

27 September 2013

## Joint policy statement regarding the listing of overseas companies

1. This is a joint policy statement by the SFC<sup>1</sup> and the SEHK<sup>2</sup> setting out guidance for overseas companies seeking to list on the SEHK. This document supersedes the Joint Policy Statement Regarding the Listing of Overseas Companies dated 7 March 2007 and the SEHK's Guidance Letter GL12-09.
2. The aim of this document is to ensure Hong Kong remains an attractive listing venue for overseas companies by reducing unnecessary regulatory burden and preserving high standards of regulation, enforcement and corporate governance.

### Background

#### *2007 Publication of the Joint Policy Statement*

3. The Listing Rules recognise Hong Kong, the People's Republic of China ("PRC"), the Cayman Islands and Bermuda for the purpose of eligibility for listing ("Recognised Jurisdictions"). To facilitate the listing of overseas companies from elsewhere, the SFC and SEHK jointly issued the Joint Policy Statement Regarding the Listing of Overseas Companies in March 2007 ("2007 JPS").
4. The Listing Rules require an overseas company to demonstrate that its jurisdiction of incorporation has shareholder protection standards at least equivalent to those of Hong Kong. If this is not possible, overseas companies can achieve equivalent standards by varying their constitutive documents to provide them<sup>3</sup>. The 2007 JPS aimed to clarify this requirement by identifying important shareholder protection standards in the Hong Kong Companies Ordinance (Cap 32).

#### *Our Experience since 2007*

5. At the time of the 2007 JPS publication, the SEHK had approved only the UK, Australia and Canada (British Columbia and Ontario) as additional jurisdictions acceptable as a company's place of incorporation ("Acceptable Jurisdictions"). By identifying the key shareholder protection standards they should meet, the 2007 JPS helped applicants from a much wider range of jurisdictions list in Hong Kong. As at the date of this document, the Listing Committee of SEHK has approved, in principle, 21 Acceptable Jurisdictions of incorporation. The SEHK maintains a list on its website of these jurisdictions:  
[http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/list\\_of\\_aoj.htm](http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/list_of_aoj.htm).
6. No two jurisdictions have identical shareholder protection standards. Companies incorporated in jurisdictions whose companies law is based on the UK Companies Act (like the Hong Kong Companies Ordinance) find it much easier to comply with the 2007 JPS. For example, the British Virgin Islands, Cyprus, Guernsey, the Isle of Man, Jersey and, of course, the UK. Companies incorporated in jurisdictions with completely different company law regimes find this much more difficult. For example companies incorporated in Brazil, France, Germany, Italy and Japan. These companies may comply with broadly comparable shareholder protections to our own but do so in a very different way.

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<sup>1</sup> The Securities and Futures Commission

<sup>2</sup> The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited ("HKEx")

<sup>3</sup> Rule 19.05(1)(b) and note.



## Scope of this document

### ***Shareholder protection standards (Section 1)***

7. To ease the burden for overseas applicants we have refined the key shareholder protection standards by removing those where the relevant protection is already covered under the Listing Rules. We have also broadened some standards to accommodate practices in other jurisdictions. For example, we allow an overseas company to approve certain matters by a “super-majority” vote rather than imposing Hong Kong’s exact threshold requirements (see paragraphs 31 to 33).

### ***Regulatory cooperation arrangements (Section 2)***

8. We have expanded the regulatory co-operation arrangements we expect to be in place with an overseas jurisdiction. We now expect the statutory securities regulator in both an overseas company’s jurisdiction of incorporation and place of central management and control (if different) to have these arrangements (see paragraphs 42 to 45). This is to enable the SFC to seek regulatory assistance and information from the overseas statutory securities regulator(s), if necessary.

### ***Accounting and auditing related and other disclosure requirements (Section 3)***

9. We provide guidance on our existing practice regarding accounting and auditing standards (see paragraphs 46 to 62). We also set out our requirements for additional disclosure in prospectuses and Company Information Sheets (see paragraphs 63 to 66).

### ***Practical and operational matters (Section 4)***

10. We highlight some practical or operational matters that overseas companies contemplating a listing here may find difficult (e.g. those with scripless securities).

### ***Suitability for secondary listing (Section 5)***

11. We clarify our approach to the suitability of companies applying for secondary listings. These companies are already listed and primarily regulated elsewhere. For this reason, they apply for extensive waivers from the Listing Rules in Hong Kong. To be suitable for these waivers, a company seeking secondary listing must normally have a large market capitalisation and a long track record of regulatory compliance on its primary market. It must be primary listed on a stock exchange recognised by us as having a strong reputation for requiring high shareholder protection and corporate governance standards. Also, it must have a “centre of gravity” outside Greater China.

### ***Long term goal***

12. The rise in numbers of overseas applicants from outside Recognised Jurisdictions applying to list on SEHK is a relatively recent trend. All but three of the 30 currently listed overseas companies from outside Recognised Jurisdictions were approved since 2009. To date these companies represent about 2% of the Main Board and there are only nine secondary listed companies. Setting out our approach in this document enables us to adapt our requirements quickly to address issues that arise as our experience of these applicants grows. It also provides transparency on our approach to help those overseas companies planning to make a listing application. In the longer term, and following further experience of the operations of this document in practice, we are likely to amend the Listing Rules.



## Introduction

### *Types of listing*

13. An overseas company can apply for a primary or secondary listing. A primary listing is one that results in the company becoming fully subject to the Listing Rules.
14. If an overseas company is already listed on another exchange, it can apply for a secondary listing here. The company will be principally regulated by the rules and authorities of the jurisdiction where it is primary listed. We would also expect the dominant market in the company's securities to be on that overseas exchange.
15. An overseas company can, alternatively, opt for a dual-primary listing where it is subject to both full requirements here and those of another jurisdiction.

### *Application of requirements*

	Primary Listing	Secondary Listing
<b>Overseas companies incorporated outside a Recognised Jurisdiction</b>		
<b>Main Board</b>	Sections 1 to 4	Sections 1 to 5
<b>GEM</b>		<i>Not applicable</i>
<b>Overseas companies incorporated in a Recognised Jurisdiction</b>		
<b>Main Board</b>	<i>Not applicable</i>	Sections 3 to 5
<b>GEM</b>	<i>Not applicable</i>	<i>Not applicable</i>

16. The SEHK retains the discretion to reject an application for listing if it believes the overseas applicant has acted to deliberately avoid the requirements in this document and the Listing Rules.

### *Country guides*

17. The SEHK publishes a Country Guide for each Acceptable Jurisdiction setting out:
  - (a) comprehensive and user friendly guidance on how companies incorporated there can meet the requirement for equivalent shareholder protection standards in the Listing Rules; and
  - (b) if applicable, updated guidance to reflect the experience we gain listing new applicants from the same jurisdiction.
18. The Country Guides include and replace guidance published as SEHK listing decisions for a jurisdiction. We aim to publish a guide for each Acceptable Jurisdiction by the end of 2013. In the interim, applicants should refer to existing listing decisions and other published guidance accessible from the HKEx website.<sup>4</sup>
19. The SEHK will make necessary updates to a Country Guide only after it is informed of a material change in the laws, rules or regulations referenced in the Country Guide by a new applicant or a listed company incorporated in the relevant Acceptable Jurisdiction. For this purpose, new applicants and listed companies

<sup>4</sup> See "List of Acceptable Jurisdictions" webpage at:  
[http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/list\\_of\\_aoj.htm](http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/list_of_aoj.htm).



incorporated in an Acceptable Jurisdiction must, at the earliest opportunity, inform SEHK of such material changes.

