

## Chapter 2

### GENERAL

#### INTRODUCTION

##### Preliminary

- 2.01 The principal function of the Exchange is to provide a fair, orderly and efficient market for the trading of securities. In furtherance of this, the Exchange has made the Exchange Listing Rules under section 23 of the Securities and Futures Ordinance prescribing the requirements for the listing of securities on the Exchange. These comprise both requirements which have to be met before securities may be listed and also continuing obligations with which an issuer and, where applicable, a guarantor must comply once listing has been granted. The Exchange Listing Rules have been approved by the Commission pursuant to section 24 of that Ordinance.
- 2.02 The purpose of this book is to set out and explain those requirements.
- 2.02A The Exchange Listing Rules shall not apply to Options Contracts traded through the Options System as defined in the Options Trading Rules of the Exchange and the Clearing Rules of The SEHK Options Clearing House Limited. The Traded Options Committee of the Exchange is primarily responsible for the supervision and regulation of the options market. Interested parties are directed to the Options Trading Rules of the Exchange and the Clearing Rules of The SEHK Options Clearing House Limited, as from time to time in effect.

##### General Principles

- 2.03 The Listing Rules reflect currently acceptable standards in the market place and are designed to ensure that investors have and can maintain confidence in the market and in particular that:—
- (1) applicants are suitable for listing;
  - (2) the issue and marketing of securities is conducted in a fair and orderly manner and that potential investors are given sufficient information to enable them to make a properly informed assessment of an issuer and, in the case of a guaranteed issue, the guarantor and of the securities for which listing is sought;
  - (3) investors and the public are kept fully informed by listed issuers and, in the case of a guaranteed issue, the guarantors of material factors which might affect their interests;

- (4) all holders of listed securities are treated fairly and equally;
- (5) directors of a listed issuer act in the interests of its shareholders as a whole — particularly where the public represents only a minority of the shareholders; and
- (6) all new issues of equity securities by a listed issuer are first offered to the existing shareholders by way of rights unless they have agreed otherwise.

In these last four respects, the rules seek to secure for holders of securities, other than controlling interests, certain assurances and equality of treatment which their legal position might not otherwise provide.

- 2.04 It is emphasised that the Exchange Listing Rules are not exhaustive and that the Exchange may impose additional requirements or make listing subject to special conditions whenever it considers it appropriate. Conversely, the Exchange may waive, modify or not require compliance with the Exchange Listing Rules in individual cases (to suit the circumstances of a particular case), as a variety of circumstances may exist which require it to make ad hoc decisions. However, any waiver or modification of, or decision not to require compliance with, a rule, which is intended to have general effect (i.e. to affect more than one issuer and its subsidiaries at the same time) may only be granted with the prior consent of the Commission. The Exchange will not grant an individual waiver or modification of a rule, or agree not to require compliance with a rule, on a regularly recurring basis so as to create the same result as a general waiver. Consequently, both new applicants and listed issuers and, in the case of a guaranteed issue, guarantors are encouraged to seek informal and confidential guidance from the Exchange at all times.
- 2.05 These Exchange Listing Rules may be amended by the Exchange from time to time, subject to the approval of the Commission under section 24 of the Securities and Futures Ordinance.
- 2.06 Suitability for listing depends on many factors. Applicants for listing should appreciate that compliance with the Exchange Listing Rules may not of itself ensure an applicant's suitability for listing. The Exchange retains a discretion to accept or reject applications and in reaching their decision will pay particular regard to the general principles outlined in rule 2.03. Prospective issuers (including listed issuers) are therefore encouraged to contact the Exchange to seek informal and confidential guidance as to the eligibility of a proposed application for listing at the earliest possible opportunity.

### **Delivery of Information and Documents**

- 2.07 (1) The procedures regarding the delivery of information and documents under the Exchange Listing Rules shall be determined by the Exchange from time to time and promulgated by way of a practice note to the Exchange Listing Rules.

