

Applicant	Background and Decision
<p>Company A (MB applicant) (2015)</p> <p>Rule reference: MB Rule 2.06; MB Chapter 8</p>	<p><i>Background</i></p> <ol style="list-style-type: none"> 1. Company A was a money lender which had not rectified all its non-compliances with local money lending laws before it applied to renew its money lender licence. It was therefore uncertain whether Company A would be able to renew its money lender licence. Further, there was insufficient information on whether and how the newly implemented internal control measures were effective to prevent future breaches. 2. Company A had also relied on its controlling shareholders for financial assistances during the track record period, namely: (i) financing its operation; (ii) referring customers with whom Company A had charged higher interest rates; and (iii) undertaking to acquire the collaterals for defaulted loans at a consideration no less than the outstanding loans and interests. As such, Company A's track record results did not reflect its true operating results given the undertaking by its controlling shareholders. Further, Company A could only secure financing at a high interest rate from a private lender, as opposed to a commercial bank. 3. There were also concerns on suitability of Company A's directors under MB Rules 3.08 and 3.09 as (i) two out of six executive directors had been involved in non-compliances with the SFO; and (ii) five out of six executive directors were also directors or senior management of other listed companies and it was questionable whether they would be able to devote sufficient time to manage Company A's business. <p><i>Decision</i></p> <ol style="list-style-type: none"> 4. The listing application was rejected due to the above concerns on non-compliances, reliance on controlling shareholders and directors' suitability.
<p>Company B (GEM applicant) (2015)</p> <p>Rule reference: GEM Rule 2.09; GEM Chapter 11</p>	<p><i>Background</i></p> <ol style="list-style-type: none"> 1. Company B was a software solution provider and its major subsidiary had been involved in a number of non-compliances including, among other things, tax evasion. 2. Company B was unable to demonstrate that its directors did not have substantial involvement in the non-compliances. Given that the Exchange considered tax evasion as a serious matter and the amount involved was material (over 35% of Company B's net assets), the Exchange had serious concerns on the suitability of the directors under GEM Rules 5.01 and 5.02 in overseeing the operation of Company B's subsidiary. 3. Further, as one of the executive directors who had been personally involved in the non-compliances was the most relevant person responsible for Company B's operation and management, his resignation from directorship would render Company B unable to satisfy the management continuity requirement under GEM Rule 11.12A(3).

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	<p><i>Decision</i></p> <p>4. The listing application was rejected due to non-compliances, failure to demonstrate directors' suitability and inability to meet the management continuity requirement.</p>
<p>Company C (GEM applicant) (2015)</p> <p>Rule reference: GEM Rule 2.09; GEM Chapter 11</p>	<p><i>Background</i></p> <p>1. Company C operated a property leasing business. It failed to comply with local building safety regulations with respect to a majority of its properties. There was uncertainty as to when the building orders against these properties would be released before listing and the potential impact on its business.</p> <p><i>Decision</i></p> <p>2. The listing application was rejected due to non-compliances.</p>

See also Companies A and C under **Annex A.1** for listing decisions on trading record and financial eligibility.