### **Waivers**

20. The Main Board Rule Application Table for Overseas Issuers of Equity Securities (see the Appendix) explains how each Main Board Rule applies to an overseas company that is primary listed, dual primary listed or secondary listed on the Exchange's Main Board.
21. This also includes guidance on the common waivers the SEHK is prepared to grant an overseas company seeking a listing. Each waiver application will be considered on its own facts and circumstances. An overseas company seeking a waiver must demonstrate why each waiver is appropriate.
22. The Main Board Rule Application Table for Overseas Issuers also lists the Main Board Listing Rules that we automatically waive for companies with, or seeking, a secondary listing if they meet the criteria described in paragraph 88. No application to SEHK is required for these automatic waivers.

### **Takeovers Code<sup>5</sup>**

23. The Takeovers Code applies to takeovers, mergers and share repurchases affecting Hong Kong public companies and companies and REITs with a primary or dual-primary listing on the SEHK. The Takeovers Code does not apply to a secondary listed company on the SEHK unless it is a "public company in Hong Kong" within the meaning of the Takeovers Code<sup>6</sup>. The SFC considers the factors set out in section 4.2 of the Introduction to the Takeovers Code to determine whether a secondary listed company is a "public company in Hong Kong".
24. An overseas company seeking a secondary listing on the SEHK must confirm with the Takeovers Executive that it should not be considered a public company in Hong Kong for the purposes of the Takeovers Code and accordingly, the Takeovers Code does not apply to it.
25. The SFC publishes a list of secondary listed companies who are not subject to the Takeovers Code in the Takeovers and Mergers section on the SFC website at <http://www.sfc.hk/web/EN/regulatory-functions/listings-and-takeovers/takeovers-and-mergers/secondary-listed-companies-not-subject-to-the-codes.html>.
26. We encourage overseas companies who wish to seek a listing on the SEHK to consult the Takeovers Executive at an early stage if they foresee any difficulty complying with the Takeovers Code or wish to confirm whether it should be considered a public company in Hong Kong for the purposes of the Takeovers Code.

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<sup>5</sup> The Codes on Takeovers and Mergers and Share Repurchases

<sup>6</sup> Having carefully considered the factors set out in Section 4 of the Introduction to the Takeovers Code, the Takeovers Executive confirmed as at December 2011 that all the secondary companies listed on the SEHK were not considered Hong Kong public companies for the purposes of the Takeovers Code and hence are not subject to the Takeovers Code. See Issues No. [14](#), [18](#) and [19](#) of the Takeovers Bulletin dated September 2010, September and December 2011 respectively



## Section 1: Shareholder protection standards

27. An overseas applicant must demonstrate it is subject to the key shareholder protection standards set out in paragraphs 31 to 41 by explaining how its domestic laws, rules and regulations and its constitutional documents, in combination, meet these standards. For this purpose, we may require an overseas applicant to amend its constitutional documents to provide key shareholder protections.
28. Where an applicant adopts the arrangements set out in the Country Guide for its place of incorporation in an Acceptable Jurisdiction, it will not be required to provide a detailed explanation of how it meets key shareholder protection standards.<sup>7</sup>
29. An overseas company incorporated in a jurisdiction new to listing can refer for guidance to the methods used to show equivalent shareholder protection standards specified in a Country Guide for an Acceptable Jurisdiction or methods used by those incorporated in Recognised Jurisdictions. However, it will still be required to demonstrate how its domestic laws, rules and regulations, its constitutional documents and the arrangements it has adopted as a whole meet the key shareholder protection standards in the light of its particular facts and circumstances.<sup>8</sup>
30. The SEHK may request further information to be provided in light of the particular circumstances of an individual listing applicant at its discretion.

## Key shareholder protection standards

### Matters that require shareholders' approval

#### *Matters requiring a super majority vote*

31. A super-majority vote of members is required to approve:
  - (a) changes to the rights attached to any class of shares of an overseas company (vote by members of that class);
  - (b) material changes to an overseas company's constitutive documents, however framed; and
  - (c) voluntary winding up of an overseas company.
32. Some jurisdictions have a super-majority threshold of a three-quarter or a two-third majority of votes by members present at the general meeting with no special requirement as to the quorum. Others impose a higher quorum requirement with a lower majority, such as, a quorum of 50% of share capital plus a majority of more than 50% of share capital, or a quorum of two-thirds of share capital plus a simple majority approval by those members present.
33. We require a super-majority vote to mean at least a two-thirds majority where an overseas company has a low quorum requirement (e.g. two members). When an overseas company's threshold for deciding the matters set out in paragraph 31 is a simple majority only (50% plus 1 vote), these matters must be decided by a significantly higher quorum.

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<sup>7</sup> Prior to the publication of a Country Guide, an applicant should refer to published listing decisions for their jurisdiction of incorporation.

<sup>8</sup> See footnote 7 above.



***Individual members to approve increase in member's liability***

34. There should not be any alteration in an overseas company's constitutional document to increase an existing member's liability to the company unless such increase is agreed by such member in writing.

***Appointment of auditors***

35. Appointment, removal and remuneration of auditors must be approved by a majority of an overseas company's members or other body that is independent of the board of directors, for example the supervisory board in systems that have a two tier board structure.

**Proceedings at general meetings**

36. An overseas company is required to hold a general meeting each year as its annual general meeting. Generally not more than 15 months should elapse between the date of one annual general meeting of the overseas company and the next.
37. An overseas company must give its members reasonable written notice of its general meetings.
38. Members must have the right to speak and vote at a shareholder meeting except where a member is required, by the Listing Rules, to abstain from voting to approve the transaction or arrangement (e.g. the member has a material interest in the transaction or arrangement).<sup>9</sup>
39. Members holding a minority stake in an overseas company must be allowed to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum level of members' support required to convene a meeting must be no higher than 10%.
40. A recognised Hong Kong clearing house must be entitled to appoint proxies or corporate representatives to attend general meetings and creditors meetings. These proxies/corporate representatives should enjoy statutory rights comparable to those of other shareholders, including the right to speak and vote.
41. Where the laws of an overseas jurisdiction prohibit a recognised clearing house from appointing proxies/corporate representatives, the overseas company must make the necessary arrangements with Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees") to ensure that Hong Kong investors holding shares through HKSCC Nominees enjoy the rights to vote, attend (personally or by proxy) and speak at general meetings.

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<sup>9</sup> If an overseas company is subject to a foreign law or regulation that prevents the restriction of members' right to speak and vote at shareholders' meetings, the company can enter into an undertaking with the SEHK to put in place measures that achieve the same outcome as the Listing Rule restriction (e.g. any votes cast by or on behalf of a member in contravention of the Listing Rule restriction must not be counted towards approving the transaction or arrangement).



## Section 2: Regulatory cooperation

42. The statutory securities regulator in an overseas company's jurisdiction of incorporation and place of central management and control (if different) must:
- (a) be a full signatory of the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information ("IOSCO MMOU");<sup>10</sup> or
  - (b) have entered into an appropriate bi-lateral agreement with the SFC which provides adequate arrangements with the SFC for mutual assistance and exchange of information for the purpose of enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong.<sup>11</sup>
43. This will enable the SFC to seek regulatory assistance and information from the overseas statutory securities regulator thereby facilitating the SFC's investigations and enforcement actions where an overseas company has its records, business operations, assets and management outside Hong Kong.
44. The SEHK may make exceptions from the requirements of paragraph 42, in an individual case. The SEHK will not do so without the SFC's explicit consent.
45. The SEHK will consider the following factors to determine an overseas company's place of central management and control:
- (a) the location from where the company's senior management direct, control, and coordinate the company's activities;
  - (b) the location of the company's principal books and records; and
  - (c) the location of the company's business operations or assets.