*Note: See Practice Note 1*

- (1A) Where the Exchange Listing Rules require a certain number of copies of a document to be sent or submitted to the Exchange, the Exchange may require the issuer to provide the Exchange with such lesser or greater number of such copies as the Exchange may reasonably determine.
- (2) The Exchange may publish, release or present on the Exchange’s website or in any other form or context and to whomsoever the Exchange deems necessary or appropriate for the purposes specified below any information provided by or on behalf of any listed issuer or new applicant to the Exchange, whether pursuant to any obligation of such listed issuer or new applicant under the Exchange Listing Rules to publish such information or otherwise, and without liability on the part of the Exchange. In addition, the Exchange may impose a fee for access to or use of such public information so published, released or presented, and such listed issuer or new applicant shall be deemed to have waived any right to receive any fee or other remuneration from the Exchange in respect of such access or use. The purposes for which the Exchange may so publish, release or present such information are as follows:—
- a) to provide a means of easy access by the investing public to such information;
  - b) for the promotion of the Exchange;
  - c) in connection with the compilation of statistical and other information on listed issuers and new applicants;
  - d) investor awareness and education; or
  - e) to preserve the general integrity and reputation of the market.
- (3) For the avoidance of doubt, nothing in the Exchange Listing Rules shall be construed as imposing upon the Exchange an obligation to publish on the Exchange’s website any document or communication other than as expressly provided in these Exchange Listing Rules.

## Use of Electronic Means

- 2.07A (1) Subject to the provisions set out in this rule 2.07A, any requirement in these Exchange Listing Rules for a listed issuer to send, mail, dispatch, issue, publish or otherwise make available any corporate communication may, to the extent permitted under all applicable laws and regulations and the listed issuer's own constitutional documents, be satisfied by the listed issuer sending or otherwise making available the corporate communication to the relevant holders of its securities using electronic means and any requirement in these Exchange Listing Rules that a corporate communication of a listed issuer must be in printed form may be satisfied by the corporate communication being in electronic format.
- (2) Other than as permitted under rule 2.07A(2A) in relation to a corporate communication published on the listed issuer's own website pursuant to rule 2.07C(6), the corporate communication may be sent or otherwise made available by the listed issuer to a holder of its securities using electronic means (which term includes sending or otherwise making available the corporate communication to the holder in electronic format) only where the listed issuer has previously received from that holder an express, positive confirmation in writing that the holder wishes to receive or otherwise have made available to the holder the corporate communication by the means and in the manner proposed by the listed issuer.
- (2A) (a) To the extent that:
- (i) the shareholders of the listed issuer have resolved in general meeting that the listed issuer may send or supply corporate communications to shareholders by making them available on the listed issuer's own website; or
  - (ii) the listed issuer's constitutional documents contain provision to that effect,
- a holder of the listed issuer's securities in relation to whom the following conditions are met is taken to have agreed that the listed issuer may send or supply corporate communications to him in that manner.
- (b) The conditions are that:
- (i) the holder has been asked individually by the listed issuer to agree that the listed issuer may send or supply corporate communications generally, or the corporate communication in question, to him by means of the listed issuer's own website; and

- (ii) the listed issuer has not received a response indicating the holder's objection within the period of 28 days beginning with the date on which the listed issuer's request was sent.
  - (c) A holder is not taken to have so agreed if the listed issuer's request:
    - (i) did not state clearly what the effect of a failure to respond would be; or
    - (ii) was sent less than 12 months after a previous request made to him for the purposes of this rule 2.07A(2A) in respect of the same class of corporate communications.
  - (d) The listed issuer must notify the intended recipient of:
    - (i) the presence of the corporate communication on the website;
    - (ii) the address of the website;
    - (iii) the place on the website where it may be accessed; and
    - (iv) how to access the corporate communication.
  - (e) The corporate communication is taken to be sent:
    - (i) on the date on which the notification required under rule 2.07A(2A)(d) is sent; or
    - (ii) if later, the date on which the corporate communication first appears on the website after that notification is sent.
- (3) A listed issuer which, availing itself of this rule 2.07A, sends or otherwise makes available a corporate communication to holders of its securities using electronic means must:
  - (a) afford holders the right at any time by reasonable notice in writing served on the listed issuer to change their choice (whether by positive consent or deemed consent under rule 2.07A(2A)) as to whether they wish to receive corporate communications in printed form or using electronic means. The listed issuer must set out in each such corporate communication the steps for notifying the listed issuer of any such change together with a statement expressly informing holders that:
    - (i) holders may at any time choose to receive corporate communications either in printed form or using electronic means; and

