HKEX
香港交易所

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Chapter 1

GENERAL

INTERPRETATION

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

"Accounting and Financial Reporting Council" or "AFRC"	the Accounting and Financial Reporting Council continued under section 6 of the Accounting and Financial Reporting Council Ordinance
"Accounting and Financial Reporting Council Ordinance" or "AFRCO"	the Accounting and Financial Reporting Council Ordinance (Cap. 588) as amended from time to time
"accounts"	has the same meaning as "financial statements" and vice-versa
"actionable corporate communication"	any corporate communication that seeks instructions from an issuer's securities holders on how they wish to exercise their rights or make an election as the issuer's securities holders
"affiliated company"	a company which, in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, is recorded using the equity method of accounting in an entity's financial statements. This includes associated companies and jointly controlled entities as defined in those standards
"AFRC Transaction Levy"	means the levy payable to the Accounting and Financial Reporting Council pursuant to the provisions of section 50A of the AFRCO
"announcement"	announcement published under rule 16.17 and "announce" means make an announcement
"Application Proof"	a draft listing document that is required to be substantially complete and is submitted to the Exchange together with a listing application form for the purpose of listing equity securities of a new applicant
"approved share registrar"	a share registrar who is a member of an association of persons approved under section 12 of the Securities and Futures (Stock Market Listing) Rules
"Articles"	the Articles of Association of the Exchange
"asset-backed securities"	debt securities backed by financial assets which, at the time of the relevant issues, are evidenced by agreements and intended to produce funds to be applied towards interest payments due on the securities and repayment of principal on maturity, except those debt securities which are directly secured, in whole or in part, on real property or other tangible assets

"associate"	has the meaning in rule 20.06(2)
"authorised representative"	a person appointed as an authorised representative by a listed issuer under rule 5.24
"Bad Weather Signal"	means a No. 8 typhoon warning signal or above, a black rainstorm warning signal and/or "extreme conditions" as announced by the Hong Kong Government *Note: According to the "Code of Practice in Times of Adverse Weather and 'Extreme Conditions'", the Hong Kong Government may issue an announcement on "extreme conditions" in the case where a Super Typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period. When "extreme conditions" are in force, the Hong Kong Government will review the situation and will announce whether to extend the "extreme conditions" prior to the expiry of the specified period.*
"balance sheet"	has the same meaning as "statement of financial position" and vice-versa
"bank"	a bank licensed under the Banking Ordinance or a bank incorporated or otherwise established outside Hong Kong which is, in the opinion of the Hong Kong Monetary Authority, adequately supervised by an appropriate recognised banking supervisory authority in the place where it is incorporated or otherwise established
"bearer securities"	securities transferable to bearer
"Board"	the Directors of the Exchange elected or appointed in accordance with the Articles and, where the context so permits, any committee or sub-committee thereof
"business day"	any day on which the Exchange is open for the business of dealing in securities
"capital market intermediary" or "CMI"	any corporation or authorised financial institution, licensed or registered under the Securities and Futures Ordinance that engages in specified activities under paragraph 21.1.1 of the Code of Conduct, including, without limitation, a capital market intermediary appointed pursuant to rule 6A.40. An overall coordinator is also a capital market intermediary.
"CCASS"	means the Central Clearing and Settlement System established and operated by HKSCC

"chief executive"	a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of a listed issuer
"China Accounting Standards for Business Enterprises" or "CASBE"	financial reporting standards and interpretations for business enterprises issued by the China Accounting Standards Committee of the China Ministry of Finance
"China Auditing Standards" or "CAS"	standards and interpretations issued by the China Auditing Standards Board of the China Ministry of Finance
"close associate"	(a) in relation to an individual means:— (i) his spouse; (ii) any child or step-child, natural or adopted, under the age of 18 years of the individual or of his spouse (together with (a)(i) above, the "family interests"); (iii) the trustees, acting in their capacity as trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object; and (iv) [Repealed 3 June 2010] (v) any company in the equity capital of which he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or any amount specified in the Takeovers Code as the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this company; and (b) in relation to a company means:— (i) its subsidiary or holding company or a fellow subsidiary of its holding company; (ii) the trustees, acting in their capacity as trustees, of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to the company's knowledge) a discretionary object; and (iii) [Repealed 3 June 2010]

(iv) any other company in the equity capital of which the company, its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b) (ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or any amount specified in the Takeovers Code as the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this other company.

