

## HKEX\* GUIDANCE LETTER

HKEX\*-GL71-14 (January 2014) (Updated in March 2019)

*[Updated to include relevant guidance from HKEX-RL15-06 and HKEX-RL25-09 which have been withdrawn]*

Subject	Gambling Activities <del>Undertaken by Listing of New</del> Applicants and/or Listed Issuers
Listing Rules	Main Board Rules 2.13(2), <u>8.04</u> and 11.07 GEM Rules <u>11.06</u> , 14.08(7) and 17.56(2)
Related Publication	<del>HKEX</del> HKEX News Release (11/3/2003) <u>("March 2003 HKEX News Release")</u>
Author	IPO <del>Transactions Department</del> <u>Vetting Team</u>

**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 ~~Division~~Department on a confidential basis for an interpretation of the Listing Rules, or this letter.*

### 1. Purpose

~~4.1. This is a reproduction of letter provides guidance for companies that undertake gambling activities and incorporates relevant information from the HKEX March 2003 HKEX News Release dated 11 March 2003 regarding Gambling Activities Undertaken by Listing Applicants and/or Listed Issuers. (Updated in March 2019)~~

### ~~2. The Announcement~~

~~4.2.1.1. The Stock Exchange of Hong Kong Limited (the Exchange) has received enquiries as to whether a listing applicant involved, the operation of gambling activities is suitable for listing and whether a listed issuer can invest in a company involved in the operation of gambling activities.~~

~~2. As an internal guideline, the Exchange has been mindful of ensuring that such activities undertaken by a listing applicant or listed issuer are not contrary to public policy. In view of the amendments to the Gambling Ordinance, which came into effect on 31 May 2002, the Exchange has updated its guideline. Guidance~~

### ~~2.1 (Deleted in March 2019)~~

~~2.42.2 It would not be contrary to public interest if a listingnew applicant or listed issuer is involved in the operation of a issuer's operations involve gambling activity that is not unlawful under the Gambling Ordinance. ~~Such gambling activity has the~~~~

~~following features (Cap. 148)<sup>1</sup> and under the laws of the jurisdictions in which it takes place. (Updated in March 2019)~~

- ~~• the gambling activity takes place outside Hong Kong; and~~
- ~~• the bookmaking transactions and the parties to the transactions are outside Hong Kong.~~

~~2.2 In addition, the gambling activity should not violate any applicable laws in the areas where such activity operates.~~

~~2.3 The Exchange also notes that other major exchanges permit the listing of companies involved in the gambling business, and acquisitions of or investments in gambling business by listed issuers.~~

~~2.3 (Deleted in March 2019)~~

~~2.4 (Deleted in March 2019)~~

~~2.5 Additional relevant disclosure, however, would be required in the prospectus, announcement or circular concerned if a listing applicant or listed issuer is involved in the operation of a gambling activity that is not unlawful under the Gambling Ordinance. The Exchange would determine, based on the specific circumstances of the case, the extent of disclosure required with a view to ensuring transparency of the operation of the specific gambling activityactivities and the associated risks. Such disclosure would include:~~

- ~~• the type(s) of gambling activities involved;~~
- ~~• the applicable regulatory or licensing requirements and the government policies that regulate the gambling activities, and relevant anti-money laundering laws (the “Applicable Laws”);~~
- ~~• how the Applicable Laws are administered and enforced;~~
- ~~• the controls implemented by the new applicant to comply with the Applicable Laws;~~
- ~~• confirmations from independent professional parties regarding the new applicant or listed issuer’s compliance with all Applicable Laws, and adequacy and effectiveness of its internal control measures implemented with respect to the operations of gambling activities and anti-money laundering; and~~
- ~~• specific risks in relation to operation of such activities. its gambling operations (including the risk of suspension and cancellation of listing should such gambling operations become illegal). (Updated in March 2019)~~

~~2.42.6 For listed issuers acquiring or investing in thea gambling business, such additional relevant disclosure would be required on top ofin addition to the disclosure required by Chapterrequirements under Chapters 14 and/ or Paragraph 2 of the~~

<sup>1</sup> ~~Such gambling activity has the following features: (i) it takes place outside Hong Kong; and (ii) the bookmaking transactions and the parties to the transactions are outside Hong Kong.~~