- (ii) holders who have chosen (or are deemed under rule 2.07A(2A) to have chosen) to receive the corporate communication using electronic means and who for any reason have difficulty in receiving or gaining access to the corporate communication will promptly upon request be sent the corporate communication in printed form free of charge; and
- (b) without prejudice to their right to use any other written means of communication for such purpose, provide holders of its securities with the option of notifying the listed issuer by email of any change in their choice as to whether they wish to receive corporate communications in printed form or using electronic means or of any request to receive the corporate communication in printed form. The listed issuer must provide holders of its securities with an email address for this purpose.

*Note: It is the sole responsibility of the listed issuer to ensure that any proposed arrangement is permitted under, and that the listed issuer will at all times comply with, all applicable laws and regulations and the listed issuer's own constitutional documents.*

- 2.07B (1) Any requirement in these Exchange Listing Rules for a listed issuer to send, mail, dispatch, issue, publish or otherwise make available any corporate communication in both English and Chinese may, where the listed issuer has made adequate arrangements to ascertain whether or not a holder of its securities wishes to receive the English language version only or the Chinese language version only and to the extent permitted under applicable laws and regulations and the listed issuer's own constitutional documents, be satisfied by the listed issuer sending the English language version only or the Chinese language version only (in accordance with the holder's stated wish) to the holder concerned. Any arrangement by the listed issuer to ascertain a holder's wish must afford the holder the choice of receiving the English language version only, the Chinese language version only or both the English language version and the Chinese language version.
- (2) A listed issuer which, availing itself of this rule 2.07B, sends the English language version only or the Chinese language version only of a corporate communication to holders of its securities must afford holders the right at any time by reasonable notice in writing served on the listed issuer to change their choice as to whether they wish to receive the English language version only, the Chinese language version only or both the English language version and the Chinese language version. The listed issuer must set out in each such corporate communication the steps for notifying the listed issuer of any such change together with a statement expressly informing holders that they may at any time choose to receive the English language version only, the Chinese language version only or both the English language version

and the Chinese language version notwithstanding any wish to the contrary previously conveyed to the listed issuer.

*Note: By way of an example and without prejudice to the generality of the above, the Exchange will normally regard as adequate an arrangement along the following lines:*

- (1) A letter, together with a pre-paid reply form (the "First Letter") in both English and Chinese, is sent by the listed issuer to holders of its securities to enable them to select either an English language version or a Chinese language version or both versions of the corporate communication. The First Letter clearly explains the consequential arrangement (see (3) below) if no reply is received from such holders by a certain date (the "Deadline").*
- (2) The listed issuer sends the selected language version of the corporate communication to those holders who have made a selection.*
- (3) If no reply is received on or before the Deadline, the following arrangements apply, where applicable:—*
  - (a) the English language version of the corporate communication is sent to: (i) all overseas holders; and (ii) all Hong Kong holders other than natural persons with a Chinese name; and*
  - (b) the Chinese language version of the corporate communication is sent to all Hong Kong holders who are natural persons with a Chinese name.*

*Whether a holder is a Hong Kong or an overseas person will be determined by his or its address as appearing in the listed issuer's register of securities holders.*

- (4) When the corporate communication is sent out according to the arrangements set out in (3) above, a letter, together with a pre-paid request form (the "Second Letter") in both English and Chinese, is attached to or printed at some prominent place in the sent out versions of the corporate communication stating that the corporate communication prepared in the other language will be available upon request.*
- (5) Both the English language version and the Chinese language version of the corporate communication is made available on the listed issuer's website in an accessible format and a copy in electronic format of the corporate communication in both languages is submitted to the Exchange in accordance with the publication requirements of rule 2.07C(1)(b)(i).*