Notes: *This definition is:—*

1 *modified in the context of PRC issuers, by virtue of rule 25.04; and*

2 *extended so as to apply to underwriters, by virtue of rules 16.13, 16.15 and 29.22, and significant shareholders, Sponsors and underwriters by virtue of rule 10.12;*

"Code of Conduct"	Code of Conduct for Persons Licensed by or Registered with the Commission
"Code on Share Buy-backs" or "Share Buy-backs Code"	the Code on Share Buy-backs approved by the Commission as amended from time to time
"Code on Takeovers and Mergers" or "Takeovers Code"	the Code on Takeovers and Mergers approved by the Commission as amended from time to time
"Commission"	the Securities and Futures Commission established under section 3 of the Securities and Futures Commission Ordinance and continuing in existence under section 3 of the Securities and Futures Ordinance
"Companies Ordinance"	the Companies Ordinance (Cap.622) as amended from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) as amended from time to time
"company"	a body corporate wherever incorporated or otherwise established
"Company Information Sheet"	the document required to be published under rules 12.26(2), 12.27(9) or 28.16(2) in the prescribed form set out in Form G (published in Regulatory Forms) and, where applicable, supplemented by the information required by rule 24.27 for publication on the Exchange's website and the overseas issuer's website

"Company Law"	the Company Law of the PRC adopted at the Fifth Session of the Standing Committee of the Eight National People's Congress on 29 December 1993 and effective from 1 July 1994, as amended, supplemented or otherwise modified from time to time
"Compliance Adviser"	the same meaning as in rule 6A.01
"connected person"	has the meaning in rule 20.06(7) *Note: The definition includes a person deemed to be connected by the Exchange under rule 20.07(6) only for the purpose of Chapter 20.*
"Considered Reasons and Explanation"	has the meaning defined in Appendix C1
"controlling shareholder"	any person who is or group of persons who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the issuer *(Note)* or who is or are in a position to control the composition of a majority of the board of directors of the issuer; or in the case of a PRC issuer, the meaning ascribed to that phrase by rule 25.10 *Note: Voting rights attaching to treasury shares are excluded.*
"convertible debt securities"	debt securities convertible into or exchangeable for equity securities or other property, and debt securities with non-detachable options, warrants or similar rights to subscribe or purchase equity securities or other property attached (which expression includes convertible bonds)
"convertible equity securities"	equity securities convertible into or exchangeable for shares and shares with non-detachable options, warrants or similar rights to subscribe or purchase shares attached (which expression excludes convertible bonds)
"core connected person"	(a) for a company other than a PRC issuer, or any subsidiary of a PRC issuer, means a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them; and (b) for a PRC issuer means a director, supervisor, chief executive or substantial shareholder of the PRC issuer or any of its subsidiaries or close associate of any of them
"Cornerstone Investor"	an investor in the initial public offering of a new applicant's equity securities to whom the equity securities for which listing is sought are preferentially placed, with a guaranteed allocation, irrespective of the final offer price

"corporate communication"	any document issued or to be issued by an issuer for the information or action of holders of any of its securities or the investing public, including but not limited to:— (a) the directors' report and its annual accounts together with a copy of the auditors' report thereon and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) [Repealed 1 January 2024] (d) a notice of meeting; (e) a listing document; (f) a circular; (g) a proxy form (h) an Application Proof; and (i) a Post Hearing Information Pack or PHIP
"debt issuance programmes"	issues of debt securities where only part of the maximum principal amount or aggregate number of securities under the issue is issued initially and a further tranche or tranches may be issued subsequently
"debt securities"	debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities
"director"	includes any person who occupies the position of a director, by whatever name called
"dual listing"	a listing on GEM where the issuer either: (i) also has a listing on one or more overseas stock exchange(s); or (ii) is simultaneously applying to list on GEM and one or more overseas stock exchange(s)
"effective economic interest"	in relation to any entity means the direct and/or indirect attributable economic interest therein
"Eligible Security"	means an issue of securities which is from time to time accepted as eligible by HKSCC for deposit, clearance and settlement in CCASS, in accordance with the General Rules of HKSCC, and where the context so requires shall include any particular security or securities of such an issue

