apply to issuers of shares, as set out in the Listing Rules, the Joint Policy Statement ***(Updated in September 2013)***, the Securities and Futures Ordinance, the prospectus provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), and the Codes on Takeovers and Mergers and Share Buybacks. ***(Updated in April 2014)***

The HDR holder's rights are set out in the deposit agreement, which is subject to approval by the Exchange in accordance with the provisions of Chapter 19B. Investors in HDRs should understand that they are bound by the terms of the deposit agreement. Investors are advised to read the deposit agreement to understand what their rights are and how they may be exercised.

C6. Are the rights of a HDR holder the same as those of a holder of shares?

The rights of a shareholder and a HDR holder are not identical. For example, the rights of the HDR holder arise from the deposit agreement, which is a contractual document, whereas the rights of the shareholder will be reinforced by local statute. Also, local regulations may prohibit foreign persons from holding shares directly, but no such restriction would apply to HDRs. However, in general, the rights of a HDR holder will be equivalent to those of a shareholder. Subject to compliance with local regulations, HDR holders who want to enforce their rights as shareholders may choose to convert their HDRs into shares of the underlying company.

C7. Can HDR holders vote at the shareholders meeting?

As with other corporate communications, the depositary, on behalf of the issuer, will pass information from the issuer on resolutions and voting procedures through to the DR holder, and will in turn pass the DR holder's voting instructions back to the issuer. Besides, DR holders can also access shareholders meeting announcements and other corporate communication by issuers on the HKEX website.

The right of the clearing house to appoint proxies or representatives to attend and exercise statutory rights, including the right to speak, at shareholders meetings is set out in item 40 of the Joint Policy Statement. ***(Updated in February 2018)***

C8. What charges will investors pay in respect of HDRs?

There are various fees associated with HDRs. The fees charged by the depositary are disclosed in the deposit agreement, which is a public document; investors should read the deposit agreement to inform themselves of these fees. The Exchange does not regulate the fees of the depositaries.

C9. *(Withdrawn in December 2010)*

D. Depositary

D1. What are the qualifications for the depositary?

The depositary is required to be a suitably authorised and regulated financial institution acceptable to the Exchange. In determining acceptability, the Exchange will have regard to the institution's experience of issuing and managing DR programmes in Hong Kong and overseas.

D2. Whether the depositary or custodian of HDR is subject to the disclosure regime (Part XV of the SFO)? *(Added in December 2010)*

It will depend very much on the facts of each depositary or custodian's business whether they fall within the exemption or not (in particular section 323 of the SFO). The SFC has issued guidelines on disclosure of interests. In particular, in paragraph 2.12.13.2:

" 2.12.13.2 If a bank retains a discretionary right to set off any other obligations/ liabilities of a client against any securities held in custody for that client the bank will not satisfy the requirement in s.323(3)(b) that the corporation "has no authority to exercise discretion in dealing in the interest, or in exercising rights attached to the interest". Similarly, the exemption is not available if a bank retains the discretionary right to take up or retain unclaimed or fractional dividends (cash and/ or scrip). The custodian exemption is not establishing a new wide exemption for custodians. It is intended to parallel the regime for a "bare trustee" – simply extending the bare trustee exemption to custodians by contract (before the bare trustee exemption only applied to custodians who were trustees)."

The depositary or custodian should assess their own circumstances and ensure that laws and regulations are observed.

E. Trading, clearing and settlement

E1. What currencies will DRs be traded in?

At present, the Exchange accepts trading and clearing in Hong Kong dollars and US dollars. The choice between these currencies is up to the DR issuer.

E2. What are the trading and settlement procedures for DRs?

The trading and settlement arrangements remain the same as for shares. All Stock Exchange Participants are eligible to trade HDRs and investors can trade HDRs through their usual stock accounts. The trading platform for stock trading, the Automatic Order Matching and Execution System (AMS), is used for HDRs. Trades executed in the Stock Exchange's trading system will be settled through CCASS operated by HKSCC on the second settlement day after trading (T+2). Upon settlement, investors' HDR holdings will be credited to or debited from their accounts with CCASS, or the CCASS accounts of their designated custodians or Stock Exchange Participants.

E3. What transaction fees do investors pay to buy or sell HDRs?

