
L.N. 35 of 2013

Companies (Disclosure of Information about Benefits of Directors) Regulation

Contents

Section	Page
Part 1	
Preliminary	
1. Commencement	B507
2. Interpretation	B507
Part 2	
Disclosure of Directors' Emoluments and Retirement Benefits, Payments in Respect of Termination of Directors' Services and Consideration for Directors' Services	
Division 1—Interpretation	
3. Interpretation of Part 2	B509
Division 2—Information to be Contained in Notes to Financial Statements	
4. Information about directors' emoluments	B515
5. Information about directors' retirement benefits	B517
6. Information about payments made or benefit provided in respect of termination of directors' services	B519
7. Information about consideration provided to or receivable by third parties for making available directors' services	B521

Section	Page
---------	------

Division 3—Supplementary Provisions

8.	Only information contained in company’s records required to be given	B523
9.	Amounts paid or receivable in which period to be shown	B525
10.	Payments made by or to which person to be shown	B525
11.	Payments accounted for not to be included until liability released or not enforced	B527
12.	How to distinguish between different payments	B527

Part 3

Disclosure of Loans, Quasi-loans and Other Dealings in Favour of Directors

Division 1—Interpretation

13.	Interpretation of Part 3	B529
14.	Application of Part 3	B531

Division 2—Information to be Contained in Notes to Financial Statements

15.	Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities	B533
-----	--	------

Division 3—Other Requirements Prescribed for Purposes of this Part

16.	Provisions for statement in lieu of information prescribed by section 15	B537
17.	Provisions applicable to company that is or where its subsidiary undertaking is authorized financial institution	B539

Section	Page
---------	------

Division 4—Supplementary Provisions

18.	Exemption for employee	B545
19.	How to determine value of transaction	B547

Part 4

Disclosure of Directors’ Material Interests in Transactions, Arrangements or Contracts

Division 1—Interpretation

20.	Interpretation of Part 4	B549
21.	Application of Part 4	B549

Division 2—Information to be Contained in Notes to Financial Statements

22.	Information about material interests of directors in transactions, arrangements or contracts	B549
-----	--	------

Division 3—Supplementary Provisions

23.	Exemption under Part 4	B553
-----	------------------------------	------

Companies (Disclosure of Information about Benefits of Directors) Regulation

(Made by the Financial Secretary under sections 451 and 452(2) of the Companies Ordinance (28 of 2012))

Part 1

Preliminary

1. Commencement

This Regulation comes into operation on the day on which sections 451 and 452(2) of the Companies Ordinance (28 of 2012) come into operation.

2. Interpretation

In this Regulation—

- (a) a reference to a director, in relation to an undertaking that is not a company, is a reference to the person holding an office in that undertaking corresponding to that of a director of a company;
 - (b) a reference to a connected entity, in relation to a director, is a reference to an entity connected with the director within the meaning of section 486 of the Ordinance; and
 - (c) a reference to an undertaking has the meaning given by section 1 of Schedule 1 to the Ordinance.
-

Part 2

Disclosure of Directors' Emoluments and Retirement Benefits, Payments in Respect of Termination of Directors' Services and Consideration for Directors' Services

Division 1—Interpretation

3. Interpretation of Part 2

(1) In this Part—

contributions (供款), in relation to a retirement benefits scheme—

- (a) means the payments (including insurance premiums) made under the scheme by or in respect of persons rendering services in respect of which retirement benefits are payable under the scheme; but
- (b) excludes any payments made in respect of 2 or more such persons if the amount of the payments made in respect of each of those persons cannot be ascertained;

qualifying services (合資格服務), in relation to a person, means—

- (a) the person's services as a director of the company concerned; or
- (b) while a director of the company—
 - (i) the person's services as a director of a subsidiary undertaking of the company; or
 - (ii) the person's other services in connection with the management of the affairs of the company or a subsidiary undertaking of the company;

