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# AMENDMENTS TO MAIN BOARD LISTING RULES

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## Chapter 2

### GENERAL

#### INTRODUCTION

##### Information Gathering

2.12A An issuer must provide to the Exchange or the Commission as soon as possible, or otherwise in accordance with time limits imposed by the Exchange or the Commission:

- (1) any information that the Exchange or the Commission reasonably considers appropriate to protect investors or ensure the smooth operation of the market; and
- (2) any other information or explanation that the Exchange or the Commission may reasonably require for the purpose of investigating a suspected breach of or verifying compliance with the Exchange Listing Rules or the Securities and Futures Ordinance.

2.12B In responding to enquiries or investigations by the Exchange or the Commission, a party subject to the enquiries or investigations must provide to the Exchange or the Commission information or explanation which is accurate, complete and up-to-date.

## Chapter 2A

### GENERAL

#### COMPOSITION, POWERS, FUNCTIONS AND PROCEDURES OF THE LISTING COMMITTEE, THE LISTING REVIEW COMMITTEE AND THE LISTING DIVISION

##### Disciplinary Procedures Jurisdiction and Sanctions

2A.4009 (1) The Exchange may bring disciplinary actions and impose or issue the sanctions in rule 2A.09 may be imposed or issued 2A.10 against any of the following:

- (a) a listed issuer or any of its subsidiaries;

- (b) any director of a listed issuer or any of its subsidiaries (or any alternate of such director);
- (c) any member of the senior management of a listed issuer or any of its subsidiaries;
- (d) any substantial shareholder of a listed issuer;
- (e) any professional adviser of a listed issuer or any of its subsidiaries;
- (f) any employee of a professional adviser of a listed issuer or any of its subsidiaries;
- ~~(f) [Repealed 1 January 2007]~~
- (g) any authorised representative of a listed issuer;
- (h) any supervisor of a PRC issuer; ~~and~~
- (i) any guarantor in the case of a guaranteed issue of debt securities or structured products; and
- ~~(i) [Repealed 1 January 2007]~~
- (j) any other party who gives an undertaking to or enters into an agreement with the Exchange.
- ~~(j) any independent financial adviser of a listed issuer.~~

(2) For the purposes of this rule:

- (a) “listed issuer” includes an issuer of listed structured products; ~~and~~
- (b) “professional adviser” includes any financial adviser, independent financial adviser, lawyer, accountant, property valuer or any other person retained by an issuer to provide professional advice in relation to a matter governed by the Listing Rules. It does not include sponsors or Compliance Advisers; and
- (c) “senior management” includes:
  - (i) any person occupying the position of chief executive, supervisor, company secretary, chief operating officer or chief financial officer, by whatever name called;

(ii) any person who performs managerial functions under the directors' immediate authority; or

(iii) any person referred to as senior management in the listed issuer's corporate communication or any other publications on the Exchange's website or on the listed issuer's website.

*Notes:*

(34) ~~The scope of any disciplinary action taken, in particular any ban imposed on against a professional adviser pursuant to under rules 2A.09(5), 2A.09, 2A.10 and 2A.10B, including any ban imposed on a professional adviser under rule 2A.10(9), shall be limited to matters governed by or arising out of the Listing Rules.~~

(42) ~~In exercising its powers of sanction the Exchange will recognise the differing roles and levels of responsibility of the persons against whom sanctions may lie in pursuance of rule 2A.10. In particular, pProfessional advisers' obligations to, when acting in connection with Listing Rule matters on which they are instructed to advise, shall use all reasonable efforts to ensure that their clients understand and are advised as to the scope of and their obligations under the Listing Rules. They must not knowingly provide any information to the Exchange which is false or misleading in a material particular are subject to any relevant requirements of professional conduct, as policed and enforced by any professional body of which that adviser is a member.~~

2A.0910 ~~In addition to its powers to suspend or cancel a listing, if the Listing Committee finds there has been a breach of the Listing Rules by any of the parties named in rule 2A.09, 10 of the Listing Rules it may: —~~

(1) issue a private reprimand;

(2) issue a public statement ~~which involves~~involving criticism;

(3) issue a public censure;

(4) ~~report the offender's conduct to the Commission or another regulatory authority (for example the Financial Secretary, the Commissioner of Banking or any professional body) or to an overseas regulatory authority;~~