As with buying and selling stocks, investors need to pay brokerage commission, transaction levy, trading fee and stamp duty.

E4. Does stamp duty apply to trades in HDRs?

Yes. Stamp duty applies to trades in HDRs at the rate of 0.1% of the value traded per side, just as in the case of trades in shares.

E5. Whether dividend payments on HDR are subject to overseas withholding tax? *(Added in December 2010)*

There is no withholding tax in Hong Kong. Whether overseas withholding tax is applicable depends on the laws and regulations of the overseas jurisdiction concerned. HDR holders should refer to the relevant disclosures in the listing documents and, if necessary, seek advice from their tax advisers.

E6. Will there be fungibility between HDRs and the underlying shares?

Provided there are no restrictions on the underlying shares, they should be fungible with HDRs. If the underlying shares are listed on an overseas market, arbitrage between the two markets can take place.

Where an investor or intermediary believes that the price of the HDRs is higher (taking account of the DR ratio) than the price of the underlying shares, it may wish to acquire shares in the overseas market, submit them to the custodian and take delivery of DRs in the Hong Kong market to sell and make a profit. Where the price of the HDRs is lower than that of the underlying shares, the investor/ intermediary may submit the HDRs to the depositary for cancellation and take delivery of shares in the overseas market to sell and make a profit. Fees will be payable to the depositary on issuance and cancellation of the HDRs.

The arbitrage process will tend to bring the price of DRs and the price of the underlying shares into line, subject to the DR ratio. It is a normal commercial process.

E7. Are HDRs scripless?

To trade on the Exchange DRs must be deposited in CCASS and will be traded and settled on a book-entry electronic basis. However, as in the case of shares, DR holders have the option of withdrawing DR scrip from, or depositing DR scrip into, CCASS.

E8. Can DRs be sold short?

DRs are subject to the existing rules on short selling. Where the DR issuer meets the Exchange's criteria and is placed on the list of eligible stocks, short selling in the normal manner will be permitted.

E9. Will the trading of HDRs be suspended to keep in line with the suspension of underlying shares in the local market?

As a practical matter a suspension of the underlying shares of HDRs in the local market will normally, though not necessarily, result in a suspension of trading of HDRs on the Exchange. The trading suspension and resumption of HDRs on the Exchange will be in accordance with the Listing Rules e.g. whether the issuer is able to keep the Hong Kong market informed of the development in the issuer's activities. Similar to issuers with their equity securities listed on the Exchange, the lack of an announcement in some situations may lead to a concern of establishment of a false market in Hong Kong and hence would require a temporary suspension of dealings in the HDRs pending an appropriate announcement to be made.

E10. What will happen to the HDRs listed in HK if its underlying shares are undergoing a stock split or consolidation?

A stock split or consolidation of the underlying shares of the HDRs will affect the capital structure of the HDRs and consequently the HDR ratio. Further, a stock split or consolidation in the underlying shares may, or may not, affect the board lot size of the HDRs. The Exchange, in appropriate circumstances, would request for adequate arrangements to be made to enable odd lot holders are to be accommodated and issuers and depositaries are encouraged to consult with the Exchange at the earliest opportunity.

E11. How will international securities identification numbers (ISIN) be allocated to HDRs? *(Added in December 2010)*

International standard ISO 6166 provides a uniform structure for a number, the ISIN, that is a unique identifier of securities. National numbering agencies (NNA) are responsible for issuing the ISIN in their respective countries. In the case of depositary receipts, such as HDRs, the relevant country is that of the entity which issued the depositary receipt, i.e. the depositary bank, rather than that of the issuer of the underlying shares. As such, if the HDRs are issued by a depositary bank which is incorporated or established outside Hong

Kong, the ISINs of each class of HDR is assigned by the respective NNA of its country of incorporation.

F. Depository and Nominee services

F1. Are there any changes to depository and nominee services under the DR framework?

There are some minor changes to the flow of information and instructions between the issuer and the investor (DR holder) because of the intermediation by the depositary.

The deposit agreement will stipulate the services which the depositary has to provide to the HDR holder. In respect of HDRs held within CCASS, HKSCC will support the depositary by providing its normal nominee services in relation to the corporate actions or activities affecting HDRs as well as arranging for the distribution of copies of relevant corporate communications to the CCASS Participants concerned.