retirement benefits (退休利益), in relation to a person—

- (a) includes—
 - (i) any lump sum, allowance, gratuity, periodical payment or other like benefit, any other property, or any other benefit whether in cash or otherwise—
 - (A) given or to be given on or after the retirement or death of the person (including any annuity or other benefit paid or payable under any insurance policy on or after the retirement or death of the person);
 - (B) given or to be given in anticipation of the retirement of the person; or
 - (C) given or to be given in connection with the person's service before the retirement or death of the person; and
 - (ii) any benefit paid or to be paid under the Mandatory Provident Fund Schemes Ordinance (Cap. 485); but
- (b) excludes—
 - (i) any benefit which has been or is to be afforded solely because of the person's personal injury (including any incapacity or death caused by such injury) by accident arising out of and in the course of employment; and
 - (ii) any retirement gift of a value (or, in the case of a retirement gift made otherwise than in cash, an estimated money value) not exceeding \$50,000;

retirement benefits scheme (退休利益計劃) means a scheme for the provision of retirement benefits, and includes—

- (a) a recognized occupational retirement scheme as defined by section 2 of the Inland Revenue Ordinance (Cap. 112);

- (b) a mandatory provident fund scheme as defined by that section; and
 - (c) a retirement insurance scheme;
retirement insurance scheme (退休保險計劃)—
 - (a) means a scheme for the provision of insurance coverage—
 - (i) on or after the retirement or death of a person; or
 - (ii) in connection with a person’s service before the retirement or death of the person; but
 - (b) excludes a scheme for the provision of insurance coverage for a person’s personal injury (including any incapacity or death caused by such injury) by accident arising out of and in the course of employment.
- (2) In this Part, a reference to a director—
- (a) for the purposes of section 5, includes a former director; and
 - (b) for the purposes of section 6, includes a former director and shadow director.
- (3) For the purposes of subsection (2)(b), a reference to a shadow director is to be construed subject to section 516(5) of the Ordinance.
- (4) In this Part, a reference to a subsidiary undertaking of a company—
- (a) in relation to a person who, while a director of the company, is or was also a director of any other undertaking by virtue of the company’s nomination (whether direct or indirect), includes that other undertaking, whether or not that other undertaking is or was in fact a subsidiary undertaking of the company;

- (b) for the purposes of section 7, is a reference to a subsidiary undertaking of the company at the time the qualifying services of the person concerned are or were rendered; and
- (c) in paragraph (b) of the definition of *qualifying services* in subsection (1)—
 - (i) for the purposes of sections 4, 5 and 7, is a reference to a subsidiary undertaking of the company at the time the qualifying services of the person concerned are or were rendered; and
 - (ii) for the purposes of section 6, is a reference to a subsidiary undertaking of the company immediately before the loss of office as a director of the company.

Division 2—Information to be Contained in Notes to Financial Statements

4. Information about directors' emoluments

- (1) The information about directors' emoluments prescribed by subsection (2) must be contained in the notes to the financial statements of a company for a financial year.
- (2) The information referred to in subsection (1) is—
 - (a) the aggregate amount of the emoluments paid to or receivable by the directors of the company in respect of their qualifying services; and
 - (b) if any such emoluments consist of a benefit otherwise than in cash, the nature of that benefit.
- (3) The information must distinguish between—
 - (a) the emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking; and

- (b) the emoluments paid or receivable in respect of that person's other services in connection with the management of the affairs of the company or its subsidiary undertaking.
- (4) Any emoluments paid or receivable in respect of a person accepting office as a director are to be treated as emoluments paid or receivable in respect of that person's services as a director.
- (5) For the purposes of this section, if any emoluments consist of a benefit otherwise than in cash, to that extent, a reference to the amount of the emoluments is a reference to the estimated money value of that benefit.
- (6) In this section—
emoluments (薪酬), in relation to a director—
 - (a) includes—
 - (i) the director's fees, percentages, salaries and bonuses;
 - (ii) any sums paid to the director by way of expenses allowance less the amounts actually spent on the expenses for which the allowance was made;
 - (iii) any contributions paid under a retirement benefits scheme, by any person other than the director, in respect of the director; and
 - (iv) any other benefits received by the director, whether in cash or otherwise; but
 - (b) excludes any retirement benefits to which the director is entitled under any retirement benefits scheme.