(5) ~~ban a professional adviser or a named individual employed by a professional adviser from representing a specified party in relation to a stipulated matter or matters coming before the Listing Division or the Listing Committee for a stated period;~~

- ~~(6)~~ require a breach to be rectified or other remedial action to be taken within a stipulated period including, if appropriate, the appointment of an independent adviser to minority shareholders;
- ~~(47)~~ in the case of wilful or persistent failure by a director of a listed issuer to discharge his responsibilities under the Listing Rules, state publicly that in the Exchange's opinion the occupying retention of the position of office by the director or senior management of a named listed issuer or any of its subsidiaries by an individual is prejudicial, may cause prejudice to the interests of investors;
- (5) in the case of serious or repeated failure by a director to discharge his responsibilities under the Listing Rules, state publicly that in the Exchange's opinion the director is unsuitable to occupy a position as director or within senior management of a named listed issuer or any of its subsidiaries;
- ~~(8)~~ in the event a director remains in office following a public statement pursuant to paragraph (7) above, suspend or cancel the listing of the issuer's securities or any class of its securities;
- ~~(69)~~ in the case of wilful or persistent failure by a listed issuer to discharge its responsibilities under the Listing Rules, order that deny the facilities of the market to a listed issuer ~~be denied~~ for a specified period and/or until fulfilment of specified conditions ~~to that issuer~~ and prohibit dealers and financial advisers from acting or continuing to act for that issuer;
- (7) suspend trading in the listed issuer's securities or any class of its securities;
- (8) cancel the listing of the listed issuer's securities or any class of its securities;
- (9) ban a professional adviser or a named individual employed by a professional adviser from representing any or a specified party in relation to a stipulated matter or matters coming before the Listing Division or the Listing Committee for a stated period;
- (10) recommend reporting the conduct of the party in breach to the Commission or another regulatory authority, whether in Hong Kong or overseas (for example, the Financial Secretary or any professional body);
- (11) order rectification or other remedial action to be taken within a stipulated period; and
- ~~(120)~~ take, or refrain from taking, such other action as it thinks fit, including making public any action taken pursuant to paragraphs ~~(4), (5), (6), (8) or (9)~~ above.

Notes:

1. Any reference to the Listing Committee in rules 2A.10, 2A.10A and 2A.10B includes both the Listing Committee and the Listing Review Committee.
2. Where the Listing Committee or the Listing Review Committee (as the case may be, after the decision has become final), issues:
  - (i) a public sanction under rule 2A.10, such sanction will be published with reasons; or
  - (ii) a private reprimand, the substance of such sanction may be published with reasons without disclosing the identities of the parties involved.
3. In exercising its powers of sanction the Exchange will recognise the differing roles and levels of responsibility of the persons against whom sanctions may lie under rule 2A.09.
4. For the purposes of this rule and rule 2A.10A(2) below, denying "facilities of the market" is not intended to mean cancellation of listing. It is meant to include withholding approval of any matters that require approval from the Exchange, including the issuance of shares.

2A.10A (1) If a statement under rule 2A.10(4) with follow-on actions in sub-rule (2) below, or rule 2A.10(5), has been made against an individual, the listed issuer:

(a) named in the statement; or

(b) in respect of which any of its subsidiaries is named in the statement

must include in all of its announcements and corporate communications to be published a reference to the sanction made under rule 2A.10(4) or 2A.10(5), unless and until that individual ceases to be a director or senior management, as the case may be, of the named listed issuer and/or its subsidiaries.

(2) If an individual against whom a statement has been made under rule 2A.10(4) or 2A.10(5) occupies the position of director or senior management, as the case may be, of the named listed issuer or subsidiary, as the case may be, after a date to be determined and specified by the Listing Committee, the Listing Committee may, at any time in its sole discretion, impose the follow-on actions below:

(a) order that the facilities of the market be denied to that issuer for a specified period; and/or

(b) suspend or cancel the listing of that issuer's securities or any class of its securities.

(3) The Listing Committee may make public any follow-on action imposed under rule 2A.10A(2).

2A.10B In addition to imposing the sanctions in rule 2A.10 when a party has failed to discharge obligations or responsibilities expressly imposed on that party by a specific Listing Rule, the Listing Committee may impose the sanctions in rule 2A.10 on any of the parties named in rule 2A.09 above, if it finds the party has:-

(1) failed to comply with a requirement imposed by the Listing Division or the Listing Committee;

(2) contravened an undertaking given to or breached an agreement with the Exchange in relation to a listing matter; or

(3) caused by action or omission or knowingly participated in a contravention of the Listing Rules or a requirement referred to in (1) above.

