



香港交易所

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

NEWS RELEASE

25 September 2001

ANNOUNCEMENT ON AMENDMENTS TO THE GEM LISTING RULES

Further to the announcement of 27 July 2001, The Stock Exchange of Hong Kong Limited (the "Exchange") is pleased to announce that the amendments to the GEM Listing Rules have been made.

The rule changes will come into effect on 1 October 2001. The rules (as amended) will be available for viewing on the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkex.com.hk> and the GEM website at <http://www.hkgem.com> after close of business on 26 September 2001.

The Exchange is pleased to announce that, following its joint announcement with the Securities and Futures Commission ("SFC") on 27 July 2001 on the proposed amendments to the GEM Listing Rules (the "Joint Announcement"), the rule changes will come into effect on 1 October 2001.

Amendments have been made to the GEM Listing Rules in relation to the following areas: i) minimum period of active business pursuits and accountants' report; ii) share issues by GEM listed issuers within 6 months of listing; iii) moratorium period for initial management shareholders; iv) the definition of initial management shareholders for the purpose of lock-up; v) interpretation of "disposal" by initial management shareholders; vi) share option schemes; and vii) offering mechanism and public float requirements. The rules (as amended) will be available for viewing on the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkex.com.hk> and the GEM website at <http://www.hkgem.com> after close of business on 26 September 2001.

Transitional Arrangements

As stated in the Joint Announcement, the waivers described in the joint announcement dated 11 March 2000 issued by the SFC and the Exchange may continue to be granted to GEM applicants in the following limited circumstances:

1. Active Business Pursuits Period and Accountants' Report – Where a GEM applicant has submitted a listing application ("Form 5A") on or before 30 September 2001, a waiver may be granted to such GEM applicant to reduce the active business pursuits period and period covered by the accountants' report from 24 months to at least 12 months provided that its listing takes place on or before 31 December 2001, or before the expiry of the Form 5A if earlier.

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2. Moratorium Period for Initial Management Shareholders – Where a GEM applicant has submitted a Form 5A on or before 26 July 2001, a waiver may be granted to such GEM applicant to reduce the moratorium period for the initial management shareholders from 24 months to 6 months plus a further 6 months (during which control over 35% of the voting rights of the GEM issuer must be retained) provided that its listing takes place on or before 26 October 2001, or before the expiry of the Form 5A if earlier.

The following transitional arrangements will apply to GEM listed issuers after the new rules have come into effect on 1 October 2001:

1. Moratorium Period for Initial Management Shareholders – Where a GEM listed issuer commenced trading on or before 30 September 2001 and did not previously apply for a waiver of the existing requirements of Rule 13.16 and its initial management shareholders are subject to a 24-month moratorium period, the new provisions will apply with effect from 1 October 2001 such that the moratorium period will be automatically reduced. Nevertheless, if any initial management shareholders intend to dispose of shares before the expiry of the original moratorium period (i.e. 24 months), the GEM listed issuer should publish an announcement on or before the date of such disposal to inform investors of the disposal.
2. Share Option Schemes – For existing share option schemes approved by shareholders: i) where the GEM listed issuer can demonstrate to the satisfaction of the Exchange that it has entered into a contractual commitment before 27 July 2001 to grant options, it may continue to grant options under the existing terms; and ii) the GEM listed issuer may grant options provided that the options granted are in accordance with the new requirements. Otherwise, GEM listed issuers will have to alter the terms of the scheme or adopt a new scheme before any further options may be granted. Furthermore, the new disclosure requirements for the interim and annual reports will apply to financial periods commencing on or after 1 October 2001 for all GEM listed issuers.
3. Minimum Public Float Percentage - In light of the current market conditions, the transitional arrangement set out in the Joint Announcement for GEM listed issuers to comply with the new requirement is no longer appropriate. GEM listed issuers which commenced dealings of their securities on GEM before 1 October 2001 will continue to follow the existing public float requirement.

The rule changes will come into effect on 1 October 2001. Reprinted pages of the GEM Listing Rules will be distributed in due course.

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