5. Information about directors' retirement benefits

- (1) The information about directors' retirement benefits prescribed by subsection (2) must be contained in the notes to the financial statements of a company for a financial year.

- (2) The information referred to in subsection (1) is—
 - (a) the aggregate amount of the retirement benefits paid to or receivable by the directors of the company in respect of their qualifying services; and
 - (b) if any such retirement benefits consist of a benefit otherwise than in cash, the nature of that benefit.
- (3) The information must distinguish between—
 - (a) the retirement benefits paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking; and
 - (b) the retirement benefits paid or receivable in respect of that person's other services in connection with the management of the affairs of the company or its subsidiary undertaking.
- (4) For the purposes of subsections (2) and (3), any amount of the retirement benefits paid or receivable under a retirement benefits scheme is to be disregarded if the contributions made under the scheme are substantially adequate for the maintenance of the scheme.
- (5) For the purposes of this section, if any retirement benefits consist of a benefit otherwise than in cash, to that extent, a reference to the amount of the retirement benefits is a reference to the estimated money value of that benefit.

6. Information about payments made or benefit provided in respect of termination of directors' services

- (1) The information about payments made or benefit provided in respect of the termination of the services of directors, whether in the capacity of directors or in any other capacity while directors, prescribed by subsection (2) must be contained in the notes to the financial statements of a company for a financial year.
- (2) The information referred to in subsection (1) is—

- (a) the aggregate amount of the payments for loss of office (within the meaning of section 517 of the Ordinance) made to or receivable by the directors of the company, whether in cash or otherwise, in respect of the termination of the qualifying services of the directors; and
 - (b) if any such payments for loss of office consist of a benefit otherwise than in cash, the nature of that benefit.
- (3) The information must distinguish between—
- (a) the payments made to or receivable by a person for the loss of office as a director, whether of the company or its subsidiary undertaking; and
 - (b) the payments made to or receivable by that person for the loss of any other office in connection with the management of the affairs of the company or its subsidiary undertaking.
- (4) The information must also distinguish between—
- (a) the amounts paid by or receivable from the company;
 - (b) the amounts paid by or receivable from the subsidiary undertakings of the company; and
 - (c) the amounts paid by or receivable from any other person.
- (5) For the purposes of this section, if any payments for loss of office consist of a benefit otherwise than in cash, to that extent, a reference to the amount of the payments is a reference to the estimated money value of that benefit.

7. Information about consideration provided to or receivable by third parties for making available directors' services

- (1) The information about consideration provided to or receivable by any third party for making available the services of a person as a director of a company, or in any

other capacity while a director, prescribed by subsection (2) must be contained in the notes to the financial statements of a company for a financial year.

- (2) The information referred to in subsection (1) is—
 - (a) the aggregate amount of the consideration provided to or receivable by the third party, whether in cash or otherwise, for making available the qualifying services of such a person; and
 - (b) if any such consideration consists of a benefit otherwise than in cash, the nature of that benefit.
- (3) In this section, a reference to any third party is a reference to any person other than—
 - (a) the director;
 - (b) a connected entity of the director;
 - (c) the company; or
 - (d) a subsidiary undertaking of the company.
- (4) For the purposes of this section, if any consideration consists of a benefit otherwise than in cash, to that extent, a reference to the amount of the consideration is a reference to the estimated money value of that benefit.

Division 3—Supplementary Provisions

8. Only information contained in company's records required to be given

This Part requires information to be given by a company only in so far as—

- (a) the information is contained in the company's records (as defined by section 838(1) of the Ordinance); or
- (b) the company has the right to obtain it from the persons concerned.