*Note: In respect of parties covered by section 23(8) of the SFO, a sanction may be imposed under rule 2A.10B(3) in and only in the circumstances prescribed for disciplinary action in the arrangements agreed from time to time between the Exchange and the relevant professional regulatory body; and, in considering whether a party covered by section 23(8) of the SFO has breached rule 2A.10B(3), the Exchange will take into account, among other things, whether such party has knowingly or recklessly facilitated or participated in a breach of the Listing Rules or any undertaking given to or any agreement with the Exchange.*

2A.11 The Listing Committee will, if requested by any party to be reprimanded, criticised, censured or otherwise sanctioned in pursuance of the powers contained in rules 2A.09, ~~and 2A.10,~~ 2A.10A and 2A.10B (a "review applicant"), give its reasons in writing for the decision made against that review applicant pursuant to rules 2A.09, ~~and 2A.10,~~ 2A.10A and 2A.10B and that review applicant shall have the right to have the decision against him referred to the Listing Review Committee for a further and final review. The Listing Review Committee may endorse, overturn, modify or vary the ruling of the earlier meeting. Subject to rule 2A.16A, the decision of the Listing Review Committee on review shall be conclusive and binding on the review applicant. If requested by the review applicant, the Listing Review Committee will give reasons in writing for its decision on review.

- 2A.12 A request for a review of any decision of ~~the Listing Division or the Listing Committee~~ made pursuant to rule 2A.11 must be ~~notified to the Exchange~~ served on the Secretary within seven business days of the ~~Listing Division's or~~ issue of the Listing Committee's decision unless written reasons for a decision are requested, in which case a request for a review of that decision must be notified within seven business days of the ~~receipt~~ issue of the written reasons.
- 2A.13 Any request for ~~the Listing Division,~~ the Listing Committee or the Listing Review Committee to give its reasons in writing for its decision shall be made within three business days of the issue of its decision. Where requested, written reasons for a decision will be provided to all parties to the proceedings by ~~the Listing Division,~~ the Listing Committee or the Listing Review Committee (as the case may be) as soon as possible and, in any event, within 14 business days of the receipt of the request.

## Chapter 2B

### GENERAL

#### REVIEW PROCEDURE

##### Time for application

- 2B.08 (1) Subject to (3) below, a Review Request for reviewing any decision of the Listing Division, the Listing Committee or the Listing Review Committee (as the case may be) under rules 2B.05(1), 2B.06, 2B.06A and 2B.16(7) must be served on the Secretary within seven business days of ~~receipt~~ the issue of either the relevant decision, or if the relevant party requests written reasons under rule 2B.13(1), those written reasons.
- (2) A Review Request for reviewing a Return Decision or a Listing Committee's decision to endorse a Return Decision must include the grounds for the review together with reasons and be served on the Secretary within five business days of ~~receipt~~ the issue of the written decision under rule 2B.13(2).
- (3) A Review Request made under rule 2B.06 for reviewing a decision of the Listing Division to direct the resumption of trading or, if such decision has been referred to the Listing Committee for review, the Listing Committee's decision on such review, must include the grounds for the review together with reasons and be served on the Secretary within five business days of ~~receipt of the~~ issue of the written decision under rule 2B.13(3).

### Request for written reasons

- 2B.13 (1) Except for a review relating to a Return Decision or a decision to direct the resumption of trading, ~~any request for on receipt of a decision by~~ the Listing Division, the Listing Committee or the Listing Review Committee (as the case may be) to give written reasons for its decision shall be made by a relevant party within ~~has~~ three business days of the issue of ~~to request written reasons for~~ the decision. The Listing Division, the Listing Committee or the Listing Review Committee (as the case may be) will provide written reasons within 14 business days of the receipt of the request. Such written reasons will be provided to all parties to the review.

