

Continuing obligations

General disclosure obligation

1. What is a “false market”?

The term “*false market*” refers to a situation where there is material misinformation or materially incomplete information in the market which is compromising proper price discovery. This may arise, for example, where:

- (a) a listed issuer has made a false or misleading announcement;
- (b) there is other false or misleading information, including a false rumour, circulating in the market;
- (c) a listed issuer has inside information that needs to be disclosed under the Inside Information Provisions but it has not announced the information (e.g. the listed issuer signed a material contract during trading hours but has not announced the information); or
- (d) a segment of the market is trading on the basis of inside information that is not available to the market as a whole.

Where a media or analyst report appears to contain information from a credible source (whether that information is accurate or not) and:

- (a) there is a material change in the market price or trading volume of the listed issuer’s securities which appears to be referable to the report (in the sense that it is not readily explicable by any other event or circumstance); or
- (b) if the market is not trading at the time but the report is of a character that when the market starts trading, it is likely to have a material effect on the market price or trading volume of the listed issuer’s securities,

the listed issuer must announce information necessary to avoid a false market in its listed securities.

*MB Rules 13.09(1), 13.10, 37.46A, 37.47(b), para 3 of PN11, App E4 and E5 – 1(1)(a), App E4 – 27 and App E5 – 26
GEM Rules 17.10(1), 17.11, 30.39A, 30.40(b), 31.04(2) and 31.05
First released: April 2013; last updated: May 2024*

2. **What is the meaning of the term “such enquiry with respect to the issuer as may be reasonable in the circumstances”? What sort of enquiry is a listed issuer required to make in response to the Exchange’s enquiries? When will a listed issuer be expected to contact its controlling shareholders when they are not directors or officers of the listed issuer?**

The facts and circumstances giving rise to each enquiry are different. Therefore, what enquiry is reasonable depends on the circumstances, and there are no hard and fast rules. The test is one of reasonableness.

To facilitate compliance, it is crucial that a listed issuer implements and maintains adequate and effective internal control systems and procedures to ensure material information concerning the listed issuer and its business would be promptly identified, assessed and escalated to the Board for consideration and action from a Rule compliance perspective. This would require a timely and structured flow to the Board of information arising from the development or occurrence of events and circumstances so that the Board can decide whether disclosure is necessary.

A listed issuer is generally not expected to contact (a) its controlling shareholders when they are not directors or officers of the listed issuer, or (b) counterparties to a transaction, except if there is information available to the listed issuer suggesting that the subject matter of the enquiry is related to the controlling shareholders or the counterparties to a transaction. For example, the listed issuer is aware of its controlling shareholder’s plan to dispose of its interest in the listed issuer, and there is an unusual increase in the trading volume of the listed issuer’s shares. Another example is where there are press articles suggesting that the counterparty to a disclosed transaction may not be able to complete the transaction as a result of difficulties in obtaining financing.

*MB Rules 13.10(2), 37.46A(b), App E4 - 27(2), App E5 - 26(2)
GEM Rules 17.11(2), 30.39A(b) and 31.05(2)
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3. **A listed issuer has inside information which is exempted from disclosure under one or more of the safe harbours in the Inside Information Provisions. If there are market rumours which are unrelated to this information, but have resulted in unusual trading movements, does the listed issuer need to publish a standard announcement?**

If the standard announcement states that there is no inside information that needs to be disclosed under the Inside Information Provisions, but the listed issuer subsequently discloses the information, say a month later, will this result in market uncertainty?

Whether an announcement is required to be issued under these provisions depends on the facts and circumstances of the matter. It is only if and when requested by the Exchange that an announcement needs to be issued.

Information that is exempted from disclosure under the Inside Information Provisions does not fall within the term “any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance” contained in the standard announcement. Therefore, a standard announcement issued under those circumstances will not be inaccurate.

To avoid market uncertainty arising from the subsequent disclosure of the inside information previously exempted from disclosure, the listed issuer can clarify in the disclosure announcement that the information was exempted from disclosure when the standard announcement was issued.

*MB Rules 13.10(2), 37.46A(b), App E4 - 27(2), App E5 - 26(2)
GEM Rules 17.11(2), 30.39A(b) and 31.05(2)
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Overseas regulatory announcement

4. **A PRC issuer whose H shares are listed on the Exchange will issue a prospectus in the PRC in connection with its proposed issue of A shares. Is the PRC issuer required to publish the A-share prospectus on the Exchange’s website if it has announced all inside information identified during preparation of the prospectus or as a consequence of other development?**

Yes. The PRC issuer should publish the A-share prospectus on the Exchange’s website in the form of an overseas regulatory announcement at the same time as it is released in other market(s).