9. Amounts paid or receivable in which period to be shown

- (1) For the purposes of this Part, an amount shown in the notes to the financial statements for a financial year must be the amount of—
 - (a) all relevant sums receivable in respect of that year (whenever paid); or
 - (b) in the case of sums not receivable in respect of a period, the sums paid during that year.
- (2) If an amount is shown for a financial year in the notes to the financial statements for that year in relation to the information prescribed by this Part, the corresponding amount for the immediately preceding financial year must also be shown in the notes.

10. Payments made by or to which person to be shown

- (1) For the purposes of this Part, an amount shown in the notes to the financial statements of a company in relation to the information prescribed by this Part must include all relevant sums, whether paid by or receivable from the company or its subsidiary undertaking or any other person.
- (2) In this Part, a reference to a payment to or receivable by a director includes—
 - (a) a payment to or receivable by a connected entity of the director; and
 - (b) a payment to a person made or to be made at the direction of, or for the benefit of, the director or a connected entity of the director.
- (3) In this Part, a reference to a payment by a person includes a payment by another person made at the direction of, or on behalf of, the person.

11. Payments accounted for not to be included until liability released or not enforced

- (1) For the purposes of this Part, an amount shown in the notes to the financial statements of a company must not include the amount of any payment to be accounted for—
- (a) to the company or any subsidiary undertaking of the company; or
 - (b) under section 529 of the Ordinance, to those who have sold their shares as a result of a takeover offer (within the meaning of section 689 of the Ordinance) made.

(2) If—

- (a) the amount of any payment received in a financial year is not shown in the notes to the financial statements for that year on the ground that the person receiving the payment is liable to account for it; and
- (b) the liability is, wholly or partly, released subsequently or is not enforced within 2 years after the date on which the payment is received by the person,

the amount of the payment must (to the extent that the liability is so released or not enforced) be shown in the notes to the first financial statements in which it is practicable to show it, and must be distinguished from the amounts to be shown apart from this provision.

12. How to distinguish between different payments

Subject to any express provision to the contrary, if any distinction is required to be made in any information to be shown in accordance with this Part, the directors may, for the purpose of complying with the requirement, apportion any payment between the matters in respect of which the payment is made or receivable in the manner that the directors think fit.

Part 3

Disclosure of Loans, Quasi-loans and Other Dealings in Favour of Directors

Division 1—Interpretation

13. Interpretation of Part 3

(1) In this Part—

authorized financial institution (認可財務機構) means an authorized institution within the meaning of section 2 of the Banking Ordinance (Cap. 155);

credit transaction (信貸交易) has the meaning given by section 494 of the Ordinance;

guarantee (擔保) means a guarantee as defined by section 491(1) of the Ordinance;

holding company (控權公司) includes a parent undertaking that is a company;

quasi-loan (類似貸款) has the meaning given by section 493 of the Ordinance;

specified company (指明公司) means a specified company as defined by section 491(1) of the Ordinance;

transaction (交易) means—

- (a) any loan, quasi-loan or credit transaction; or
 - (b) any guarantee or security in connection with any loan, quasi-loan or credit transaction.
- (2) In this Part, a reference to a director includes a shadow director.
- (3) For the purposes of subsection (2), a reference to a shadow director is to be construed subject to section 491(2) of the Ordinance.

- (4) In this Part, a reference to a subsidiary undertaking of a company is a reference to such a subsidiary undertaking at the end of the company's financial year, whether or not it was in fact a subsidiary undertaking of the company on the date of the transaction in question.
- (5) In this Part, a reference to a controlled body corporate, in relation to a director, is a reference to a body corporate controlled by the director within the meaning of section 492 of the Ordinance.
- (6) In this Part, a reference to a loan, quasi-loan or credit transaction, or a guarantee or security in connection with a loan, quasi-loan or credit transaction, includes—
 - (a) any arrangement under which the loan or quasi-loan is made or the credit transaction is entered into, or under which the guarantee is given or security is provided; and
 - (b) any arrangement for an assignment or assumption of any rights, obligations or liabilities under the loan, quasi-loan or credit transaction or under the guarantee or security.
- (7) In this Part, a reference to a person for whom a transaction is entered into has the meaning given by section 495 of the Ordinance and, for the purposes of this subsection, a reference to an arrangement in subsection (2) of that section is a reference to an arrangement referred to in subsection (6)(a) or (b).

