

Chapter 18

EQUITY SECURITIES

FINANCIAL INFORMATION

Introduction

18.01 This Chapter sets out the continuing obligations of a listed issuer with regard to the disclosure of routine financial information on an annual, half-yearly and quarterly basis. Additional requirements, relating to non-routine financial disclosure, are set out in the following Chapters:

Chapter 7	—	Accountants' Reports
Chapter 14	—	Listing Documents
Chapter 19	—	Transactions
Chapter 20	—	Connected Transactions

Additional disclosure requirements in respect of routine financial information are set out in the following Chapters, in so far as they relate to the following issuers:—

Chapter 24	—	Overseas issuers
Chapter 25	—	PRC issuers
Chapter 31	—	Issuers of debt securities

Note: In circumstances where the disclosure requirements of Chapter 24 or 25, as appropriate, are inconsistent with the requirements of this Chapter, the requirements of Chapter 24 or 25, as appropriate, shall prevail.

18.02 A listed issuer is required to prepare annual accounts, half-year reports and quarterly reports. The contents, timing and publication requirements for each such accounts or reports are set out in this Chapter.

Annual reports

Distribution

18.03 The listed issuer shall send to:—

- (1) every member of the listed issuer; and
- (2) every other holder of its listed securities,

a copy of either (i) the directors' report and its annual accounts and, where the listed issuer prepares group accounts, the group accounts, together with a copy of the auditors' report thereon or (ii) its summary financial report, not less than 21 days before the date of the listed issuer's annual general meeting and not more than 3 months after the date upon which the financial period ended. The Issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided

that it complies with the relevant provisions set out in section 141 of the Companies Ordinance and in the Companies (Summary Financial Reports of Listed Companies) Regulation or, in the case of overseas issuers, with provisions no less onerous than the above provisions for listed issuers incorporated in Hong Kong.

Nothing in this rule shall require the listed issuer to send any of the documents referred to therein to:—

- (a) a person of whose address the listed issuer is unaware; or
- (b) more than one of the joint holders of any of its listed securities.

Notes: 1 “Group accounts,” for the purposes of a Hong Kong listed issuer, has the meaning ascribed to it under section 124(1) of the Companies Ordinance.

2 The directors' report, auditors' report, annual accounts (including group accounts) and, where applicable, summary financial report must be in the English language and must be accompanied by a Chinese translation or be in the Chinese language accompanied by an English translation. In respect of overseas members, it shall be sufficient for the listed issuer to mail an English language version of either (i) its directors' report, auditors' report and annual accounts or (ii) its summary financial report if such documents contain a prominent statement in both English and Chinese to the effect that a Chinese translation is available from the listed issuer, on request.

3 Section 122 of the Companies Ordinance requires the annual accounts of a Hong Kong listed issuer which are laid before the listed issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting. An overseas issuer (including for such purposes, a PRC issuer) must make up its annual accounts to a date not more than 6 months before the date of its annual general meeting.

4 The Exchange may at its discretion suspend dealings in or cancel the listing of the securities of the listed issuer if it falls into arrears in the issue of its directors' report and accounts. If the listed issuer has significant interests outside Hong Kong it may apply for an extension of the 6 month period. However, the attention of a Hong Kong listed issuer is drawn to section 122 (1B) of the Companies Ordinance which requires any extension of the time limit to be approved by the High Court.

5 The listed issuer must send 25 copies of each of the English language version and the Chinese language version of the directors' report, annual accounts and, where applicable, the summary financial report to the Exchange at the same time as they are sent to holders of the listed issuer's listed securities with registered addresses in Hong Kong (see rule 17.57).

Accounting standards

18.04 Annual accounts of a listed issuer are required, subject to rule 18.05 and rule 18.06, to conform with either accounting standards approved by the Hong Kong Society of Accountants and laid down in the Statements of Standard Accounting Practice issued from time to time by that Society or the International Accounting Standards as promulgated from time to time by the International Accounting Standards Committee.

Note: The issuer must apply one of these standards consistently and shall not change from one standard to the other unless there are reasonable grounds to justify such change. All reasons for any such change must be disclosed in the annual accounts.

18.05 A listed issuer, which is also listed on the New York Stock Exchange or the Nasdaq National Market of the United States of America, may prepare annual accounts drawn up in conformity with Generally Accepted Accounting Principles in the United States of America ("US GAAP"), subject to the following:—

- (1) the listed issuer has adopted US GAAP for the purposes of reporting to shareholders on the New York Stock Exchange or the Nasdaq National Market of the United States of America;
- (2) a listed issuer already listed on the Exchange which subsequently obtains a listing on the New York Stock Exchange or the Nasdaq National Market of the United States of America and thereafter adopts US GAAP in place of either of the standards referred to in rule 18.04 in the preparation of its annual accounts will be required to compile a statement of the financial effect of material differences from either of the standards referred to in rule 18.04 in the first annual accounts in which US GAAP is adopted;
- (3) a listed issuer which was permitted to adopt US GAAP on the basis that it is listed on the New York Stock Exchange or the Nasdaq National Market of the United States of America but is no longer so listed, will be required to revert to either of the standards referred to in rule 18.04 for financial reporting purposes; and
- (4) a listed issuer whose principal activity is property development and/or investment may not adopt US GAAP for financial reporting purposes.

18.06 Where the Exchange, in exceptional circumstances, allows the annual accounts of any overseas issuer to be drawn up otherwise than in conformity with either accounting standards referred to in rule 18.04 or with US GAAP in the circumstances set out in rule 18.05, the Exchange will normally require the annual accounts to contain a statement of the financial effect of the material differences (if any) and a summary of any material differences in disclosure (if any) from either of the standards referred to in rule 18.04.

Information to accompany directors' report and annual accounts

18.07 The listed issuer shall include the information set out in rules 18.08 to 18.48 in its directors' report and annual accounts. Each set of financial statements presented in an annual report shall include, at a minimum, the components set out below. Unless stated to the contrary the financial information specified in these rules may be included outside the financial statements and will therefore be outside the scope of the auditors' report on the financial statements. The income statement and balance sheet set out in the financial statements must include at least the information set out in rule 18.50A. Banking companies (meaning banks, restricted licence banks and deposit-taking companies as defined in the Banking Ordinance) shall, in addition, comply with the Financial Disclosure by Locally Incorporated Authorized Institutions as issued by the Hong Kong Monetary Authority.

- (1) balance sheet;
- (2) income statement;
- (3) cash flow statement;
- (4) statement of changes in equity;
- (5) comparative figures for the statements referred to in (1) to (4) immediately above for the corresponding previous period; and

(6) accounting policies and explanatory notes.

Notes: 1 The Exchange may authorise the omission from an annual report of specified items of information if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the listed issuer. The Exchange will only authorise such omission provided it is satisfied that the omission is not likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question. The listed issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for such exemption is based.

2 The annual report and accounts must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.

3 If an accounting estimate reported in prior interim period of the current financial year is changed during the subsequent interim period of the same financial year and has a material effect in that subsequent interim period, the nature and amount of a change in an accounting estimate that has a material effect in the current financial year or which is expected to have a material effect in subsequent periods should be disclosed. If it is impracticable to quantify the amount, this fact should be disclosed.

18.08 (1) For accounting periods commencing before 1st January, 2001, a listed issuer shall include a description of the principal activities of the group and, where 2 or more such activities are so described, a statement giving in respect of each such activity the turnover and contribution to trading results attributable to it.

Note: For these purposes, a “principal activity” is one which achieved profits and losses numerically equivalent to 10% or more of the consolidated profit or loss of the group.

(2) For accounting periods commencing on or after 1st January, 2001, a listed issuer shall include in its financial statements the information required by:—

(a) Statement of Standard Accounting Practice 26 segment reporting if it prepares its annual financial statements in accordance with standard accounting practices in Hong Kong; or

(b) International Accounting Standard 14 reporting financial information by segment if it prepares its annual financial statements in accordance with International Accounting Standards; or

(c) the relevant accounting standards dealing with segment reporting in Generally Accepted Accounting Principles in the United States of America (US GAAP) if it prepares its annual financial statements in accordance with US GAAP.

