

From current to new GEM Chapter 20 –Table of destination
(The new Rules will become effective on 1 July 2014.)

| Current Rules | New Rules | Comments |
|--|------------------------|--|
| Preliminary | | |
| 20.01 | 20.01 | |
| 20.02 | 20.03, 20.34 | |
| 20.03 | 20.04 | |
| 20.04 | 20.02, 20.32 | |
| 20.05 | - | Under Rule 2.07, issuers are encouraged to seek guidance from the Exchange at all times. The Rule also gives the Exchange’s power to impose additional requirements. |
| 20.06 | 20.07(6), 20.17, 20.73 | |
| 20.07 | 20.04, 20.100 | |
| 20.08 | 20.62 | |
| 20.09 | 20.64 | |
| General matters concerning definitions and interpretation | | |
| 20.10(1) | 20.06(3), 20.86 | |
| 20.10(2) | - | Remove the definition of “consideration” which cross reference to Rule 19.15. The new Rule 20.75 specifies that the percentage ratio calculations in Chapter 19 should also apply to connected transactions. |
| 20.10(3) | 20.06(13), 20.26(1) | <i>[Adopt Consultation Proposal E(a)]</i> Exclude directors, chief executives and controlling shareholders of the issuer’s subsidiaries from the definition of “controller”. |
| 20.10(4) | 20.06(17), 20.22(4) | Drafting changes to clarify the scope of financial assistance. |
| 20.10(5) | - | Remove the definition of “independent shareholder”. |
| 20.10(6) | - | Remove the definition of “issuer”. |
| 20.10(7) | 20.06(22) | <i>[Modify]</i> Replace “listed issuer” with “listed issuer’s group”. |
| 20.10(8) | 20.06(26) | <i>[Modify]</i> Replace “normal commercial terms” with “normal commercial terms or better” to reflect the meaning of the term. |
| 20.10(9) | 20.06(28) | |
| 20.10(10) | 20.06(30) | |
| 20.10(10A) | 20.06(33) | |

| Current Rules | New Rules | Comments |
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| 20.10(10B) | 20.06(34) | |
| 20.10(10C) | 20.06(35) | |
| 20.10(11) | 20.06(36) | |
| 20.10(12) | - | Remove the definition of “total assets” which cross reference to Rule 19.04(12). The new Rule 20.75 specifies that the percentage ratio calculations in Chapter 19 should also apply to connected transactions. |
| 20.10(13)(a) to (j) | 20.22 | |
| Definition of connected person | | |
| 20.11(1) | 20.07(1) | |
| 20.11(2) | 20.07(2) | |
| 20.11(3) | 20.07(3) | |
| 20.11(4) | 20.07(4), 20.10 to 20.11, 20.13 | <i>[Adopt Consultation Proposal C(2) with modification]</i> Exempt trustees of an employees’ share scheme or occupational pension scheme established for a wide scope of participants and where the connected persons’ aggregate interests in the scheme are less than 30%. |
| 20.11(4)(a) | 20.18 | |
| 20.11(4)(b)(i)&(ii) | 20.10(2)(a) & (b) | |
| 20.11(4)(c)(i)&(ii) | 20.19, 20.20 | |
| 20.11(4) - Note 1 | 20.12 | <i>[Adopt Consultation Proposal C(3)]</i> Exclude a 30% controlled company from being treated as an associate of a person if the person’s and his associates’ interests in the company, other than those indirectly held through the group, are together less than 10%. |
| 20.11(4) - Note 2 <i>[Repealed 3 June 2010]</i> | - | |
| 20.11(4) - Note 3 | 20.10(2)(b), 20.19(1)(b) | |
| 20.11(5) | 20.14(1) | |
| 20.11(5) - Note 1 <i>[Repealed 3 June 2010]</i> | - | |
| 20.11(5) - Note 2 | 20.14(1) | |
| 20.11(6) | 20.14(2) | |
| 20.12 | 20.16(1) | |
| 20.12A(1)(a)&(b) | 20.16(2) | |
| 20.12A(2) | 20.09 | |
| Definition of connected transaction | | |
| 20.13(1)(a) | 20.23 | |