14. Application of Part 3

- (1) This Part applies to a transaction that—
 - (a) was entered into during the financial year concerned; or
 - (b) subsisted at any time during that year.
- (2) This Part applies whether or not the transaction is prohibited under Division 2 of Part 11 of the Ordinance.

Division 2—Information to be Contained in Notes to Financial Statements

- 15. Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate and connected entities**
- (1) The information about loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and their connected entities prescribed by subsection (2) must be contained in the notes to the financial statements of a company for a financial year.
 - (2) The information referred to in subsection (1) is—
 - (a) the particulars of any transaction entered into by the company for a person who at any time during the financial year was—
 - (i) a director of the company or of its holding company;
 - (ii) a controlled body corporate of such a director; or
 - (iii) in the case of a specified company, a connected entity of such a director; and
 - (b) the particulars of any transaction entered into by a subsidiary undertaking of the company for a person who at any time during the financial year was a director of the company.
 - (3) The particulars referred to in subsection (2)(a) and (b) are—
 - (a) the name of the person for whom the transaction was entered into, and—
 - (i) if the person was a controlled body corporate of a director of the company or of its holding company, the name of that director; or

-
- (ii) if the person was a connected entity of a director of the company or of its holding company, the name of that director and the nature of the connection;
 - (b) if the transaction consists of a loan, quasi-loan or credit transaction—
 - (i) the principal terms of the loan, quasi-loan or credit transaction, including the amount payable under it (whether in a lump sum or by instalments, or by way of periodical payments or otherwise), the rate of interest (if any) and the security for it (if any);
 - (ii) the amount outstanding, in respect of the principal and interest or otherwise, on the loan, quasi-loan or credit transaction, both at the beginning and at the end of the financial year;
 - (iii) (if, at different times during the financial year, the amounts so outstanding are different) the greatest of those amounts;
 - (iv) the amount (if any) that, having fallen due, has not been paid; and
 - (v) the amount of any provision made in respect of any failure or anticipated failure to repay the whole or part of the loan, quasi-loan or credit transaction, or to pay the whole or part of any interest or otherwise on the loan, quasi-loan or credit transaction; and
 - (c) if the transaction consists of a guarantee or security in connection with a loan, quasi-loan or credit transaction—
 - (i) the amount of maximum liability that may be incurred under the guarantee or security, both at the beginning and at the end of the financial year;

- (ii) (if, at different times during the financial year, the amounts of maximum liability that may be so incurred are different) the greatest of those amounts; and
- (iii) the amount paid and the amount of any liability incurred during the financial year for the purpose of fulfilling the guarantee or discharging the security, including any loss incurred by reason of the enforcement of the guarantee or security.

Division 3—Other Requirements Prescribed for Purposes of this Part

16. Provisions for statement in lieu of information prescribed by section 15

- (1) If the requirement prescribed by subsection (2) is complied with, the financial statements for a financial year are not required, by virtue of section 383(3) of the Ordinance, to contain—
 - (a) the particulars specified in section 15(3)(b) in respect of a quasi-loan or credit transaction; and
 - (b) the particulars specified in section 15(3)(c) in respect of a guarantee or security in connection with a quasi-loan or credit transaction.
- (2) The requirement referred to in subsection (1) is that the notes to the financial statements for the financial year must contain a statement showing, in respect of each person named in the notes under section 15(3)(a), the following information—
 - (a) in relation to all the quasi-loans made to and credit transactions entered into for each such person—
 - (i) the aggregate of the amounts outstanding referred to in section 15(3)(b)(ii) on those quasi-loans and credit transactions;

- (ii) the aggregate of the amounts referred to in section 15(3)(b)(iv) in respect of those quasi-loans and credit transactions; and
 - (iii) the aggregate of the amounts of provision referred to in section 15(3)(b)(v) in respect of those quasi-loans and credit transactions; and
- (b) in relation to all the guarantees and security in connection with every quasi-loan made to or every credit transaction entered into for each such person—
- (i) the aggregate of the amounts of maximum liability referred to in section 15(3)(c)(i) that may be incurred under those guarantees and security; and
 - (ii) the aggregate of the amounts referred to in section 15(3)(c)(iii) in respect of those guarantees and security.

