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Preface

The first edition of the *Hong Kong Company Secretary's Practice Manual* was published in 2011. It has been more than 15 years and the sixth edition is now being put into print. Lots of changes had happened during this time.

The *Hong Kong Companies Ordinance (Cap 622)* became effective in March 2014. Since then, a number of amendment bills had been passed in response to the new developments and changes in the commercial world. Particular emphasis was on the anti-money laundering law to ensure that the reputation of Hong Kong would not be tarnished by the negligence and malpractice of some professionals helping criminals to get their money clean.

At the same time, governance standards are being upgraded constantly in line with the global practice to ensure that all stakeholders including minority shareholders are being treated in a fair manner.

With all these changes, it is important for fellow market practitioners to upskill their knowledge in corporate law and its practice. The issues raised in the previous editions as well as in Chapter 1 of this book remain in my mind. How could Hong Kong improve in corporate governance as well as the relevant rules and regulations. I would welcome readers of this book to come forward with their opinion.

Belinda Wong
30 April 2026

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Abbreviations

AGM.....	Annual General Meeting
App.....	Appendix
BRC.....	Business Registration Certificate
BRO	Business Registration Office
CCASS.....	Central Clearing and Settlement System
Ch	Chapter
cl.....	clause
Co.....	Company
CO.....	Companies Ordinance
CR.....	Companies Registry
Div	Division
GEM	Growth Enterprise Market
HKEx.....	Hong Kong Exchanges and Clearing Limited
HKICPA.....	Hong Kong Institute of CPAs
HKICS.....	Hong Kong Association of the Institute of Chartered Secretaries and Administrators
HKSCC.....	Hong Kong Securities Clearing Co Ltd
HKSFCC	Hong Kong Securities and Futures Commission
IRD	Inland Revenue Department
IVRS.....	Companies Registry Enquiry Hotline
para.....	paragraph
Pt.....	Part
Sch	Schedule
SDO	Stamp Duty Ordinance
SEHK.....	The Stock Exchange of Hong Kong Limited
SFO.....	Securities and Futures Ordinance
SO	Stamp Office
subpara	sub-paragraph

Glossary

The following glossary contains words and phrases commonly used in the context of company law.

Accounting records in relation to a corporation includes such working papers and other documents as are necessary to explain the methods and calculations by which accounts of the corporation are made up.

Administrator is the person appointed by the Court to manage the estate of a person who died without leaving a valid will (i.e. intestate) or, if leaving a valid will, failed to appoint an executor therein (in this latter case the grant by the Court is by Letters of Administration with the will attached).

Ad valorem means “according to value”.

Affidavit is a written, sworn statement.

Agents. The term does not include a person’s counsel acting as such.

Allotment is the formal act of appropriation of a specific number (but not of specific shares) in the unissued capital of the company to persons who have applied for such shares.

Alternate director is a person appointed by a director in pursuance of a power authorised by the Articles and with the approval of his fellow directors to be an alternate or substitute director in his place during such period as he thinks fit.

Amalgamation means the merger of any two or more companies or the whole or any part of their undertakings.

Annual general meeting in relation to a company means a meeting of the company required to be held by the *Companies Ordinance*.

Annual return means the return required to be made, in the case of a company having a share capital, under section 622 of the *Companies Ordinance*.

Articles of Association, when registered, bind the company and the members thereof to the same extent as if they respectively had been signed and sealed by each member, and contained covenants on the part of each member to observe all the provisions of the Articles. All money payable by any member to the company under the Articles shall be a debt due from him to the company, and be of the nature of a specialty debt.

Audit is an official examination of accounts with verification by reference to witnesses and vouchers.

Auditor. An auditor is a person who carries out an audit. To fill the office of an auditor to a company, an auditor must be an approved company auditor, such qualification being granted under the *Professional Accountants Ordinance (Cap 50)*.

Authorised financial institution means an authorised institution within the meaning of section 2 of the *Banking Ordinance* (Cap 155).

Bankrupt. An “undischarged bankrupt” means a person who, under a law relating to bankruptcy or insolvency, is a bankrupt in respect of a bankruptcy from which he has not been discharged.

Beneficiary is a person for whose benefit property is held by trustees.

Bonus shares are shares issued by a company from the unissued capital and credited as fully or partly paid up for which no consideration is paid to the company by the person (usually a member of the company) to whom they are issued.

“**Book and paper**” and “**book or paper**” includes accounts, deeds, writings and documents.

Brokerage is the commission payable to a broker for his services. The amount of brokerage paid or agreed to be paid in the case of shares offered to the public for subscription must be disclosed in the prospectus, etc.

Calls on shares are demands made upon the holder of partly paid-up shares for payment of the balance, or a part of the balance.

Capital. Ordinarily used, “capital” means the money subscribed by the shareholders.

Certificate of incorporation. The certificate issued by the Registrar certifying that the company therein named is, on and from the date specified in the certificate, incorporated.

Certified, in relation to a copy of a document, means certified in the prescribed manner to be a true copy of the document and, in relation to a translation of a document, means certified in the prescribed manner to be a correct translation of the document into the Chinese language or into the English language.

Chairperson is the person who presides at a meeting. So far as the Articles do not make other provision, any member elected by the members present at a meeting of the company may be chairperson thereof.

Charge is a form of security for payment of a debt (or the performance of an obligation), consisting of the right of the creditor to secure payment out of some specific fund or out of the realisation of specific property. The *Companies Ordinance* includes within the term “charge” a mortgage and any agreement to give or execute a charge or mortgage whether upon demand or otherwise. See also **floating charge**.

Chattels refers to any property other than real property.

Common seal is the device used for the authentication of documents issued in the name of the company. The name of the company must appear in legible characters on its common seal. The use of common seal is optional.

Company means a company formed and registered under the *Companies Ordinance* or an existing company.

- Company having a share capital** includes an unlimited company with a share capital.
- Company limited by guarantee** means a company formed on the principle of having the liability of its members limited by the Article to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up.
- Company limited by shares** means a company formed on the principle of having the liability of its members limited by the Article to the amount, if any, unpaid on the shares held respectively by them.
- Consolidated financial statement.** Where a company has subsidiaries at the end of its financial year, consolidated financial statement dealing with the state of affairs and profit or loss of the company and its subsidiaries.
- Contract** is a deliberate engagement between competent parties, upon a legal consideration, to do or to abstain from doing some act.
- Contributory**, in relation to a company, means a person liable to contribute to the assets of the company in the event of it being wound up, and includes the holder of fully paid shares in the company.
- Cumulative preference shares** are shares on which the right to a dividend, if not paid in one year through lack of profits, accumulates until profits are sufficient. These accumulated dividends are to be paid in priority.
- Current liability**, for the purposes of the *Companies Ordinance*, in relation to accounts or consolidated accounts, means a liability that would in the ordinary course of events be payable within 12 months after the end of the financial year to which the accounts or consolidated accounts relate.
- Dealer** means a person who carries on a business of dealing in securities whether or not he carries on any other business, but does not include an exempt dealer.
- Dealing in securities** means, whether as principal or agent, making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into: (a) any agreement for or with a view to acquiring, disposing of, subscribing for, or underwriting securities; or (b) any agreement the purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the value of securities.
- Debenture** is a written acknowledgment given by a company to secure a sum of money. The term includes debenture stock, bonds and any other securities of a company whether constituting a charge on the assets of the company or not.
- Deed** is an instrument written on paper or parchment signed, sealed and delivered, by which an interest, right or property passes or an obligation binding on some person is created or which is an affirmation of some Ordinance by which an interest, right or property has passed.

Default fine. A term used in statute which indicates that any person who is convicted of an offence under the relevant section (i.e. in which the term is so used) is guilty of a further offence if the offence continues after he is so convicted and is liable to additional penalty.