F2. What are the procedures for deposit and withdrawal of DR certificates into/ from CCASS?

DRs, upon admission as eligible securities of CCASS, can be physically deposited into/ withdrawn from CCASS. The deposit and withdrawal procedures are the same as those currently applied to other eligible securities of CCASS.

F3. Will CCASS be involved in the creation and cancellation of DRs?

No. An investor or intermediary who wishes to create or cancel DRs would need to apply to the relevant depositary direct. For creation, after the DRs are created, the investor or intermediary can physically deposit the DR certificates into CCASS for custody or for settlement of trades. For cancellation, DR certificates can be physically withdrawn from CCASS and surrendered to the issuing depositary for cancellation.

G. Pre-release and pre-cancellation *(Added in December 2010)*

G1. What are pre-release and pre-cancellation?

Pre-release is the early creation and release of HDRs by the depositary before it has taken delivery of the underlying shares. Pre-cancellation is the equivalent and opposite transaction, i.e. early cancellation of HDRs by the depositary and release of the underlying shares before the HDRs have been submitted to the depositary.

Pre-release enables the parties concerned to bridge the gap between the need to settle HDRs and the availability of the local shares for delivery to the local custodian. A gap may arise because of the logistics of communication among the depositary, the broker and the custodian, or differences in the settlement cycles between Hong Kong and the respective local market.

In order to manage the risk of pre-release, the depositary will enter into a written agreement (the pre-release agreement) with the counterparty (usually a broker) which provides for the rights and responsibilities of the parties concerned. In particular, the broker will commit that it is presently entitled to the shares and will subsequently deliver the shares to the depositary. The HDRs pre-released (i.e. delivered) to the broker will be collateralised and the exposure continuously monitored by the depositary, with margin calls if necessary.

H. Deposit agreement *(Added in December 2010)*

H1. How can HDR holders exercise their rights under the deposit agreement?

A deposit agreement is executed by the depositary and the issuer. Listing Rule 19B.16 sets out the requirements for what should be included in the deposit agreement, including the role and duties of the depositary, and the rights of the HDR holders.

The HDR holder is not a party to the deposit agreement. However, the issuer and the depositary execute a legal instrument (e.g. a deed poll) in favour of HDR holders so that the HDR holders will be able to enforce the rights set out in the deposit agreement against the issuer and the depositary. HDR holders should read the deposit agreement to understand their rights, and if necessary consider consulting their legal advisers.

H2. Where can HDR holders access the deposit agreement?

Arrangements should be in place to ensure that HDR holders can access or inspect the deposit agreement. Arrangements include: (1) In an application for listing, the deposit agreement is considered a material contract. So, it must be available for inspection in a place in Hong Kong for a reasonable period of time (not less than 14 days). A summary of the deposit agreement should be contained in the listing document (see paragraphs 75 and 76 of Appendix 1E to the Listing Rules). Under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), the deposit agreement as one of the material contracts must be registered with the prospectus which would then be made available at the Registrar of Companies upon payment of a fee. (2) The deposit agreement should provide for how a copy of the deposit agreement is made available, for example, at the issuer's website, or at the issuer or registrar's office. (3) An issuer should post the deposit agreement on the Exchange's website. ***(Updated in April 2014)***

H3. How can the deposit agreement be amended?

The procedures for amendment are set out in the deposit agreement. In order to protect HDR holders' interests, Listing Rule 19B.16(s) provides that any material change to the deposit agreement which affects HDR holders' existing rights and obligations would require prior notice to and the consent of HDR holders. Other amendments to the deposit agreement may become effective after giving an advance notice to HDR holders or by agreement between the issuer and the depositary.

I. Corporate Action *(Added in December 2010)*

I1. Can HDR holders attend shareholders' meetings?

HDR holders are not legally shareholders. They have the contractual rights set out in the deposit agreement, including the right to vote on resolutions, receive dividends and participate in corporate actions; these rights are generally exercised on their behalf by the depositary. HDR holders are not permitted to attend shareholders' meetings in the capacity of shareholders. HDR holders should read the deposit agreement carefully to understand their rights.