"equity securities"	shares (including preference shares and treasury shares), convertible equity securities and options, warrants or similar rights to subscribe or purchase shares or convertible equity securities
"EU-IFRS"	IFRS as adopted by the European Union
"Executive Director – Listing Division"	the person occupying the position of the Executive Director of the Listing Division from time to time by whatever name such position is called
"Exchange"	The Stock Exchange of Hong Kong Limited
"Exchange Participant"	a person: (a) who, in accordance with the Rules of the Exchange, may trade on or through the Exchange; and (b) whose name is entered in a list, register or roll kept by the Exchange as a person who may trade on or through the Exchange
"Exchange's website"	the official website of Hong Kong Exchanges and Clearing Limited and/or the website "HKEXnews" which is used for publishing issuers' regulatory information
"expert"	includes engineer, valuer, accountant and any other person whose profession gives authority to a statement made by him
"family interests"	the same meaning as in (a)(ii) of the definition of "close associate"
"family interests"	the same meaning as in (a)(ii) of the definition of "close associate"
"Fees Rules"	the rules governing listing or issue fees, and levies, trading fees, brokerage and other charges relating to transactions of securities listed or to be listed on GEM as published in the "Fees Rules" section of the Exchange's website from time to time. The Fees Rules form part of the GEM Listing Rules
"financial statements"	has the same meaning as "accounts" and vice-versa
"FINI"	"Fast Interface for New Issuance", an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all New Listings
"formal notice"	a formal notice required to be published under rules 16.07, 16.08, 29.18, 29.19 or 30.32
"gazetted newspapers"	those newspapers which are, from time to time, specified in the list of newspapers issued and published in the Gazette for the purposes of sections 162 to 169 of the Companies Ordinance by the Chief Secretary

"GEM"	GEM operated by the Exchange
"GEM Listing Committee"	the GEM listing sub-committee of the Board
"GEM Listing Review Committee"	the GEM listing review sub-committee of the Board
"GEM Listing Rules" or "GLR" or "Rules"	the rules governing the listing of securities on GEM made by the Exchange from time to time time, their appendices, Regulatory Forms and Fees Rules published on the Exchange's website that are indicated as being part of the GEM Listing Rules, any contractual arrangement entered into with any party under them, and rulings of the Exchange made under them
"group"	the issuer or guarantor and its subsidiaries, if any
"H Shares"	shares of a PRC issuer which are listed on GEM
'HKEC"	Hong Kong Exchanges and Clearing Limited
"HKEx-EPS"	means the Exchange's electronic publication system by whatever name such system is called
"HKSCC"	means Hong Kong Securities Clearing Company Limited including, where the context so requires, its agents, nominees, representatives, officers and employees
"holding company"	in relation to a company, means another company of which it is a subsidiary
"Hong Kong"	Hong Kong, the Special Administrative Region of the People's Republic of China
"Hong Kong Financial Reporting Standards" or "HKFRS"	financial reporting standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They comprise (i) Hong Kong Financial Reporting Standards, (ii) Hong Kong Accounting Standards and (iii) Interpretations
"Hong Kong issuer"	an issuer incorporated or otherwise established in Hong Kong
"Hong Kong register"	for an overseas issuer including a PRC issuer, the part of its register of members or branch register located and maintained in Hong Kong pursuant to its articles of association
"IFA group"	(a) the independent financial adviser; (b) its holding company; (c) any subsidiary of its holding company; (d) any controlling shareholder of: (i) the independent financial adviser; or (ii) its holding company; and

(e) any close associate of any controlling shareholder referred to in paragraph (d)

"income statement" has the same meaning as "statement of profit or loss and other comprehensive income" and vice-versa

"inside information" has the meaning defined in the Securities and Futures Ordinance as amended from time to time

Note: Where the Exchange interprets whether a piece of information is inside information in the context of enforcing the GEM Listing Rules, e.g. rules 13.11(4) and 23.05, it will be guided by decisions of the Market Misconduct Tribunal and published guidelines of the Commission

"Inside Information Provisions" Part XIVA of the Securities and Futures Ordinance

"International Financial Reporting Standards" or "IFRS" financial reporting standards and interpretations approved by the International Accounting Standards Board ("IASB"), and includes all International Accounting Standards ("IAS") and interpretations issued under the former International Accounting Standards Committee ("IASC") from time to time

"International Standards on Auditing" or "ISA" standards and interpretations issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants

"IOSCO" International Organization of Securities Commissions

"IOSCO MMOU" IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information

"issue" includes circulate, distribute and publish

"issuer" any company or other legal person any of whose equity or debt securities are the subject of an application for listing on GEM or some or all of whose equity or debt securities are already listed on GEM