Defunct company is one which is not carrying on business or is not in operation and has failed to submit annual returns for two or more consecutive years. If the Registrar has reasonable cause to believe that such is the case in regard to a company, he may move to strike the company off the register under Part 15 of the Ordinance.

Director, as used in the *Companies Ordinance*, includes any person occupying the position of director of a corporation by whatever named called.

Dividend is a payment made out of profits to the shareholders. Profits available for distribution are its accumulated realised profits less its accumulated realised losses.

Document, in terms of the *Companies Ordinance*, includes summons, notice, order and other legal process, and registers.

Emolument, in relation to a director or auditor of a company, includes any fees, percentages and other payments made (including the money value of any allowances or perquisites) or consideration given, directly or indirectly, to the director or auditor by that company or by a holding company or a subsidiary of that company, whether made or given to him in his capacity as a director or auditor or otherwise in connection with the affairs of that company or of the holding company or the subsidiary.

Expert includes engineer, valuer, accountant or any other person whose profession or reputation gives authority to a statement made by him.

Financial statements include financial statements and notes which give a true and fair view of the financial position of the company.

Financial year, in relation to any body corporate, means the period in respect of which any financial statement of the body corporate is made up, whether that period is a full calendar year or not.

Firm means an unincorporated body of two or more individuals, or one or more individuals and one or more corporations, or two or more corporations, who have entered into partnership with one another with a view to carrying on business for profit.

Floating charge is a security over the whole or part of a company's undertaking, such security floating during the currency of the charge but fixing upon crystallisation.

Fraud is the use of unfair and wrongful means (involving moral obliquity, e.g. deceit, false representation, etc.) to obtain material advantage.

General meeting. All general meetings other than the annual general meetings are called general meetings.

Group of companies means any two or more companies or bodies corporate one of which is the holding company of the other or others.

Holding company. A company is the holding company of another company (the “subsidiary”) where the amount of shares held by the holding company is more than 50% of the issued share capital of the subsidiary, or such as to entitle the holding company to more than 50% of the voting power in the subsidiary, or the holding company has power, directly or indirectly, to control the composition of the subsidiary’s directors. See also **Subsidiary**.

Incorporation. With the making of a certificate of incorporation the body corporate is created (on and from the date of the certificate) and is capable of exercising all the functions of an incorporated company and of using and being sued and having perpetual succession and a common seal with power to hold land but with such liability on the part of the members to contribute to the assets of the company in the event of its being wound up.

Inspector, means a person appointed by the Financial Secretary if the court declares that a company’s affairs ought to be investigated.

Issued capital is the value of the shares of the company actually allotted.

Subscribed capital means the same.

Lien is a right to hold the property of another person as security for the performance of an obligation.

Limited company means a company limited by shares or by guarantee.

Liquidator includes the Official Receiver.

Meeting is a coming together of two or more persons.

Members. The members of a company are those persons whose names appear in its register of members.

Minimum subscription, in relation to any shares offered to the public for subscription, means the amount stated in the prospectus relating to the offer as the minimum amount that in the opinion of the directors must be raised by the issue of the shares offered.

Non-Hong Kong company means a company incorporated outside Hong Kong.

Officer, for the purposes of the *Companies Ordinance* in relation to a body corporate, includes a director, manager or company secretary.

Oppressive conduct is conduct that is burdensome, harsh and wrongful, with, possibly, some lack of probity.

Paid up capital is the amount of money that has been paid (or deemed paid) on shares actually allotted.

Pari passu translates to “with equal step” and means without preference.

Participating preference shares usually carry the right to a dividend at a specified rate (say 5%) together with a right to participate in a further distribution.

Per annum means “by the year”.

Per se means “by itself”.

Personal representative is the general term used in the *Companies Ordinance* to embrace the legal representative of a deceased's estate, i.e. executors, administrators.

Place of business in relation to non-Hong Kong companies includes a share transfer office and a share registration office but excludes a local representative office established, or maintained, with the Monetary Authority's approval under section 46 of the *Banking Ordinance* (Cap 155).

Preference shares is a term not defined in companies legislation but generally denotes shares which confer a preferential right on the holders of them. See **Cumulative preference shares**, **Redeemable preference shares**, **Participating preference shares**.

Principal register, in relation to a company, means the register of members of the company kept in pursuance of section 95 of the Ordinance.

Private company means any company incorporated as a private company by virtue of section 11 of the Ordinance.

Pro rata means “in proportion”.

Proxy is (a) the document authorising a person to vote instead of another (e.g. the member of a company) at a meeting of the company or class of members, etc or (b) the person appointed by such writing to vote instead of the other.

Public company means a company other than a private company under section 11 of the Ordinance.

Redeemable preference shares are those which give the holders of them the right to be repaid their capital at a specified date or which give the company itself the right to repay the capital after a specified time or within a specified period.

Registered office is the place in Hong Kong to which all communications and notices may be addressed and which is open during the hours specified in section 658 of the Ordinance.

Related company, in relation to a company, means any company that is the first- mentioned company's subsidiary or holding company or a subsidiary of that first-mentioned company's holding company.

Securities means any shares, stocks, debentures, loan stocks, funds, bonds, or notes of, or issued by, any body, whether incorporated or unincorporated, or of any government or local government authority.

Securities seal is a duplicate common seal being a facsimile of the company's common seal with the addition of the words "Securities Seal" on the face. A securities certificate under such seal is deemed to be sealed with the company's common seal.

Share certificate means certificate which is prima facie evidence of the title of the person named therein to the share.

Special resolution is a resolution passed by a majority of at least 75% of such members as being entitled to vote in person, or by proxy at a general meeting specifying the intention to propose the resolution as a special resolution has been duly given.

Subsidiary. A company shall be deemed to be a subsidiary of another company, if: (a) that other company — (i) controls the composition of the board of directors of the first-mentioned company; or (ii) controls more than half of the voting power of the first-mentioned company; or (iii) holds more than half of the issued share capital of the first-mentioned company (excluding any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital); or (b) the first-mentioned corporation is a subsidiary of any company which is that other company's subsidiary.

Substantial shareholder. A person has a substantial shareholding in a company if he is entitled to exercise, or control the exercise of, ten percent or more of the voting power at any general meeting of the company.

Transmission is the term used to describe the transfer of legal title to the executor, administrator or beneficiary of a deceased estate.

Unlimited company means a company formed on the principle of having no limit placed on the liability of its members.

Unregistered company includes any partnership, whether limited or not, any association and any company. The only exceptions are companies registered under the *Companies Ordinance*; a partnership, association or company which has less than eight members and is not a foreign company; and a partnership registered in Hong Kong under the *Limited Partnerships Ordinance (Cap 37)*.

Where appropriate, references in this publication to the male gender also include the female gender.

Chapter 15

Continuous Obligation for Listed Companies

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¶15-010 Disclosure of Interests

The objective is to enable investors to identify the persons who control, or are in a position to control, interests in shares in listed companies, and those who may benefit from transactions involving associated corporations of the listed companies.

- A. The following persons need to give notice to the HKEx and the listed companies:
 - a. Substantial shareholders, i.e. individuals and corporations having 5% or more interests, must disclose their interests and short positions in the voting shares of the listed companies;
 - b. Directors and chief executives must disclose their interests, and short positions in any shares in a listed company.

With the introduction of the Disclosure of Interests Online System (DION), filing of the Disclosure of Interests Form (DI Forms) is to be made to the HKEx, which would then provide the notices it received to the listed company concerned. Registration with the DION is required before the DI Forms can be submitted.

The DI forms can be downloaded from:

1. <https://sdinotice.hkex.com.hk/Home/Login>; OR

2. <https://www.sfc.hk/en/Forms/Disclosure-of-interests/Forms-and-Notes-for-Filing-DI-Notice>

All the filed DI Forms can be found at: https://www2.hkexnews.hk/shareholding-disclosures/disclosure-of-interests?sc_lang=en.