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<sup>10</sup> Current signatories to the IOSCO MMOU can be viewed here:  
[http://www.iosco.org/library/index.cfm?section=mou\\_siglist](http://www.iosco.org/library/index.cfm?section=mou_siglist)

<sup>11</sup> Details of the SFC's cooperative arrangements with overseas regulators can be viewed here:  
<http://www.sfc.hk/web/EN/about-the-sfc/collaboration/overseas/>



### Section 3: Accounting and auditing related and other disclosure requirements

46. Overseas companies, particularly those that are dual-primary or secondary listed, often find it unduly burdensome to prepare their accountants' reports and financial statements according to more than one set of financial reporting standards using different firms of auditors.
47. We discuss below our regulatory approach when considering whether to allow accountants' reports and financial statements that are not prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") or International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS") by non-Hong Kong qualified auditors.

#### Auditor qualification, auditing and financial reporting standards

##### *Auditing standards*

48. The Listing Rules require the financial statements included in the accountants' reports of overseas companies to be audited to a standard comparable to that required in Hong Kong<sup>12</sup>.
49. Listed companies' financial statements must be audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants ("HKICPA") or the International Auditing and Assurance Standards Board ("IAASB") of the International Federation of Accountants<sup>13</sup>.
50. To date, having satisfied itself that these standards are comparable to that required by HKICPA or the IAASB, the SEHK has allowed the following standards to be used for overseas companies' financial statements:
  - (a) the Australian Auditing Standards;
  - (b) the Canadian Generally Accepted Auditing Standards;
  - (c) professional auditing standards applicable in France;<sup>14</sup>
  - (d) the Italian Auditing Standards;
  - (e) the Singapore Standards on Auditing;
  - (f) the Standards for Investment Reporting issued by the Auditing Practice Board in the UK; and
  - (g) the US Public Company Accounting Oversight Board auditing standards.

##### *Independence and qualification requirements for auditors and reporting accountants*

51. The Listing Rules require all accountants' reports to be prepared by certified public accountants qualified under the Professional Accountants Ordinance ("PAO") to be appointed as auditors of a company<sup>15</sup>. The Companies Ordinance also requires an

<sup>12</sup> Rule 19.12 of the Main Board Listing Rules

<sup>13</sup> Rule 19.21 of the Main Board Listing Rules

<sup>14</sup> In accordance with Article L.225-235 of the French Commercial Code

<sup>15</sup> Rule 4.03 of the Main Board Listing Rules provides that all accountants' reports must normally be prepared by certified public accountants who are qualified under the PAO for appointment as auditors of a company and who are independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the CO and by the HKICPA



accountants' report in a prospectus to be made by an accountant that is qualified under the PAO for appointment as auditor of a company<sup>16</sup>.

52. An overseas applicant may apply for an exemption from these requirements on the grounds that compliance is irrelevant, unduly burdensome, is otherwise unnecessary or inappropriate<sup>17</sup>.
53. Reporting accountants and auditors must be independent of both the overseas company and any other company concerned to the same extent required of an auditor under the Companies Ordinance and in accordance with the HKICPA's guidance on independence or the statements on independence issued by the International Federation of Accountants<sup>18</sup>.
54. Generally reporting accountants and auditors that are not Hong Kong qualified would be considered acceptable if the firm:
  - (a) has an international name and reputation;
  - (b) is a member of a recognised body of accountants; and
  - (c) is subject to independent oversight by a regulatory body of a jurisdiction that is a signatory to the IOSCO MMOU.
55. See also the entry for Rule 4.03 in Main Board Rule Application Table for Overseas Issuers of Equity Securities appended to this document.

**Acceptable financial reporting standards**

56. The Listing Rules require accountants' reports and financial statements to be prepared and drawn up in conformity with:
  - (a) HKFRS issued by the HKICPA;
  - (b) IFRS;
  - (c) China Accounting Standards for Business Enterprises ("CASBE") in the case of a PRC company that has adopted CASBE for the preparation of its annual financial statements; or
  - (d) the Generally Accepted Accounting Principles in the United States of America (US GAAP) where the overseas company has a secondary listing on the SEHK.<sup>19</sup>
57. Any significant departure from these accounting standards must be disclosed and explained, and to the extent practicable, the financial effects of such departure should be quantified<sup>20</sup>.
58. The suitability of alternative financial reporting standards depends on whether there is any significant difference between the foreign financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the foreign financial reporting standards with IFRS.

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<sup>16</sup> Paragraph 43 of the Third Schedule to the CO provides that any report by accountants required to be included in the prospectus must be made by accountants qualified under the PAO for appointment as auditors of a company and shall not be made by any accountant who is an officer (including a proposed director but not an auditor) or servant, or a partner of or in the employment of an officer or servant, of the company or of the company's subsidiary or parent undertaking or of a subsidiary of the company's parent undertaking

<sup>17</sup> Section 342 of the Companies Ordinance

<sup>18</sup> Rules 4.03 and 19.20 of the Main Board Listing Rules

<sup>19</sup> Rule 19.39 of the Main Board Listing Rules

<sup>20</sup> Rules 4.11 and 4.12 of the Main Board Listing Rules



59. On this basis the SEHK has accepted:
- (a) EU-IFRS, the IFRS (as adopted by the European Union), for use by EU companies;
  - (b) US GAAP for use by companies with, or seeking, a dual-primary listing in the US and on the SEHK; and
  - (c) the following financial reporting standards for companies with, or seeking, a listing in the relevant jurisdiction and a dual-primary or secondary listing on the SEHK:
    - (i) the generally accepted accounting principles of Australia (Australian GAAP);
    - (ii) the generally accepted accounting principles in Canada (Canadian GAAP);
    - (iii) the Japanese Generally Accepted Accounting Principles (JGAAP);
    - (iv) Singapore Financial Reporting Standards; and
    - (v) the generally accepted accounting practice in the UK (UK GAAP),
60. Financial statements adopting financial reporting standards other than HKFRS, IFRS and CASBE must include a statement showing the financial effect of any material differences between the financial statements and financial statements prepared using with HKFRS or IFRS.
61. An overseas company with a dual-primary or secondary listing that adopts an alternative financial reporting standard for its financial statements must adopt IFRS, HKFRS or CASBE if it de-lists from the jurisdiction of that alternative standard.
62. Overseas companies seeking to adopt a financial reporting standard or auditing standard that is not covered by this document should consult the SEHK at the earliest opportunity.

#### **Additional disclosure requirements in prospectuses and Company Information Sheets**

63. An overseas company must clearly disclose in its prospectus or listing document:
- (a) a summary of the waivers and exemptions that it has been granted;
  - (b) a summary of the provisions in the laws and regulations in its home jurisdiction and primary market that are different to those required by Hong Kong law regarding:
    - (i) the rights of its holders of its securities and how they can exercise their rights;
    - (ii) directors' powers and investor protection; and
    - (iii) the circumstances under which its minority shareholders may be bought out or may be required to be bought out after a successful takeover or share repurchase;
  - (c) details of withholding tax on distributable entitlements or any other tax that is payable (e.g. capital gains tax, inheritance or gift taxes) and whether Hong Kong investors have any tax reporting obligations; and
  - (d) where a company is listing depositary receipts ("HDRs"), a summary of the terms and conditions in the depositary agreement and deed poll.



64. A secondary listed company incorporated in a Recognised Jurisdiction must, in addition to the information set out in paragraph 63, also disclose in its listing document whether the statutory securities regulator of its place of central management and control (if different from its place of incorporation) has regulatory cooperation arrangements in place as described in paragraph 42 of this document.
65. An overseas company must also disclose the information required by paragraph 63 and, if applicable, paragraph 64 in a Company Information Sheet. Whenever there is any material change to the information disclosed in its Company Information Sheet, an overseas company must update and revise its Company Information Sheet to reflect the changes.
66. The SEHK posts Company Information Sheets on a dedicated section of the HKEx website at [http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/co\\_inf.htm](http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/co_inf.htm).