17. Provisions applicable to company that is or where its subsidiary undertaking is authorized financial institution

- (1) If a company is an authorized financial institution, the notes to the financial statements of the company for a financial year must contain a statement showing the following information—
- (a) the aggregate of the following amounts at the end of the financial year—
 - (i) the amount outstanding, in respect of the principal and interest or otherwise, on all loans and quasi-loans made by the company to, and all credit transactions entered into by the company as a creditor for, persons each of whom was, at any time during the financial year—

-
- (A) a director of the company or of its holding company;
 - (B) a controlled body corporate of such a director; or
 - (C) in the case of a specified company, a connected entity of such a director; and
- (ii) the amount of maximum liability that may be incurred under all guarantees given, and all security provided, by the company in connection with any loan or quasi-loan made to, or any credit transaction entered into for, any of the persons referred to in subparagraph (i); and
- (b) (if, at different times during the financial year, the aggregates of the amounts referred to in paragraph (a)(i) and (ii) are different) the greatest of those aggregates.
- (2) If any subsidiary undertaking of a company is an authorized financial institution, the notes to the financial statements of the company for a financial year must contain a statement showing the following information—
 - (a) the aggregate of the following amounts at the end of the financial year—
 - (i) the amount outstanding, in respect of the principal and interest or otherwise, on all loans and quasi-loans made by the institution to, and all credit transactions entered into by the institution as a creditor for, persons each of whom was, at any time during the financial year, a director of the company; and

- (ii) the amount of maximum liability that may be incurred under all guarantees given, and all security provided, by the institution in connection with any loan or quasi-loan made to, or any credit transaction entered into for, any of the persons referred to in subparagraph (i); and
 - (b) (if, at different times during the financial year, the aggregates of the amounts referred to in paragraph (a)(i) and (ii) are different) the greatest of those aggregates.
- (3) In the case of a transaction entered into for any person by a company that is, or a company's subsidiary undertaking that is, an authorized financial institution, the information prescribed by section 15 is not required, by virtue of section 383(3) of the Ordinance, to be contained in the financial statements of the company for a financial year if—
 - (a) the value of the transaction is not greater, and the terms of it are not more favourable, than what is reasonable to expect the institution to have offered to a person of the same financial standing but unconnected with the institution; or
 - (b) in any other case, the aggregate of the following amounts does not exceed \$10,000,000 or an amount equivalent to 10% of the paid up capital and reserves of the institution, whichever is the lower—
 - (i) the amount outstanding, in respect of the principal and interest or otherwise, during the financial year on all loans and quasi-loans (except those falling within paragraph (a)) made by the institution to, and all credit transactions (except those falling within that paragraph) entered into by the institution as a creditor for, that person or (if, at different times during the financial year, the amounts so outstanding are different) the greatest of those amounts; and

- (ii) the amount of maximum liability that may be incurred during the financial year under all guarantees (except those falling within paragraph (a)) given, and all security (except those falling within that paragraph) provided, by the institution in connection with any loan or quasi-loan made to, or any credit transaction entered into for, that person or (if, at different times during the financial year, the amounts of maximum liability that may be so incurred are different) the greatest of those amounts.

Division 4—Supplementary Provisions

18. Exemption for employee

This Part does not apply to a loan or quasi-loan made by a company or its subsidiary undertaking to an employee of the company or the subsidiary undertaking, or a credit transaction entered into by a company or its subsidiary undertaking as a creditor for such an employee, if—

- (a) the value of the loan, quasi-loan or credit transaction does not exceed \$100,000;
- (b) the loan or quasi-loan is certified by the directors of the company or the subsidiary undertaking to have been made, or the credit transaction is so certified to have been entered into, in accordance with the relevant practice adopted or about to be adopted by the company or the subsidiary undertaking;
- (c) the loan or quasi-loan is not made, or the credit transaction is not entered into, by the company under a guarantee given, or security provided, by a subsidiary undertaking of the company; and

- (d) the loan or quasi-loan is not made, or the credit transaction is not entered into, by the subsidiary undertaking under a guarantee given, or security provided, by the company or any other subsidiary undertaking of the company.