18.09 (1) For accounting periods commencing before 1st January, 2001, a listed issuer shall provide a geographical analysis of consolidated turnover and, if the contribution to profit or loss from a specific area is abnormal in nature, the contribution to trading results of those trading operations carried on by the listed issuer and/or its subsidiaries outside the country in which the main place of business of the listed issuer (or the group of which the listed issuer is a member) is situated, unless such operations comprise less than 10% of the consolidated turnover and 10% of the consolidated trading results of the group.

Notes: 1 Transactions within the group should be excluded.

2 A broad geographical analysis of net turnover by way of figures or percentages, given by market (not necessarily given country by country), will be acceptable. Where

analysis is required, the analysis should be by continent but if 50% of total overseas operations relates to 1 continent, a further analysis, for example, by country within that continent, will be required. Overseas operations include direct exports from the country in which the main place of business of the listed issuer (or the group of which the listed issuer is a member) is situated and activities carried out otherwise than in such country.

- 3 *In respect of trading results an appropriate statement should be included where, for a proper appraisal of the business of the listed issuer (or the group of which the listed issuer is a member), holders of listed securities should be aware of significant contributions derived from activities carried out in any one territory. No analysis of the contribution to trading results is required unless the contribution to profit or loss from a specific area is "abnormal" in nature. "Abnormal" is defined as substantially out of line with the normal ratio of profit to turnover. For example, if a 40% profit is earned by the group in relation to turnover in one continent compared with 10 per cent on turnover elsewhere, this fact should be made apparent.*
- (2) For accounting periods commencing on or after 1st January, 2001, a listed issuer shall include in its financial statements the information required by:—
 - (a) Statement of Standard Accounting Practice 26 segment reporting if it prepares its annual financial statements in accordance with standard accounting practices in Hong Kong; or
 - (b) International Accounting Standard 14 reporting financial information by segment if it prepares its annual financial statements in accordance with International Accounting Standards; or
 - (c) the relevant accounting standards dealing with segment reporting in Generally Accepted Accounting Principles in the United States of America (US GAAP) if it prepares its annual financial statements in accordance with US GAAP.

18.10 A statement showing:—

- (1) the name of every subsidiary, its principal country of operation, its country of incorporation or other establishment and the kind of legal entity it is registered as (for the purposes of the relevant jurisdiction);
- (2) particulars of the issued share capital and debt securities of every subsidiary; and
- (3) the nature of the business of every subsidiary,

provided that if, in the opinion of the directors of the listed issuer, the number of them is such that compliance with this rule would result in particulars of excessive length being given, compliance with this rule shall not be required except in the case of subsidiaries carrying on a business the results of the carrying on of which, in the opinion of the directors, materially affected the amount of the profit or loss of the group or the amount of the assets of the group.

18.11 Details of the classes and numbers of any convertible securities, options, warrants or similar rights issued or granted by the listed issuer or any of its subsidiaries during the financial year, together with the consideration received by the listed issuer or any of its subsidiaries therefor.

18.12 Particulars of any exercise made during the financial year of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the listed issuer or any of its subsidiaries.

- 18.13 Particulars of any redemption or purchase or cancellation by the listed issuer or any of its subsidiaries of its redeemable securities and the amount of such securities outstanding after any such redemption or purchase or cancellation has been made.
- 18.14 Particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year (analysed on a monthly basis), or an appropriate negative statement. Such statement must include the aggregate price paid or received by the listed issuer for such purchases, sales or redemptions and should distinguish between those securities purchased or sold:—
- (1) on the Exchange;
 - (2) on another stock exchange;
 - (3) by private arrangement; and
 - (4) by way of a general offer; and

any such statement must also distinguish between those listed securities which are purchased by the listed issuer (separately distinguishing those shares which are cancelled and those which are held as treasury stock, if applicable) and those which are purchased by a subsidiary of the listed issuer. The directors' report shall contain references to the purchases made during the year and the directors' reasons for making such purchases (see rule 13.13(2)).

- 18.15 Subject to rule 18.16, a statement as at the end of the relevant financial year showing:
- (1) the interests of each director and chief executive of the listed issuer in the equity or debt securities of the listed issuer or any associated corporation (within the meaning of the SDI Ordinance) provided that the Exchange may agree, in its sole discretion, that compliance with this sub-paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under the SDI Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length; and
 - (2) the details of any right to subscribe for equity or debt securities of the listed issuer granted to any director or chief executive of the listed issuer or to the spouse or children under 18 years of age of any such director or chief executive, and of the exercise of any such right,

as recorded in the register required to be kept under section 29 of the SDI Ordinance or as otherwise notified to the listed issuer and the Exchange pursuant to the minimum standards of dealing by directors of listed issuers as referred to in rule 5.40, or if there is no such interest or right that has been granted or exercised, a statement of that fact.

- 18.16 The statement required by rule 18.15:—
- (1) must set out the total number or amount of such securities in which each director and chief executive is interested, as recorded in the issuer's register of interests, and then separately distinguish such interests between four categories as follows:—
 - (a) Personal interests – namely those beneficial interests in securities which are registered in the name of the director or chief executive or a nominee who holds the securities on his behalf and to his order (e.g. a streetname), including interests in securities which he has contracted to purchase;

- (b) Family interests – namely those interests in securities which a director or chief executive is deemed or taken to have under the SDI Ordinance with respect to securities in which his spouse or his child under the age of 18 years are interested;
- (c) Corporate interests – namely those interests in securities which a director or chief executive is deemed or taken to have under the SDI Ordinance with respect to the interests of a corporation where he is either entitled to exercise (or is taken under the SDI Ordinance to be able to exercise) or control the exercise of one third or more of the voting power in general meetings of that corporation or where the corporation or its directors are accustomed to act in accordance with his directions or instructions; and
- (d) Other interests – namely those interests in securities recorded in the register of interests which do not fall within one of the above categories. This would include, by way of example, those interests which a director or chief executive is deemed or taken to have under the SDI Ordinance with respect to options which entitle a director or chief executive to call for the delivery of securities or to acquire an interest in securities and any interests in securities which arise as a result of the director or chief executive being a beneficiary or trustee of a trust (and which are not included as personal interests under category (a) above); and

in the case of interests which fall within categories (c) and (d) above, a note setting out the nature of such interests should be provided to assist shareholders and investors to understand how the interests arise; and

- (2) with regard to the information required to be included by virtue of rule 18.15(1), must specify the company in which securities are held, the class to which those securities belong and the number of such securities held, but need not disclose the interests of a director in the equity securities of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares or the non-beneficial interests of directors in the equity securities of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.

- 18.17 A statement as at the end of the relevant financial year, showing the interest of every person, other than a director or chief executive of the listed issuer, in the equity securities of the listed issuer as recorded in the register required to be kept under section 16(1) of the SDI Ordinance and the amount of such interest, or if there is no such interest recorded in the register, a statement of that fact.

Note: For the purposes of rules 18.16 and 18.17, particulars should be given of the extent of any duplication which occurs.

- 18.18 In the event of trading results shown by the accounts for the period under review differing materially from any published forecast made by the listed issuer, an explanation for the difference.

- 18.19 A statement in the accounting policies section of the accounts indicating which accounting body's generally accepted accounting principles and standards have been followed in the preparation of the accounts.

18.20 A statement as to the reasons for any significant departure from accounting standards approved by the Hong Kong Society of Accountants, if the relevant accounts are drawn up in accordance with accounting standards approved by the Hong Kong Society of Accountants, or the International Accounting Standards Committee, if the relevant accounts are drawn up in accordance with the International Accounting Standards promulgated from time to time by the International Accounting Standards Committee.

Note: In this regard, refer to rules 18.04 to 18.06.

18.21 Except where the listed issuer is a banking company, a statement as at the end of the financial year showing, firstly, bank loans and overdrafts and, secondly, other borrowings of the group, the aggregate amounts repayable:—

- (1) on demand or within a period not exceeding 1 year;
- (2) within a period of more than 1 year but not exceeding 2 years;
- (3) within a period of more than 2 years but not exceeding 5 years; and
- (4) within a period of more than 5 years.