## Section 4: Practical and operational matters

### Ability to comply with Hong Kong's rules and regulations

67. Overseas companies may face practical or operational difficulty complying with the Listing Rules or the Takeovers Code where there is a potential conflict between the laws and regulations of its home jurisdiction and the Listing Rules or Takeovers Code. In these circumstances, overseas companies are strongly encouraged to consult the SEHK and the Takeovers Executives at the earliest opportunity. Below are some examples of foreign laws and regulations that may cause compliance difficulties with the Listing Rules or Takeovers Code:
- (a) those that prohibit a company from restraining or restricting its shareholders from voting on any particular resolution, including shareholders with a material interest in the transaction or arrangement being voted upon;
  - (b) those that require a management or supervisory body of a company to approve matters that under the Listing Rules require shareholders' approval;
  - (c) those that require a company to employ a board of statutory auditors, instead of establishing a board committee to oversee accountability and audit related matters. A board of statutory auditors may play a similar role to audit committees under the Listing Rules and may have broader oversight responsibilities and greater independence; and
  - (d) those that do not recognise a nominee company holding securities on behalf of third parties, such as the HKSCC Nominees that holds listed securities on behalf of Central Clearing and Settlement System ("CCASS") participants.
68. We allow an overseas company to use a variety of methods to comply with the Listing Rules and the Takeovers Code, including providing undertakings to SEHK to put in place a shareholder protection measure or by demonstrating it has adopted internal compliance measures that achieve the same outcome.

### Eligibility of securities

69. All listing applicants must make arrangements with Hong Kong Securities Clearing Company Limited to ensure their securities are accepted as eligible for deposit, clearance and settlement in CCASS in accordance with the General Rules of CCASS.
70. An applicant is encouraged to notify the SEHK at an early stage of the nature of the securities it plans to issue and list, particularly as to:
- (a) the form of its securities, whether:
    - (i) physical scrip; or
    - (ii) scripless/book entry;
  - (b) if physical scrip is issued, whether:
    - (i) it will be in definitive or global form; and
    - (ii) the certificate will be in registered or bearer form;
  - (c) if the securities are to be issued in scripless form, the applicant must inform the SEHK of the holding structure of the securities with details of:



- (i) how Hong Kong investors (through HKSCC Nominees) will hold the securities;
  - (ii) the financial intermediaries or depositories holding the securities on behalf of Hong Kong investors, in particular their roles and responsibilities under the relevant overseas jurisdiction's rules and regulations; and
  - (iii) who will be recognised as the legal owners of the securities in the applicant's place of incorporation;<sup>21</sup>
- (d) how its branch register of members in Hong Kong is maintained and when the register is open to inspection by members. The overseas company must also inform members of the conditions for inspection;
- (e) where physical scrip of the securities are issued, procedures to replace lost certificates and whether there are any restrictions on holding or transfer of the new certificates; and
- (f) whether there are any restrictions on Hong Kong investors' right to attend the applicant's general meetings to vote and/or to appoint proxies.

#### **Cross-border clearing and settlement**

71. The Hong Kong securities market adopts a T+2 settlement period. This means that executed trades are settled in CCASS two business days after the trade day.
72. Dual-primary or secondary listed companies normally have their principal share registers in their home market and a branch register in Hong Kong (or vice versa). To ensure liquidity in the Hong Kong registered shares, dual-primary or secondary listed companies must ensure there are a sufficient number of registered shares on their Hong Kong share registers.
73. A dual-primary or secondary listed company is expected to transfer a sufficient number of shares to its Hong Kong share register from its overseas share register. This can be arranged by the appointed share registrar(s) cancelling and re-issuing physical share certificates in the company's respective markets. However, this process may take several days.
74. An overseas company that has a listing on the SEHK and another exchange must adopt precautionary measures to mitigate price volatility of its shares upon listing and the demand/supply imbalances between its overseas market and Hong Kong to ensure sufficient liquidity. The precautionary measures must take into account the company's shareholding structure and availability of arbitrage opportunities between Hong Kong and the other market where it is listed.
75. Listing applicants may refer to our guidance on precautionary measures for overseas companies listed in Hong Kong by way of introduction<sup>22</sup> and our guidance on HDRs<sup>23</sup>. Early consultation with the SEHK is highly recommended.

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<sup>21</sup> The need for these notifications will be reviewed upon the implementation of a scripless regime in Hong Kong. The consultation conclusions for this regime were published on 21 September 2010 at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp200912cc.pdf>

<sup>22</sup> <http://www.hkex.com.hk/eng/rulesreg/listrules/listguid/iporq/Documents/gl53-13.pdf>

<sup>23</sup> Hong Kong Depositary Receipts – Pre-Release and Pre-Cancellation (HKEx-GL39-12 (July 2012)) <http://www.hkex.com.hk/eng/rulesreg/listrules/listguid/iporq/Documents/gl39-12.pdf>



## HDRs

76. HDRs can be held by Hong Kong investors in substantially the same way as shares. They are issued by a financial institution acting as a depository and represent a particular ratio of a company's shares. The SEHK has published guidance on its HDR regime on the HKEX website.<sup>24</sup>
77. Overseas companies facing operational and legal difficulties in listing their shares in Hong Kong may wish to consider listing HDRs. For example where:
- (a) regulations in a jurisdiction discourage the overseas listing of shares;
  - (b) foreign laws of registration and/or ownership are not compatible with those in Hong Kong; or
  - (c) shares are listed in Hong Kong and elsewhere and must be capable of being transferred between jurisdictions to facilitate a T+2 settlement period.
78. SEHK has published further information on the benefits of HDRs in a Guidance Letter, "Hong Kong Depository Receipts – Pre-Release and Pre-Cancellation", available on the HKEX website.<sup>25</sup>

## Taxation

79. If withholding tax on distributable entitlements or any other tax is payable (e.g. capital gains tax, inheritance or gift taxes), the applicant must bring this to the attention of SEHK at the earliest possible opportunity prior to listing. An applicant must disclose in its prospectus or listing document details of the tax payable and whether Hong Kong investors have any tax reporting obligations. It must also disclose this information, on an on-going basis after listing, in its Company Information Sheet.

## Stock name identification

80. To enable investors to more easily identify and differentiate between listed overseas companies and Hong Kong companies, overseas companies that are listed on the SEHK are required to clearly label their stock short names. The stock codes for listed overseas companies must carry the following suffixes in their stock short names:
- (a) "S" if they have a secondary listing;
  - (b) "DR" and have a stock code between 6200-6399 if they have listed HDRs; and
  - (c) "RS" and have a stock code between 6300-6399 if they are incorporated in the United States of America and have listed HDRs that are restricted securities under US federal securities laws.

<sup>24</sup> [http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listsptop\\_drf/df\\_main\\_index.htm](http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listsptop_drf/df_main_index.htm).

<sup>25</sup> "Hong Kong Depository Receipts – Pre-Release and Pre-Cancellation (HKEX-GL39-12 (July 2012))" <http://www.hkex.com.hk/eng/rulesreg/listrules/listguid/iporq/Documents/gl39-12.pdf>



## Section 5: Entities suitable for a secondary listing

81. An overseas company can apply to secondary list if it already has a primary listing on another stock exchange or it is unlisted and is applying to list simultaneously in multiple jurisdictions, which includes a secondary listing in Hong Kong.
82. A secondary listed company will principally be regulated by the rules and authorities of the jurisdiction where it is primary listed. We would also expect the dominant market in the company's securities to be on that overseas exchange.
83. This section discusses the criteria for entities seeking a secondary listing for whom it would be appropriate to grant extensive waivers from the Main Board Listing Rules.
84. Listing applicants seeking a secondary listing on the Main Board must satisfy the following general principles of Main Board Rule 2.03:
  - (a) the listing applicant must be suitable for listing;
  - (b) the issue and marketing of listed securities must be conducted in a fair and orderly manner;
  - (c) investors and the public must be kept fully informed and provided with sufficient information to make informed decisions and information which might have a material effect on market activity and prices of the listed securities;
  - (d) all holders of listed securities must be treated equally and fairly; and
  - (e) the directors of secondary listed companies must act in the interest of securities holders as a whole.
85. Rule 19.30 of the Main Board Listing Rules states that an overseas company seeking a secondary listing must satisfy the SEHK that its primary listing is or will be on an exchange where the standards of shareholder protection are at least equivalent to those provided in Hong Kong. We consider that the recognised exchanges listed in paragraph 91 meet these standards.