- B. The meaning of “interest” and “deemed interest”:
- a. The following could be considered as having “interest”:
 - (i) If your name is listed in the register of members maintained by a corporation.
 - (ii) If the shares are held for you by another person such as your stockbroker, a custodian, a trustee or a nominee (e.g. in the Central Clearing and Settlement System (“CCASS”) or with HKSCC Nominees Limited, the CCASS depository).
 - (iii) If you are deemed under Part XV to be interested in the shares.
 - (iv) If you enter into a contract (for example, if you hold, write or issue financial instruments including equity derivatives) that gives you a right to shares, a right of first refusal of shares, or to a payment in the event of a change in the price of shares.
 - (v) If you hold shares as security.
 - (vi) If you are entitled to exercise rights attaching to the shares or to control their exercise (e.g. voting rights), or the right to sell the shares themselves. Hence, if you are a fund manager, you would normally have an interest.
 - b. What are deemed interests under (a) (iii) above?

In calculating the total number of shares in which you are interested, you must include any interests, and derivative interests, in shares of the same listed corporation that any of the following persons and trusts have:

- (i) Your spouse and any child of yours under the age of 18. For example, if you hold 5% of the shares of a listed corporation and your husband holds 1%, each of you is deemed to be interested in 6%. If your husband then buys a further 1%, both you and your husband must file a notice, as you each are now interested in 7% of the shares of the listed corporation as a result of the purchase.
- (ii) A corporation which you control (a corporation is a “controlled corporation” if you control, directly or indirectly, one-third or more of the voting power at general meetings of the corporation, or if the corporation or its directors are accustomed to act in accordance with your

directions), including interests of a corporate fund manager that you control in the shares held by the various funds that it manages, and interests of a corporate trustee or custodian that you control in the shares that it holds on trust or in custody (subject to certain exemptions which are covered in paragraph 2.12 of the Outline of Part XV of the *Securities and Futures Ordinance (Cap 671)* published by the SFC).

- (iii) A trust, if you are a trustee of the trust (other than a trust where you are a bare trustee, i.e. where you have no powers or duties except to transfer the shares according to the directions of the beneficial owner).
- (iv) A discretionary trust, if you are the “founder” of the trust (e.g. you had the trust set up or put assets into it – the disclosure requirement also applies to a trust company acting as trustee), and can influence how the trustee exercises his or her discretion.
- (v) A trust of which you are a beneficiary (discretionary interests may be ignored).
- (vi) All persons who have agreed to act in concert to acquire interests in shares in the listed corporation, if you are a party to the agreement.

See Outline of Part XV of the Securities and Futures Ordinance:

<https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/outline-of-part-xv-of-the-securities-and-futures-ordinance-cap571-disclosure-of-interests/outlineofpartxvofthesecuritiesandfuturesordinancecap571disclosureofinterests.pdf>

C. Time of acquiring / ceasing to have an interest

The settlement system of Hong Kong for buying and selling shares is T+2. A buyer acquires an interest upon entering into the contract. A seller ceases to have an interest on the settlement date, i.e. when the shares are transferred to the buyer. There is a timing difference in filing the DI Forms for buyer and seller.

D. Filing of the DI Forms

a. Relevant events for filing:

- (i) When you first become interested in 5% or more of the shares of a listed corporation (i.e. when you first acquire a notifiable interest).
- (ii) When your interest drops below 5% (i.e. you cease to have a notifiable interest).
- (iii) When there is an increase or decrease in the percentage figure of your holding that results in your interest crossing

over a whole percentage number which is above 5% (e.g. your interest increases from 6.8% to 7.1% - crossing over 7% or it decreases from 8.1 to 7.8% crossing over 8%).

- (iv) When you have a notifiable interest and the nature of your interest in the shares changes.
 - (v) When you have a notifiable interest and you come to have, or cease to have, a short position of more than 1% (e.g. you are already interested in 6.8% of the shares of a listed corporation and write, issue or become the holder of an equity derivative under which you have a short position of 1.9%).
 - (vi) When you have a notifiable interest and there is an increase or decrease in the percentage figure of your short position that results in your short position crossing over a whole percentage number which is above 1% (e.g. you are already interested in 6.8% of the shares of a listed corporation and increase your short position from 1.9% to 2.1% or decrease it from 6.2% to 5.8%).
 - (vii) If you have an interest in 5% or more of the shares of a corporation being listed, shares of a class being listed, or shares of a class being given full voting rights.
 - (viii) If the 5% threshold is reduced (and you have a notifiable interest immediately after the reduction), or the 1 % threshold for short positions is reduced (and you have a notifiable interests and a short position that is notifiable immediately after the reduction).
- b. It should be noted that there is no netting off of the long and short positions.
 - c. The Forms have to be filed within 10 business days for a company getting listed and 3 business days after listing.

¶15-011 Responsibility and risk of being a director

The Board of Directors must comply with:

- the laws governing the incorporation and operations of its company; and
- listing rules.

Directors are generally classified as:

- executive director;
- non-executive director; and
- independent non-executive director (INED) and a Lead INED, if appointed.

A Lead INED can be appointed when the Chairman of the Board is not an INED. Co-Lead INEDs could also be considered. The role of the Lead INED is to facilitate and encourage active participation of INEDs in board meetings, arrange meetings of INEDs, and to provide feedback to the Board. This person should also act as a channel to enhance shareholder communication with the INEDs, as well as with the Board as a whole. The communication should focus on governance, board effectiveness and capital management. The Board should set selection criteria for the Lead INED, define the responsibilities, as well as determine the remuneration.

The HKEx has also taken steps to enhance the quality of the board of directors. The nomination committee is tasked to review the performance and contribution of each director. The effectiveness of the board as a whole should also be evaluated at least every two years, either internally or using an external service provider. There should be a nomination policy to ensure that sufficient diversity in skill sets and industry expertise are available. Individuals with new ideas and perspectives should be recruited. A succession planning policy should also be in place.

Risk management and internal control are major areas of focus for listed companies. As the audit committee must have at least one member with financial expertise, it is imperative that the committee should examine the financial statements in detail to ensure its integrity, and to assess the financial strength of the company. Internal control procedures must be in place to protect the company from fraud or other forms of mismanagement. If there is no internal audit department, the company must consider carefully how this function could be performed properly. Risk management is not restricted to financial risk. It relates to all aspects of a company's operation and external environment. Directors have to spend time to understand the operations, interact with its staff to know their points of view and concerns to identify the risks.

Being a director of a listed company bears fiduciary duties and owes the company and all its shareholders a duty of care. Therefore, before accepting the appointment, whether as an executive, non-executive, or even an INED role, the person must carefully consider whether:

- sufficient time could be spent to discharge the duties;
- his or her industry knowledge and expertise are suitable for the role / company;
- his or her appointment could contribute to the skill set matrix; and
- he or she could work with the other board directors to contribute to the growth of the company.

Directors are not expected to just attend board meetings and to sit through the meeting without any involvement, e.g. not even asking a question. Enforcements of the Securities and Futures Commission as well as the HKEx illustrate that even INEDs will also be taken to court for their non-contribution. Therefore, a person should think twice before accepting a board appointment.



SECURITIES AND
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SFC seeks court orders to disqualify former directors of Century Energy International Holdings Limited

19 Sep 2025

The Securities and Futures Commission (SFC) is seeking disqualification orders from the Court of First Instance against four former directors of Century Energy International Holdings Limited, formerly known as China Oil Gangran Energy Group Holdings Limited (China Oil Gangran Energy), in legal proceedings under section 214 of the Securities and Futures Ordinance (SFO) (Note 1).