## Chapter 3

### GENERAL

#### AUTHORISED REPRESENTATIVES, DIRECTORS, BOARD COMMITTEES AND COMPANY SECRETARY

##### Directors

- 3.09A Directors, in accepting to be directors of a listed issuer, shall be considered as having:
- (1) irrevocably appointed the listed issuer as their agent, for so long as they remain directors of the issuer, for receiving on their behalf any correspondence from and/or service of notices and other documents by the Exchange or the Commission; and
  - (2) authorised the Executive Director – Listing, or any person authorised by the Executive Director – Listing, to disclose any of their personal particulars given by them to members of the Listing Committee or the Commission and, with the approval of the Chairman or a Deputy Chairman of the Exchange, to such other persons, as the Executive Director – Listing may from time to time think fit.
- 3.20 Directors of a listed issuer shall inform the Exchange (in the manner prescribed by the Exchange from time to time):
- (1) as soon as reasonably practicable after their appointment, their telephone number, ... for correspondence from and service of notices and other documents by the Exchange or the Commission;

...

Any correspondence from and/or service of notices and other documents by the Exchange or the Commission to the directors ... If directors or former directors fail to provide the Exchange with their up-to-date contact details or arrange for notices, documents or correspondence to be forwarded to them, they may not be alerted to any proceedings commenced against them by the Exchange or the Commission.

## Chapter 6

### GENERAL

#### TRADING HALT, SUSPENSION, CANCELLATION AND WITHDRAWAL OF LISTING

##### Trading halt or suspension

6.02

...

*Note: (1) ... Failure by an issuer to do so may result in disciplinary proceedings being brought against, amongst others, the issuer and its directors with the Exchange imposing sanctions available under rule 2A.10 ~~2A.09~~.*

## Chapter 8A

### EQUITY SECURITIES

#### WEIGHTED VOTING RIGHTS

##### GENERAL

8A.03

...

(2) impose the disciplinary sanctions set out in rule ~~2A.09~~ 2A.10 against the parties set out in rule 2A.09 ~~2A.10~~;

# Appendix 1

## Contents of Listing Documents

### Part A

#### Equity Securities

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

#### Information about the issuer's management

41. (1) ... In addition, brief biographical details in respect of the directors, proposed directors, senior managers and proposed senior managers of the issuer shall be provided. Such details will include ... and such other information 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). ...

# Appendix 1

## Contents of Listing Documents

### Part B

#### Equity Securities

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

#### Information about the issuer's management

34. ... In addition, brief biographical details in respect of the directors, proposed directors, senior managers and proposed senior managers of the issuer shall be provided. Such details will include... 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). ...

# Appendix 1

## Contents of Listing Documents

### Part C

#### Debt Securities

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

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

46. ... In addition, brief biographical details in respect of every director or proposed director (or any person who performs an important administrative, management or supervisory function) must be provided. Such details must not be less than those required to be disclosed in an announcement relating to the appointment or re-designation of the director pursuant to rule 13.51(2) and would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities.

# Appendix 1

## Contents of Listing Documents

### Part E

#### Depositary receipts

##### In the case where listing is sought for depositary receipts of an issuer no part of whose share capital is already listed

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

41. (1) ... In addition, brief biographical details in respect of the directors, proposed directors, senior managers and proposed senior managers of the issuer shall be provided. Such details will include... and such other information 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). ...

# Appendix 1

## Contents of Listing Documents

### Part F

#### Depository receipts

**In the case where listing is sought for depository receipts of an issuer where depository receipts representing some part of its share capital are already listed**

#### Information about the issuer's management

30. ... In addition, brief biographical details in respect of the directors, proposed directors, senior managers and proposed senior managers of the issuer shall be provided. Such details will include... 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). ...

# Appendix 5

## Declaration and Undertaking with regard to Directors

### Form B

#### Part 2

#### UNDERTAKING

- (b) I shall, when I am a director of the issuer and after I cease to be so:
- (i) provide to The Stock Exchange of Hong Kong Limited (the "Exchange") and the Securities and Futures Commission (the "Commission") as soon as possible, or otherwise in accordance with time limits imposed by the Exchange or the Commission:
- (1) any information and documents that the Exchange or the Commission reasonably considers appropriate to protect investors or ensure the smooth operation of the market; and

- (2) any other information and documents or explanation that the Exchange may reasonably require for the purpose of verifying compliance with the Listing Rules or as requested by the Commission; and
- (ii) cooperate in any investigation conducted by the Listing Division and/or the Listing Committee of the Exchange or the Commission, including answering promptly and openly any questions addressed to me, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which I am requested to appear;
- (c) I, in accepting to be a director of the issuer, hereby irrevocably appoint the issuer as my agent, for so long as I remain as a director of the issuer, for receiving on my behalf any correspondence from and/or service of notices and other documents by the Exchange or the Commission;
- (d) I shall inform the Exchange (in the manner prescribed by the Exchange from time to time):
  - (i) as soon as reasonably practicable after my appointment, my telephone number, ... for correspondence from and service of notices and other documents by the Exchange or the Commission;

...