18.22 In respect of the financial year, a statement of the amount of interest capitalised by the group during the year.

18.23 Where properties for development and/or sale or for investment purposes held by the group represent an amount in excess of 15% of the value of the listed issuer's net tangible assets or consolidated net tangible assets, as the case may be, or earn an amount in excess of 15% of the listed issuer's pre-tax operating profit or consolidated pre-tax operating profit, as the case may be, in respect of the financial year, the following information:

- (1) in the case of property held for development and/or sale:—
 - (a) an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;
 - (b) if in the course of construction, the stage of completion as at the date of the annual report and accounts;
 - (c) if in the course of construction, the expected completion date;
 - (d) the existing use (e.g. shops, offices, factories, residential, etc.);
 - (e) the site and gross floor area of the property; and
 - (f) the percentage interest in the property.
- (2) in the case of property held for investment:—
 - (a) an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;

- (b) the existing use (e.g. shops, offices, factories, residential, etc.); and
 - (c) whether the property is held on short lease, medium term lease or long lease or, if situated outside Hong Kong, is freehold; and
- (3) such other details as may be prescribed or requested from time to time by the Exchange, provided that if, in the opinion of the directors of the listed issuer, the number of the properties is such that compliance with this rule would result in particulars of excessive length being given, compliance with this rule shall not be required except in the case of properties which in the opinion of the directors are material.

18.24 Statements as to:—

- (1) the unexpired period of any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), of any director proposed for re-election at the forthcoming annual general meeting or, if there are no such service contracts, a statement of that fact; and
- (2) the length of the term of appointment of every non-executive director (as required pursuant to rule 5.08).

18.25 Particulars of any contract of significance subsisting during or at the end of the financial year in which a director of the listed issuer is or was materially interested, either directly or indirectly, or, if there has been no such contract, a statement of that fact.

Notes: 1 A “contract of significance” is one which represents in amount or value a sum equal to 5% or more of:—

- (a) in the case of a capital transaction or a transaction of which the principal purpose is the granting of credit, the net tangible assets of the listed issuer; or*
- (b) in other cases, the total purchases, sales, payments or receipts, as the case may be, of the listed issuer.*

Where the listed issuer has subsidiaries, comparison must be made with the purchases, sales, payments, receipts or net tangible assets of the group on a consolidated basis.

- 2 An interest in a transaction or arrangement is material for the purposes of disclosure in the accounts if the omission of information relating to that contract or arrangement could have changed or influenced the judgement or decision of a person relying on the relevant information.*

18.26 Particulars of any contract of significance between the listed issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries.

Note: For the purposes of this rule and rule 18.27, the words “controlling shareholder” mean any shareholder entitled to exercise, or control the exercise of, 35 per cent (or such lower amount as may from time to time be specified in the Takeover Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the listed issuer or one which is in a position to control the composition of a majority of the board of directors of the listed issuer.

18.27 Particulars of any contract of significance for the provision of services to the listed issuer or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

Note: See Note 1 to rule 18.25 and the Note to rule 18.26.

18.28 Information concerning the emoluments, pension and any compensation arrangements for the directors and past directors of the listed issuer as is specified in sections 161 and 161A of the Companies Ordinance (which information must be provided irrespective of where the listed issuer is in fact incorporated). The information provided pursuant to this rule must include, at least, the following particulars:

- (1) the aggregate of the directors' fees for such financial year;
- (2) the aggregate of the directors' basic salaries, housing allowances, other allowances and benefits in kind;
- (3) the aggregate of contributions to pension schemes for directors or past directors for such financial year;
- (4) the aggregate of bonuses paid or receivable by directors which are discretionary or are based on the listed issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (5) and (6) below) for such financial year;
- (5) the aggregate of amounts paid during such financial year or receivable by directors as an inducement to join or upon joining the listed issuer; and
- (6) the aggregate of compensation paid during such financial year or receivable by directors or past directors for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (2) to (5) above).

Notes: 1 Sub-paragraphs (2) to (6) of this rule require an analysis of the amounts to be disclosed in the issuer's accounts under the provisions of section 161(1) of the Companies Ordinance.

2 Where a director is contractually entitled to bonus payments which are fixed in amount such payments are more in the nature of basic salary and accordingly should be disclosed under sub-paragraph (2) to this rule.

3 Where a director is contractually entitled to bonus payments which are determined as a percentage of turnover or profits of the listed issuer or any of its subsidiaries, then such payments should be disclosed under sub-paragraph (4) of this rule.

4 Where the information provided under sub-paragraphs (1) to (5) does not disclose the full compensation of a director for the financial year, any outstanding element of compensation must also be provided.

18.29 The following additional information in respect of directors' emoluments:—

- (1) the information required pursuant to rule 18.28 must be analysed by individual director or past director and such that it is apparent as to which are the independent non-executive directors (but without any obligation to disclose any individual by name); and

- (2) particulars of any arrangement under which a director has waived or agreed to waive any emoluments.

Note: Where a director has agreed to waive future emoluments, particulars of such waiver must be given together with those relating to emoluments which accrued during the past financial year. This applies in respect to emoluments from the listed issuer or any of its subsidiaries or other person.

18.30 Additional information in respect of those 5 individuals whose emoluments (excluding amounts paid or payable by way of commissions on sales generated by the individual) were the highest in the listed issuer or the group for the year and details of the increase of each of their emoluments. Where all 5 of these individuals are directors of the listed issuer and the information required to be disclosed by this paragraph has been disclosed in directors' remuneration above, a statement of this fact shall be made and no additional disclosure is required. Where the details of one or more of the individuals whose emoluments were the highest have not been included in directors' remuneration above, the following information shall be disclosed:—

- (1) the aggregate of basic salaries, housing allowances, other allowances and benefits in kind for such financial year;
- (2) the aggregate of contributions to pension schemes for such financial year;
- (3) the aggregate of bonuses paid or receivable which are discretionary or are based on the listed issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (4) and (5) below) for such financial year;
- (4) the aggregate of amounts paid during such financial year or receivable as an inducement to join or upon joining the listed issuer or the group;
- (5) the aggregate of compensation paid during such financial year or receivable for the loss of any office in connection with the management of the affairs of any member of the group distinguishing between contractual payments and other payments (excluding amounts disclosed in (1) to (3) above); and
- (6) an analysis showing the number of individuals whose remuneration (being amounts paid under (1) to (5) above) fell within bands from HK\$nil up to HK\$1,000,000 or into higher bands (where the higher limit of the band is an exact multiple of HK\$500,000 and the range of the band is HK\$499,999).

Notes: 1 It is not necessary to disclose the identity of the highest paid individuals.

2 The purpose of these disclosures is to provide shareholders with an indication of the fixed management costs of groups and accordingly employees who are higher paid by virtue of sales commissions are to be omitted from this disclosure.

18.31 Particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends.

Note: Where a shareholder has agreed to waive future dividends, particulars of such waiver(s) must be given together with those relating to dividends which were payable during the past financial year. Waivers of dividends of minor amount may be disregarded provided that some payment has been made on each share during the relevant calendar year.

18.32 In the case of any issue for cash of equity securities made otherwise than to the listed issuer's shareholders in proportion to their shareholdings and which has not been specifically authorised by the listed issuer's shareholders:—

- (1) the reasons for making the issue;
- (2) the classes of equity securities issued;
- (3) as regards each class of equity securities, the number issued, their aggregate nominal value;
- (4) the issue price of each security;
- (5) the net price to the listed issuer of each security;
- (6) the names of the allottees, if less than 6 in number, and, in the case of 6 or more allottees, details of such allottees in accordance with rule 10.12(4);
- (7) the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed; and
- (8) the use of the proceeds.

18.33 A summary, in the form of a comparative table, of the published results and of the assets and liabilities of the group for the last 5 financial years. Where the published results and statement of assets and liabilities have not been prepared on a consistent basis this must be explained in the summary.

18.34 The following information in respect of pension schemes:

- (1) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);
- (2) a brief outline of how contributions are calculated or benefits funded;
- (3) the employer's pension cost charge to the profit and loss account for the period;
- (4) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the balance sheet date for such use; and
- (5) in the case of defined benefit plans, an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the date to which the listed issuer's accounts are drawn up) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of:—
 - (a) the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions;
 - (b) the market value of the scheme assets at the date of their valuation or review (unless the assets are administered by an independent trustee in which case this information may be omitted);

- (c) the level of funding expressed in percentage terms; and
 - (d) comments on any material surplus or deficiency (including quantification of the deficiency) indicated by (c) above.
- 18.35 If the listed issuer has caused any property assets to be valued (in accordance with Rule 8.01) or has caused any valuation to be made of any other tangible assets and included such a valuation in the prospectus relating to the initial public offer of shares in the listed issuer and those assets are not stated at such valuation (or at subsequent valuation) in its first annual accounts published after listing, then the listed issuer is required to disclose the following additional information in its first annual report published after listing:–
- (1) the amount of such valuation of those properties or other tangible assets as included in the prospectus; and
 - (2) the additional depreciation (if any) that would be charged against the income statement had those assets been stated at such valuation (or subsequent valuation).
- 18.36 If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.
- 18.37 A statement of the reserves available for distribution to shareholders by the listed issuer (as calculated under the provisions of section 79B of the Companies Ordinance) as at the balance sheet date.