The four individuals named in the SFC's proceedings are: Mr Gregory Ho Chun Kit, former executive director; Mr Zheng Jian Peng, former executive director, chief financial officer and company secretary; Ms Eugenia Yang, and Mr Vincent Lau Sung Tat, both former independent non-executive directors (Note 2).

The SFC's action follows an investigation into China Oil Gangran Energy's loss of control over four major operating subsidiaries in the Mainland (Note 3). As a consequence, they were deconsolidated from China Oil Gangran Energy with effect from 1 January 2019, resulting in a loss of \$184 million for the company for the year ended 31 March 2019.

The SFC alleges that the former directors failed to properly supervise these four major operating subsidiaries in the Mainland; nor did they act in the company's best interests. As a result, their prolonged lack of oversight led to the deconsolidation of these operating subsidiaries and significant financial losses.

Additionally, Ho, Yang, and Lau were responsible for China Oil Gangran Energy's publication of a circular in 2014 containing inaccurate or misleading information about one of the operating subsidiaries in the Mainland.

End

Notes:

1. China Oil Gangran Energy was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 18 May 2011. The company and its subsidiaries were principally engaged in the trading of refined oil and methyl tert-butyl ether, as well as the manufacture and sale of power and data cords at the material time.
2. Under section 214 of the SFO, the court may, amongst other things, make orders to disqualify a person from being a director or being involved, directly or indirectly, in the management of any corporation for a period of up to 15 years, if the person is found to be wholly or partly responsible for the company's affairs having been conducted in a manner, amongst other conduct, involving defalcation, fraud, misfeasance or other misconduct towards the company or its members.
3. The four subsidiaries constituted the largest segment of the company, accounting for over 80% of the company's total revenue for the year ended 31 March 2018 and more than 40% of the company's total assets as of 31 March 2018.

Page last updated 19 Sep 2025

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EXCHANGE'S DISCIPLINARY ACTION AGAINST A DIRECTOR OF LET GROUP HOLDINGS LIMITED (DELISTED, PREVIOUS STOCK CODE: 1383) AND SUMMIT ASCENT HOLDINGS LIMITED (DELISTED, PREVIOUS STOCK CODE: 102)

Regulatory

15 Sep 2025

香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)
THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

The Stock Exchange of Hong Kong Limited

IMPOSES A DIRECTOR UNSUITABILITY STATEMENT¹ and CENSURE against Mr Lo Kai Bong, executive director and Chairman² of LET Group Holdings Limited (delisted, previous stock code: 1383) (**LET**) and Summit Ascent Holdings Limited (delisted, previous stock code: 102) (**SA**) (together, **Companies**).

AND FURTHER DIRECTS:³

- the listing of LET's shares be cancelled under Rule 2A.10A(2)(b) if Mr Lo continues to occupy a position as director or within senior management of LET or any of its subsidiaries⁴ upon the expiry of 14 days from the date of publication of the statement of disciplinary action; and
- the listing of SA's shares be cancelled under Rule 2A.10A(2)(b) if Mr Lo continues to occupy a position as director or within senior management of SA or any of its subsidiaries upon the expiry of 14 days from the date of publication of the statement of disciplinary action.

In May 2022, Mr Lo became the controlling shareholder of LET, which in turn held approximately 69.7% of the issued shares of SA.

Mr Lo was found to have blatantly or recklessly disregarded his responsibilities under the Listing Rules regarding a proposed disposal of a hotel and gaming business in Russia by an indirect subsidiary of the Companies (**ORL**), of which he was a director at the material time.

In December 2023, Mr Lo procured ORL to proceed with the proposed disposal which constituted a very substantial disposal under Chapter 14 of the Listing Rules despite:

- Numerous reminders and warnings given by the Exchange, the Securities and Futures Commission and the Companies' legal advisers about the serious consequences of proceeding with the proposed disposal, including the following:
 - The Company would breach the respective shareholders' approval requirements under the Listing Rules and the Code on Takeovers and Mergers.
 - Trading in the Companies' shares would be suspended because the proposed disposal would result in the Companies' failure to comply with the sufficiency of operation and assets requirement under Rule 13.24.
 - Trading in LET's shares would also be suspended because the proposed disposal was restricted under Rule 14.06E, as it would represent a disposal of a material part of LET's existing business within 36 months after its change in control in May 2022 and the remaining group of LET would be unable to meet the new listing requirements under Rule 8.05.
- Disapproval by all other directors of the Companies.

Mr Lo had asserted that he had acted in the best interests of ORL and its shareholders (including the Companies) in procuring ORL to proceed with the proposed disposal given the commercial reasons for the proposal disposal, including reduction in the Companies' risk exposure in Russia and the disposal being priced at a 30% premium. The Exchange did not consider that these reasons could justify his actions which would cause the serious consequences described above.

Key messages:

The Listing Rules are designed to maintain an orderly, informed and fair market for the trading of securities and investors.

Every director is required to comply to the best of his/her ability with the Listing Rules, and use his/her best judgment to ensure compliance with them.

The Exchange has zero tolerance for any director who knowingly or recklessly disregards Listing Rule and director's duties. This constitutes serious misconduct and can result in the most severe sanction against such a director.

For the avoidance of doubt, commercial reasons do not override the obligations of issuers and their directors under the Listing Rules.

In case of doubt, issuers are encouraged to consult the Exchange.

The [Statement of Disciplinary Action](#) is available on the HKEX website.

Notes:

1. The Director Unsuitability Statement is a statement that, in the Exchange's opinion, Mr Lo is unsuitable to occupy a position as director or within senior management of each of the Companies or any of their subsidiaries.
2. Mr Lo remained as ED and Chairman of the Companies up to the date of delisting of each of the Companies.
3. After the Listing Committee's decision to impose the above sanctions and directions, the Companies' shares were cancelled on 1 September 2025 under Rule 6.04A(1) as the Company had failed to fully satisfy the Exchange's resumption guidance and resume trading of their shares by their resumption deadlines of 10 July 2025. The follow-on actions would have remained effective had the Companies' shares not been cancelled.
4. Including SA and its subsidiaries.

Corporate Governance Guide for Boards and Directors

https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Corporate-Governance-Practices/Updated_CG_Guide_2025.pdf

¶15-020 Unusual Price Movement

If there is an unusual price or trading movement of a company's securities, the HKEx may require the company to issue an announcement along the lines as specified in Note 1 of Rules 13.10 (3) to avoid the development of a false market. If there are circumstances which cause the unusual movement, the announcement should detail those circumstances.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

(Incorporated in the Cayman Islands with limited liability)
(Stock code: XXXX)

UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENTS

This announcement is made by World Super Holdings Limited (the “**Company**”) at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Rule 17.11 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company has noted the unusual share price and trading volume movement of the shares (the “**Share(s)**”) of the Company today. Having made such enquiry with respect to the Company as may be reasonable in the circumstances, the Board confirms that, save as disclosed below, it is not aware of any reasons for such unusual price and trading volume movements or of any information which must be announced to avoid a false market in the Company’s securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

The Company was informed by Mr. Fok Hei Yuen Paul (“**Mr. Fok**”), an executive Director, that 32,190,000 Shares held by Scene Light International Limited (“**Scene Light**”), representing approximately 5.56% of the total issued share capital of the Company as at the date of this announcement, were sold on the market on 22 May 2020. Scene Light is a company wholly-owned by Mr. Fok and is a substantial shareholder of the Company. Immediately after completion of the above share disposals and as at the date of this announcement, the percentage interest of Scene Light in the Company has been reduced to approximately 7.14% of the total issued share capital of the Company. Scene Light remains as the substantial shareholder of the Company.