- (6) *The listed issuer provides a dial-up hotline service or other equivalent public communication channel acceptable to the Exchange to enable holders to make enquiry of the listed issuer's proposed arrangements.*
- (7) *The First Letter and the Second Letter mention that the corporate communication will be available in both languages on the listed issuer's website and a dial-up hotline service or other equivalent public communication channel will be provided as mentioned in (5) and (6) respectively.*
- (8) *The listed issuer makes an announcement in accordance with rule 2.07C stating the proposed arrangements at the same time as the First Letter is dispatched to holders.*

- 2.07C (1) (a) (i) A listed issuer or a new applicant which is obliged to publish for the purposes of the Exchange Listing Rules any announcement or notice must submit through HKEx-EPS a ready-to-publish electronic copy of the document to the Exchange for publication on the Exchange's website.

*Note: Regard must be had to the operating hours of HKEx-EPS from time to time.*

- (ii) In the case of a new applicant, a written confirmation to the Exchange from each of the sponsors, confirming that the announcement or notice has been cleared by the Exchange (where such clearance is required under the Exchange Listing Rules) or that the document is required to be published by the new applicant (where such clearance is not so required), must be received by the Exchange prior to the announcement or notice being submitted through HKEx-EPS for publication.
- (iii) All announcements or notices which are published in the newspapers by an issuer pursuant to these Exchange Listing Rules must state that it is available for viewing on the Exchange's website and the issuer's own website giving details as to where on these websites it is to be found (to the fullest extent known at the time of publication of the announcement or notice).
- (iv) Where a listed issuer requests a trading halt or suspension of trading in its securities and the trading halt or suspension has been effected, the listed issuer must immediately submit through HKEx-EPS to the Exchange for publication on the Exchange's website a ready-to-publish electronic copy of an announcement informing that trading in the securities of the listed issuer has been halted or suspended and setting out briefly the reason for the trading halt or suspension.



- (b) (i) Other than where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the Exchange's website a ready-to-publish electronic copy of any corporate communication which is required by the Exchange Listing Rules (including any listing document of a listed issuer or new applicant which is not to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance). The electronic copy must be received by the Exchange before the day on which it is sent to shareholders by the listed issuer or distributed to the public in the case of a new applicant.
- (ii) Where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the Exchange's website a ready-to-publish electronic copy of each of the prospectus and any application forms. The copies must be submitted to the Exchange at the same time as they are sent to shareholders by the listed issuer or, in the case of a new applicant, their distribution to the public commences. They must be submitted only after the issuer has received the letter from the Companies Registry confirming registration of the prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The issuer must also promptly submit a copy of the letter to the Exchange for its records.

*Note: Issuers must accordingly bear in mind the time required to comment on and clear the form of any document so as to be able to submit the ready-to-publish electronic copy to the Exchange by the stipulated deadline.*

- (2) All electronic copies of documents submitted by an issuer through HKEx-EPS to the Exchange for publication on the Exchange's website must be virus-free with all words being text-searchable and the document printable. The layout and contents of each page on the electronic copy of the documents submitted to the Exchange for publication on the Exchange's website must be the same as the layout and contents of the corresponding page of the document as published by the issuer (whether in the newspapers, on its own website, as sent to shareholders or otherwise).
- (3) When submitting a document through HKEx-EPS for publication on the Exchange's website, the issuer must select all such headlines as may be appropriate from the list of headlines set out in Appendix 24 (which is also displayed in HKEx-EPS) and input into the designated free-text field in HKEx-EPS the same title as appears in the document. The Listing Committee has delegated to the Executive Director – Listing the power to approve such amendments to Appendix 24 as he may consider necessary or desirable.