I acknowledge and agree that any correspondence from and/or service of notices and other documents by the Exchange or the Commission to me...I acknowledge that, if I, as a director or a former director of the issuer, fail to provide the Exchange with my up-to-date contact details or arrange for notices, documents or correspondence to be forwarded to me, I may not be alerted to any proceedings commenced against me by the Exchange or the Commission; and

- (e) I, in accepting to be a director of the issuer, hereby authorise the Executive Director – Listing, or any person authorised by the Executive Director – Listing, to disclose any of my personal particulars given by me to members of the Listing Committee or the Commission and, ...

## Appendix 5

### Declaration and Undertaking with regard to Directors of an Issuer incorporated in the People's Republic of China ("PRC")

#### Form H

#### Part 2

#### UNDERTAKING

- (b) I shall, when I am a director of the issuer and after I cease to be so:
- (i) provide to the Exchange and the Securities and Futures Commission (the "Commission") as soon as possible, or otherwise in accordance with time limits imposed by the Exchange or the Commission:
    - (1) any information and documents that the Exchange or the Commission reasonably considers appropriate to protect investors or ensure the smooth operation of the market; and
    - (2) any other information and documents or explanation that the Exchange may reasonably require for the purpose of verifying compliance with the Listing Rules or as requested by the Commission; and
  - (ii) cooperate in any investigation conducted by the Listing Division and / or the Listing Committee of the Exchange or the Commission, including answering promptly and openly any questions addressed to me, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which I am requested to appear;
- (c) I, in accepting to be a director of the issuer, hereby irrevocably appoint the issuer as my agent, for so long as I remain as a director of the issuer, for receiving on my behalf any correspondence from and/or service of notices and other documents by the Exchange or the Commission;
- (d) I shall inform the Exchange (in the manner prescribed by the Exchange from time to time):
- (i) as soon as reasonably practicable after my appointment, my telephone number, ... for correspondence from and service of notices and other documents by the Exchange or the Commission;

...

I acknowledge and agree that any correspondence from and/or service of notices and other documents by the Exchange or the Commission to me...I acknowledge that, if I, as a director or a former director of the issuer, fail to provide the Exchange with my up-to-date contact details or arrange for notices, documents or correspondence to be forwarded to me, I may not be alerted to any proceedings commenced against me by the Exchange or the Commission; and

- (e) I, in accepting to be a director of the issuer, hereby authorise the Executive Director – Listing, or any person authorised by the Executive Director – Listing, to disclose any of my personal particulars given by me to members of the Listing Committee or the Commission and, ...

## Appendix 5

### Declaration and Undertaking with regard to Supervisors of an Issuer incorporated in the People’s Republic of China (“PRC”)

#### Form I

#### Part 2

#### UNDERTAKING

- (b) I shall, when I am a supervisor of the issuer and after I cease to be so:
- (i) provide to the Exchange and the Securities and Futures Commission (the “Commission”) as soon as possible, or otherwise in accordance with time limits imposed by the Exchange or the Commission:
- (1) any information and documents that the Exchange or the Commission reasonably considers appropriate to protect investors or ensure the smooth operation of the market; and
- (2) any other information and documents or explanation that the Exchange may reasonably require for the purpose of verifying compliance with the Listing Rules or as requested by the Commission; and
- (ii) cooperate in any investigation conducted by the Listing Division and/or the Listing Committee of the Exchange or the Commission, including answering promptly and openly any questions addressed to me, promptly producing the

originals or copies of any relevant documents and attending before any meeting or hearing at which I am requested to appear;

- (c) I, in accepting to be a supervisor of the issuer, hereby irrevocably appoint the issuer as my agent, for so long as I remain a supervisor of the issuer, for receiving on my behalf any correspondence from and/or service of notices and other documents by the Exchange or the Commission;
- (d) I shall inform the Exchange (in the manner prescribed by the Exchange from time to time):
- (i) as soon as reasonably practicable after my appointment, my telephone number, ... for correspondence from and service of notices and other documents by the Exchange or the Commission;

...