| Current Rules | New Rules | Comments |
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| <i>Acquisition or disposal of interest in a company</i> | | |
| 20.13(1)(b)(i) | 20.26 to 20.27 | [Adopt Consultation Proposals E(a) and (b)] Exclude (1) transactions relating to connected persons at the subsidiary level and (2) disposal transactions. |
| 20.13(1)(b)(i) - Notes 1&2 | 20.28 | |
| 20.13(1)(b)(i) - Notes 3&4 | - | [Adopt Consultation Proposals E(a) and (b)] Exclude (1) transactions relating to connected persons at the subsidiary level and (2) disposal transactions. |
| 20.13(1)(b)(ii) | - | [Adopt Consultation Proposal E(c)] Remove |
| <i>Subscription on favourable terms</i> | | |
| 20.13(1)(b)(iii) | - | [Adopt Consultation Proposal E(c)] Remove |
| <i>Subscription of different class of shares</i> | | |
| 20.13(1)(b)(iv) | - | [Adopt Consultation Proposal E(c)] Remove |
| <i>Financial assistance</i> | | |
| 20.13(2)(a)(i) | 20.23 | |
| 20.13(2)(a)(ii) | 20.24, 20.25 | |
| 20.13(2)(b)(i) | 20.23 | |
| 20.13(2)(b)(ii) | 20.24, 20.25 | |
| 20.13(3) | 20.23, 20.24 | |
| 20.13(4) | 20.23, 20.24 | |
| <i>Options</i> | | |
| 20.13(5) | 20.22(2), 20.23 | |
| <i>Joint ventures</i> | | |
| 20.13(6) | 20.22(5), 20.23 | |
| Definition of continuing connected transaction | | |
| 20.14 | 20.29 | |
| 20.15 | 20.48 | |
| General rules | | |
| <i>Categories</i> | | |
| 20.16 | 20.31, 20.72 | |
| 20.17 | 20.30, 20.32 to 20.57 | |
| <i>Independent shareholders' approval</i> | | |
| 20.18 | 20.34, 20.68(12) | |
| 20.19 | - | Remove cross-reference provision. |
| 20.20 [Repealed 3 June 2010] | - | |
| <i>Independent financial advice</i> | | |
| 20.21 | 20.37 | |
| 20.22 | 20.43 | |

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| 20.23 | 20.42 | |
| <i>Methods of calculating the consideration</i> | | |
| 20.24 | 20.75 | |
| <i>Aggregation of transactions</i> | | |
| 20.25 | 20.79 | |
| 20.26 | 20.80 | |
| 20.27 | 20.81 | |
| 20.27A 20.27A - Note | 20.82 to 20.84 | |
| <i>Exceptions</i> | | |
| 20.28 | 20.72 | |
| 20.29 | 20.72 | |
| <i>Exchange discretion</i> | | |
| 20.30 | 20.73 | |
| Connected transactions exempt from the reporting, announcement and independent shareholders' approval requirements | | |
| <i>Intra-group transactions</i> | | |
| 20.31(1) | 20.16 | |
| 20.31(1A) | 20.15 | |
| <i>De minimis transactions</i> | | |
| 20.31(2) | 20.74(1) | <i>[Modify Consultation Proposal I]</i> Increase the monetary threshold for fully exempt connected transactions from HK\$1 million to HK\$3 million. |
| 20.31(2) - Note | 20.90 - Note | |
| <i>Issue of new securities</i> | | |
| 20.31(3)(a) | 20.90(1) | |
| 20.31(3)(b) | 20.90(3) | |
| 20.31(3)(c) | 20.90(2) | |
| 20.31(3)(d) | 20.90(4) | |
| <i>Stock Exchange dealings</i> | | |
| 20.31(4) | 20.91 | |
| <i>Purchase of own securities</i> | | |
| 20.31(5) | 20.92 | |
| <i>Directors' service contracts</i> | | |
| 20.31(6) | 20.93 | |
| <i>Consumer goods or consumer services</i> | | |
| 20.31(7) | 20.95 | <i>[Adopt Consultation Proposal J]</i> Remove the 1% cap. |
| <i>Sharing of administrative services</i> | | |
| 20.31(8) | 20.96 | |
| <i>Transactions with persons connected at the level of subsidiaries</i> | | |
| 20.31(9) | 20.08 | <i>[Adopt Consultation Proposal C(1)]</i> Exempt persons connected with |

