

### **FAQ 1** Will the Exchange consider granting a waiver from compliance with any core shareholder protection standards (“Core Standards”) for an overseas issuer?

This depends on the facts and circumstances of an individual case. For example, the Exchange may consider granting a waiver if a Core Standard is legally impossible for an overseas issuer to comply with because it conflicts with the laws and regulations of its place of incorporation.

Normally a deviation from a Core Standard will not be granted if the Exchange considers that such variation may be detrimental to shareholder protection.

Furthermore, an overseas issuer cannot rely on the statutory minimum requirements under applicable laws that deviate materially from market norms in Hong Kong.

*MB Appendix A1  
GEM Appendix A1*

### **FAQ 2** If an applicant is making a confidential filing and cannot hold a general meeting to amend its constitutional documents to conform to the Core Standards prior to listing on the Exchange, will the Exchange grant a waiver from strict compliance with the Core Standards for the interim period from the listing date to the next general meeting?

The Exchange may consider granting a waiver to allow such applicant to have until its next general meeting after listing on the Exchange to amend the constitutional documents, provided that the applicant undertakes to (i) conform to all Core Standards during the interim period; and (ii) hold a general meeting to amend the constitutional documents as soon as possible after the listing.

*MB Appendix A1  
GEM Appendix A1*

### **FAQ 3** What information needs to be included in the Company Information Sheet?

The information expected to be included in a Company Information Sheet is set out in MB Rules 19.60(1) to (4) (GEM Rules 24.27(1) to (3)).

For a primary listed or dual primary listed issuer, the overseas issuer is only required to include the specific information in its Company Information Sheet if any of the criteria stated in subparagraphs (1) to (4) of MB Rule 19.60 (sub-paragraphs (1) to (3) of GEM Rule 24.27) applies. For example, where criterion (1) applies, that is, novel waivers are granted to the overseas issuer and none of the other criteria are applicable, the overseas issuer is only required to include a summary of the novel waivers in its Company Information Sheet.

*MB Rules 19.60, 19C.10B(7), 19C.24  
GEM Rule 24.27*

#### **FAQ 4** What are considered to be novel waivers under MB Rule 19.60(1) (GEM Rule 24.27(1))?

The purpose of a Company Information Sheet is to provide investors with additional information on an overseas issuer to enable them to make an informed investment decision taking into account all relevant circumstances of the overseas issuer. An overseas issuer should exercise its judgement in assessing what constitute novel waivers.

Below are non-exhaustive examples:

- (i) Compliance of any Core Standards or any other Listing Rules which affect shareholders' rights;
- (ii) MB Rules 4.10 and 4.11, and Note 2.1 to paragraph 2 of MB Appendix D2 (GEM Rules 7.11, 7.12 and 18.04) requiring an overseas issuer to prepare its financial statements in the listing document and the subsequent financial reports issued after listing to be in conformity with: (a) HKFRS; (b) IFRS; or (c) CASBE;
- (iii) MB Rules 8.08(1), 8.09(1), 13.32 and 13.33 (GEM Rules 11.23(2)(a), 11.23(7), 11.23(11) and Note 5 to GEM Rule 11.23) relating to minimum public float and minimum percentage of public holdings requirements;
- (iv) MB Rules 10.05 and 10.06 (GEM Rules 13.03 to 13.14) relating to the restrictions and notification requirements on issuers purchasing their own shares on a stock exchange; and
- (v) Any provisions of the Takeovers Code/SFO.

In general, the Exchange would not ordinarily regard the following as novel waivers:

- (i) Specific disclosure in the listing document on the offering and/or placing of shares at the time of IPO (e.g. dealing in shares prior to listing and clawback mechanism); and
- (ii) MB Chapter 14A (GEM Chapter 20) waivers in respect of any continuing connected transactions.

*MB Rules 4.10, 4.11, 8.08(1), 8.09(1), 10.05, 10.06, 13.32, 13.33, 19.60, 19C.10B(7), 19C.24, MB Chapter 14A and Note 2.1 to paragraph 2 of MB Appendix D2 GEM Rules 7.11, 7.12, 11.23, 13.03 to 13.14, 18.04, 24.27 and GEM Chapter 20*

## FAQ 5 What information should be submitted to the Exchange when making an application for a statement of no objection (“SNO”)?