- (4) (a) Announcement or notice must not be published on the Exchange's website:
- between 8:30 a.m. and 12:00 noon and between 12:30 p.m. and 4:30 p.m. on a normal business day; and
  - between 8:30 a.m. and 12:30 p.m. on the eves of Christmas, New Year and the Lunar New Year when there is no afternoon session,
- except for:
- (i) [Repealed 10 March 2008];
  - (ii) announcements made solely under rule 2.07C(1)(a)(iv);
  - (iii) announcements made solely under rule 13.10B, or paragraph 2(2) of Parts C, D, E or H of Appendix 7;
  - (iv) announcements made in response to the Exchange's enquiries of the issuer under rule 13.10, or paragraph 24 of Part C of Appendix 7, paragraph 11 of Part G of Appendix 7, or paragraph 26 of Part H of Appendix 7 if in the announcement the issuer only provides the negative confirmations required under rule 13.10(2), or paragraph 24(2) of Part C of Appendix 7, or paragraph 11 of Part G of Appendix 7, or paragraph 26(2) of Part H of Appendix 7, or refers to its previously published information;
  - (v) announcements made in response to media news or reports under rule 13.09(1), paragraph 2(1)(b) of Part C, D, E or H of Appendix 7 or paragraph 4(3) of Part G of Appendix 7 if in the announcement the issuer only denies the accuracy of such news or reports and/or clarifies that only its previously published information should be relied upon; and
  - (vi) announcements relating to suspension and resumption of a Mixed Media Offer applicable to public offers of equity securities, CIS and debt securities (see rules 12.11A, 20.19A and 25.19B).
- (b) Any publication by an issuer pursuant to this rule 2.07C must be made in both the English and Chinese language unless otherwise stated.
- (c) Subject to rule 2.07C(4)(d), where a document is required to be published in both the English and Chinese language, the issuer must submit the ready-to-publish electronic copy of both the English and Chinese versions of that document together to the Exchange for publication on the Exchange's website.

- (d) In the case of the English and Chinese versions of a listing document or annual report submitted by an issuer to the Exchange for publication on the Exchange's website, the issuer must submit the ready-to-publish electronic copy of one version immediately after submission of the other version.
- (5) Issuers must comply with such requirements as the Exchange may from time to time determine and promulgate with regard to format, timing, procedure or otherwise for publication and submission of documents to the Exchange.

*Note: The Exchange accepts no responsibility for any defects in the content or format of any document submitted for publication on the Exchange's website and accepts no responsibility for any delay or failure in publication. It is the sole responsibility of the issuer to ensure that all material submitted by it or on its behalf for publication on the Exchange's website is accurate.*

- (6) (a) Every issuer must have its own website on which it must publish any announcement, notice or other document published under rule 2.07C on the Exchange's website. The publication should be at the same time as publication of the electronic copy of the document on the Exchange's website. A new listing applicant is not required to publish an Application Proof or Post Hearing Information Pack on its own website. In any event:
  - (i) where the electronic copy of the document is published after 7:00 p.m. on the Exchange's website, publication on the issuer's own website must not be later than 8:30 a.m. on the business day next following such publication; and
  - (ii) where the electronic copy of the document is published at any other time on the Exchange's website, publication on the issuer's own website must not be later than 1 hour after such publication.

*Note: The issuer's website does not need to be hosted on a domain owned or maintained by the issuer. The issuer's website may be hosted on a third-party domain so long as the website is assigned a dedicated location on the Worldwide Web and the issuer's website may be managed by a third-party on behalf of the issuer.*

- (b) The issuer must ensure that any document published on its website pursuant to these Exchange Listing Rules remains available on its website on a continuous basis for at least 5 years from the date of first publication. The public must be able to access these documents on the website free of charge.
- (c) [Repealed 1 January 2013]

## **Structure**

- 2.08 The Exchange Listing Rules fall into four main parts: Chapters 1 — 6 set out matters of general application; Chapters 7 — 19C set out the requirements applicable to the issue of equity securities; Chapters 20 and 21 set out the requirements applicable to unit trusts, mutual funds and other investment companies; and Chapters 22 — 37 set out the requirements applicable to the issue of debt securities.

## **Sponsors**

- 2.09 A new application for listing, in the case of equity securities, must be sponsored as more fully explained in Chapter 3A.
- 2.10 In the first instance, all matters concerning an application for listing by a new applicant must be dealt with between the Exchange and the new applicant and its sponsor.