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| | | insignificant subsidiaries from the definition of “connected person”, rather than exempt transactions with these persons. |
| <i>Transactions with associates of a passive investor</i> | | |
| 20.31(10) | 20.97, 20.98 | |
| Connected transactions exempt from the independent shareholders’ approval requirements | | |
| 20.32 | 20.74(2) | |
| 20.32 - Note | 20.90 - Note | |
| Continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements | | |
| <i>Consumer goods or consumer services</i> | | |
| 20.33(1) | 20.95 | [Adopt Consultation Proposal J] Remove the 1% cap. |
| <i>Sharing of administrative services</i> | | |
| 20.33(2) | 20.96 | |
| <i>De minimis transactions</i> | | |
| 20.33(3) | 20.74(1) | [Modify Consultation Proposal I] Increase the monetary threshold for fully exempt connected transactions from HK\$1 million to HK\$3 million. |
| <i>Transactions with persons connected at the level of subsidiaries</i> | | |
| 20.33(4) | 20.08 | [Adopt Consultation Proposal C(1)] Exempt persons connected with insignificant subsidiaries from the definition of “connected person”, rather than exempt transactions with these persons. |
| <i>Transactions with associates of a passive investor</i> | | |
| 20.33(5) | 20.97, 20.98 | |
| 20.33 – Notes 1 and 2 | 20.58 | |
| Continuing connected transactions exempt from the independent shareholders’ approval requirements | | |
| 20.34 | 20.74(2) | |
| Non-exempt continuing connected transactions | | |
| 20.35(1) | 20.32, 20.49, 20.50 | |
| 20.35(2) | 20.51, 20.66(4) | |
| 20.35(3) | - | Remove cross-reference provision. |
| 20.35(4) | - | Remove cross-reference provision. |
| 20.35(5) | - | Remove cross-reference provision. |
| 20.36(1)&(2) | 20.52(1) & (2) | [Modify] Add a note to clarify the calculation of size tests for changes to annual cap or terms of agreement. |
| Annual review of continuing connected transactions | | |

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| 20.37(1) to (3) | 20.53(1) to (3), 20.69(6)(a) | |
| 20.38(1) to (4) | 20.54(1) to (4), 20.55, 20.69(6)(b) | <i>[Adopt Consultation Proposal F(3)]</i> Align with the wordings of the Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. |
| 20.39 | 20.56 | |
| 20.40 | 20.57 | |
| 20.41 | 20.58(1) | |
| Waivers | | |
| <i>Exchange discretion</i> | | |
| 20.42(1) | 20.101 | |
| 20.42(2) | 20.102 | |
| 20.42(3) | 20.103 | |
| <i>Shareholders’ meeting waiver</i> | | |
| 20.43 | 20.06(5), 20.35, 20.36 | |
| <i>Waiver conditions</i> | | |
| 20.44 | 20.100 | |
| Reporting requirements | | |
| 20.45 and 20.46 | 20.47, 20.69 | |
| Announcement requirements | | |
| 20.47(1) | 20.33 | |
| 20.47(2) | 20.33 | |
| 20.47(2) - Note | 20.62 | |
| 20.47(3) | - | Remove cross-reference provision. |
| 20.47A | 20.45 | |
| Independent shareholders’ approval requirements | | |
| 20.48 | - | Remove cross-reference provision. |
| <i>Shareholders’ circular</i> | | |
| 20.49 | 20.44, 20.46 | |
| 20.50 <i>[Repealed 1 January 2009]</i> | - | |
| 20.51 | - | Rule 16.03 requires publication of circulars in both English and Chinese. |
| <i>Independent shareholders’ approval</i> | | |
| 20.52 | 20.34, 20.51(3) | |
| 20.53 | 20.35 | |
| 20.54 | 20.34 | |
| 20.55 <i>[Repealed 3 June 2010]</i> | - | |