"listed issuer" in the case of equity securities means any company or other legal person some of whose equity securities are already listed on GEM, and in the case of debt securities means a company or other legal person some of whose equity or debt securities are already listed on GEM

"listing" the grant of a listing of and permission to deal in securities on GEM and "listed" shall be construed accordingly

"Listing Division" the Listing Division of the Exchange

"listing document"	a prospectus, circular or any equivalent document (including the composite document in relation to a scheme of arrangement and/or an introduction document) issued or proposed to be issued in connection with an application for listing, or a sale or transfer of treasury shares by an issuer (where applicable)
"Listing Nominating Committee"	the listing nominating sub-committee of the Board
"Main Board"	the stock market operated by the Exchange prior to the establishment of GEM (excluding the options market) and which stock market continues to be operated by the Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM.
"Main Board Listing Committee"	the Listing Committee as defined in the Main Board Listing Rules
"Main Board Listing Rules"	the rules governing the listing of securities on the Main Board made by the Exchange from time to time
"market capitalisation"	the market value of the entire size of an issuer, which shall include all classes of securities (excluding treasury shares) of the issuer, irrespective of whether any of such class(es) of securities are unlisted, or listed on other regulated market(s)
"modified opinion"	an opinion in an accountants' or auditors' report which is modified (a qualified opinion, an adverse opinion or a disclaimer of opinion on the financial statements)
"modified report"	an accountants' or auditors' report: — (a) in which the opinion is a modified opinion; and/or (b) which contains any of the following without modifying the opinion: — (i) an emphasis of matter paragraph; and (ii) a material uncertainty related to going concern
"new applicant"	in the case of equity securities means an applicant for listing none of whose equity securities are already listed on GEM and in the case of debt securities means an applicant for listing none of whose equity or debt securities are already listed on GEM
"New Listing"	means a new listing of equity securities issued by a new applicant, irrespective of whether there is an offering of equity securities. For the avoidance of doubt, "New Listing" includes a reverse takeover of a listed issuer which is a deemed new listing under rule 19.54, but does not include any other new listing of equity securities issued by an issuer whose equity securities are already listed on a stock market operated by the Exchange.

"notifiable transaction" any of the transactions specified in rules 19.06, 19.06B or 19.06C

"OC Announcement" an announcement setting out the name(s) of the overall coordinator(s) appointed by a new applicant effecting a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, including any subsequent related announcement(s), for example, an announcement on the termination of the engagement of an overall coordinator.

"overall coordinator" a capital market intermediary that engages in specified activities under paragraphs 21.1.1 and 21.2.3 of the Code of Conduct, including, without limitation, an overall coordinator appointed pursuant to rule 6A.42.

"overseas issuer" an issuer that is neither a Hong Kong issuer nor a PRC issuer

"PIE Auditor" has the same meaning as in section 3A of the AFRCO, that is:

(a) a Registered PIE Auditor; or

(b) a Recognised PIE Auditor

Note: Under the AFRCO, only an issuer incorporated outside Hong Kong is permitted to appoint a Recognised PIE Auditor for a PIE Engagement. A Mainland auditor recognised under section 20ZT of the AFRCO can only carry out a PIE engagement for a PRC issuer.

"PIE Engagement" has the same meaning as an engagement specified in Part 1 of Schedule 1A of the AFRCO, that is any of the following types of engagement carried out by an auditor or a reporting accountant:

(a) an auditors' report on a PIE's annual financial statements required by the Companies Ordinance, the GEM Listing Rules or any relevant code issued by the Commission;

(b) a specified report required to be included in (i) a listing document for the listing of the shares or stocks of a corporation seeking to be listed or a listed corporation; or (ii) a listing document of a Collective Investment Scheme seeking to be listed or a listed Collective Investment Scheme; and

(c) an accountants' report required under the GEM Listing Rules to be included in a circular issued by a PIE for a reverse takeover or a very substantial acquisition