Additional disclosure for Financial Conglomerates

- 18.37A Where a listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B below), the listed issuer shall, in addition to the requirements as set out in all preceding paragraphs, include in its annual report at least the information as set out in rule 18.37A(1) to 18.37A(4) inclusive. Information required by rule 18.37A(1) to 18.37A(3) should be included in the financial statements.
- (1) Income Statement
 - (a) interest income;
 - (b) interest expense;
 - (c) gains less losses arising from dealing in foreign currencies;
 - (d) gains less losses on trading securities or other investments in securities;
 - (e) gains less losses from other dealing activities;
 - (f) gains less losses arising from derivative products;
 - (g) charge for bad and doubtful debts;
 - (h) gains less losses from disposal of investment securities or non-trading securities;
 - (i) provisions on held-to-maturity securities and investment securities or provisions on held-to-maturity securities and non-trading securities; and
 - (j) operating profit by products and divisions.

(2) Balance Sheet

- (a) cash and short-term funds (with an analysis between cash and balances with banks and other financial institutions, money at call and short notice and treasury bills where applicable);
- (b) trading securities or other investments in securities (investments in securities should be distinguished between equities and debt securities and analysed between those which are listed and those which are unlisted. The analysis should be provided separately for held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities where applicable. Market value of the listed securities as at the balance sheet date should also be disclosed);
- (c) advances and other accounts (with an analysis between advances to customers, advances to banks and other financial institutions, accrued interest and other accounts, provisions for bad and doubtful debts and the related collateral security);
- (d) held-to-maturity securities and investment securities or held-to-maturity securities and non-trading securities (with an analysis of held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities separately into those issued by central governments and central banks, public sector entities, banks and other financial institutions; corporate entities; and others. Market value of listed securities as at the balance sheet date should also be disclosed);
- (e) issued debt securities;
- (f) other accounts and provisions such as obligations on leases, sale and repurchase agreements, and forward contracts (with an analysis where material); and
- (g) a maturity profile of the following assets and liabilities unless immaterial,

Assets —

Advances to customers.

Placements with banks and other financial institutions.

Certificates of deposit held.

Debt securities (with an analysis into those included in held-to-maturity securities, trading securities or other investments in securities and investment securities or non-trading securities).

Liabilities —

Deposits and balances of banks and other financial institutions.

Current, fixed, savings and other deposits of customers.

Certificates of deposit issued.

Issued debt securities.

(3) Off-Balance Sheet exposures

- (a) contingent liabilities and commitments;
- (b) derivatives (with an analysis into those related to exchange rate contracts and interest rate contracts. The aggregate notional amounts of each significant class of derivative instruments should also be analysed into those entered into for trading or hedging purposes);

- (c) where applicable, the aggregate credit risk weighted amounts of its contingent liabilities and commitments, exchange rate contracts, interest rate contracts and other derivatives, if any; and
- (d) the aggregate replacement costs of its exchange rate contracts, interest rate contracts, and other derivative contracts, if any.

The information required by rule 18.37A(1) to 18.37A(3) inclusive may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.

(4) Supplementary Information

(a) Management of risks

A description of the main types of risk arising out of its business, including, where appropriate, credit, interest rate, foreign exchange and market risks arising out of its trading book. It should also include a description of the policies, procedures (including hedging policies) and controls used for measuring, monitoring and controlling those risks and for managing the capital required to support them.

(b) Segmental information

Where a geographical segment of the financial business represents 10% or more of the listed issuer's whole business, then that segment should be further analysed.

Notes: 1 Listed issuers should provide the information as required by paragraph 18.37(A)(1)(j) in accordance with rules 18.08 and 18.09.

2 For disclosure purposes, listed issuers may use different terms to those prescribed in rules 18.37A(2)(b) and (d) provided that the meaning of alternative terms is made clear and the accounting treatment adopted conforms to the requirements set out in accordance with:

(a) Statement of Standard Accounting Practice 24 "Accounting for investment in securities" if the listed issuer prepares its financial statements in accordance with standard accounting practices in Hong Kong; or

(b) International Accounting Standards 32 "Financial Instruments: Disclosure and Presentation" and 39 "Financial Instruments: Recognition and Measurement" if the listed issuer prepares its financial statements in accordance with International Accounting Standards; or

(c) the relevant accounting standards dealing with accounting treatment for investment in securities in the Generally Accepted Accounting Principles in the United States of America (US GAAP) if the listed issuer prepares its financial statements in accordance with US GAAP.

3 Listed issuers should provide the information as required by rule 18.37A(4)(b) in accordance with the requirements for segmental information as set out in the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.

- 4 *The corresponding amounts for the immediately preceding financial year may be omitted if the disclosures set out in rule 18.37A(1) to (3) are applied for the first time.*
- 5 *Listed issuers shall provide sufficient descriptions in their accounting policy notes or other notes to the financial statements to enable the users of the financial statements to understand how material items have been dealt with.*
- 6 *The items contained in this paragraph shall have the same meanings as prescribed in the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.*

18.37B A listed issuer will be regarded as a “Financial Conglomerate” for the purpose of rule 18.37A above only if:—

- (1) as at the end of the relevant period the net assets of its financial business represent more than 15% of the listed issuer’s consolidated net assets or during the period under review the net profit attributable to the shareholders of the financial business represents more than 15% of the net profit attributable to shareholders of the listed issuer; and
- (2) as at the end of the relevant period its financial business has total assets of over HK\$1,000 million or has customer deposits plus financial instruments held by the public of over HK\$300 million.

Notes: 1 For the purpose of this rule, financial business includes, but not limited to, the business of securities trading; giving advice in connection with securities; commodities trading; leveraged foreign exchange trading; insurance activities; and money lending.

2 *Where:*

- (1) *a listed issuer has recorded a loss rather than a profit in its accounts; or*
- (2) *a listed issuers has recorded a negative net assets position in its accounts; or*
- (3) *a loss rather than a profit is attributable to the “financial business”*

the issuer should consult the Exchange for guidance as to the application of rule 18.37B.

Information in the annual report which is outside the scope of the auditor’s report

18.38 In addition, the information set out in rules 18.39 to 18.47 is to be included in the listed issuer’s directors’ report or chairman’s statement attached to the annual report and accounts and will therefore be outside the scope of the auditor’s report on the financial statements. (It is recognised that auditors are under no obligation to report on the listed issuer’s compliance or otherwise with the disclosure provisions of the listing rules).

18.39 Brief biographical details in respect of the directors and senior managers of the listed issuer. Such details will include name, age, positions held with the listed issuer and other members of the listed issuer’s group, length of service with the listed issuer and the group and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons. Where any of the directors or senior managers are related, having with any other director or senior manager any one of the

relationships set out below, that fact should be stated. The relationships are spouse; any person cohabiting with the director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law. Where any director of the listed issuer is a director or employee of a company which has an interest in the share capital of the listed issuer which would fall to be disclosed to the listed issuer under the provisions of Part II of the SDI Ordinance, that fact shall be stated.

It is the responsibility of the directors of the listed issuer to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries; heads of divisions, departments or other operating units within the group as, in the opinion of the listed issuer's directors, is appropriate.

18.40 Additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

- (1) a statement of the percentage of purchases attributable to the group's largest supplier;
- (2) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;
- (3) a statement of the percentage of turnover or sales attributable to the group's largest customer;
- (4) a statement of the percentage of turnover or sales attributable to the group's 5 largest customers combined;
- (5) a statement of the interests of any of the directors; their associates; or any shareholder (which to the knowledge of the directors own more than 5% of the listed issuer's share capital) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;
- (6) in the event that the percentage which would fall to be disclosed under (2) above is less than 30, a statement of that fact shall be given and the information required in (1), (2) and (5) (in respect of suppliers) may be omitted; and
- (7) in the event that the percentage which would fall to be disclosed under (4) above is less than 30, a statement of that fact shall be given and the information required in (3), (4) and (5) (in respect of customers) may be omitted.