19. How to determine value of transaction

For the purposes of this Part, section 497 of the Ordinance applies in determining the value of a transaction.

Part 4

Disclosure of Directors' Material Interests in Transactions, Arrangements or Contracts

Division 1—Interpretation

20. Interpretation of Part 4

In this Part, a reference to a director includes a shadow director.

21. Application of Part 4

This Part applies to a transaction, arrangement or contract that—

- (a) was entered into during the financial year concerned;
or
- (b) subsisted at any time during that year.

Division 2—Information to be Contained in Notes to Financial Statements

22. Information about material interests of directors in transactions, arrangements or contracts

- (1) The information about material interests of directors in transactions, arrangements or contracts entered into by a company prescribed by subsection (2) must be contained in the notes to the financial statements of the company for a financial year.
- (2) The information referred to in subsection (1) is the particulars of any transaction, arrangement or contract—
 - (a) entered into by the company; and

-
- (b) in which a person who at any time during the financial year was a director of the company had, directly or indirectly, a material interest.
- (3) The particulars referred to in subsection (2) are—
- (a) the principal terms of the transaction, arrangement or contract;
 - (b) a statement of the fact that the transaction, arrangement or contract was entered into or subsisted during the financial year;
 - (c) the names of the parties to the transaction, arrangement or contract;
 - (d) the name of the director having the material interest and the nature of that interest; and
 - (e) (if that director is treated as having the material interest by virtue of subsection (4)) the name of the director's connected entity and the nature of the connection.
- (4) For the purposes of this section, a director of a public company is treated as having a material interest in a transaction, arrangement or contract entered into by the public company if a connected entity of that director has a material interest in that transaction, arrangement or contract.
- (5) In this section, a reference to a transaction, arrangement or contract is a reference to a transaction, arrangement or contract that is significant in relation to the company's business.
- (6) For the purposes of subsection (5), a transaction, arrangement or contract is not significant in relation to the company's business if, after consideration, the directors of the company are of the opinion that it is not significant in relation to the company's business.

- (7) For the purposes of this section, an interest that a director of a company has in a transaction, arrangement or contract is not material if, after consideration, the directors of the company are of the opinion that it is not material.

Division 3—Supplementary Provisions

23. Exemption under Part 4

This Part does not apply to—

- (a) a company that falls within the reporting exemption (within the meaning of Division 2 of Part 9 of the Ordinance) for the financial year concerned;
- (b) a transaction, arrangement or contract between the company and another undertaking in which a director of the company has an interest only by virtue of being a director of that other undertaking; or
- (c) a director's contract of service.

John TSANG
Financial Secretary

19 March 2013

Explanatory Note

The main object of this Regulation is to prescribe the information required by section 383 of the Companies Ordinance (28 of 2012) to be contained in the notes to the financial statements of a company. In particular—

- (a) Part 2 prescribes information about—
 - (i) directors' emoluments;
 - (ii) directors' retirement benefits;
 - (iii) payments made or benefit provided in respect of the termination of the services of directors, whether in the capacity of directors or in any other capacity while directors; and
 - (iv) consideration provided to or receivable by third parties for making available the services of persons as directors, or in any other capacity while directors;
- (b) Part 3 prescribes information about loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and their connected entities, and, furthermore—
 - (i) prescribes requirements in relation to alternative information that may be provided by way of a statement in the notes to the financial statements; and
 - (ii) provides for disclosure requirements in relation to authorized financial institutions; and
- (c) Part 4 prescribes information about directors' material interests in transactions, arrangements or contracts.