"place of central management and control"	the Exchange will consider the following factors to determine an issuer's place of central management and control: (a) the location from where the issuer's senior management direct, control, and coordinate the issuer's activities; (b) the location of the issuer's principal books and records; and (c) the location of the issuer's business operations or assets
"Post Hearing Information Pack" or "PHIP"	a near-final draft listing document for the listing of equity securities published on the Exchange's website
"practising accountant"	an individual, firm or company that is not prohibited from holding any appointment as an auditor or reporting accountant of a company
"PRC"	for the purposes of the GEM Listing Rules means the People's Republic of China, other than the regions of Hong Kong, Macau and Taiwan
"PRC issuer"	an issuer which is duly incorporated in the PRC as a joint stock limited company
"PRC law"	the applicable provisions of the PRC constitution, or any statute, ordinance, regulations, rule or normative statement from time to time in force in the PRC, as the context may require
"PRC property"	property located in the PRC
"PRC stock exchange"	the Shanghai Stock Exchange or the Shenzhen Stock Exchange or the Beijing Stock Exchange
"Principal"	has the meaning given to it by the Commission's Guidelines for Sponsors and Compliance Advisers from time to time
"professional accountant"	a person registered as a certified public accountant under the Professional Accountants Ordinance
"Professional Accountants Ordinance" or "PAO"	the Professional Accountants Ordinance (Cap. 50) as amended from time to time
"profit and loss account"	has the same meaning as "statement of profit or loss and other comprehensive income" and vice-versa
"promoter"	in relation to any PRC issuer, any person who undertook the establishment of such issuer, subscribed for shares of such issuer and assumes liability for such issuer's establishment, prepared the initial articles of association of such issuer and convened the inaugural meeting of the subscribers of shares of such issuer, or any person who performed a similar role under PRC law in the establishment of a PRC issuer

"prospectus"	the same meaning as in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance
"public"	the meaning ascribed to that phrase by rule 11.23 and "in public hands" shall be construed accordingly
"**public float**"	shares in the hands of the public
"Public Interest Entity" or "PIE"	has the same meaning as in section 3(1) of the AFRCO, that is a listed corporation with listed shares or stocks or a listed Collective Investment Scheme in Hong Kong *Note: A listed corporation with listed debt securities but no listed shares or stocks is not a PIE.*
"published on the Exchange's website"	published, in the form prescribed by the GEM Listing Rules, in both the English and Chinese languages on the Exchange's website
"Recognised PIE Auditor"	an overseas auditor recognised under Division 3 of Part 3 of the AFRCO, including a Mainland auditor recognised under section 20ZT of the AFRCO
"Recognised Stock Exchange"	the main market of a stock exchange that is included in a list of Recognised Stock Exchanges published on the Exchange's website as updated from time-to-time
"Registered PIE Auditor"	a practice unit registered under Division 2 of Part 3 of the AFRCO
"Regulatory Forms"	listing application forms, formal applications, marketing statements and declarations required to be made in respect of listing on GEM by sponsors, overall coordinators and issuers and other forms published in the "Regulatory Forms" section of the Exchange's website from time to time. The Regulatory Forms form part of the GEM Listing Rules
"reporting accountant"	the practising accountant who is responsible for the preparation of the accountants' report included in a listing document or circular in accordance with Chapter 7
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Cap. 571) as amended from time to time
"SFC Sponsor Provisions"	paragraph 17 of the Code of Conduct
"SFC Transaction Levy"	means the levy payable to the Commission pursuant to the provisions of section 394 of the SFO
"significant shareholder"	any person who, immediately prior to the date of the new applicant's initial listing document and immediately prior to the date on which securities of the new applicant commence trading on GEM, is (or group of persons who together are) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the new applicant

Note: The Exchange reserves a power to deem any party to be a significant shareholder in circumstances where, prior to the date of issue of the new applicant's initial listing document, that party has been entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the new applicant and, on or after the new applicant's listing, that party again becomes entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the issuer.

"Sponsor" any corporation or authorised financial institution licensed or registered under the Securities and Futures Ordinance for Type 6 regulated activity and permitted under its licence or certificate of registration to undertake work as a Sponsor and, as applicable, which is appointed as a Sponsor pursuant to rule 6A.02

"Sponsors Guidelines" Additional Fit and Proper Guidelines for Corporations and Authorized Financial Institutions applying or continuing to act as Sponsors and Compliance Advisers

"Statutory Rules" the Securities and Futures (Stock Market Listing) Rules (Cap. 571V) as amended from time to time

"subsidiary" includes:

(a) a "subsidiary undertaking" as defined in schedule 1 to the Companies Ordinance;

(b) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards; and

(c) any entity which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards

"substantial shareholder" in relation to a company means a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the company *(Note 2)*

Notes: (1) This definition is qualified in the case of connected transactions falling within rule 20.27.

(2) Voting rights attaching to treasury shares are excluded.