## **Authorised Representatives**

- 2.11 Every listed issuer must appoint and retain at all times two authorised representatives as more fully explained in Chapter 3.

## **Listing Fees and Other Charges**

- 2.12 The details of the initial listing fee, annual listing fee, subsequent issue fee and other charges together with details of the brokerage charge, transaction levies and trading fees on new issues are set out in Appendix 8.

## **Information Gathering**

- 2.12A An issuer must provide to the Exchange as soon as possible, or otherwise in accordance with time limits imposed by the Exchange:
- (1) any information that the Exchange reasonably considers appropriate to protect investors or ensure the smooth operation of the market; and
  - (2) any other information or explanation that the Exchange may reasonably require for the purpose of investigating a suspected breach of or verifying compliance with the Exchange Listing Rules.

## **Presentation of Information**

- 2.13 Without prejudice to any specific requirements of the Exchange Listing Rules as to content or responsibility for the document in question, any announcement or corporate communication required pursuant to the Exchange Listing Rules must be prepared having regard to the following general principles:
- (1) the information contained in the document must be clearly presented and in the plain language format specified or recommended by the Exchange and/or the Commission from time to time; and
  - (2) the information contained in the document must be accurate and complete in all material respects and not be misleading or deceptive. In complying with this requirement, the issuer must not, among other things:—
    - (a) omit material facts of an unfavourable nature or fail to accord them with appropriate significance;
    - (b) present favourable possibilities as certain or as more probable than is likely to be the case;
    - (c) present projections without sufficient qualification or explanation; or
    - (d) present risk factors in a misleading way.
- 2.14 Any listing document, circular or announcement issued by an issuer pursuant to the Exchange Listing Rules must disclose the name of each director as at the date of the relevant listing document, circular or announcement.

## **Material interest in a transaction**

- 2.15 Where a transaction or arrangement of an issuer is subject to shareholders' approval under the provisions of the Exchange Listing Rules, any shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting.

*Note: For the avoidance of doubt, any provision in the Exchange Listing Rules requiring any other person to abstain from voting on a transaction or arrangement of an issuer which is subject to shareholders' approval shall be construed as being in addition to the requirement set out in rule 2.15.*

2.16 For the purpose of determining whether a shareholder has a material interest, relevant factors include:

- (1) whether the shareholder is a party to the transaction or arrangement or a close associate of such a party; and
- (2) whether the transaction or arrangement confers upon the shareholder or his close associate a benefit (whether economic or otherwise) not available to the other shareholders of the issuer.

There is no benchmark for materiality of an interest nor may it necessarily be defined in monetary or financial terms. The materiality of an interest is to be determined on a case by case basis, having regard to all the particular circumstances of the transaction concerned.

*Note: The references to "close associate" shall be changed to "associate" where the transaction or arrangement is a connected transaction under Chapter 14A.*

2.17 The issuer must, to the extent that it is aware having made all reasonable enquiries, include in the listing document or circular:

- (1) a statement as at the date by reference to which disclosure of the shareholding is made in the listing document or circular as to whether and to what extent any shareholder who is required to abstain from voting under the Exchange Listing Rules controls or is entitled to exercise control over the voting right in respect of his shares in the issuer;
- (2) particulars of:
  - (a) any voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any such shareholder; and
  - (b) any obligation or entitlement of any such shareholder as at the date by reference to which disclosure of the shareholding of any such shareholder is made in the listing document or circular,

whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his shares in the issuer to a third party, either generally or on a case-by-case basis;

- (3) a detailed explanation of any discrepancy between any such shareholder's beneficial shareholding interest in the issuer as disclosed in the listing document or circular and the number of shares in the issuer in respect of which he will control or will be entitled to exercise control over the voting right at the relevant meeting; and

- (4) steps undertaken by the shareholder (if any) to ensure shares being the subject of the discrepancy referred to in rule 2.17(3) are not voted.

2.17A [Repealed 1 January 2013]