

Frequently Asked Questions on Rule Amendments relating to Treasury Shares effective on 11 June 2024

Release Date	MB Rules	GEM Rules	FAQ No.	Query	Response
Shareholders' mandate for resale of treasury shares					
12/04/2024	13.36(1A), 13.36(5), 13.36(5A)	17.39A, 17.42B, 17.42BB	156-2024	<p>For a dual primary listed issuer having a listing on the Exchange and an overseas stock exchange:</p> <p>(a) Does the shareholders' approval requirement under MB Rule 13.36 / GEM Rules 17.39 to 17.41 apply to its resales of treasury shares on the overseas stock exchange?</p> <p>(b) Whether the benchmarked price in MB Rules 13.36(5) and 13.36(5A) / GEM Rules 17.42B and 17.42BB should be determined with reference to the closing prices of the issuer's shares traded on the Exchange or any other stock exchange?</p>	<p>(a) Yes, because the issuer's treasury shares are listed on both the Exchange and the overseas stock exchange.</p> <p>(b) The benchmarked price should be determined with reference to the closing prices of the issuer's shares traded on the Exchange (whether the resale is made on the Exchange or otherwise).</p>
12/04/2024	13.36(1A)	17.39A	157-2024	For an A+H issuer, does the shareholders' approval requirement under MB Rule 13.36 / GEM Rules 17.39 to 17.41 apply to its resales of treasury A shares listed on a PRC stock exchange?	No. Resales of treasury A shares are carved out from the shareholders' approval requirement as they are not listed on the Exchange and are not fungible.

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Moratorium period for new issues of shares or resales of treasury shares after a share repurchase					
12/04/2024	10.06(3)(a)	13.12	158-2024	MB Rule 10.06(3)(a) / GEM Rule 13.12 provides that the moratorium period will not apply to an issue of new shares or a transfer of treasury shares pursuant to the exercise of warrants, share options or similar instruments requiring the issuer to issue or transfer shares, which were outstanding prior to the share repurchase. Does this carve-out provision apply to a new issue of shares or a transfer of treasury shares upon conversion of convertible securities?	This carve-out provision also applies to an issue of new shares or a transfer of treasury shares upon conversion of convertible securities, provided that the convertible securities were issued with subscription monies fully settled prior to the share repurchase.
Intention statement regarding repurchased shares					
12/04/2024	10.06(1)(b)(xii)	13.08(12)	159-2024	What should a listed issuer disclose in its explanatory statement if it does not have a firm intention on the treatment of repurchased shares when seeking shareholders' approval for the repurchase mandate?	<p>It is acceptable for a listed issuer to disclose in its explanatory statement that it may cancel any shares it repurchased and/or hold them as treasury shares subject to, for example, market conditions and its capital management needs at the relevant time of the repurchases.</p> <p>However, when the listed issuer reports any repurchase of shares in the next day disclosure return, it must clearly identify the number of repurchased shares that are cancelled or held as treasury shares, and where applicable, disclose the reasons for any deviation from the intention statement previously disclosed in the explanatory statement.</p>

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Implementation of the amended Rules					
12/04/2024	13.51(1)	17.50(1)	160-2024	The amended Rules relating to treasury shares will become effective on 11 June 2024 (the Effective Date). Can a listed issuer seek shareholders' approval for the amendments to its constitutional documents before the Effective Date to allow the issuer to hold and use treasury shares to the extent permitted under all applicable laws, rules and regulations?	Yes.
12/04/2024	13.36(2)(b)	17.41(2)	161-2024	Under the amended Rules, a listed issuer may use a general mandate approved by its shareholders to issue new shares or resell treasury shares. (a) Does the general mandate need to specifically authorise the resale of treasury shares in order for the listed issuer to use such general mandate for its resale of treasury shares? (b) If so, can a listed issuer seek such a general mandate from its shareholders before the Effective Date?	(a) Yes. (b) Yes, provided that the listed issuer shall specify that it may use such general mandate for its resale of treasury shares only after the Rule amendments has come into effect.
12/04/2024	17.03(18)	23.03(18)	162-2024	Does a listed issuer need to amend the rules of its existing share scheme in order for it to satisfy share grants using treasury shares, and if so, will such amendments to the scheme rules be regarded as material amendments requiring shareholders' approval under MB Rule 17.03(18) / GEM Rule 23.03(18)?	Under the amended Rules, the scheme rules should be amended to allow the use of treasury shares to satisfy share grants. However, the Exchange would normally not regard such amendments as a material alteration to the scheme rules under MB Rule 17.03(18) / GEM Rule 23.03(18).

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23/04/2024	10.06	13.08, 13.09	163-2024	<p>A listed issuer has obtained a repurchase mandate from its shareholders before the Effective Date in accordance with the existing MB Rule 10.06 / GEM Rules 13.08 and 13.09.</p> <p>(a) Can the issuer hold any shares repurchased under such mandate on or after the Effective Date as treasury shares under the amended Rules?</p> <p>(b) If the issuer has repurchased shares before the Effective Date which are yet to be withdrawn from CCASS for cancellation, can the issuer continue to hold such repurchased shares in CCASS after the Effective Date and treat them as treasury shares under the amended Rules?</p>	<p>(a) Yes, provided that it is permitted by the laws of the issuer's place of incorporation and its constitutional documents, and the resolution granting the repurchase mandate does not restrict the issuer from holding repurchased shares in treasury.</p> <p>(b) No. The listing of all shares repurchased by the issuer before the Effective Date is automatically cancelled upon repurchase. The issuer must promptly withdraw any such repurchased shares from CCASS to complete the cancellation process with its share registrar.</p>
23/04/2024	10.06(2)(e), 10.06A(3), 17.05	13.11(4), 13.14A(3), 23.05	164-2024	<p>Under the amended Rules, the restricted period for on-Exchange share repurchases and grants of options or awards under share schemes will be adjusted from one month to 30 days immediately before the date of board meeting for the approval of the issuer's financial results. The amended Rules also impose a 30-day restricted period on resales of treasury shares on the Exchange.</p> <p>Should a listed issuer follow one-month or 30-day restricted period if its board meeting is scheduled on or after the Effective Date while the restricted period commences before the Effective Date?</p>	<p>The 30-day restricted period under the amended Rules will apply if the board meeting is scheduled on or after the Effective Date based on the issuer's first notification to the Exchange.</p>