"summary financial report" a summary financial report of a company, which complies with sections 437 to 446 of the Companies Ordinance

"supervisor" a member elected to the supervisory committee of a PRC issuer which under PRC law performs a supervisory function in relation to such issuer's board of directors, the manager and other officers

"syndicate CMI" a capital market intermediary (which includes the overall coordinator) engaged by the issuer to conduct specified activities under paragraphs 21.1.1 and/or 21.2.3 of the Code of Conduct.

"syndicate member" include a syndicate CMI and any other distributor engaged by the issuer to conduct bookbuilding, placing and/or related activities in respect of an offering of equity securities.

"tap issues" issues of debt securities where the subscription thereof may continue or further tranches thereof may be issued after listing has been granted

"temporary documents of title" allotment letters, letters of allocation, split receipts, letters of acceptance, letters of rights, renounceable share certificates and any other temporary documents of title

"title certificates" for the purposes of PRC property must comprise:—

(a) a state-owned land use rights certificate (國有土地使用證); or

(b) a building ownership certificate (房屋所有權證); or

(c) a real estate ownership certificate (房地產權證),

provided that the Exchange may, at its discretion, be prepared to accept other certificates or evidence of title in respect of a PRC property as title certificates for the purposes of the GEM Listing Rules, in which regard early consultation with the Exchange is required.

"trading halt" an interruption of trading in an issuer's securities requested or directed pending disclosure of information under the Rules and extending for no more than two trading days

Note: Where a trading halt exceeds two trading days, it will automatically become a trading suspension.

"treasury shares" shares repurchased and held by an issuer in treasury, as authorised by the laws of the issuer's place of incorporation and its articles of association or equivalent constitutional documents which, for the purpose of the Rules, include shares repurchased by an issuer and held or deposited in CCASS for sale on GEM

Notes: *(1) For the purpose of the Rules, a holder of treasury shares shall abstain from voting on matters that require shareholders' approval under the Rules.*

(2) Treasury shares may be held by an issuer's subsidiary or an agent or nominee on behalf of the issuer or its subsidiary, if it is permitted by the laws of the issuer's place of incorporation and its articles of association or equivalent constitutional documents. References to sales or transfers of treasury shares include sales or transfers by agents or nominees on behalf of the issuer or subsidiary of the issuer, as the case may be.

1.02 The GEM Listing Rules include all the appendices hereto, all Regulatory Forms, the Fees Rules and all practice notes issued by the Exchange from time to time concerning GEM and all of the notes set out in the Chapters hereof and appendices hereto and in the Regulatory Forms and the Fees Rules. For the avoidance of doubt, the GEM Listing Rules do not include the Main Board Listing Rules.

1.03 In the GEM Listing Rules, references to a document being certified shall mean certified to be a true copy or extract (as the case may be) by a director, the secretary or other authorised officer of the issuer (or by a member of its governing body in the case of an overseas issuer) or by a member of the issuer's auditors or solicitors or by a notary and references to a translation being certified shall mean certified to be a correct translation by a professional translator.

1.03A In the GEM Listing Rules, references to a document being signed/executed shall mean a document duly and validly executed or, where the document is signed/ executed by or on behalf of an entity, a document duly and validly executed by or on behalf of that entity under all applicable laws and regulations of its place of incorporation and its constitutional documents.

1.04 Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.

1.05 Where definitions in the GEM Listing Rules are wider than or the obligations and requirements imposed by the GEM Listing Rules are more onerous than the provisions of any ordinance, regulation or other statutory provision from time to time in force in Hong Kong, the provisions of the GEM Listing Rules shall prevail provided that where any provision of the GEM Listing Rules is in conflict with the provisions of any such ordinance, regulation or other statutory provision, the provisions of such ordinance, regulation or other statutory provision shall prevail.

1.06 The GEM Listing Rules shall be interpreted, administered and enforced by the Exchange. The decisions of the Exchange in respect thereof shall be conclusive and binding.

1.07 The Exchange may issue practice notes and other guidance materials on the Exchange's website, including guidance letters, listing decisions and other publications on the Exchange's website, from time to time, to assist issuers and guarantors, in the case of a guaranteed issue, Sponsors and other advisers in interpreting and complying with the GEM Listing Rules.

1.08 The GEM Listing Rules have been issued in the English language with a separate Chinese language translation. If there is any conflict in the GEM Listing Rules between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.