This announcement is made by the order of the Company. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board

Chairman and executive Director

Hong Kong, 22 May 2020

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least of 7 days from the date of its publication and on the Company's website at www.worldsuperhk.com.

¶15-030 Trading Halt

It can be requested by the company for those situations with Rules 13.10A and / or 15.37, or at the direction of the HKEx for unexplained unusual movement in price or trading volume of a company's securities, or when there is uneven dissemination or leakage of inside information.

Resumption of trading should be done as soon as possible following the publication of an appropriate announcement or the fulfilment of specific requirements.

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(Incorporated in Bermuda with limited liability)
(Stock Code: XXXX)

TRADING HALT

At the request of the Analogue Holdings Limited (the "Company"), trading in the Company's shares on The Stock Exchange of Hong Kong Limited has been halted with effect from 9:00 a.m. on 5 December 2019 pending the release of an announcement in relation to inside information of the Company.

By Order of the Board

Chairman

Hong Kong, 5 December 2019

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(Incorporated in Bermuda with limited liability)

(Stock Code: XXXX)

INSIDE INFORMATION ANNOUNCEMENT AND RESUMPTION OF TRADING

This announcement is made by Analogue Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the "**Board**") hereby announces that on 4 December 2019, officers of the Competition Commission visited the place of business of ATAL Building Services Engineering Limited ("**ATAL Building Services**"), a wholly-owned subsidiary of the Company, with two search warrants for the purpose of investigating certain conducts as the Competition Commission has reasonable cause to suspect that ATAL Building Services and other named competitors have contravened the First Conduct Rule in section 6(1) of the Competition Ordinance (Chapter 619 of the Laws of Hong Kong) in respect of (i) a tender for a design and build contract for air-cooled chillers replacement (the "**Contract**") and (ii) contracts in Hong Kong from November 2015.

In August 2018, ATAL Building Services was invited to submit its tender to the tenderee, a property developer with commercial, residential, industrial, retail and hotel development projects in Hong Kong who was a third party independent of the Company and its connected persons (as defined under the Listing Rules) (the "**Tenderee**"), in respect of the Contract. ATAL Building Services submitted its tender for the Contract in the sum of HK\$13,196,200 to the Tenderee in September 2018 and was subsequently notified by the Tenderee that their tender for the Contract was unsuccessful. For reference, the Group's consolidated revenue for the financial year ended 31 December 2018 was approximately HK\$5,966,046,000.

ATAL Building Services is in the course of seeking legal advice on the matter and will co-operate with any inquiry that the Competition Commission may have under the Competition Ordinance. As the investigations conducted by the Competition Commission are still ongoing, the Board does not have sufficient information to assess the potential impacts of the investigations on the Group's operations and financial conditions. The Group has in place internal guidelines on legal compliance by employees as well as on tender submission procedures, and does not condone or tolerate any illegal or unlawful acts. The Company will make further announcement(s) on this matter as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") was halted with effect from 9:00 a.m. on 5 December 2019 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 6 December 2019.

By Order of the Board

Chairman

Hong Kong, 5 December 2019

¶15-040 Matters to be Disclosed

Matters to be disclosed include the followings:

- a. an advance to an entity that exceeds 8% under the assets ratio defined under Rule 15.07(1);
- b. financial assistance and guarantees to affiliated companies, in aggregate, exceeds 8% under the assets ratio;
- c. a controlling shareholder has pledged all or part of its interest in the shares of the company to secure debts, guarantees, or other support of the company's obligations;
- d. the company enters into a loan agreement which includes a condition imposing specific performance obligations on any controlling shareholder;
- e. a breach of a loan agreement by the company; and
- f. the appointment of a receiver or manager in respect of the business, any part of the business of the company, or the property of the company.

¶15-050 Sufficient Operations

If a company is not considered having sufficient operation, trading of its securities may be suspended. Quarterly announcements of its developments have to be made after suspension.

See HKEx Guidance Letter GL106-19 for information.

HKEX GUIDANCE LETTER HKEX-GL106-19 (last update 2024)

Subject	Guidance on sufficiency of operations
Listing Rules	Main Board Rule 13.24 GEM Rule 17.26

Important note: *This letter does not override the Listing Rules and is not a substitute for advice from qualified professional advisers. If there is any conflict or inconsistency between this letter and the Listing Rules, the Listing Rules prevail. You may consult the Listing Department on a confidential basis for an interpretation of the Listing Rules or this letter.*

I. BACKGROUND AND PURPOSE

1. On 1 October 2019, amendments to Rule 13.24 came into effect. The amended Rule 13.24 imposes a continuing listing obligation on a listed issuer to maintain a business with a sufficient level of operations and assets of sufficient value to support its operations to warrant its continued listing.
2. In recent years the prevalence of backdoor listings has resulted in a substantial increase in the value of a listing status, leading to extensive activities related to investors acquiring controls

of listed issuers for their listing platforms (rather than the underlying business) for eventual backdoor listings, and listed issuers undertaking corporate actions (such as disposals of businesses) to facilitate the sale of their listing platforms. There were also cases where the listed issuers, after disposing of or otherwise winding down their principal businesses, established or acquired new businesses that have very low barriers of entry and/or can be easily established and discontinued without significant costs. These actions may leave listed issuers with minimal operations or businesses without substance. This, in turn, leads to speculative trading activities and opportunities for market manipulation, and undermines investors' confidence in our market. Where an issuer undertakes shell creation or maintenance activities, the Exchange would apply Rule 13.24(1). Where the Exchange considers that an issuer is not operating a business of substance, it may also question the issuer's suitability for continued listing under Rule 6.01(4) (see Guidance Letter on Listed Issuer's Suitability for Continued Listing (GL96-18)).

3. This letter provides guidance on the purpose behind and the general approach relating to the Exchange's application of Rule 13.24 after its amendments becoming effective. All Rule references in this letter are to the Main Board Listing Rules. As GEM Rule 17.26 is the same as Main Board Rule 13.24, the guidance set out in this letter also applies to GEM issuers.

II. RULE 13.24

4. Rule 13.24 states:

“(1) An issuer must carry out, directly or indirectly, a business with a sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of the issuer's securities.

Note: Rule 13.24(1) is a qualitative test. The Exchange may consider an issuer to have failed to comply with the rule in situations where, for example, the Exchange considers that the issuer does not have a business that has substance and/or that is viable and sustainable.

The Exchange will make an assessment based on specific facts and circumstances of individual issuers. For example, when assessing whether a money lending business of a particular issuer is a business of substance, the Exchange may consider, among other factors, the business model, operating scale and history, source of funding, size and diversity of customer base and loan portfolio and internal control systems of the money lending business of that particular issuer, taking

into account the norms and standards of the relevant industry.

Where the Exchange raises concerns with an issuer about its compliance with the rule, the onus is on the issuer to provide information to address the Exchange's concerns and demonstrate to the satisfaction of the Exchange its compliance with the rule.

- (2) Proprietary trading and/or investment in securities by an issuer and its subsidiaries (other than an issuer which is an investment company listed under Chapter 21) are normally excluded when considering whether the issuer can meet rule 13.24(1).

Note: This rule would not normally apply to proprietary securities trading and/or investment activities carried out in the ordinary and usual course of business by a member of an issuer's group that is:

- (a) *a banking company (as defined in rule 14A.88);*
- (b) *an insurance company (as defined in rule 14.04); or*
- (c) *a securities house (as defined in rule 14.04) that is mainly engaged in regulated activities under the SFO. It should be noted that proprietary securities trading and/or investment is not a regulated activity under the SFO and accordingly, this exemption is not available where proprietary securities trading and/or investment constitutes a significant part of the business of the securities house."*

5. The objective of the amendments to Rule 13.24 is to address the issue of "shell companies" in a more effective manner. In particular:
- (a) Under Rule 13.24(1), an issuer must carry out a business with a sufficient level of operations to warrant its continued listing. An issuer that holds significant assets but does not carry out a sufficient level of operations is not compliant with the amended Rule.
 - (b) Under Rule 13.24(2), an issuer's proprietary trading and/or investment in securities is normally excluded when examining its sufficiency of operations and assets under Rule 13.24(1)¹.