### Regulatory reliance

86. By waiving certain Main Board Listing Rules requirements, reliance is placed upon the regulations in and enforcement by the primary market to govern the behaviour of companies with a secondary listing.
87. In order to enable investors to more easily identify which overseas company has a secondary listing on the SEHK, secondary listed companies have the suffix "S" in their stock short names.

### Waivers for eligible secondary listed companies

88. Based on our understanding of regulatory practices in major jurisdictions and after a review of recent experience of dealing with applications for secondary listings, we consider it reasonable for the SEHK to grant extensive waivers from the Main Board Listing Rules to an entity seeking a secondary listing that:
  - (a) is a large company, normally with a long track record of clean regulatory compliance on its primary market (see paragraph 90); and
  - (b) has a primary listing on one of the recognised exchanges listed in paragraph 91; and
  - (c) has a "centre of gravity" outside Greater China (see paragraph 94).



89. The Main Board Rule Application Table for Overseas Issuers of Equity Securities appended to this document shows the Main Board Listing Rules that we automatically waive for companies with, or seeking, a secondary listing if they meet the criteria described in paragraph 88.

**Eligibility**

90. An overseas company seeking waivers from the Main Board Listing Rules requirements in conjunction with a secondary listing on the SEHK should:
- (a) have a market capitalisation in excess of USD400 million; and
  - (b) have been listed on its primary market for at least 5 years.  
This track record criterion does not apply if the applicant seeking a secondary listing is well-established and has a market capitalisation that is significantly larger than USD400 million; and
  - (c) demonstrate a good compliance record with the rules and regulations of its home jurisdiction and primary market.

**Recognised stock exchange**

91. Waivers from the Main Board Listing Rules are likely to be granted to applicants seeking a secondary listing on the SEHK that have a primary listing on the main market on one of the following stock exchanges<sup>26</sup>:
- (a) The Amsterdam Stock Exchange (NYSE Euronext – Amsterdam);
  - (b) The Australian Securities Exchange (ASX);
  - (c) The Brazilian Securities, Commodities and Futures Exchange (BM&FBOVESPA);
  - (d) The Frankfurt Stock Exchange (Deutsche Börse);
  - (e) The Italian Stock Exchange (Borsa Italiana);
  - (f) The London Stock Exchange (LSE);
  - (g) The Madrid Stock Exchange (Bolsa de Madrid).
  - (h) NASDAQ OMX (US);
  - (i) The New York Stock Exchange (NYSE Euronext (US));
  - (j) The Paris Stock Exchange (NYSE Euronext – Paris);
  - (k) The Singapore Exchange (SGX);
  - (l) The Stockholm Stock Exchange (NASDAQ OMX – Stockholm);
  - (m) The Swiss Exchange (SIX Swiss Exchange);
  - (n) The Tokyo Stock Exchange (TSE); and
  - (o) The Toronto Stock Exchange (TMX).

provided that applicant has not received waivers from or is exempt from the rules, regulations or legislation that generally apply to entities listed on its primary market.

<sup>26</sup> “Primary listing on the main market” on one of the stock exchanges listed in paragraph 91 refers to a full listing on the main market of the relevant stock exchange that complies with the highest standards and full rigour of the rules and regulations of that particular market. For instance, a premium listing on the London Stock Exchange would meet the definition of a “primary listing”, but not a standard listing.



92. These stock exchanges represent some of the largest international markets. The regulators of these stock exchanges have a strong reputation for establishing and maintaining high standards of regulations and corporate governance for companies which list on their stock exchanges.
93. The waivers granted will be conditional upon the applicant maintaining its primary listing on the same main market of the stock exchange it had when listing on SEHK.

**Greater China entities**

94. An application for secondary listing from an overseas company that has its “centre of gravity” in the Greater China region will not be approved. The following are some of the factors that will be considered in determining whether an overseas company has its “centre of gravity” in Greater China:
  - (a) whether the company has a listing in Greater China;
  - (b) where the company is incorporated;
  - (c) the company’s history;
  - (d) where the company is headquartered;
  - (e) the location of the company’s central management and control (see paragraph 45);
  - (f) the location of the company’s main business operations and assets;
  - (g) the location of its corporate and tax registration; and
  - (h) the nationality of its management and controlling shareholders or their country of residence.
95. These factors are not exhaustive. We may take other factors into consideration in determining whether a listing applicant has its “centre of gravity” in Greater China.

**General disclosure obligations**

96. To maintain a fair and orderly market, investors and the public need to be kept fully informed. To this end, secondary listed companies are required to comply with the general obligations under the Main Board Listing Rules, including the requirement to disclose any information that is necessary to avoid a false market and to make simultaneous announcements of any overseas regulatory announcements under Rule 13.10B of the Main Board Listing Rules.
97. The disclosure of inside information regime under Part XIVA of the Securities and Futures Ordinance applies to all listed corporations, including secondary listed companies.

## Main Board Rule Application Table for Overseas Issuers of Equity Securities

### Definitions:

- “Automatic Waiver” - a waiver of general effect granted by the Exchange under Main Board Rule 2.04 with the prior consent of the Securities and Futures Commission to issuers with, or applying for, a secondary listing that meet the criteria set out in paragraph 88 of the Joint Policy Statement Regarding the Listing of Overseas Companies. An overseas issuer is not required to apply to the Exchange for these waivers. For certain Rules, a waiver of general effect is limited to the particular circumstances described (e.g. issues of securities outside the Exchange’s markets).
- “Common Waiver” - a waiver of general effect granted by the Exchange under Main Board Rule 2.04 with the prior consent of the Securities and Futures Commission. Unlike Automatic Waivers, applicants must apply to the Exchange for these common waivers and meet the waiver conditions described. The Exchange will consider these applications on individual merit and in light of all relevant facts and circumstances.
- “Modified” - a Rule that has been modified to broaden the requirement to accommodate practices in other jurisdictions.
- “Not Applicable” - a Rule that is not applicable to an issuer because of the nature of its listing as a primary or dual primary or secondary listed issuer of equity securities.

### Notes:

1. **All Main Board Listing Rules (“Rules”) apply to an overseas issuer unless otherwise indicated in the table below.**
2. The Exchange may waive a Rule that does not appear in the table below if an issuer applies for the waiver; it is appropriate to waive the Rule in the issuer’s individual circumstances; and the issuer meets the necessary conditions.
3. The Exchange may impose any Rule or additional requirements whenever appropriate in individual cases.