Chapter 2

GENERAL

INTRODUCTION

Preliminary

2.01 The principal function of the Exchange is to provide a fair, orderly and efficient market for the trading of securities. In furtherance of this, the Exchange has made the GEM Listing Rules under section 23 of the Securities and Futures Ordinance prescribing the requirements for the listing of securities on GEM. These comprise requirements which have to be met before securities may be listed and also continuing obligations with which an issuer and, where applicable, a guarantor must comply once listing has been granted. The GEM Listing Rules have been approved by the Commission pursuant to section 24 of that Ordinance.

2.02 The purpose of this book is to set out and explain those requirements.

2.03 Although GEM is operated by the Exchange, it is entirely distinct from the Main Board. As such the GEM Listing Rules apply only to GEM and the Main Board Listing Rules apply only to the Main Board.

2.04 Any entity seeking to withdraw its listing on GEM with a view to listing on the Main Board or vice versa will be obliged to comply fully with the respective rules applicable to the respective stock markets.

2.05 The GEM Listing Rules do not apply to Options Contracts traded through the Options System as defined in the Options Trading Rules of the Exchange and the Clearing Rules of The SEHK Options Clearing House Limited. The Traded Options Committee of the Exchange is primarily responsible for the supervision and regulation of the options market. Interested parties are directed to the Options Trading Rules of the Exchange and the Clearing Rules of The SEHK Options Clearing House Limited, as from time to time in effect.

General principles

2.06 The GEM Listing Rules are designed to ensure that investors have and can maintain confidence in the market and in particular that:—

(1) applicants are suitable for listing;

(2) the issue and marketing of securities are conducted in a fair and orderly manner and that potential investors are given sufficient information to enable them to make a properly informed assessment of an issuer and, in the case of a guaranteed issue, the guarantor and of the securities for which listing is sought;

(3) investors and the public are kept fully informed by listed issuers and, in the case of a guaranteed issue, the guarantors of material factors which might affect their interests;

(4) all holders of listed securities are treated fairly and equally;

(5) directors of a listed issuer act in the interests of its shareholders as a whole – particularly where the public represents only a minority of the shareholders; and

(6) all new issues of equity securities, or sales or transfers of treasury shares, by a listed issuer are first offered to the existing shareholders by way of rights unless they have agreed otherwise.

In these last 4 respects, the GEM Listing Rules seek to secure for holders of securities, other than controlling interests, certain assurances and equality of treatment which their legal position might not otherwise provide.

2.07 It is emphasised that the GEM Listing Rules are not exhaustive and that the Exchange may impose additional requirements or make listing subject to special conditions whenever it considers it appropriate. Conversely, the Exchange may waive, modify or not require compliance with the GEM Listing Rules in individual cases (to suit the circumstances of a particular case), as a variety of circumstances may exist which require it to make ad hoc decisions. However, any waiver or modification of, or decision not to require compliance with, a rule, which is intended to have general effect (i.e. to affect more than one issuer and its subsidiaries at the same time) may only be granted with the prior consent of the Commission. The Exchange will not grant an individual waiver or modification of a rule, or agree not to require compliance with a rule, on a regularly recurring basis so as to create the same result as a general waiver. Consequently, both new applicants and listed issuers and, in the case of a guaranteed issue, guarantors are encouraged to seek informal and confidential guidance from the Exchange at all times.

Note: Issuers must fully disclose details of any waivers or modifications granted (including the conditions thereof) in the relevant listing document (or in other announcement or circular as the Exchange considers appropriate). The Exchange reserves the right to revoke or modify any waivers or modifications granted if there are any material changes in the information provided or circumstances thereunder.

2.08 The GEM Listing Rules may be amended by the Exchange from time to time, subject to the approval of the Commission under section 24 of the Securities and Futures Ordinance.

2.09 Suitability for listing depends on many factors. Applicants for listing should appreciate that compliance with the GEM Listing Rules may not of itself ensure an applicant's suitability for listing. The Exchange retains a discretion to accept or reject applications and in reaching its decision will pay particular regard to the general principles outlined in rule 2.06. Informal and confidential guidance may be sought from the Exchange concerning the eligibility of any proposed application for listing.

Note: Queries should be addressed to the Listing Division and should, so far as practicable, be made by the Sponsor (other than in circumstances where the issuer is not required to have (or does not otherwise retain) a Sponsor).

2.10 Listing any securities on GEM, whether of a new applicant or a listed issuer, is in all cases subject to the approval of the Exchange.