¹ Before the amendments to Rule 13.24, there were cases where proprietary securities trading was employed to maintain listed shells and was not demonstrated to be a business of substance. Also see paragraphs 11 to 15 of this guidance letter.

The exception applies to proprietary securities trading and/or investment activities carried out in the ordinary and usual course of business by a member of an issuer's group that is a banking company, an insurance company or a securities house, provided that, in the case of a securities house, that member is mainly engaged in regulated activities under the SFO. It should be noted that proprietary securities trading and/or investment is not a regulated activity under the SFO and accordingly, this exemption is not available where proprietary securities trading and/or investment constitutes a significant part of the business of the securities house.

6. Where an issuer fails to meet Rule 13.24(1), the Exchange would suspend trading in the issuer's securities under Rule 6.01(3). The issuer would generally be given a period to remedy the issue, failing which the Exchange may cancel the listing of the issuer's securities².

III. GENERAL APPLICATION OF RULE 13.24(1)

(A) Listed issuers with minimal operations

7. The Exchange notes a number of cases where the listed issuers completely or substantially ceased their operations or otherwise maintained only minimal operations. This might have resulted from (a) the issuers having gradually scaled down or discontinued their principal business (or a material part thereof), or (b) continual deterioration of the issuers' business due to, for example, decline in the demand for the relevant products or services or deterioration in the business condition of the specific industry. In these circumstances, they failed to maintain a viable and sustainable business to comply with Rule 13.24(1)³.
8. Among other situations, a listed issuer with the following characteristics would normally be considered not to have a viable and sustainable business that meets Rule 13.24(1):
 - (a) The issuer maintains a very low level of operating activities and revenue, raising an issue that the size and prospect of the issuer do not appear to justify the costs or purpose associated with a public listing. This may happen, for example, where the issuer's business does not generate sufficient revenue to cover corporate expense, resulting in net losses and negative operating cashflow.

² See Rules 6.01A and 6.10 and Guidance Letter on Long Suspension and Delisting (GL95-18).

³ See the note to Rule 13.24(1)

- (b) This current scale of operation does not represent a temporary downturn, as the issuer's business has been operating at a very small scale and incurring losses for years.

However, an issuer experiencing a temporary reduction or suspension of operations due to market conditions or business strategies would not be considered to have failed Rule 13.24(1) only because of the temporary circumstances. For example, a mining issuer with its mines being suspended on a temporary basis would not be considered to fail Rule 13.24(1).

- (c) The issuer fails to demonstrate that it has sufficient assets to support an operation that generates sufficient revenue and profits to warrant a continued listing.

An assessment of sufficiency of assets is with reference to and commensurate with the particular nature, mode and scale of the issuer's operations. It is acknowledged that there are asset-light businesses which, compared to asset-heavy businesses, require assets of lesser value to support their viability and sustainability. Assets that are not used to support an issuer's operations are disregarded.

9. As examples, two issuers were considered not to comply with Rule 13.24(1):

- (a) In Listing Decision LD115-2017, the issuer's businesses included coal exploration which never generated any revenue due to regulatory prohibitions and coal trading which generated about HK\$11 million only from a few customers with a segment loss for each of the last three years. The issuer had also fully impaired the values of its mining right licences. The size of such operations did not justify a continued listing.

- (b) In Listing Decision LD118-2018, the revenue of the issuer's retail sales of second-hand motors dropped by 95% to less than HK\$5 million over the past five years, resulting in net losses and negative operating cashflows. The continued deterioration of such business resulted in the issuer maintaining only minimal operations that did not justify a continued listing.

Other examples of non-compliance include Listing Decisions LD105-2017 and LD116-2017.

10. Based on our experience, other circumstances that may lead to issuers having minimal operations and failing to comply with Rule 13.24(1) include:

- (a) financial difficulties which seriously impair an issuer's ability to continue its business or which lead to the suspension of some or all of its operations;
- (b) the issuer becoming insolvent, as may be evidenced by an uncontested petition for winding up, an order of winding up or the appointment of a liquidator (provisional or not); or
- (c) the issuer losing its major operating subsidiaries.

(B) Business of no substance

- 11. Where an issuer's business or a material part of its business is not demonstrated to have substance, the Exchange would also consider that the issuer does not have a viable and sustainable business to comply with Rule 13.24(1)⁴.
- 12. The Exchange notes that there were cases where the issuers, given their specific business models and the specific facts and circumstances, were not operating a business of substance. These issuers carried on their activities for the purpose of maintaining their listing status rather than genuinely developing their underlying businesses. Certain types of businesses, such as money lending and indent trading⁵, are commonly employed for such purpose.
- 13. In its assessment, the Exchange would examine the specific facts and circumstances of the issuer's business including the business model, operating scale and history, source of funding, size and diversity of customer base and internal control systems of the business of that particular issuer, taking into account the norms and standards of the relevant industry.
- 14. For example, subject to the specific facts and circumstances, a business of money lending or indent trading with the following business models would raise a concern that the business is operated to maintain the issuer's listing status rather than being operated commercially, hence a concern that the business does not have substance:
 - (a) Money lending business – the business is carried out without a clear business objective or strategy, a reliable source of funding, or an appropriate infrastructure of credit evaluation, risk management, collections and other

⁴ See the note to Rule 13.24(1).

⁵ There were also cases where proprietary securities trading was employed to purportedly maintain a listing status. Under the new Rule 13.24(2), subject to a few specific exceptions stated therein, such business is excluded when examining an issuer's compliance with Rule 13.24(1). See paragraph 5 of this Guidance Letter.

functions that are typical of a publicly-listed money lending business. The business maintains a minimal scale of operation, with only a few employees, a high concentration of customers and a small loan portfolio which comprised mainly short term and unsecured loans.

- (b) Indent trading business – the business involves only the issuer sourcing products from suppliers and selling them to a few customers on a back-to-back basis. The issuer provides limited value added services, and does not have demonstrable competitive advantages in procuring new sales orders or expanding customer base. The business is operated by a few employees and generates minimal revenue or gross profits.
15. Based on our experience, other circumstances that may lead to a concern about the substance of a business include:
- (a) reliance on a limited number of transactions or customers, and/or a single source of business (for example, referrals by a connected person or a particular employee);
 - (b) the business in question being of a type which has a very low barrier of entry, can be easily established and discontinued without significant costs and/or is asset-light; and
 - (c) the basis for generating substantial fees/revenue from the relevant transactions being unclear or questionable.

IV. APPLICATION OF RULE 13.24(1) TO SHELL ACTIVITIES

16. As elaborated below, to facilitate sales of “listed shells”, some listed issuers conducted corporate actions such as disposals of businesses, leaving behind minimal operations. There were also cases where the listed issuers, after disposing of or otherwise winding down their principal businesses, established or acquired new businesses unrelated to their original businesses for purported compliance with Rule 13.24(1). Where an issuer undertakes shell creation or maintenance activities, the Exchange would apply Rule 13.24(1).

(A) Corporate Action

17. Based on our experience, some listed issuers structured their corporate actions to substantially scale down its operations through, for example, (i) disposing of the core business which generated the majority of revenue or profit, or (ii) artificially carving out a substantial part of the core business (see examples in subparagraphs (a) and (b) below). This caused a significant reduction in their assets, revenues and profits, leaving behind minimal operations which were loss making or generated

minimal profits. An issuer conducting a corporate action involving a disposal of or having the effect of discontinuing its principal business (or a material part thereof) must satisfy the Exchange that after the corporate action, it would maintain a business which is viable and sustainable and has substance to comply with Rule 13.24(1). Otherwise, the Exchange will suspend trading in the issuers' securities upon completion of their corporate actions (see Rule 6.01(3)).