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
<b>CHAPTER 2</b>	<b>Introduction</b>			
2.07C(4)(a)	Submission of electronic copies of announcements or notices	-	<p><b>Common Waiver</b></p> <p>Conditions:</p> <p>(a) there is a minimal overlap between Hong Kong market hours and that of the overseas exchange(s) on which the issuer’s securities are also traded; and</p> <p>(b) the issuer notifies the Exchange of a pending announcement and the expected time of release (of both English and Chinese versions) at least ten minutes in advance of release.</p>	
<b>CHAPTER 3</b>	<b>Authorised Representatives, Directors, Board Committees and Company Secretary</b>			
3.16	Directors responsibility, collectively and individually, for compliance with the Rules	-	-	<p><b>Modified</b></p> <p>If the issuer does not have a board of directors, all the members of the issuer’s equivalent governing body must accept full responsibility, collectively and individually, for the listed issuer’s compliance with the Rules. If the issuer’s board of directors or equivalent governing body is not empowered to take collective responsibility, all the individuals empowered to do so must accept this responsibility.</p>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
3.17	Compliance with the Model Code (Appendix 10)	-	-	<b>Automatic Waiver</b>
3.21 to 3.23	Audit Committee requirements	-	-	<b>Automatic Waiver</b>
3.25 to 3.27	Remuneration Committee requirements	-	-	<b>Automatic Waiver</b>
3.28	Company Secretary – qualifications or experience	<b>Common Waiver</b> Condition: the issuer demonstrates the availability of personnel who can ensure compliance with the Rules (e.g. the appointment of a joint company secretary that does meet the qualification or experience Rule requirements.)		<b>Automatic Waiver</b>
3.29	Company Secretary – professional training	-	-	<b>Automatic Waiver</b>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
<b>CHAPTER 4</b>	<b>Accountants' Reports and Pro Forma Financial Information</b>			
4.03	Reporting accountants' independence and qualification requirements	<p><b>Common Waiver</b></p> <p>Generally reporting accountants that are not Hong Kong qualified would be considered acceptable if the firm:</p> <p>(a) has an international name and reputation;</p> <p>(b) is a member of a recognised body of accountants; and</p> <p>(c) is subject to independent oversight by a regulatory body of a jurisdiction that is a signatory to the IOSCO MMOU.</p> <p>This is subject to the SFC granting a certificate of exemption from strict compliance with the relevant Companies Ordinance requirements.</p>		
4.06 and 4.07	Content of accountants' report for notifiable transaction circulars	-	-	<b>Automatic Waiver</b>
<b>CHAPTER 6</b>	<b>Trading Halt, Suspension, Cancellation and Withdrawal of Listing</b>			
6.11	Withdrawal of listing	<b>Not Applicable</b>	-	<b>Not Applicable</b>
6.12 to 6.14		-	<b>Not Applicable</b>	<b>Not Applicable</b>
6.15		-	-	<b>Not Applicable</b>
6.16		<b>Not Applicable</b>	<b>Not Applicable</b>	-

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
CHAPTER 7	Methods of Listing	-	-	<b>Automatic Waiver</b> Limited to issues outside the Exchange's markets
CHAPTER 8	<b>Qualifications for Listing</b>			
8.03	Prohibition on Hong Kong private companies	<b>Not Applicable</b>	<b>Not Applicable</b>	<b>Not Applicable</b>
8.08(1) and 8.09(1)	Minimum public float	-	-	<b>Not Applicable</b> (waived by Rule 19.31)
8.09(4)	Market cap. of options, warrants and other rights	-	-	<b>Automatic Waiver</b> Limited to issues outside the Exchange's markets.
8.12	Sufficient management presence in Hong Kong	<b>Common Waiver</b> Condition: the issuer has proper arrangements to maintain regular communication with the Exchange that are in line with Guidance Letter HKEx GL9-09 ( <a href="#">link</a> )		<b>Not Applicable</b>
8.18	Options, warrants and similar rights – requirements for issues outside the Exchange's markets	-	-	<b>Automatic Waiver</b> Limited to issues outside the Exchange's markets.

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
<b>CHAPTER 9</b>	<b>Application Procedures and Requirements</b>			
9.09	Dealing in securities by connected persons during a listing application process	-	<p><b>Common Waiver</b></p> <p>Conditions:</p> <p>(a) the connected person(s):</p> <p>(i) have no influence over the IPO process;</p> <p>(ii) are not in possession of non-public inside information; and</p> <p>(iii) can conduct dealings in the issuer’s securities on markets outside the Exchange that cannot be controlled by the issuer (e.g. a public investor who may become a substantial shareholder before the issuer lists on the Exchange or connected persons at the subsidiary level);</p> <p>(b) the issuer promptly releases any inside information to the public in its overseas jurisdiction(s) in accordance with the relevant laws and regulations; and</p> <p>(c) the issuer notifies the Exchange of breaches of the dealing restriction by any of its connected persons during the restricted period.</p>	
9.11(10)(b)	Submission of a profit forecast memorandum to the Exchange where the Application Proof does not contain a profit forecast	-	-	<b>Automatic Waiver</b>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
CHAPTER 9A	Transfer of Listing from GEM to the Main Board	-	-	Not Applicable
CHAPTER 10	<b>Restrictions on Purchase and Subscription</b>			
10.04	Restriction on existing shareholders and new issue shares	-	<b>Common Waiver</b> Condition: The existing shareholders are genuine public investors who: <ul style="list-style-type: none"> <li>(a) are not the issuer's connected persons; and</li> <li>(b) have no influence over the offering process and will be treated the same as other placees.</li> </ul>	
10.05	Compliance with Code on Share Repurchase and Takeovers Code	-	-	<b>Automatic Waiver</b> Limited to an issuer that has confirmed with the Takeovers Executive that it should not be considered a Hong Kong public company for the purpose of compliance with the Code on Share Repurchase and Takeovers Code.

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Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
10.06(1)	Restrictions and notification requirements on issuers purchasing their own shares on a stock exchange	-	-	<b>Not Applicable</b>
10.06(2)(a) to (c)		-	-	<b>Automatic Waiver</b> Same limitation as that for Rule 10.05
10.06(2)(e)	Restrictions and notification requirements on issuers purchasing their own shares on a stock exchange	-	-	<b>Automatic Waiver</b> Same limitation as that for Rule 10.05
10.06(2)(f)		-	-	<b>Not Applicable</b>
10.06(2)(g)		-	-	<b>Not Applicable</b>
10.06(3)		-	-	<b>Not Applicable</b>
10.06(4)	Reporting requirements	-	-	<b>Automatic Waiver</b> Same limitation as that for Rule 10.05
10.06(5)	Status of purchased shares	-	-	<b>Automatic Waiver</b> Same limitation as that for Rule 10.05

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
10.07(1)	Restriction on disposal of shares by a controlling shareholder after a new listing	-	<p><b>Common Waiver</b></p> <p>Conditions:</p> <p>(a) the issuer has been listed on its overseas market(s) for more than six months;</p> <p>(b) the controlling shareholder will maintain its controlling shareholding for 12 months after listing; and</p> <p>(c) the issuer discloses in its listing document the details of any general mandate approved by its existing shareholders for the issue of further shares.</p>	<b>Automatic Waiver</b>
10.07(2) to (4)		-	-	<b>Automatic Waiver</b>
10.08	Restriction on further issues of securities within six months of listing	-	<p><b>Common Waiver</b></p> <p>Same conditions as for Rule 10.07(1).</p>	<b>Automatic Waiver</b>
<b>CHAPTER 11</b>	<b>Listing Documents</b>			
11.06	Disclosure of issue price or offer price	-	<p><b>Common Waiver</b></p> <p>See conditions for Appendix 1A, paragraph 15(2)(c)</p>	

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
11.12	Responsibility statement	-	-	<p><b>Modified</b></p> <p>If the issuer does not have a board of directors, a responsibility statement must be made by all the members of the issuer’s equivalent governing body. If the issuer’s board of directors or equivalent governing body is not empowered to take collective responsibility, the responsibility statement must be signed by all the individuals empowered to do so. The statement of responsibility must be modified according to the appropriate circumstances.</p>
<b>CHAPTER 13</b>	<b>Continuing Obligations</b>			
13.11 to 13.22	Advances to entities and financing arrangements etc.	-	-	<b>Automatic Waiver</b>
13.23(1)	Notifiable and connected transactions	-	-	<b>Automatic Waiver</b>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
13.23(2)	Compliance with Code on Share Repurchase and Takeovers Code	-	-	<b>Automatic Waiver</b> Same limitation as that for Rule 10.05
13.25A	Changes in share capital – next day disclosure	-	-	<b>Automatic Waiver</b>
13.25B	Monthly return	-	-	<b>Common Waiver</b> Conditions: The issuer can meet one of the following three conditions: (a) it has received a relevant partial exemption from Part XV of the Securities and Futures Ordinance (Cap 571); or (b) it publishes a “next day disclosure” in strict compliance with Rule 13.25A, regardless of the waiver of general effect from this Rule for secondary listed issuers; or (c) it is subject to overseas laws or regulations that have a similar effect to Rule 13.25B and any