~~Listing Agreement 14A or Rule 13.09~~ (in respect of the Main Board Listing Rules) or Chapters 19 and/ or 20 or Rule 17.10 (in respect of the GEM Listing Rules). The extent of additional ~~relevant~~ disclosure would depend on the materiality of the transaction to the ~~listed issuer concerned.~~ **(Updated in March 2019)**

~~2.5 The following requirements apply where the company concerned is found to engage in activities contrary to the Gambling Ordinance after it is permitted to be listed or after its shares are acquired by a listed issuer.~~

#### **A. New Applicants**

~~2.6.1~~ Where a ~~listing~~**new** applicant ~~invests~~**engages** in gambling activities, it ~~would be a condition to listing that the issuer~~ must use its best endeavours to ensure that ~~its gambling activities comply with the Applicable Laws and operate in a jurisdiction with an established licensing regime for gambling activities.~~ **(Updated in March 2019)**

~~2.6.2~~ If a new applicant's operation of gambling activities (i) fails to comply with the applicable laws in the jurisdictions where such activities take place; and/ or (ii) contravenes the Gambling Ordinance (Cap. 148), it will be considered unsuitable for listing under Main Board Rule 8.04 (GEM Rule 11.06). **(Updated in March 2019)**

~~2.6.3 (Deleted in March 2019)~~

#### **B. Listed Issuers**

~~2.5.12.6.4~~ ~~the operation of the~~Where a listed issuer invests directly or indirectly in gambling activities, throughout its listing, (i) comply with the applicable laws in the areas where such activities operate; and/or (ii) not contravene the Gambling Ordinance. ~~it must use its best endeavours to ensure that, so long as its shares are listed on the Exchange, such gambling activities must comply with the Applicable Laws.~~ **(Updated in March 2019)**

~~2.5.22.6.5~~ Should the operation of such gambling activities (i) fail to comply with the applicable laws in the ~~areas~~**jurisdictions** where such activities ~~operatetake place~~; and/ or (ii) contravene the Gambling Ordinance, ~~(Cap. 148), the listed issuer or its business~~ may be considered unsuitable for listing under ~~Rule 8.04 of the Main Board Listing Rules or Rule 8.04 (GEM Rule 11.06 of the GEM Listing Rules. 11.06).~~ Depending on the circumstances of the case, the Exchange may direct the issuer to take remedial action, ~~and/or may~~ suspend dealings in, or may cancel the listing of, its securities pursuant to ~~Rule 6.01 of the Main Board Listing Rules or Rule 6.01 (GEM Rule 9.01 of the GEM Listing Rules. 9.01).~~ **(Updated in March 2019)**

~~2.5.3 The prospectus must highlight in the Risk Factors section the risk of revocation of listing should the operation of such gambling activities fail to fulfill the above condition to listing in relation to legality.~~

#### **B.A. Listed Issuers**

~~2.5.4 Where a listed issuer invests directly or indirectly in gambling activities, it would be~~

~~required to use its best endeavours to ensure that the operation of the gambling activities must, after the investment and throughout the holding of such investment, (i) comply with the applicable laws in the areas where such activities operate; and/or (ii) not contravene the Gambling Ordinance.~~

~~2.5.5 Should the operation of such gambling activities (i) fail to comply with the applicable laws in the areas where such activities operate; and/ or (ii) contravene the Gambling Ordinance, the issuer or its business may be considered unsuitable for listing under Rule 8.04 of the Main Board Listing Rules or Rule 11.06 of the GEM Listing Rules. Depending on the circumstances of the case, the Exchange may direct the issuer to take remedial action, and/or may suspend dealings in, or may cancel the listing of, its securities pursuant to Rule 6.01 of the Main Board Listing Rules or Rule 9.01 of the GEM Listing Rules.~~

~~2.5.6~~ 2.6.6 ~~The~~Any announcement and, ~~where applicable, / or~~ circular of the listed issuer on any~~its~~ investment in relation to the operation of gambling activities must confirm that the gambling activities are lawful and highlight the risk of suspension and cancellation of listing should the operation of the gambling activities fail to ~~fulfill~~fulfil the above legality requirement.

\*\*\*