The SNO application must be made in writing. Based on all relevant facts and circumstances, the overseas issuer should provide an explanation that supports the SNO application, and all other relevant information that it reasonably believes should be brought to the Exchange’s attention, including but not limited to:

- (i) Details of the PIE Engagement and role of the overseas audit firm acting as:
  - (a) Auditors; and/or
  - (b) Reporting accountants.
- (ii) Information of the overseas issuer or the business, company or companies being acquired (collectively, “**target**” in the case of an acquisition), including its name, address, place of incorporation and nature of the business of the group/target.
- (iii) Information of the overseas audit firm, including:
  - (a) Having an international name and reputation;
  - (b) Being a member of, or registered with, an accountancy body (specify the name of accountancy body in the home country) that is a member of the International Federation of Accountants<sup>1</sup>; and
  - (c) Being subject to independent oversight by a regulatory body of a jurisdiction (specify the name of regulatory body in the home country) that is a signatory to the IOSCO MMOU<sup>2</sup>.
- (iv) Auditing and financial reporting standards adopted in relation to the PIE Engagement.
- (v) Reasons for engaging an overseas audit firm to undertake the PIE Engagement<sup>3</sup>, such as:

<sup>1</sup> A SNO issued by the Exchange is one of the eligibility criteria to be a Recognised PIE Auditor. There is no indication that the overseas audit firm mentioned in the SNO will be approved by the AFRC, as the AFRC has the following additional criteria:

- (i) The overseas audit firm is subject to the regulation of an overseas regulatory organisation recognised by the AFRC; and
- (ii) The overseas audit firm has adequate resources and possesses the capability to carry out a PIE Engagement for the overseas issuer.

Generally, an overseas regulatory organisation is recognised by the AFRC if it is a member of the International Forum of Independent Audit Regulators or from a jurisdiction which has attained equivalence status granted by the European Commission under Article 46 of the Statutory Audit Directive 2006/43/EC. For details, please refer to the AFRC’s website.

<sup>2</sup> It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.

<sup>3</sup> The Exchange will consider exercising its discretion not to issue a SNO if the overseas issuer fails to satisfy the Exchange of its reasons for its engagement of an overseas audit firm to undertake the PIE Engagement.

- (a) The overseas audit firm has a geographical proximity and familiarity with the businesses of that overseas issuer or the target;
- (b) That overseas issuer or the target is listed on a Recognised Stock Exchange (as defined in MB Rule 1.01 (GEM Rule 1.01)), and the overseas audit firm is the auditor of that overseas issuer or the target; and/or
- (c) The overseas audit firm is the statutory auditor of that overseas issuer or the target.

*MB Rules 1.01, 4.03, 19.20, 19C.16  
GEM Rules 1.01, 7.02, 24.13*

**FAQ 6** Does an overseas issuer need to apply for a waiver from compliance with MB Rule 4.03 (GEM Rule 7.02), in addition to seeking the SNO, when it plans to appoint an overseas audit firm as reporting accountants for its PIE Engagement?

Yes. The waiver and SNO are granted on a case-by-case basis.

The overseas issuer is required to submit a waiver application together with its SNO application. The Exchange will grant this waiver, provided that the overseas audit firm is recognised by the AFRC. The overseas issuer should also disclose this waiver, including details and reasons, in the listing document.

*MB Rule 4.03  
GEM Rule 7.02*

**FAQ 7** Does an overseas issuer have to disclose in its listing document that its auditors or reporting accountants for a PIE Engagement are the Registered or Recognised PIE Auditors?

Yes.

*MB Rules 4.03, 19.20, 19C.16  
GEM Rules 7.02, 24.13*

**FAQ 8** Does an overseas issuer need to disclose the name of the auditors after listing in the listing document?

Yes. If the overseas issuer initially engaged a Hong Kong audit firm as its reporting accountants for preparing the accountants' report in the listing document but intends to appoint an overseas audit firm as its auditors after listing, it should obtain a SNO from the Exchange and submit a recognition application to the AFRC. If the AFRC's consideration of the application is still pending at the time of publishing the listing document, this fact should be disclosed.

*MB Rules 4.03, 19.20, 19C.16  
GEM Rules 7.02, 24.13*