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<b>Main Board Rule(s)</b>	<b>Subject Matter</b>	<b>Primary Listing</b>	<b>Dual Primary Listing</b>	<b>Secondary Listing</b>
				differences are not material to shareholder protection.
13.26(2)	Subsequent listing by PRC issuer	<b>Not Applicable</b>	<b>Not Applicable</b>	<b>Not Applicable</b>
13.27	Convertible equity securities	-	-	<b>Automatic Waiver</b> Limited to issues outside the Exchange's markets.
13.28 to 13.29	Issues under a general mandate	-	-	<b>Automatic Waiver</b>
13.31(1)	Purchase of securities	-	-	<b>Automatic Waiver</b> Same limitation as that for Rule 10.05
13.31(2)	Issue of redeemable shares by a PRC issuer	<b>Not Applicable</b>	<b>Not Applicable</b>	<b>Not Applicable</b>
13.32 and 13.33	Minimum percentage of public holdings	-	-	<b>Not Applicable</b> (waived by Rule 19.31)

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Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
13.36	Pre-emptive rights (including general mandate requirements)	-	-	<p><b>Common Waiver</b></p> <p>Condition: All offers of securities the issuer makes to its shareholders must be on a fair and equal basis and must not exclude Hong Kong shareholders.</p>
13.37 to 13.38	Notice of AGM and Proxy forms	-	-	<p><b>Automatic Waiver</b></p>
13.39(1) to (5)	Shareholder meeting requirements	-	-	<p><b>Automatic Waiver</b></p>
13.39(6) and (7)	Independent board committee and independent financial adviser appointment	-	-	<p><b>Automatic Waiver</b></p> <p>Limited to cases other than where a spin-off proposal requires approval by shareholders of the parent. See also Rules 13.80 to 13.87, Practice Note 15 and Appendices 21 and 22.</p>
13.40 to 13.42	Shareholder meeting requirements	-	-	<p><b>Automatic Waiver</b></p>
13.44 to 13.45	Board meeting requirements	-	-	<p><b>Automatic Waiver</b></p>

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<b>Main Board Rule(s)</b>	<b>Subject Matter</b>	<b>Primary Listing</b>	<b>Dual Primary Listing</b>	<b>Secondary Listing</b>
13.46(1)	Distribution of annual report and accounts by a domestic issuer	<b>Not Applicable</b>	<b>Not Applicable</b>	<b>Not Applicable</b>
13.47	Contents requirements for annual and interim reports	-	-	<b>Automatic Waiver</b>
13.48(2)	Interim report to comply with Appendix 16	-	-	<b>Automatic Waiver</b>
13.49	Requirements for preliminary results announcements	-	-	<b>Automatic Waiver</b>
13.51(1)	Notification of changes in constitutional documents	-	-	<b>Automatic Waiver</b>

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Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
13.51(2)	Notification of changes in directorate	-	-	<b>Automatic Waiver</b> Limitation: each new director or member of its governing body must sign and lodge with the Exchange, as soon as practicable, a declaration and undertaking in the form set out in Form B of Appendix 5.
13.51B	Provision of information on and by directors, supervisors and chief executives	-	-	<b>Automatic Waiver</b>
13.51C		-	-	<b>Automatic Waiver</b>
13.52(1)(b) to (d) and (e)(i) and (ii)	Pre-vetting of circulars and announcements	-	-	<b>Automatic Waiver</b>
13.52(1)(e)(iv)		-	-	<b>Automatic Waiver</b> Limited to issues outside the Exchange's markets
13.52(2)		-	-	<b>Automatic Waiver</b>
13.55(1)	Circulars to shareholders	-	-	<b>Common Waiver</b> Condition: The issuer is subject to overseas laws or regulations that have a similar effect (i.e that circulars are provided to Hong Kong

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Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
				shareholders) and any differences are not material to shareholder protection.
13.67	Directors' dealings	-	-	<b>Automatic Waiver</b>
13.68	Shareholders' approval of directors' service contracts	-	-	<b>Automatic Waiver</b>
13.71 to 13.73	Notices to shareholders	-	-	<b>Common Waiver</b> Condition: The issuer is subject to overseas laws or regulations that have a similar effect (i.e. that notices are provided to Hong Kong shareholders) and any differences are not material to shareholder protection.
13.74	Disclosure of directors details in a notice or circular	-	-	<b>Automatic Waiver</b>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
13.80 to 13.87	Independent Financial Adviser requirements	-	-	<b>Automatic Waiver</b> Limited to cases other than where a spin-off proposal requires approval by shareholders of the parent. See also Rules 13.39(6) and (7), Practice Note 15 and Appendices 21 and 22.
13.88	Appointment and removal of auditors	-	-	<b>Automatic Waiver</b>
13.89	Compliance with Corporate Governance Code	-	-	<b>Automatic Waiver</b>
13.91	Environmental and Social Matters	-	-	<b>Automatic Waiver</b>
<b>CHAPTER 14</b>	<b>Notifiable transaction requirements</b>	-	-	<b>Automatic Waiver</b>
<b>CHAPTER 14A</b>	<b>Connected transaction requirements</b>	-	-	<b>Automatic Waiver</b>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
CHAPTER 15	Options, warrants and similar rights	-	-	<b>Automatic Waiver</b> Limited to issues outside the Exchange's markets
CHAPTER 15A	Structured Products	Not Applicable	Not Applicable	Not Applicable
CHAPTER 16	Convertible equity securities	-	-	<b>Automatic Waiver</b> Limited to issues outside the Exchange's markets
CHAPTER 17	Share option schemes	-	-	<b>Automatic Waiver</b>
CHAPTER 19	Overseas Issuers			
19.01 to 19.10(5)	Requirements for primary listing	-	-	<b>Not Applicable</b>
19.10(6)	Requirement to make relevant statutes or regulations available for inspection	-	<b>Common Waiver</b> Condition: The website addresses of the relevant statutes and regulations are disclosed in the listing document. These websites must be easily accessible to the public free of charge.	<b>Not Applicable</b>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
19.10(7) to 19.28	Requirements for primary listing (continued)	-	-	Not Applicable
19.29 to 19.36(2)	Requirements for secondary listing	Not Applicable	Not Applicable	-
19.36(3)	Requirement to make relevant statutes or regulations available for inspection	Not Applicable	Not Applicable	<b>Common Waiver</b> Condition: The website addresses of the relevant statutes and regulations are fully disclosed in the listing document. The websites must be easily accessible to the public free of charge.
19.36(4) to 19.57	Requirements for secondary listing (continued)	Not Applicable	Not Applicable	-
<b>CHAPTER 19A</b>	<b>Issuers Incorporated in the PRC</b>	Not Applicable	Not Applicable	Not Applicable
<b>CHAPTERS 20 TO 37</b>	<b>Investment Vehicles and Debt Securities</b>	Not Applicable	Not Applicable	Not Applicable
<b>CHAPTER 38</b>	<b>Listing of HKEC</b>	Not Applicable	Not Applicable	Not Applicable