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| Contents of announcements | | |
| 20.56(1) | 20.66(1) & (3) | |
| 20.56(2) | 20.66(2) | |
| 20.56(3) | 20.66(9) | |
| 20.56(4) | 20.66(4) | |
| 20.56(5) | 20.66(5) | |
| 20.56(6) | 20.66(6) | |
| 20.56(7) | 20.66(10) | |
| 20.56(8) | 20.66(7) | |
| 20.56(9) | 20.66(8) | |
| 20.56(10) | 20.66(11), 20.45 | |
| Guaranteed profits or net tangible assets | | |
| 20.57 | 20.60, 20.61 | |
| Contents of circular | | |
| <i>General principles</i> | | |
| 20.58 | 20.67(1) to (4), 20.40, 20.41, 20.43, 20.68(6) | |
| <i>Specific disclosure in circular</i> | | |
| 20.59(1) | 20.68(1) | |
| 20.59(2) | - | Rule 2.20 requires inclusion of a statement about the characteristics of GEM in issuers' circulars. |
| 20.59(3)(a) | 20.68(2), 20.68(3) | |
| 20.59(3)(b) | 20.68(2) | |
| 20.59(3)(c) | 20.68(2) | |
| 20.59(3)(d) | 20.68(4) | |
| 20.59(3)(e) | 20.68(4) | |
| 20.59(3)(f) | 20.68(2) | |
| 20.59(4) | 20.68(13) | |
| 20.59(5) | 20.68(14) | |
| 20.59(6) | 20.68(12) | |
| 20.59(7) | 20.68(7) & (8) | |
| 20.59(8) | 20.68(6) | |
| 20.59(9) | 20.68(6) | |
| 20.59(10) | 20.68(5) | |
| 20.59(11) | 20.68(10), 20.61 | |
| 20.59(12) | 20.68(15) | |
| 20.59(13) | 20.68(2), 20.68(10) | |
| 20.59(14) | 20.68(2) | |
| 20.59(15) | 20.68(2) | |
| 20.59(16) | 20.68(2) | |
| 20.59(17) | 20.68(2) | |
| 20.59(18)(a) and (b) | 20.68(9) | |
| 20.59(19) | 20.68(11) | |

| Current Rules | New Rules | Comments |
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| 20.59(20) | 20.68(16) | |
| Additional information to be included in circular where connected transaction is also a Chapter 14 transaction | | |
| 20.60 to 20.62 | 20.62, 20.63 | |
| Financial assistance | | |
| <i>General</i> | | |
| 20.63 | 20.30, 20.31 | |
| <i>Treatment of attributable interest in calculating proportionate financial assistance</i> | | |
| 20.64 | 20.87(2) | |
| <i>Exempt from reporting, announcement and independent shareholders' approval requirements</i> | | |
| 20.65(1) | 20.85(1) | |
| 20.65(2) | 20.74(1), 20.85(2) | |
| 20.65(3) | 20.87 | |
| 20.65(4) | 20.88 | |
| <i>Exempt from independent shareholders' approval requirements</i> | | |
| 20.66(1) | 20.85(3) | |
| 20.66(2) | 20.74(2) | |
| Options | | |
| 20.67 | 20.06(27) | |
| 20.68 | 20.22(2)(a) | |
| 20.69(1) | 20.59, 20.77(1) | |
| 20.69(2) | 20.59(1) | |
| 20.69(3) | 20.59(1), 20.59(2) | |
| 20.70(1) | 20.77(2) | |
| 20.70(2) | 20.77(3) | |
| 20.70(3) | 20.77(4) | <i>[Adopt Consultation Proposals G(1) and (2) with modification]</i> Clarify the requirement for termination of options and introduce alternative tests for classifying transfer, termination and non-exercise of options. |
| 20.71 | 20.77(5) | |
| Exemption for Qualified Property Acquisitions | | |
| 20.72, 20.73 | 20.99-Note | <i>[Modify]</i> The current exemption will become redundant after introduction of the new exemption for transactions with connected persons at the subsidiary level under the new Rule 20.99 which will also cover Qualified Property Acquisitions. |