



Hong Kong Law

April 2014

EXCHANGE INTRODUCES NEW HEADLINE CATEGORIES FOR ANNOUNCEMENTS

Introduction

The Hong Kong Stock Exchange (the **Exchange**) has published a news release and Frequently-Asked-Questions (**FAQ**) in relation to the Listing Rule amendments to introduce new headline categories aimed at improving the classification of issuers' announcements and investors' access to the information published on the HKExnews website. The Rule amendments became effective on 1 April 2014.

Listing Rule Amendments

Currently, a large number of issuers' announcements are classified under the headlines "Overseas Regulatory Announcement" and "Other". These two headline categories were replaced on 1 April 2014 with narrower, more specific headline categories. The following sets out a summary of the amendments to the Main Board Listing Rules (Appendix 24) and GEM Listing Rules (Appendix 17):

Categories before 1 April 2014

Other

Overseas Regulatory Announcement

Categories after 1 April 2014

- Other – Business Update
- Other – Corporate Governance Related Matters
- Other – Litigation
- Other – Miscellaneous
- Other – Trading Update
- Overseas Regulatory Announcement – Board/Supervisory Board Resolutions
- Overseas Regulatory Announcement – Business Update
- Overseas Regulatory Announcement – Corporate Governance Related Matters
- Overseas Regulatory Announcement – Issue of Securities and Related Matters
- Overseas Regulatory Announcement - Other
- Overseas Regulatory Announcement – Trading Update

Frequently-Asked-Questions (FAQ)

The Exchange also published Frequently Asked Questions Series 27 on “Selection of Headline Categories and Titles for Announcements” to provide guidance on the selection of headlines and titles for announcements.

Selection of headline categories

- Issuers are required to select all appropriate headlines that are applicable to the content of an announcement, from the list of headlines as set out in Appendix 24 to the Listing Rules. If an announcement relates to more than one subject matter or is issued to satisfy different Rule requirements, all headlines relating to the subject matters and the Rule requirements must be selected. Headline(s) under “Other” should not be chosen unless all other headlines in Appendix 24 are not applicable to the announcement. See below for the types of announcements that may fall under each new headline category.
- For more information, issuers may refer to the Exchange’s guide on pre-vetting requirements and selection of headline categories of 2 January 2013 which sets out the generally applicable headline categories for various types of announcements issued under specific Listing Rules and the Exchange’s letter of 25 July 2007 which sets out common errors made by issuers. (FAQ No. 1)

Relevant Listing Rules: MB Rule 2.07C(3) and Appendix 24; GEM Rules 16.18(2) and Appendix 17



Selection of announcement titles

- An announcement title should be precise and meaningful and give readers a quick understanding of the relevance and importance of the information disclosed in the announcement. Issuers should **avoid** using generic titles such as “announcement”, “voluntary announcement” and “other announcement” and those that do not describe the content of the announcement. (FAQ No. 7)

Relevant Listing Rules: MB Rule 2.07C(3); GEM Rules 16.18(2)

Types of announcements that may fall under the “Other” headline categories

Other – Business Update

Updates on business activities of the issuer group:

e.g. the signing of a business contract, a letter of intent to acquire/dispose of assets or a business cooperation agreement, public tender for acquisition/disposal and status update on a project.

Other – Trading Update

Periodic updates of sales and other key performance indicators:

e.g. sales turnover, key performance indicators such as same store sales, new orders booked, monthly premium income for insurance companies and interim management accounts.

Other – Corporate Governance Related Matters

Report on internal control review, updates of corporate governance matters:

e.g. change in corporate personnel.

Other – Litigation

Status update on litigation, arbitration or other legal proceedings.

Other – Miscellaneous

Issuers should only choose this headline if no other headline is applicable. (FAQ No. 2)

Relevant Listing Rules: MB Rule 2.07C(3); GEM Rules 16.18(2)



Types of announcements that may fall under the “Overseas regulatory announcement” headline categories

If an overseas regulatory announcement is to be published in one language only, the issuer should only select these new headline(s) under “Overseas Regulatory Announcement”:

Overseas Regulatory Announcement – Corporate Governance Related Matters

e.g. Social responsibility report, internal control report and independent directors’ review report.

Overseas Regulatory Announcement – Business Update

e.g. signing of sales contracts or cooperation agreements, periodic update on group reorganization, financial or capital arrangements with subsidiaries, and surplus cash management report.

Overseas Regulatory Announcement – Trading Update

e.g. financial results summary or reports of the issuer or its subsidiaries, Forms 10-K/10-Q filed with the U.S. Securities and Exchange Commission, interim management statements, and periodic updates on sales performance.

Overseas Regulatory Announcement – Board/Supervisory Board Resolutions

e.g. resolutions approved by the board of directors or the board of supervisors.

Overseas Regulatory Announcement – Issue of Securities and Related Matters

e.g. listing documents/notices/allotment results for listing of bonds or foreign listed shares (for instance, A shares of PRC issuers), overseas debt issuance program updates, periodic announcements on interest payments and credit ratings, and conversion/repurchase/cancellation of overseas listed bonds.

Overseas Regulatory Announcement – Other

Issuers should only choose this headline for an overseas regulatory announcement if none of the above headlines is applicable. (FAQ No. 4)

Relevant Listing Rules: MB Rule 2.07C(3); GEM Rules 16.18(2)

Examples of announcements by dually listed issuers

The following are some examples of announcements by Listco A and Listco B, which are dually listed issuers, and the headline categories under which the announcements should be listed.

Example 1

Background: Listco A is dually listed in Hong Kong and on a PRC stock exchange. It proposes to release its quarterly results in the PRC market in order to comply with the PRC listing rules, and at the same time publish the following two announcements on the HKExnews website.	
<u>Announcement 1</u> : an overseas regulatory announcement (in Chinese only) which contains the quarterly results released in the PRC.	<u>Headline</u> <ul style="list-style-type: none">• Overseas Regulatory Announcement – Trading Update
<u>Announcement 2</u> : a separate announcement (in both English and Chinese language) about inside information which contains key financial figures extracted from the overseas regulatory announcement (announcement 1).	<u>Headline</u> <ul style="list-style-type: none">• Quarterly Results• Inside Information

Example 2

Background: Listco B is dually listed in Hong Kong and the UK. It proposes to release an interim management statement containing financial updates in the UK market, which Listco B considers inside information. Therefore, it will publish the statement in both English and Chinese on the HKExnews website.	
<u>Announcement 1</u> : an interim management statement in both languages (as described above).	<u>Headline</u> <ul style="list-style-type: none">• Inside Information• Overseas Regulatory Announcement – Trading Update

(FAQ No. 5 & 6)

Relevant Listing Rules: MB Rule 2.07C(3); GEM Rules 16.18(2)

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