I acknowledge and agree that any correspondence from and/or service of notices and other documents by the Exchange or the Commission to me ... I acknowledge that, if I, as a supervisor or a former supervisor of the issuer, fail to provide the Exchange with my up-to-date contact details or arrange for notices, documents or correspondence to be forwarded to me, I may not be alerted to any proceedings commenced against me by the Exchange or the Commission; and

- (e) I, in accepting to be a supervisor of the issuer, hereby authorise the Executive Director – Listing, or any person authorised by the Executive Director – Listing, to disclose any of my personal particulars given by me to members of the Listing Committee or the Commission and, ...

## Appendix 16

### DISCLOSURE OF FINANCIAL INFORMATION

#### Information in annual reports

12. A listed issuer should provide brief biographical details of its directors and senior managers. Such details will include ... 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). ...

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# AMENDMENTS TO MAIN BOARD LISTING RULES

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## Chapter 8

### EQUITY SECURITIES

#### QUALIFICATIONS FOR LISTING

##### Preliminary

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##### Basic Conditions

...

- 8.05 The issuer must satisfy either the profit test in rule 8.05(1) or the market capitalisation/revenue/cash flow test in rule 8.05(2) or the market capitalisation/revenue test in rule 8.05(3).

##### ***The profit test***

- (1) To meet the profit test, a new applicant must have an adequate trading record under substantially the same management and ownership. This means that the issuer, or its group (excluding any associated companies and other entities whose results are recorded in the issuer's financial statements using the equity method of accounting), as the case may be, must satisfy each of the following:
- (a) a trading record of not less than three financial years (see rule 4.04) during which the profit attributable to shareholders must, in respect of the most recent year, be not less than ~~HK\$20,000,000~~ HK\$35,000,000 and, in respect of the two preceding years, be in aggregate not less than ~~HK\$30,000,000~~ HK\$45,000,000. The profit mentioned above should exclude any income or loss of the issuer, or its group, generated by activities outside the ordinary and usual course of its business;
  - (b) management continuity for at least the three preceding financial years; and
  - (c) ownership continuity and control for at least the most recent audited financial year.

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 15

to the Rules Governing the Listing of Securities  
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

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

...

#### **3. Principles**

The principles, which apply equally whether the entity to be spun off is to be listed in Hong Kong or overseas, are as follows:

...

(c) *The remaining business of the Parent*

...

Where the Parent, excluding its interest in Newco, cannot meet the minimum profit requirement of rule 8.05, the Exchange may grant a waiver to the Parent if the Parent is able to demonstrate that it, excluding its interest in Newco, fails to meet the minimum profit requirement of rule 8.05 due solely to a significant market downturn. The Parent must also demonstrate that the circumstances that led to its inability to meet the minimum profit requirement was temporary and is not likely to continue or recur in the future or that appropriate measures have been taken by the Parent to negate the impact on its profit of the market downturn (as the case may be). In addition, the Parent, excluding its interest in Newco, must have an aggregate profit attributable to shareholders of not less than ~~HK\$50 million~~ HK\$80 million in respect of any three out of the five financial years immediately preceding the spin-off application.

Note: For the purpose of meeting the minimum aggregate profit requirement referred to above, the Parent must satisfy the following criteria:

- (a) the profit/loss in the three consecutive financial years immediately preceding the spin-off application must in aggregate amount to a net profit of not less than ~~HK\$50 million~~ HK\$80 million; failing which
- (b) the profit/loss in any three of the four consecutive financial years immediately preceding the spin-off application must in aggregate amount to a net profit of not less than ~~HK\$50 million~~ HK\$80 million; failing which
- (c) the profit/loss of any three of the five consecutive financial years immediately preceding the spin-off application must in aggregate amount to a net profit of not less than ~~HK\$50 million~~ HK\$80 million.

The relevant profit/loss is the profit/loss attributable to shareholders of the Parent after excluding the Parent's interest in Newco, and should exclude any income or loss of the Parent generated by activities outside the ordinary and usual course of its business.

In the case of (b) or (c) above, the Parent must demonstrate that the profit/ loss of any financial year whose profit/loss is not taken into account in the calculation of the minimum net profit of ~~HK\$50 million~~ HK\$80 million was affected by the significant market downturn.