Notes: 1 Rule 18.40 applies to all listed issuers whose businesses comprise, in whole or in part, the supply of goods or services of whatever nature, and in the case of service references to customers includes the clients of such listed issuers.

2 In relation to consumer goods, references to customers are to the ultimate wholesaler or retailer, except when the listed issuer's business incorporates the wholesaling or retailing operation. In all other cases references to customers are to ultimate customer.

3 References to suppliers are primarily to those who provide goods or services which are specific to a listed issuer's business and which are required on a regular basis to enable the listed issuer to continue to supply or service its customers. Suppliers of goods and services which are freely available from a range of suppliers at similar

prices or which are otherwise freely available (such as utilities) are excluded. In particular, it is recognised that an obligation on listed issuers who are providers of financial services (such as banks and insurance companies) to give information about suppliers would be of limited or no value, and there is therefore no disclosure requirement in respect of suppliers to such listed issuers.

4 *The Exchange must be consulted if there is any doubt about the application of rule 18.40.*

18.41 A separate statement containing a discussion and analysis of the group's performance during the year and the material factors underlying its results and financial position. It should emphasise trends and identify significant events or transactions during the year under review. As a minimum the directors of the listed issuer should comment on the following:—

- (1) the group's liquidity and financial resources. This may include comments on the level of borrowings at the end of the period under review, the seasonality of borrowing requirements, and the maturity profile of borrowings and committed borrowing facilities. Reference may also be made to the funding requirements for capital expenditure commitments and authorisations;
- (2) the capital structure of the group in terms of maturity profile of debt, type of capital instruments used, currency and interest rate structure. The discussion may cover funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled; the currencies in which borrowings are made and in which cash and cash equivalents are held; the extent to which borrowings are at fixed interest rates; the use of financial instruments for hedging purposes; and the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments;
- (3) the state of the group's order book (where applicable) and prospects for new business including new products and services introduced or announced;
- (4) significant investments held, their performance during the year and their future prospects;
- (5) details of material acquisitions and disposals of subsidiaries and affiliated companies in the course of the year;
- (6) comments on segmental information given in the directors' report and accounts. This may cover changes in the industry segment, developments within the segment and their effect on the results of that segment. It may also include changes in the market conditions, new products and services introduced or announced and their impact on the group's performance and changes in turnover and margins;
- (7) where applicable, details of the number and remuneration of employees, remuneration policies, bonus and share option schemes and training schemes;
- (8) details of charges on group assets;
- (9) details of future plans for material investments or capital assets and their expected sources of funding in the coming year;
- (10) gearing ratio;
- (11) exposure to fluctuations in exchange rates and any related hedges; and
- (12) details of contingent liabilities, if any.

Notes: 1 It is the responsibility of the directors of the listed issuer to determine what investment or capital asset is material in the context of the listed issuer's business, operations and financial performance. The materiality of investment or capital asset varies from one listed issuer to another according to its financial performance, assets and capitalisation, the nature of its operations and other factors. An event that is "material" in the context of a smaller listed issuer's business and affairs is often not material to a larger listed issuer. The directors of the listed issuer are in the best position to determine materiality. The Exchange recognises that decisions on disclosure require careful subjective judgements, and encourages listed issuers to consult the Exchange when in doubt as to whether disclosure should be made.

2 The basis on which the gearing ratio is computed should be disclosed.

18.42 A statement of any change in auditors of the listed issuer in any of the preceding 3 years.

18.43 In the case of the annual accounts of an issuer for the financial year in which its securities are first admitted to listing on GEM and the annual accounts for the 2 financial years thereafter, a detailed statement by the directors as to the progress of the issuer by comparison of actual business progress to the information provided in the statement of business objectives (as set out in its listing document) for the equivalent period, together with an explanation of any material differences (including as to its use of proceeds, as indicated in the listing document).

Note: The statements required for the purposes of this rule should, so far as practicable, be set out adopting the same headings and format as the statement of business objectives (see rules 14.19 to 14.21).

18.44 The following information in respect of an issuer:—

- (1) the composition, by name, of the audit committee (which information should be included in the corporate information section of the annual report);
- (2) the work undertaken by the audit committee during the financial year (which information should be included in the report of the directors or the review of operations);
- (3) the number of times that the audit committee met during the financial year;
- (4) the full name and professional qualifications (if any) of:—
 - (a) the company secretary of the issuer;
 - (b) the qualified accountant of the issuer appointed pursuant to rule 5.10; and
 - (c) the compliance officer of the issuer appointed pursuant to rule 5.14; and
- (5) a statement as to whether or not the issuer has complied with rules 5.28 to 5.39 concerning board practices and procedures throughout the accounting period covered by the annual report. An issuer that has not complied with rules 5.28 to 5.39, or complied with only part of rules 5.28 to 5.39 or (in the case of requirements of a continuing nature) complied for only part of such period, must specify the rules with which it has not complied and (where relevant) for what part of the period of such non-compliance continued, and give reasons for any non-compliance. Insofar as the issuer's statement of compliance relates to rule 5.30, such statement must be reviewed by the auditors.

- 18.45 Information as to the interests (if any) of the Sponsor and its directors, employees and associates, as notified to the issuer pursuant to rule 6.36 and all directors and management shareholders of the issuer and their respective associates as referred to in rule 11.04.
- 18.46 In respect of PRC properties where long term title certificates are not obtained by the issuer, any property revaluation surplus arising from those PRC properties must be excluded from the issuer's annual accounts.
- 18.47 If the relevant annual accounts do not give a true and fair view of the state of affairs and profit or loss and cash flow of the listed issuer or group, more detailed and/or additional information must be provided.

Note: If listed issuers are in doubt as to what more detailed and/or additional information should be provided, they should apply to the Exchange for guidance.

Miscellaneous

- 18.48 Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.

Obligation to publish

- 18.48A A listed issuer must publish (in accordance with the requirements of Chapter 16) its annual report, in respect of each financial year of the listed issuer, not later than 3 months after the date upon which the financial year ended.

Preliminary announcement of results for the financial year

Preliminary

- 18.49 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the audited results for the financial year, containing the information set out in rule 18.50B, on the GEM website on the next business day after approval by or on behalf of the board of its results and in any event not later than 3 months after the date upon which the financial year ended.

Note: The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.

Content of preliminary announcement

- 18.50 The preliminary announcement of results for the financial year must confirm that the issuer's annual accounts have been audited and must contain at least the following information in respect of the group:

- (1) the audited financial statements and the auditors' report thereon. The audited financial statements shall include, at a minimum, the following components:
 - (a) balance sheet;
 - (b) income statement;
 - (c) cash flow statement;
 - (d) statement of changes in equity;

- (e) comparatives figures for the statements referred to in (a) to (d) above inclusive for the corresponding previous period; and
 - (f) accounting policies and explanatory notes;
- (2) the information set out in rule 18.41 in relation to management discussion and analysis of results;
 - (3) where the listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B), the information set out in rule 18.37A;
 - (4) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries, of its listed securities during the financial year, or an appropriate negative statement;
 - (5) a statement as to whether or not the listed issuer has complied with rules 5.28 to 5.39 concerning board practices and procedures throughout the financial year. A listed issuer that has not complied with rules 5.28 to 5.39, or complied with only part of rules 5.28 to 5.39 or (in the case of requirements of a continuing nature) complied for only part of such period, must specify the rules with which it has not complied and (where relevant) for what part of the period of such non-compliance continued, and give reasons for any non-compliance. Insofar as a listed issuer's statement of compliance relates to rule 5.30, such statement must be reviewed by the auditors; and
 - (6) the information set out in rule 18.50A in relation to the contents of the income statement and balance sheet.