*MB Rules 13.09(2) and 13.10B
GEM Rules 17.10(2) and 17.12
First released: November 2008; last updated: May 2024*

Advance to an entity

5. **How should the assets ratio for an advance to an entity be calculated?**

The assets ratio should be calculated in the same manner as a provision of financial assistance pursuant to MB Rule 14.12 / GEM Rule 19.12.

*MB Rules 13.13, 13.14, 13.16 and 14.12
GEM Rules 17.15, 17.16, 17.18 and 19.12
First released: March 2004; last updated: May 2024*

Pledge of shares by controlling shareholder

6. **Does the announcement requirement under MB Rule 13.17 / GEM Rule 17.19 apply if the controlling shareholder of a listed issuer deposited the share certificate of its shares in the listed issuer to a third party, or used its interest in the listed issuer’s shares for the purpose of securing the listed issuer’s performance of an obligation?**

Yes. MB Rule 13.17 / GEM Rule 17.19 applies to any arrangement, in any form and however the arrangement is named, where the controlling shareholder effectively uses all or part of its interest in the listed issuer’s shares to, directly or indirectly, secure the listed issuer’s debts, or to secure guarantees or other support of the listed issuer’s obligations.

*MB Rule 13.17
GEM Rule 17.19
First released: May 2018; last updated: May 2024*



Next day disclosure return and monthly return

7. **A listed issuer published a next day disclosure return upon a repurchase or redemption of shares. Is it required to publish another next day disclosure return upon cancellation of those shares?**

No. However, the number of shares cancelled and the date(s) of cancellation should be disclosed in the subsequent monthly return or next day disclosure return published for any other event (whichever is earlier).

*MB Rule 13.25A(2)(a)(vii)
GEM Rule 17.27A(2)(a)(vii)*

First released: November 2008; last updated: May 2024

Dividend distribution

8. **When an A+H issuer proposes a corporate action (e.g. distribution of dividends or other entitlements), does it need to disclose the timetables for both A and H shareholders in the same announcement?**

Yes. The listed issuers should ensure clear communications to all shareholders if they propose different timetables (e.g. ex-entitlement date, record date and payment date) for their distributions to shareholders in the two markets.

*MB Rules 13.45(1) to (3) and 13.66
GEM Rule: N/A*

First released: November 2014; last updated: May 2024

Vote of shareholders at general meeting

9. **MB Rule 13.39(4) / GEM Rule 17.47(4) allows a resolution which relates purely to a procedural to administrative matter to be voted on by a show of hands. Are there any examples of procedural and administrative matters?**

Procedural and administrative matters include, for example, adjourning a meeting by resolution to:

- (a) ensure orderly conduct of the meeting (e.g. if the meeting facilities to house the number of members attending has become inadequate); or
- (b) maintain the orderliness of the meeting, e.g. if it becomes impossible to ascertain the views of the members, or there is disorder or threat of disorder from members or if there is a disturbance caused by members or the uninvited public; or
- (c) respond to an emergency such as a fire, a serious accident or hoisting of tropical cyclone warning signal No. 8 during a meeting; or
- (d) announce results at the end of the annual general meeting.

*Note to MB Rule 13.39(4)
Note to GEM Rule 17.47(4)*

First released: December 2011; last updated: May 2024

Board meeting

- 10. A listed issuer has published an announcement on the board meeting date to approve its annual results 7 clear business days before the board meeting. If the listed issuer subsequently decides to postpone the board meeting to a later date, is it required to give another 7 day notice?**

Subject to its articles of association, the listed issuer does not need to give another 7-day notice. However, it should, as soon as practicable, announce the postponement of board meeting and the revised board meeting date.

MB Rule 13.43

GEM Rule 17.48

First released: December 2011; last updated: May 2024

Directors' service contracts

- 11. Is a director's service contract subject to shareholders' approval under MB Rule 13.68 / GEM Rule 17.90 if it does not have a fixed term and is terminable by either party by giving notice of 6 months?**

The purpose of the Rule is to ensure that the listed issuer is not unduly burdened by service contracts that are for an inordinate length or which require heavy compensation or lengthy notice for early termination. Such contingent liabilities may be significant, in which case, shareholders' approval must be obtained for these service contracts. As the service contract do not have a specific term and only six-month notice is required for termination, there is no significant commitment on the listed issuer. Therefore, no shareholders' approval is required.