- (a) In Listing Decision LD97-2016, the issuer proposed to dispose of its construction business accounting for a large majority of total revenue and assets since initial listing, leaving its property and trading businesses with a track record of less than one year and minimal revenue which did not cover corporate expenses. The proposed corporate action would result in the issuer becoming a listed shell without a business which was viable and sustainable to justify a continued listing.
- (b) In Listing Decision LD99-2016, the issuer manufactured communication products under different brands and proposed to sell the major brands, which constituted the bulk of its assets and operations and had been profitable, back to the controlling shareholder. While the issuer asserted its intention to continue the business, the proposed sale would result in the remaining business only consisting of minor brands that were historically loss making and would not generate sufficient revenue and profits to justify a listing. This proposed corporate action would also leave the issuer with a minimal operation that was not viable and sustainable to meet Rule 13.24.

Other examples include Listing Decisions LD35-2012, LD88-2015, LD98-2016 and LD112-2017.

(B) Newly established or acquired business

18. We have also noted cases where an issuer, after disposing of or otherwise substantially scaling down its business, established or acquired a new business to purportedly comply with Rule 13.24(1). Such business may be unrelated to its original business, may not be viable or sustainable and/or may not have substance, having regard to the specific facts and circumstances including, for example, such business being of a limited scale and operated only by a few employees, lacking management expertise (for example, the board of directors having no relevant experience), and/or falling within the situations described in paragraphs 12 to 15 above.

19. In such cases, the Exchange would consider that the issuers do not comply with Rule 13.24. For example,
- (a) In Listing Decision LD105-2017, the issuer ceased its principal business and commenced a number of new trading businesses which were asset-light, had low entry barriers and relied on a few customers and suppliers to maintain a very low level of operations. Such businesses were not demonstrated to be viable and sustainable. The issuer was in effect a listed shell.
 - (b) In Listing Decision LD118-2018, the issuer sought to rely on its new business of wholesaling newly branded motor vehicles in the PRC to meet Rule 13.24(1). Without a track record of performance, a reliable customer base, a credible projection of revenue and profit or other supportive information, the new business was not demonstrated to be viable and sustainable.
 - (c) In Listing Decision LD112-2017, the issuer's newly acquired advisory business had a significant increase in revenue in recent months. However, the issuer failed to demonstrate the viability and sustainability of the business, having regard to the heavy reliance on connected person(s) or particular employee to generate business and questionable basis for the substantial fees/revenue generated from the relevant transactions.

Other examples include Listing Decisions LD115-2017 and LD116-2017.

V. General obligations of listed issuers and the Exchange's assessment process

20. It is a listed issuer's continuing listing obligation under Rule 13.24 to maintain a business with a sufficient level of operations and assets of sufficient value to support its operations to warrant its continued listing. To demonstrate compliance, an issuer must ensure that it makes adequate disclosure of its business affairs, operation status and financial performance. In particular, an issuer is specifically required to publish financial results and reports in compliance with under Rules 13.46 to 13.49 and disclose inside information required to be disclosed under the Inside Information Provisions⁶. These disclosures provide transparency to the market and enable the Exchange to monitor its compliance with Rule 13.24.

⁶ Part XIVA of the Securities and Futures Ordinance

21. As part of its regulatory supervision on listed issuers, the Exchange monitors issuers' activities and compliance with the Listing Rules primarily on the basis of their disclosures. Based on an issuer's periodic financial results and other disclosures, the Exchange makes a preliminary assessment of the issuer's compliance with Rule 13.24 on an ongoing basis.
22. If the Exchange is concerned with a particular issuer's compliance with Rule 13.24 upon such preliminary assessment, the Exchange may write a letter to the issuer setting out the observations giving rise to the concern and requesting the issuer to provide a written submission within a specified time period (normally three weeks) showing cause with reasons as to why, despite the matters set out in the letter, it still complies with Rule 13.24 and hence the Exchange should not commence the procedure to cancel its listing. The Exchange will make a ruling on the basis of the information available to it upon the expiry of the specified time period.
23. In response to the Exchange's request, the issuer must provide information to address the Exchange's observations and concerns set out in the letter. Without prejudice to the generality of such request, the issuer is also specifically expected to provide the following information (if not in the issuer's public documents) to demonstrate that it has a business which is viable and sustainable and has substance:
 - (a) the business objective, strategy and plan;
 - (b) the business model including how the business operates and generates revenue and profits, and the source of funding;
 - (c) the operating scale, management expertise and scale of staff or manpower;
 - (d) the size and diversity of customer base and source of supply;
 - (e) the role of and relationship with key business stakeholders;
 - (f) the infrastructure and other functions in support of the operation (e.g. internal systems or controls), together with a comparison with industry norms and standards if appropriate; and
 - (g) the board's views on the business prospect supported by a credible profitable forecast, if any, which is prepared on the basis of substantiated evidence.
24. Rule 13.24 is a qualitative test and is assessed based on the specific facts and circumstances of individual cases. Therefore, a numerical comparison with other listed issuers (for example, in

terms of revenue, profit or assets) would not be an appropriate approach for an issuer to address the Exchange's concerns.

Judgment on China Trend (China) Limited upholds the principles on sufficient operations.

CACV 652/2020

¶15-060 Profits Alert

Any material change in profits or losses will have impacts on the share price. Therefore, as soon as a company is aware of any profits alert, whether positive or negative, an announcement has to be made as soon as reasonably.

¶15-070 Next Day Disclosure Return

When there is a change in the issued capital, a Next Day Disclosure Return has to be published not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-ordering session on the next following business day.

The event includes any of the following:

- (i) placing;
- (ii) consideration issue;
- (iii) open offer;
- (iv) rights issue;
- (v) bonus issue;
- (vi) scrip dividend;
- (vii) repurchase of shares or other securities;
- (viii) exercise of an option under the issuer's share option scheme by any of its directors;
- (ix) exercise of an option other than under the issuer's share option scheme by any of its directors;
- (x) capital reorganisation; or
- (xi) change in issued shares as stated in Rule 13.25A(2)(b)(xi) and Rule 13.25A(3) and (4).

Some of these events mentioned above require shareholders' approval.

See Meeting of Listed Companies under Board meeting for listed companies and AGM for Main Board listed companies.

See ¶10-380 Stock Exchange Requirements for more information.

¶15-080 Monthly Return

This return has to be published on the 5th business day next following the end of each calendar month by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session. It has to report any movements in equity securities, debt securities and any securitized instruments during the period to which the monthly return relates.

The return has to be submitted notwithstanding the fact that there is no movement during the month.

¶15-090 Trading Limits

Rule 13.64 states that where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

Consolidation is the most common event. A general meeting has to be convened and held to approve the consolidation.

The following matters have to be considered:

- a. any authorized share capital that has to be consolidated;
- b. how many existing shares have to be consolidated into one new share;
- c. the board lot size and how odd lots should be dealt with;
- d. how to deal with fractional shares;
- e. the procedures for the exchange of existing share certificates to new certificates;
- f. the application for the listing of the consolidated shares.

A timetable should be agreed with the printer and share registrars:

- If there is any change in the share registrar (including overseas branch share registrar), registered office or place of business in Hong Kong, or the agent for service of process in Hong Kong, an announcement has to be made on a timely basis.
- The stock code must appear on the cover page or, where there is no cover page, on the first page of all announcements, circulars and other documents published by a company.

¶15-100 Suspension of Trading

The HKEx may direct a listed company to suspend trading of its shares if the company does not have sufficient operation, failing to publish financial statements, or lacks internal controls etc.