18.50A Except for banking companies, which must comply with rule 18.80, the preliminary announcements of results for the half-year, preliminary announcements of results for the financial year, half-year reports and annual reports of a listed issuer must contain at least the following information in respect of the group:—

- (1) Income statement
 - (a) turnover;
 - (b) investment and other income;
 - (c) profit (or loss) on sale of investments or properties;
 - (d) cost of goods sold;
 - (e) interest on borrowings;
 - (f) depreciation/amortisation;
 - (g) profit (or loss) before taxation including the share of profit (or loss) of affiliated companies with separate disclosure of any items included therein which are exceptional because of size and incidence;
 - (h) taxation on profits (Hong Kong and overseas) in each case indicating basis of computation with separate disclosure of the taxation on share of affiliated companies' profits;
 - (i) profit (or loss) attributable to minority interests;

- (j) profit (or loss) attributable to shareholders;
 - (k) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);
 - (l) all movements to and from any reserves;
 - (m) earnings per share; and
 - (n) comparative figures of the matters specified in (a) to (m) immediately above for the corresponding previous period;
- (2) Balance sheet information as follows, if applicable:
- (a) fixed assets;
 - (b) current assets
 - (i) stocks;
 - (ii) debtors including credit policy and ageing analysis of accounts receivable;
 - (iii) cash at bank and in hand; and
 - (iv) other current assets;
 - (c) current liabilities
 - (i) borrowings and debts; and
 - (ii) ageing analysis of accounts payable;
 - (d) net current assets (liabilities);
 - (e) total assets less current liabilities;
 - (f) non-current liabilities
 - (i) borrowings and debts;
 - (g) capital and reserves;
 - (h) minority interests; and
- (3) Segment information

The income statement and balance sheet of a listed issuer shall, in addition to that information required by rules 18.50A(1) and (2), include the information required by:—

- (a) Statement of Standard Accounting Practice 26 segment reporting if it prepares its annual financial statements in accordance with standard accounting practices in Hong Kong; or
- (b) International Accounting Standard 14 reporting financial information by segment if it prepares its annual financial statements in accordance with International Accounting Standards; or

- (c) the relevant accounting standards dealing with segment reporting in Generally Accepted Accounting Principles in the United States of America (US GAAP) if it prepares its annual financial statements in accordance with US GAAP.

Notes: 1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adaptations should be made. Where the requirements of this Rule are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.

2 The Exchange may authorise the omission from the preliminary announcement of any information if it considers:—

(a) such omission to be necessary or appropriate; or

(b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,

provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

3 The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.

4 The information required by this rule may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.

18.50B A listed issuer shall publish its preliminary announcement of the audited results for the financial year on the GEM website as required by rule 18.49 to contain:—

Either (1) the information required by rule 18.50;

Or (2) the following:

- (a) the income statement required by rule 18.50(1)(b) (together with comparative income statement for the immediately preceding financial year) which must contain at least the information set out in rule 18.50A(1) and, to the extent relevant to the income statement, rule 18.50A(3);
- (b) the information required by rule 18.50(2) in relation to management discussion and analysis of results;
- (c) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries of its listed securities during the financial year as required by rule 18.50(4);
- (d) the information required by rule 18.50(5) in relation to compliance with rules 5.28 to 5.39 during the financial year; and
- (e) if applicable, the information required by rule 18.51.

Notes: 1 *For accounting periods commencing before 1st January, 2002, rule 18.50B(2)(b) may be fulfilled by providing an explanatory statement relating to the activities of the group and profit (or loss) during the financial year, in place of the items referred to in rule 18.41. The statement must include any significant information enabling investors to make an informed assessment of the trend of the activities and profit (or loss) of the group together with an indication of any special factor which has influenced those activities and the profit (or loss) during the financial year, and enable a comparison to be made with the corresponding period of the preceding financial year. Full compliance with rule 18.50B(2)(b) will be required in respect of preliminary announcements of results for accounting periods commencing on or after 1st January, 2002,*

2 *In relation to rule 18.50B(2)(a), the information required by rules 18.50A(1) and 18.50A(3) may be included in the income statement or in the notes to the financial statements.*

18.50C If the listed issuer adopts the alternative allowed by rule 18.50B(2) above, it will submit a copy of its annual report to the Exchange for publication on the GEM website as soon as reasonably practicable after the approval by or on behalf of the board of its audited financial statements and in any event not more than 3 months after the date upon which the financial year ended.

18.51 In connection with the audit of the issuer's annual accounts:—

- (1) where the auditors' report has been or is to be qualified, the preliminary announcement of results must include details of such qualification; and
- (2) where the auditors' report has been or is to be modified, whether or not qualified, details of such modification, together with a full explanation of the circumstances leading to the modification, must be included in the preliminary announcement of results. Where the modifications in the auditors' report refer to specific notes to the financial statements, the information in the financial statements should also be included in the preliminary announcement.

Miscellaneous

18.52 Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.

Half-year reports

Obligation to prepare and publish

18.53 The listed issuer shall prepare, in respect of each of the first 6 month of each financial year of the listed issuer, a half-year report containing at least the information required by rule 18.55 and publish the same (in accordance with the requirements of Chapter 16) not later than 45 days after the end of such period.

Notes: 1 *Newly listed issuers will be required to prepare and publish the relevant half-year report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. In the event that the results for the*

period in question (whether audited or not) have been included in the prospectus for the purpose of applying for a listing on the Exchange, there will be no obligation separately to publish the results.

- 2 *The figures in each half-year report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual accounts. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the half-year reports.*

18.54 As soon as reasonably practicable after publishing any half-year report, the listed issuer shall send a copy of the same to the persons specified in rule 18.03.

Note: The issuer must send 25 copies of each of the English language version and the Chinese language version of the relevant half-year report to the Exchange at the same time as it is sent to the holders of its listed securities with registered addresses in Hong Kong (see rule 17.57).

Content of half-year reports

18.55 Each half-year report shall contain at least the following information in respect of the group:—

- (1) interim financial statements, which shall include, at a minimum, the following components:
 - (a) balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding financial year;
 - (b) income statements for the current interim period and cumulatively for the current financial year to date, with comparative income statements for the comparable interim periods (current and year-to-date) of the immediately preceding financial year;
 - (c) cash flow statement cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year;
 - (d) statement showing changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year; and
 - (e) accounting policies and explanatory notes.
- (2) where the listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B), the information set out in rule 18.37A;
- (3) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries, of its listed securities during the relevant period, or an appropriate negative statement;
- (4) a statement as to whether or not the listed issuer has complied with rules 5.28 to 5.39 concerning board practices and procedures throughout the accounting period covered by the half-year report. A listed issuer that has not complied with rules 5.28 to 5.39, or complied with only part of rules 5.28 to 5.39 or (in the case of requirements of a continuing nature) complied for only part of such period, must specify the rules with which it has not complied and (where relevant) for what part of the period of such non-compliance continued, and give reasons for any non-compliance. Insofar as the listed issuer's statement of compliance relates to rule 5.30, such statement must be reviewed by the auditors;

- (5) the information set out in rule 18.50A; and
- (6) the further information set out in rules 18.56 to 18.64 below.

Notes: 1 An issuer that prepares its annual financial statements in accordance with standard accounting practices in Hong Kong should comply with Statement of Standard Accounting Practice 25 "Interim Financial Reporting" in respect of its half-year reports. An issuer that prepares its annual financial statements in accordance with International Accounting Standards should comply with International Accounting Standard 34 "Interim Financial Reporting" in respect of its half-year reports.

2 Each half-year report must be reviewed by the issuer's audit committee in accordance with rule 5.25. In the event that the audit committee disagreed with an accounting treatment which had been adopted in the preparation of the group's half-year report, full details of such disagreement should be disclosed together with a quantification of the financial effect arising from the disagreement. Where it is not possible to quantify the effect of the disagreement, or the effect is not significant, a statement to this effect should be made.

3 If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the half-year reports.

4 In the case of the first cash flow statement to be included in the half-year reports relating to accounting periods commencing before 1st January, 2002, a comparative cash flow statement for the comparable year-to-date period of the immediately preceding financial year may be omitted. The requirement for disclosure of comparative cash flow statement in half-year reports shall be obligatory in respect of accounting periods commencing on or after 1st January, 2002.

5 A listed issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements except where the change in accounting policy is required by an accounting standard which came into effect during the interim period. Accounting policies which have been consistently applied and which were disclosed in the listed issuer's most recent published audited financial statements or for a newly listed issuer in its recent prospectus may be omitted from the half-year reports. Any significant changes in the accounting policies, including those required by an accounting standard, should be disclosed together with the reason for changing in the accounting policy.

6 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adaptations should be made. Where the requirements of this rule are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.