MB Rule 13.68

GEM Rule 17.90

First released: March 2004; last updated: May 2024

Publication of constitutional documents

- 12. Can listed issuers publish their constitutional documents in a single language (i.e. English or Chinese only)?**

No, the constitutional documents must be published in both English and Chinese.

MB Rule 13.90

GEM Rule 17.102

First released: December 2011; last updated: May 2024

- 13. If a listed issuer has amended its constitutional document (memorandum and articles of association, bye-laws or other equivalent constitutional document) many times over the years since its incorporation, is it required to post to the Exchange website its documents incorporating all the previous amendments?**



The listed issuer is required to publish a consolidated version of the constitutional document which has incorporated all the changes. This may be a conformed copy or a consolidated version not formally adopted by shareholders at a general meeting. However, if the listed issuer does so, the front page of the published constitutional document should include a statement that it is a conformed copy or a consolidated version not formally adopted by shareholders at a general meeting.

*MB Rule 13.90
GEM Rule 17.102*

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Submission of documents

14. How should documents be submitted to the Exchange by electronic means under the paperless regime?

The Exchange will establish a new online platform (**Issuer Platform**) as a designated channel for two-way communication between the Listing Division and new applicants / listed issuers (except for structured products issuers). New applicants / listed issuers and their professional parties will be able to use this platform to submit all documents and e-Forms to the Division electronically. The Exchange will update the market prior to the launch of the Issuer Platform, with necessary guidance.

Until that time, new applicants and listed issuers (and their advisers) should continue to submit documents to the Listing Division through the existing permitted electronic means (e.g. by email or via HKEX-ESS).

Structured products issuers should continue to submit documents to the Listing Division by email or via the “SPRINTS” platform.

*MB Rule 2.07(3A)
GEM Rule 2.21*

First released: December 2023; last updated: May 2024

15. Is digital signature required for documents electronically submitted to the Exchange that require signature?

No, except for documents that are to be electronically submitted to the Exchange for the purpose of authorisation of prospectus registration under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

*MB Rules 1.02A and 2.07(3A)
GEM Rules 1.03A and 2.21*

First released: December 2023; last updated: May 2024

Electronic dissemination of corporate communications

16. Are listed issuers required to notify their securities holders of the new mandatory requirement for electronic dissemination of corporate communications?

Before a listed issuer adopts any new arrangements on dissemination of corporate communications (e.g. transitioning from physical copy to electronic dissemination, or adopting a different consent mechanism for electronic dissemination), it should send a one-time notification to its securities holders individually, in hard copy or electronically¹, to: (a) inform them of the new arrangements (including how securities holders may make requests for hard copy corporate communications under the new arrangements) and (b) solicit their electronic contact details. Listed issuers should use best efforts to follow-up on this solicitation of electronic contact details by, for example, sending periodic reminders to securities holders asking them to provide their electronic contact details if they have not done so.

Also, all listed issuers must disclose on their websites (e.g. in the investor relations section), on an ongoing basis, the relevant arrangements for the electronic dissemination of their corporate communications (including the arrangements by which holders can make hardcopy requests). This will enable new securities holders (who only become securities holders of the listed issuer after the implementation of any new arrangements and have not received the abovementioned one-time notification) to understand the relevant arrangements in place.

Listed issuers are expected to clearly inform securities holders of the purpose of obtaining their electronic contact details when soliciting them from the holders (e.g. that the listed issuer will be using the electronic contact details to send actionable corporate communications). Listed issuers should also draw their securities holders' attention to the consequence of providing non-functional electronic contact details.

*MB Rule 2.07A
GEM Rule 16.04A*

First released: December 2023; last updated: May 2024

17. Can securities holders make requests for hard copies of corporate communications?

What measures should a listed issuer put in place to ensure that securities holders wishing to request hard copy corporate communications are properly informed of how they can do so?

Yes.

A listed issuer must send corporate communications in printed form to a securities holder upon the request of a holder. Where a listed issuer receives instructions indicating a securities holder's preference to receive hard copies of the listed issuer's corporate communications (or refusal to receive them by electronic means), such instructions should be regarded as a request for hard copy unless such instructions have been revoked, have been superseded or have expired.

¹ in case where the holder has previously agreed to be notified by a particular electronic means



Please refer to Question 16 for the measures a listed issuer should put in place to ensure that securities holders wishing to request hard copy corporate communications are properly informed of how they can do so.

MB Rules 2.07A(4)

GEM Rule 16.04A(4)

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18. Can a request for hard copy corporate communications be valid for a specified period or must securities holders make a separate request for each and every corporate communication?