Continuous suspension may lead to cancellation and withdrawal of listing (i.e. delisting). Each month, the HKEx publishes the Monthly Prolonged Suspension Status Report, listing out all companies whose shares have been suspended from trading for three months or more.

A listed company whose trading is suspended is still required to comply with all the continuing obligations and to publish a quarterly update on the resumption plan to listing.

The two announcements, dated 24 and 31 March 2021 respectively, made by Brilliance China Automotive Holdings Limited (stock code: 1114) illustrated that the three-month rule for the publication of financial statements is strict. Any delay will result in a suspension of trading.

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(Incorporated in Bermuda with limited liability)

(Stock Code: XXXX)

INSIDE INFORMATION

(1) DELAY IN PUBLICATION OF THE 2020 ANNUAL RESULTS; (2) POSTPONEMENT OF BOARD MEETING; AND (3) SUSPENSION OF TRADING

This announcement is made by Brilliance China Automotive Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rules 13.09(2)(a) and 13.49(3)(i) of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

DELAY IN PUBLICATION OF THE ANNOUNCEMENT IN RELATION TO THE 2020 ANNUAL RESULTS

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish an announcement in relation to the annual results of the Group for the financial year ended 31st December, 2020 (the "**2020 Annual Results**") not later than three months after the end of the financial year of the Company, i.e. on or before 31st March, 2021. Under Rule 13.49(2) of the Listing Rules, the preliminary announcement in relation to the 2020 Annual Results shall be based on the Group's financial statements for the year ended 31st December, 2020 which shall have been agreed with the auditors.

* For identification purposes only

The board of directors (the "**Board**") of the Company wishes to announce that the publication of the announcement in relation to the 2020 Annual Results will be delayed as additional time is required to finalise the 2020 Annual Results, among others, the clarification of information relating to certain unauthorized guarantees and resulting legal proceedings involving a subsidiary of the Company. The Board acknowledges that any delay in publishing the announcement in relation to the 2020 Annual Results will constitute non-compliance with Rule 13.49(1) of the Listing Rules. Discussions with the auditors of the Company are ongoing and the Board and the management of the Company are doing their utmost to assist and cooperate with the auditors of the Company so that the 2020 Annual Results can be available as soon as practicable.

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results in accordance with Rules 13.49(1) and 13.49(2) of the Listing Rules, it must announce its results based on the financial results that have yet to be agreed with the auditors (so far as the information is available). The Board, after due and careful consideration, is of the view that it would not be appropriate for the Company to publish the unaudited management accounts of the Group for the 2020 Annual Results at this stage as it may not accurately reflect the financial performance and position of the Group.

Further announcement(s) will be made by the Company to inform its shareholders on the expected date of publication of the 2020 Annual Results as and when appropriate.

POSTPONEMENT OF THE BOARD MEETING

References are made to the announcements of the Company dated 16th March, 2021 and 24th March, 2021 in respect of the notification of the meeting of the Board (the "**Board Meeting**") and change of date of the Board Meeting, for the purposes of, among other things, considering and approving the 2020 Annual Results, respectively.

As additional time is required to finalise the 2020 Annual Results for reason mentioned above, the Board Meeting originally scheduled will be postponed to another date to be fixed by the Board. The Company will continue to work with the auditors to complete the audit work as soon as practicable and will publish further announcement(s) to inform the shareholders of the Company of the date of the Board Meeting as and when appropriate.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 31st March, 2021, pending clarification of information relating to certain unauthorized guarantees and resulting legal proceedings involving a subsidiary of the Company.

Pursuant to Rule 13.50 of the Listing Rules, the Stock Exchange will normally require suspension of trading in an issuer's securities if an issuer fails to publish periodic financial information in accordance with the Listing Rules, and the suspension will normally remain in force until the issuer publishes an announcement containing the requisite financial information.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board

Chairman

Hong Kong, 31st March, 2021

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(Stock Code: XXXX)

CHANGE OF DATE OF BOARD MEETING

Reference is made to the announcement of Brilliance China Automotive Holdings Limited (the "**Company**") dated 16th March, 2021, in respect of the notification of the meeting of the board (the "**Board**") of directors (the "**Directors**") of the Company (the "**Board Meeting**") originally scheduled to be held on Friday, 26th March, 2021 for the purposes of, among other things, considering and approving the consolidated financial results of the Company and its subsidiaries for the year ended 31st December, 2020 (the "**Annual Results**").

As additional time is required to finalise the Annual Results, the Board hereby announces that the date of the Board Meeting has been rescheduled to Wednesday, 31st March, 2021 with the same agenda as set out in the abovementioned announcement.

By order of the Board

Chairman

Hong Kong, 24th March, 2021

* For identification purposes only

See Chapter 7, under "Board Meeting for Listed Companies" for more details.

It should be noted that audited financial statements should be presented to the shareholders for adoption at an annual general meeting within 6 months from the financial year end date. Therefore, a suspension of trading due to a delay in the publication of the audited financial statements means that the company and auditors have to work harder within a tight deadline to finalize the financial statements.

¶15-110 Environmental, Social and Governance Report (ESG Report)

Reporting requirement

1. The Report should be prepared in accordance with the Environmental, Social and Governance Reporting Code (Appendix C2). This Code covers the environment and social aspects only. The governance aspect is covered in the Corporate Governance Code (Appendix C1).
2. It has to be published at the same time when the annual report is published covering the same period.
3. In the Business Review section, there must be a discussion on the company's environmental policies and performance, compliance of the relevant laws and regulations, as well as the company's relationships with its employees and all other stakeholders.
4. The Board of Directors should issue a statement on the management approach and strategy in measuring and evaluating all ESG issues, the progress against target, and the impact of these issues on the company's performance. Sufficient resources have to be allocated for the preparation of the report. Risks and opportunities arising from dealing with the environmental issues, including the climate change impact, should be assessed in depth.
5. Each company's report is unique because each business is different. A quick glimpse of the ESG Report of the Hong Kong and China Gas Company Limited (stock code: 3) and the ESG Report of Oi Wah Pawn Shop Credit Holdings Limited (stock code: 1319) will illustrate this.
6. Disclosure is mandatory. For non-compliance of any matters, an explanation is required.
7. Reporting should be based on:
 - materiality;
 - quantitative disclosure, i.e. data should be measurable and comparable across different periods;
 - consistency, i.e. data can be compared over different periods of time; and
 - having a balanced view of the company's performance.

How to prepare the Report

1. Understand the business of the company thoroughly.
2. Identify the areas which should be covered in the Report, which should include, but not limited to:
 - carbon emission;
 - labour forces;
 - climate-related disclosures.
3. The Board of Directors is responsible for the compilation of, and compliance with, the ESG reporting requirements. However, at the very outset, it should be decided whether the Report should be handled by an internal department or outsourced to another company with the relevant expertise.
4. As rules and regulations, as well as operations, change constantly, the Board should review and change the parameters of the ESG report on a regular basis.
5. If outsourcing is the choice, the service scope and deliverables should be defined clearly.
6. Targets should be set, and progress should be checked from time to time.
7. The whole supply chain should be considered to determine if there might be areas which should be looked into carefully.
8. For employee policies and compliance, it should be considered if human resources expertise should be engaged to review the whole process.

Useful links:

https://www.fstb.gov.hk/fsb/en/publication/report/docs/FSTB_Roadmap2024_eBooklet_EN.pdf

https://login.hkcgi.org.hk/file2.php?content=publication&id=2505&filename=GN_ESG+and+Climate+Change%2epdf

https://www.hkex.com.hk/Listing/Sustainability/ESG-Academy/Publications-and-Training/E-Learning/IFRS-Training?sc_lang=en