7 The Exchange may authorise the omission from an interim report of specified items of information if it considers:—

(a) such omission to be necessary or appropriate; or

(b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,

provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

- 8 *The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 7 above is based.*
- 9 *Each half-year report must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

18.56 Subject to rule 18.57, a statement as at the end of the relevant period showing:—

- (1) the interests of each director and chief executive of the listed issuer in the equity or debt securities of the listed issuer or any associated corporation (within the meaning of the SDI Ordinance) provided that the Exchange may agree, in its sole discretion, that compliance with this sub-paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under the SDI Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length; and
- (2) the details of any right to subscribe for equity or debt securities of the listed issuer granted to any director or chief executive of the listed issuer or to the spouse or children under 18 years of age of any such director or chief executive and of the exercise of such right,

as recorded in the register required to be kept under section 29 of the SDI Ordinance or as otherwise notified to the listed issuer and the Exchange pursuant to the minimum standards of dealing by directors of listed issuer as referred to in rule 5.40, or if there is no such interest or no such right that has been granted or exercised, a statement of that fact.

18.57 The statement required by rule 18.56:—

- (1) must set out the total number or amount of such securities in which each director and chief executive is interested, as recorded in the issuer's register of interests, and then separately distinguish such interests between four categories as follows:—
 - (a) Personal interests – namely those beneficial interests in securities which are registered in the name of the director or chief executive or a nominee who holds the securities on his behalf and to his order (e.g. a streetname), including interests in securities which he has contracted to purchase;
 - (b) Family interests – namely those interests in securities which a director or chief executive is deemed or taken to have under the SDI Ordinance with respect to securities in which his spouse or his child under the age of 18 years are interested;
 - (c) Corporate interests – namely those interests in securities which a director or chief executive is deemed or taken to have under the SDI Ordinance with respect to the interests of a corporation where he is either entitled to exercise (or is taken under the SDI Ordinance to be able to exercise) or control the exercise of one third or more of the voting power in general meetings of that corporation or where the corporation or its directors are accustomed to act in accordance with his directions or instructions; and
 - (d) Other interests – namely those interests in securities recorded in the register of interests which do not fall within one of the above categories. This would include, by way of example, those interests which a director or chief executive is deemed or

taken to have under the SDI Ordinance with respect to options which entitle a director or chief executive to call for the delivery of securities or to acquire an interest in securities and any interests in securities which arise as a result of the director or chief executive being a beneficiary or trustee of a trust (and which are not included as personal interests under category (a) above); and

in the case of interests which fall within categories (c) and (d) above, a note setting out the nature of such interests should be provided to assist shareholders and investors to understand how the interests arise; and

- (2) with regard to the information required to be included by virtue of rule 18.56(1), must specify the company in which securities are held, the class to which those securities belong and the number of such securities held, but need not disclose the interests of a director in the equity securities of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares or the non-beneficial interests of directors in the equity securities of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.

- 18.58 A statement as at the end of the relevant period showing the interest of every person, other than a director or chief executive of the listed issuer, in the equity securities of the listed issuer as recorded in the register required to be kept under section 16(1) of the SDI Ordinance and the amount of such interest, or if there is no such interest recorded in the register, a statement of that fact.

Note: For the purposes of rules 18.57 and 18.58, particulars should be given of the extent of any duplication which occurs.

- 18.59 The listed issuer should include a discussion and analysis of its performance covering all those matters set out in rule 18.41. The discussion should include any significant information needed for investors to make an informed assessment of the trend of its activities and profit (or loss). It should identify and explain any special factors which has influenced its activities and its profit (or loss) during the relevant period. It should provide a comparison with the corresponding period of the preceding financial year and must also, as far as possible, give an indication of the listed issuer's prospects for the current financial year. Such discussion may focus only on the significant changes in the group's performance since the most recent published annual report. Where the current information in relation to those matters set out in rule 18.41 has not changed materially from the information disclosed in the most recent published annual report, a statement to this effect may be made and no additional disclosure is required.
- 18.60 If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.
- 18.61 Any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant period.

18.62 In the case of the half-year report of an issuer for the financial year in which its securities are first admitted to listing on GEM (where the half-year end in question follows listing) and the half-year reports for the 2 financial years thereafter, a detailed statement by the directors as to the progress of the issuer by comparison of actual business progress to the information provided in the statement of business objectives (as set out in the listing document) for the equivalent period, together with an explanation of any material differences (including as to its use of proceeds, as indicated in the listing document).

Note: The statements required for the purposes of this rule should, so far as practicable, be set out adopting the same headings and format as the statement of business objectives (see rules 14.19 to 14.21).

18.63 Information as to the interests (if any) of the Sponsor and its directors, employees and associates, as notified to the issuer pursuant to rule 6.36 and all directors and management shareholders of the issuer and their respective associates as referred to in rule 11.04.

18.64 Each half-year report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) has been qualified or modified, details of such qualification or modification must be set out in the half-year report.

Miscellaneous

18.65 Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.

Quarterly reports

Obligation to prepare and publish

18.66 The listed issuer shall prepare, in respect of each of the first 3 and 9 month periods of each financial year of the listed issuer, a quarterly report containing at least the information required by rule 18.68 and publish the same (in accordance with the requirements of Chapter 16) not later than 45 days after the end of such period.

Notes: 1 Newly listed issuers will be required to prepare and publish the relevant quarterly report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. In the event that the results for the period in question (whether audited or not) have been included in the prospectus for the purpose of applying for a listing on the Exchange, there will be no obligation separately to publish the results.

2 The figures in each quarterly report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual accounts. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the quarterly reports.

18.67 As soon as reasonably practicable after publishing any quarterly report, the listed issuer shall send a copy of the same to the persons specified in rule 18.03.

Note: The issuer must send 25 copies of the relevant quarterly report to the Exchange at the same time as it is sent to the holders of its listed securities with registered addresses in Hong Kong (see rule 17.57).

Content of quarterly reports

18.68 Subject to rule 18.80 relating to banking companies, each quarterly report shall contain at least the following information in respect of the group:—

- (1) the information set out in rule 18.79; and
- (2) the further information set out in rules 18.69 to 18.76 below.

Notes: 1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adjustments should be made. Where the requirements of this Note are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.

2 The Exchange may authorise the omission from a quarterly report of specified items of information if it considers:—

(a) such omission to be necessary or appropriate; or

(b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,

provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

3 The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.

4 Each quarterly report must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.

5 Each quarterly report must be reviewed by the issuer's audit committee in accordance with rule 5.25.

18.69 Subject to rule 18.70, a statement as at the end of the relevant period showing:—

- (1) the interests of each director and chief executive of the listed issuer in the equity or debt securities of the listed issuer or any associated corporation (within the meaning of the SDI Ordinance) provided that the Exchange may agree, in its sole discretion, that compliance with this sub-paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under the SDI Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length; and
- (2) the details of any right to subscribe for equity or debt securities of the listed issuer granted to any director or chief executive of the listed issuer or to the spouse or children under 18 years of age of any such director or chief executive and of the exercise of such right,

as recorded in the register required to be kept under section 29 of the SDI Ordinance or as otherwise notified to the listed issuer and the Exchange pursuant to the minimum standards of dealing by directors of listed issuer as referred to in rule 5.40, or if there is no such interest or no such right that has been granted or exercised, a statement of that fact.

18.70 The statement required by rule 18.69:—

- (1) must set out the total number or amount of such securities in which each director and chief executive is interested, as recorded in the issuer's register of interests, and then separately distinguish such interests between four categories as follows:—
 - (a) Personal interests – namely those beneficial interests in securities which are registered in the name of the director or chief executive or a nominee who holds the securities on his behalf and to his order (e.g. a streetname), including interests in securities which he has contracted to purchase;
 - (b) Family interests – namely those interests in securities which a director or chief executive is deemed or taken to have under the SDI Ordinance with respect to securities in which his spouse or his child under the age of 18 years are interested;
 - (c) Corporate interests – namely those interests in securities which a director or chief executive is deemed or taken to have under the SDI Ordinance with respect to the interests of a corporation where he is either entitled to exercise (or is taken under the SDI Ordinance to be able to exercise) or control the exercise of one third or more of the voting power in general meetings of that corporation or where the corporation or its directors are accustomed to act in accordance with his directions or instructions; and
 - (d) Other interests – namely those interests in securities recorded in the register of interests which do not fall within one of the above categories. This would include, by way of example, those interests which a director or chief executive is deemed or taken to have under the SDI Ordinance with respect to options which entitle a director or chief executive to call for the delivery of securities or to acquire an interest in securities and any interests in securities which arise as a result of the director or chief executive being a beneficiary or trustee of a trust (and which are not included as personal interests under category (a) above); and

in the case of interests which fall within categories (c) and (d) above, a note setting out the nature of such interests should be provided to assist shareholders and investors to understand how the interests arise; and

- (2) with regard to the information required to be included by virtue of rule 18.69(1), must specify the company in which securities are held, the class to which those securities belong and the number of such securities held, but need not disclose the interests of a director in the equity securities of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares or the non-beneficial interests of directors in the equity securities of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.