Listed issuers may devise their own arrangements on how hardcopy requests are made and handled. However, listed issuers should not make the process so unduly burdensome or oppressive that it negatively prejudices the interests of their securities holders.

For example, the Exchange would view an arrangement whereby securities holders are required to request hard copies on a per document basis as unduly burdensome for securities holders and listed issuers should not adopt such arrangements.

Equally, a one-time request from a securities holder for corporate communications in hard copy should not be valid indefinitely.

We would view an arrangement whereby a request for hard copy corporate communications was valid for a fixed period (e.g. one year) as reasonable. Any such request should be valid until the instructions have been revoked, have been superseded or have expired.

MB Rule 2.07A(4)

GEM Rule 16.04A(4)

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19. Are listed issuers required to amend their constitutional documents in light of the new electronic dissemination rules under the expanded paperless listing regime?

No. A listed issuer is required to amend its constitutional documents only if its constitutional documents contain any provision which restricts its ability to disseminate its corporate communications electronically (e.g. any provision that mandates hardcopy dissemination as the only means of dissemination of corporate communications). If such a restriction is due to a requirement under the applicable laws and regulations the listed issuer is subject to, the listed issuer will be required to amend its constitutional documents to facilitate its compliance with the relevant Listing Rules, if and when, the relevant restriction is removed from the applicable laws and regulations.

MB Rule 2.07A(4)

GEM Rule 16.04A(4)

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20. Must listed issuers continue to send corporate communications by airmail to securities holders with a contact address outside Hong Kong?

The requirement of MB Rule 13.76 on the use of airmail for communications sent across national borders continues to apply to communications and documents that are sent in hardcopy (e.g. a cheque refund).

MB Rules 2.07A, 13.76

GEM Rule: N/A

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21. What constitutes an “electronic form” of corporate communication? Is SMS or other electronic messaging systems accepted as a means to disseminate corporate communications electronically?

Generally, the Exchange would view any communication that is supplied in the form of a record generated in digital form by an information system, that can be transmitted and stored, as being in “electronic form”.

The interpretation used in Companies (Winding Up and Miscellaneous Provisions) Ordinance as to how documents or information is considered to be sent or supplied in electronic form is a useful reference in this regard.

The Exchange does not prescribe detailed requirements on this matter and issuers have the flexibility to devise their own arrangements based on their own circumstances.

MB Rule 2.07A

GEM Rule 16.04A

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22. What should listed issuers do if they try to send corporate communications to individual securities holders electronically but find that the electronic contact details provided to them by a securities holder are non-functional?

The Exchange will not hold listed issuers responsible for failed electronic communications that are due to non-functional electronic contact details provided to them by securities holders.

However, listed issuers are expected to take appropriate steps to minimise the chance of unsuccessful electronic communication (e.g. by drawing the securities holders’ attention to the risk of providing non-functional electronic contact details; reminding securities holders to use legible handwriting if they are filling in the relevant contact details in a paper form; or requiring securities holders to input the relevant contact details twice if an electronic form is used, etc.).

The Exchange will consider a listed issuer to have complied with its obligations if the listed issuer has used reasonable efforts to contact a securities holder using the electronic contact details provided. In general, a listed issuer is considered to have complied with the requirements if it sends corporate communications to the electronic contact details provided by the securities holders without receiving any “non-delivery message”.

If a listed issuer has attempted to send a corporate communication electronically and received a non-delivery message, the listed issuer should re-send the corporate communication using other contact details provided by the securities holder (if any) in the manner the listed issuer considers appropriate (e.g. in hard copy). In the case of actionable corporate communications, the listed issuer must send the actionable corporate communication in printed form that includes a request for the holder's functional electronic contact details for the purpose of its future compliance with the Listing Rules.

*Note 3 to MB Rule 2.07A
Note 3 to GEM Rule 16.04A*

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23. What constitutes “actionable corporate communications”?

An “actionable corporate communication” is any corporate communication that seeks instructions from listed issuer's securities holders on how they wish to exercise their rights or make an election as the listed issuer's securities holder.

The list of items that the Exchange considers to fall within “actionable corporate communications” are as follows:

- a) Election forms in connection with a dividend payment (e.g. choice of scrip or cash dividend, currency) (Note 1);
- b) Excess application forms in connection with a rights issue or open offer;
- c) Application forms for assured entitlement under an open offer;
- d) Blue application forms for a preferential offering;
- e) Pink application forms for employee reserved shares;
- f) Acceptance forms in connection with takeovers, mergers and share buy-backs (including acceptance forms in general offers and acceptance and approval form in partial offers); and
- g) Provisional allotment letters in connection with a rights issue (Note 2).