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
PRACTICE NOTE 4	Issue of New Warrants to Existing Warrantholders	-	-	<p><b>Automatic Waiver</b></p> <p>Limited to issues outside the Exchange’s markets</p>
PRACTICE NOTE 5	Disclosure of interest information	-	-	<p><b>Common Waiver</b></p> <p>Conditions:</p> <p>The issuer must:</p> <ul style="list-style-type: none"> <li>(a) have received a relevant partial exemption from Part XV of the SFO;</li> <li>(b) undertake to file with the Exchange, as soon as practicable, any declaration of shareholding and securities transactions made to the overseas stock exchange by the directors, executive officers or substantial shareholders under relevant laws;</li> <li>(c) disclose in present and future listing documents: <ul style="list-style-type: none"> <li>(i) in the same manner as required under the SFO, any such interests that were notified and</li> </ul> </li> </ul>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
				<p>published by the overseas exchange under the relevant law; and</p> <p>(ii) the relationship between its directors, officers, members of committees and their relationship to any controlling shareholder.</p>
<b>PRACTICE NOTE 15</b>				
Paragraphs 1 to 3(b)	Definitions, Introduction and Principles regarding spin-offs	-	-	<p><b>Automatic Waiver</b></p> <p>Limited to circumstances where the spun-off assets or businesses are not to be listed on the Exchange’s markets and the approval of shareholders of the parent is not required.</p>
Paragraphs 3(d) to 5	Principles and effective date regarding spin-offs	-	-	<p><b>Automatic Waiver</b></p> <p>Limited to circumstances where the spun-off assets or businesses are not to be listed on the Exchange’s markets and the approval of shareholders of the parent is not required.</p>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
<p><b>PRACTICE NOTE 21</b></p>	<p><b>Due Diligence by Sponsors in respect of initial listing applications</b></p>	<p>-</p>	<p>-</p>	<p><b>Note:</b> Sponsors must meet the due diligence requirements of Practice Note 21. The scope and extent of appropriate due diligence by a sponsor for an issuer seeking a secondary listing, may differ from those for an issuer that is not already listed elsewhere. The Sponsor should exercise its judgement as to what investigations are appropriate for a particular case and the extent of due diligence required.</p>
<p><b>APPENDIX 1A and APPENDIX 1B</b></p>	<p><b>Contents of Listing Documents – Equity Securities</b></p>			
<p>Paragraph 15(2)(c) of Appendix 1A</p>	<p>Disclosure of issue price or offer price</p>	<p>-</p>	<p><b>Common Waiver</b> Conditions: It may be acceptable for the issuer to exclude the proposed issue price of offer price from its listing document. This is because the issuer may need to take into account the prevailing market price traded on the other exchange and the existing shareholders’ interests in determining the final issue price or offer price. This is subject to: (a) the SFC granting a certificate of exemption from strict compliance with</p>	

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
			<p>the relevant Companies Ordinance requirements;</p> <p>(b) the listing document must state:</p> <p>(i) when the price will be determined and how it will be published; and</p> <p>(ii) the issuer’s historical share price, trading liquidity and the determinants of the final offer price.</p> <p>(c) investors being able to access the latest market price of the issuer’s shares; and</p> <p>(d) the issuer stating the maximum offer price in the application forms to enable investors to determine the maximum they may have to spend to invest in the issuer.</p>	
<p>Paragraphs 41(4) and 45 of Appendix 1A and paragraphs 34 (disclosure of interests portion) and 38 of Appendix 1B</p>	<p>Disclosure of interest information</p>	<p>-</p>	<p>-</p>	<p><b>Common Waiver</b></p> <p>Please see Practice Note 5 for conditions.</p>
<p><b>APPENDIX 1C</b></p>	<p><b>Contents of Listing Documents – Debt Securities</b></p>	<p><b>Not Applicable</b></p>	<p><b>Not Applicable</b></p>	<p><b>Not Applicable</b></p>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
APPENDIX 1D	Contents of Listing Documents – Structured Products	Not Applicable	Not Applicable	Not Applicable
APPENDIX 1E and APPENDIX 1F	Contents of Listing Documents – Depository receipts			
Paragraph 49(2)(c) of Appendix 1E	Disclosure of issue price or offer price	-	<b>Common Waiver</b> Please see Appendix 1A, paragraph 15(2)(c) for conditions.	
Paragraphs 41(4) and 45 of Appendix 1E and paragraphs 30 (disclosure of interests portion) and 34 of Appendix 1F	Disclosure of interest information	-	-	<b>Common Waiver</b> Please see Practice Note 5 for conditions.

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
<b>APPENDIX 3</b>				
Paragraph 1	<p><b>Common Waiver</b></p> <p>Some Appendix 3 requirements can be waived if the issuer can demonstrate that the difference between its constitutional documents and these requirements are not material to shareholder protection. For example, where an issuer’s constitutional documents do not strictly with Appendix 3 requirements but relevant statutory or regulatory obligations applicable to the issuer in its jurisdiction of incorporation and/or primary listing have a similar effect.</p>			<b>Automatic Waiver</b>
Paragraph 2(1)				<b>Automatic Waiver</b>
Paragraph 2(2)				-
Paragraph 3				<b>Automatic Waiver</b>
Paragraph 4(1)				<b>Automatic Waiver</b>
Paragraph 4(2)				<b>Automatic Waiver</b>
Paragraph 4(3)				-
Paragraph 4(4)				<b>Automatic Waiver</b>
Paragraph 4(5)				<b>Automatic Waiver</b>
Paragraph 5				<b>Automatic Waiver</b>
Paragraph 6				<b>Automatic Waiver</b>
Paragraph 7(1)				<b>Automatic Waiver</b>
Paragraph 7(2)				-
Paragraph 7(3)				<b>Automatic Waiver</b>

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
Paragraph 8	<i>Please see text on previous page.</i>			Automatic Waiver
Paragraph 9				Automatic Waiver
Paragraph 10				Automatic Waiver
Paragraph 11				Automatic Waiver
Paragraph 12				-
Paragraph 13(1)				Automatic Waiver
Paragraph 13(2)				-
Paragraph 14				-
APPENDIX 4	Trust Deeds or Other Documents Securing or Constituting Debt Securities	Not Applicable	Not Applicable	Not Applicable

Main Board Rule(s)	Subject Matter	Primary Listing	Dual Primary Listing	Secondary Listing
<b>APPENDIX 6</b>	<b>Placing Guidelines for Equity Securities</b>			
Paragraph 5(2)	Restriction on existing shareholders and new issue shares	-	<p><b>Common Waiver</b></p> <p>Condition:</p> <p>The existing shareholders are genuine public investors who:</p> <p>(a) are not the issuer’s connected persons; and</p> <p>(b) have no influence over the offering process and will be treated the same as other placees.</p>	
<b>APPENDIX 10</b>	<b>Model Code for Securities Transactions by Directors of Listed Issuers</b>	-	-	<b>Automatic Waiver</b>
<b>APPENDIX 14</b>	<b>Corporate Governance Code and Corporate Governance Report</b>	-	-	<b>Automatic Waiver</b>
<b>APPENDIX 15</b>	<b>Bank Reporting</b>	-	-	<b>Automatic Waiver</b>
<b>APPENDIX 16</b>	<b>Disclosure of Financial Information</b>	-	-	<b>Automatic Waiver</b>

**APPENDIX**

<b>Main Board Rule(s)</b>	<b>Subject Matter</b>	<b>Primary Listing</b>	<b>Dual Primary Listing</b>	<b>Secondary Listing</b>
<b>APPENDIX 21</b>	<b>Independent Financial Adviser's independence declaration</b>	-	-	<p><b>Automatic Waiver</b></p> <p>Except in cases where a spin-off proposal requires approval by shareholders of the parent. See also Practice Note 15.</p>
<b>APPENDIX 22</b>	<b>Independent Financial Adviser's undertaking</b>	-	-	<p><b>Automatic Waiver</b></p> <p>Except in cases where a spin-off proposal requires approval by shareholders of the parent. See also Practice Note 15.</p>
<b>APPENDIX 27</b>	<b>Environmental, Social and Governance Reporting Guide</b>	-	-	<p><b>Automatic Waiver</b></p>