18.71 A statement as at the end of the relevant period showing the interest of every person, other than a director or chief executive of the listed issuer, in the equity securities of the listed issuer as recorded in the register required to be kept under section 16(1) of the SDI Ordinance and the amount of such interest, or if there is no such interest recorded in the register, a statement of that fact.

Note: For the purposes of rules 18.70 and 18.71, particulars should be given of the extent of any duplication which occurs.

18.72 An explanatory statement relating to the activities of the group and profit (or loss) during the relevant period which must include any significant information enabling investors to make an informed assessment of the trend of the activities and profit (or loss) of the group together with an indication of any special factor which has influenced those activities and the profit (or loss) during the period in question, and enable a comparison to be made with the corresponding period of the preceding financial year and must also, as far as possible, refer to the prospects of the group in the current financial year.

18.73 If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.

18.74 Any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant period.

18.75 Information as to the interests (if any) of the Sponsor and its directors, employees and associates, as notified to the issuer pursuant to rule 6.36 and all directors and management shareholders of the issuer and their respective associates as referred to in rule 11.04.

18.76 Each quarterly report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) has been qualified or modified, details of such qualification or modification must be set out in the quarterly report.

Miscellaneous

18.77 Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.

Preliminary announcement of results for each of the first 6 month of each financial year

18.78 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the first 6 month of each financial year, containing at least the information set out below, on the GEM website on the next business day after approval by or on behalf of the board of the results and in any event not later than 45 days after the end of such period:

- (1) the income statements as referred to in rule 18.55(1)(b) which must contain at least the information specified in rule 18.50A(1) and, to the extent relevant to the income statement, rule 18.50A(3), together with accounting policies and explanatory notes;
- (2) the information required by rule 18.59 in relation to management discussion and analysis of results;
- (3) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries of its listed securities during the relevant period as required by rule 18.55(3);

- (4) a statement as to compliance with rules 5.28 to 5.39 concerning board practices and procedures during the relevant period as required by rule 18.55(4); and
- (5) the information required by rules 18.61 and, if applicable, rules 18.63 and 18.64.

Notes: 1 For accounting periods commencing before 1st January, 2002, rule 18.78(2) may be fulfilled by providing an explanatory statement relating to the activities of the group and profit (or loss) during the relevant period, in place of the items referred to in rule 18.59. The statement must include any significant information enabling investors to make an informed assessment of the trend of the activities and profit (or loss) of the group together with an indication of any special factor which has influenced those activities and the profit (or loss) during the financial year, and enable a comparison to be made with the corresponding period of the preceding financial year and must also, as far as possible, refer to the prospects of the group in the current financial year. Full compliance with rule 18.78(2) will be required in respect of preliminary announcements of results for accounting periods commencing on or after 1st January, 2002,

2 In relation to disclosure of accounting policies specified in rule 18.78(1), listed issuers' attention is drawn to note 5 to rule 18.55, or if there are no such changes in the accounting policies, a statement to that fact may be made.

Preliminary announcement of results for each of the first 3 and 9 month periods of each financial year

18.79 Except for banking companies which must comply with rule 18.80, issuers' preliminary announcements of results for each of the first 3 and 9 month periods of each financial year must contain at least the information set out below stated in respect of the group and such information must be published (in accordance with the requirements of Chapter 16) on the GEM website on the next business day after approval by or on behalf of the board of the results and in any event not later than 45 days after the end of such period.

- (1) turnover;
- (2) profit (or loss) before taxation, including the share of profit (or loss) of affiliated companies with separate disclosure of any items included therein which are exceptional because of size and incidence;
- (3) taxation on profits (Hong Kong and overseas) in each case indicating basis of computation with separate disclosure of the taxation on share of affiliated companies' profits;
- (4) profit (or loss) attributable to minority interests;
- (5) profit (or loss) attributable to shareholders;
- (6) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);
- (7) all movements to and from any reserves;

- (8) earnings per share;
- (9) comparative figures of the matters specified in (1) to (8) inclusive for the corresponding previous period; and
- (10) particulars of any purchase, sale or redemption by the issuer or any of its subsidiaries, of its listed securities during the relevant period, or an appropriate negative statement.

Notes: 1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adjustments should be made. Where the requirements of this Note are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.

2 The Exchange may authorise the omission from the preliminary announcement of any information if it considers:—

(a) such omission to be necessary or appropriate; or

(b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,

provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

3 The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.

Banking companies

18.80 This rule sets out the minimum level of information to be included in half-year reports, quarterly reports and preliminary announcements of issuers that are banking companies (meaning banks, restricted licence banks and deposit taking companies as defined in the Banking Ordinance.)

- (1) As regards income statement
 - (a) Interest income;
 - (b) Interest expense;
 - (c) Other operating income;
 - (d) Operating expenses;
 - (e) Charge for bad and doubtful debts;
 - (f) Gains less losses on trading securities or other investments in securities;
 - (g) Gains less losses from disposal of investment securities or non-trading securities;
 - (h) Provisions on held-to-maturity securities and investment securities or provisions on held-to-maturity securities and non-trading securities;

- (i) Taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation with separate disclosure of the taxation on share of profits of affiliated companies' profits;
 - (k) As appropriations:—
 - (i) transfers to or from inner reserves;
 - (ii) all movements to or from other reserves;
 - (l) Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);
 - (m) Earnings per share;
 - (n) Comparative figures of the matters specified in (a) to (m) inclusive for the corresponding previous period;
- (2) As regards statement of assets and liabilities
- (a) cash and short-term funds;
 - (b) trading securities or other investments in securities;
 - (c) advances and other accounts;
 - (d) held-to-maturity securities and investment securities or held-to-maturity securities and non-trading securities;
 - (e) issued debt securities;
 - (f) other accounts and provisions; and
 - (g) comparative figures of the matters specified in (a) to (f) inclusive for the corresponding previous period.
- (3) As regards segment information

The income statement and balance sheet of a listed issuer shall, in addition to that information required by rules 18.80(1) and (2), include the information required by:—

- (a) Statement of Standard Accounting Practice 26 segment reporting if it prepares its annual financial statements in accordance with standard accounting practices in Hong Kong; or
- (b) International Accounting Standard 14 reporting financial information by segment if it prepares its annual financial statements in accordance with International Accounting Standards; or
- (c) the relevant accounting standards dealing with segment reporting in Generally Accepted Accounting Principles in the United States of America (US GAAP) if it prepares its annual financial statements in accordance with US GAAP.

- (4) As regards off-balance sheet exposure
 - (a) contingent liabilities and commitments; and
 - (b) derivatives
- (5) Those matters set out in rule 18.51 (in the case of preliminary announcements of results for the financial year) or rule 18.64 (in the case of preliminary results for the half-year period) or rule 18.76 (in the case of preliminary results for the quarterly period); and
- (6) In the case of half-year and quarterly reports:
 - (a) those matters set out in rules 18.55 (in the case of half-year reports) or rule 18.68 (in the case of quarterly reports); and
 - (b) those matters set out in the Recommendations On Interim Financial Disclosure by Authorized Institutions Incorporated in Hong Kong as issued by the Hong Kong Monetary Authority.

Notes: 1 The information required by rules 18.80(1) to (4) may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.

2. Rules 18.80(2) to (4) (with the exception of those segment disclosures concerning results as specified in rule 18.80(3)) are not applicable to the quarterly reports of an issuer.

Summary financial reports

18.81 Summary financial reports of listed issuers shall comply with the disclosure requirements set out in the Companies (Summary Financial Reports of Listed Companies) Regulation.