The Exchange does not consider notices of general meetings and proxy forms to be actionable corporate communications. Notices of general meetings only serve to inform securities holders of an upcoming general meeting and securities holders are not required to respond to such notices with their instructions. Holders wishing to appoint a proxy to attend a general meeting on their behalf can download the proxy forms from the Exchange's or the listed issuer's website for completion.

Similarly, the Exchange does not consider any form that is designed for securities holders to amend (i) their previously provided information or preference; or (ii) any default preference that is pre-selected by the listed issuer pursuant to its policy (e.g. a form to change communication language preference, a form to change their address, or a form to change default currency option for receiving dividends etc.) to be actionable corporate communications. This includes forms designed for securities holders to amend information they have provided in response to an actionable corporate communication.

Securities holders who wish to be notified of corporate communications that are not actionable corporate communications may subscribe for electronic alerts, such as the News Alert service on [HKEX website](#), to receive instant notification of listed issuers' announcements.

Notes:

1. In relation to election forms in connection with a dividend payment, please also refer to the [Guide on Distribution of Dividends and Other Entitlements](#) (Section 6: Entitlement with election(s)).
2. In relation to provisional allotment letters in connection with a rights issue, such letters are a form of temporary documents of title and must be despatched in printed form to securities holders in accordance with paragraph 2 of Appendix B1 of the MB Rules (paragraph 2 of Appendix B1 of the GEM Rules).

MB Rule 1.01, App B1 - 2

GEM Rule 1.01, App B1 - 2

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24. The deemed consent mechanism has been removed from the Listing Rules, does that mean listed issuers are no longer permitted to rely on that mechanism?

A listed issuer is able to use the consent mechanism of its choice for disseminating corporate communications electronically provided that the chosen mechanism is permissible under the laws and regulations applicable to it.

This means that a listed issuer may adopt an electronic dissemination method consistent with the deemed consent mechanism previously provided by the Listing Rules if it wishes to do so.

MB Rule 2.07A(2A)

GEM Rule 16.04A(2A)

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25. How do the requirements on the electronic dissemination of corporate communications apply to beneficial holders of securities held in CCASS?

The Listing Rule requirements on electronic dissemination of corporate communications do not apply to the manner in which corporate communications are disseminated by intermediaries to beneficial holders of securities held in CCASS (with the exception set out in the next paragraph). The mode of delivery of corporate communications between these intermediaries and these beneficial holders is governed by the terms agreed between them.

However, “Non Registered Holders” (as defined by the Listing Rules) can notify a listed issuer, through HKSCC, that they wish to receive corporate communications pursuant to the Listing Rules. Listed issuers remain responsible for disseminating corporate communications to such Non-Registered Holders in the same way as to Registered Holders in accordance with the Listing Rules under the expanded paperless regime, and should send the one-time notification referred to in Question 16 above to Non Registered Holders individually under the circumstances specified in that question.

MB Rule 13.56

GEM Rule 17.60

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26. How should a Hong Kong incorporated listed issuer disseminate corporate communications to its securities holders under the new electronic dissemination rules under the expanded paperless listing regime?

Under the existing Hong Kong company laws, Hong Kong incorporated listed issuers are not able to rely on an implied consent from securities holders for electronic dissemination of corporate communications. They should take steps to obtain express or deemed consent to electronic communications under these laws, and should disseminate corporate communications in hard copy if such express or deemed consent has not been given.

MB Rule 2.07A(1)

GEM Rule 16.04A(1)

First released: December 2023; last updated: May 2024

27. Are listed issuers required to notify securities holders when they publish a corporate communication on their website / the Exchange's website?

No, except where the listed issuer is disseminating an actionable corporate communication, which must be sent to securities holders individually.

As mentioned in Question 23 above, securities holders who wish to be notified of corporate communications may subscribe to electronic alerts, such as the free News Alert service on HKEX website.

MB Rule 2.07A(4)

GEM Rule 16.04A(4)

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28. Are listed issuers required to put in place mechanisms to receive electronic instructions from securities holders in response to actionable corporate communications?

The Listing Rules do not prescribe how a securities holder must respond to actionable corporate communications they receive from a listed issuer. Similarly, the Listing Rules do not prescribe the mechanism that a listed issuer must put in place to receive instructions from securities holders in response to actionable corporate communications. This mechanism could be, for example, a designated email box, an electronic online platform or hardcopy by post.

MB Rule 2.07A(4)

GEM Rule 16.04A(4)

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