2.11 No issuer may list its debt securities on GEM unless its equity securities, or the equity securities of its holding company, are already listed on GEM or will be listed on GEM at the same time as the issuer's debt securities.

Characteristics of GEM

2.12 GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. Appropriate warning and disclosure in this regard is required to be made by all issuers in their listing documents and circulars and without prejudice to the generality of this rule, reference is made to the provisions of rule 2.20.

Notes: 1 The qualifications for listing on GEM do not include any obligation to forecast future profitability.

2 Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

3 [Repealed 15 February 2018]

2.13 The GEM Listing Rules require, and emphasise the on-going need for, comprehensive and timely disclosure of relevant information by all issuers. In this regard, particular attention is drawn to the following matters:—

(1) A new applicant is required, in its initial listing document, to prepare a detailed statement of business objectives (see rule 11.15). It is subsequently required, in respect of its half-year end (in the event this follows listing) and full-year end for the financial year in which it is listed and the half-year ends and full-year ends of the two financial years thereafter, to draw up a comparison of actual business progress to the information provided in the statement of business objectives for the equivalent period and explain any material differences (including as to its use of proceeds, as indicated in the initial listing document) (see rules 18.08A);

(2) A listed issuer is required to publish audited annual accounts and interim reports, which need not be audited (see Chapter 18); and

(3) [Repealed 1 January 2013]

(4) The directors of an issuer are collectively and individually responsible for ensuring the issuer's full compliance with the GEM Listing Rules.

(5) [Repealed 1 July 2008]

2.14 The Exchange expects each director of an issuer to be cognizant of the GEM Listing Rules and reasonably familiar with the obligations and duties imposed upon him and the issuer pursuant to the GEM Listing Rules, the Securities and Futures Ordinance, the Companies Ordinance, the Takeovers Code and the Code on Share Buy-backs.

2.15 Sponsors and Compliance Advisers are expected to play an important role in upholding and maintaining the standard of GEM issuers and hence the market's confidence in GEM.

2.16 [Repealed 1 January 2005]

2.17 In circumstances where breaches of the GEM Listing Rules have been identified, the Exchange will take appropriate measures to enforce compliance and/or impose appropriate disciplinary measures.

Responsibility and confirmation

2.18 Any listing document, circular or announcement issued by an issuer pursuant to the GEM Listing Rules is required to contain a statement of responsibility and confirmation on the part of the directors of the issuer in the following form:—

"This [document], for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this [document] is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading."

Notes: 1 In cases where the directors of the issuer are responsible for part of a listing document, circular or announcement, the directors of another company being responsible for the remainder, the statement must be appropriately adapted. In exceptional cases, the Exchange may require other persons to give, or join in, the statement, in which case the statement must also be appropriately adapted.

2 Announcements required to be issued pursuant to rule 9.11 ("holding" announcements issued in connection with a resumption of trading in an issuer's securities), 17.11 or 31.05 (announcements issued in response to enquiries by the Exchange) need not comply with this rule, as they have their own prescribed form of statements of responsibility.

3 All the directors of the issuer must, so far as reasonably practicable, participate in approving the form of any announcement to be published by the issuer, such that each accepts the responsibility and is able to provide the confirmation required pursuant to this rule. In exceptional circumstances, such as an issuer being required to publish an urgent announcement, it shall be permissible to exclude from the statement of responsibility and confirmation those directors with whom it has not been possible to communicate prior to publishing the announcement.

Disclaimer and GEM characteristics statements

2.19 Any listing document, circular, announcement or notice issued by an issuer pursuant to the GEM Listing Rules must contain on its front cover or inside front cover, or as a heading, a prominent and legible disclaimer statement as follows:—

"Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document."

2.20 Any listing document or circular and every annual report and accounts (including, where applicable, a summary financial report) and interim report (including, where applicable, a summary interim report) issued by an issuer pursuant to the GEM Listing Rules (excluding any Explanatory Statement issued pursuant to rule 13.08) must contain, at a prominent position in the document, and in bold type, a statement in the following terms concerning the characteristics of GEM:—

"Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the "Exchange")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Communication with the Exchange

2.21 References in the GEM Listing Rules to informing or notifying the Exchange and any documents required to be sent or submitted to the Exchange mean, unless otherwise stated in the GEM Listing Rules or required by the Exchange or the context requires otherwise, that the information or documents must be provided to the Exchange only by electronic means in such manner, and in accordance with such terms and conditions and requirements, as the Exchange may prescribe from time to time.

Note: In respect of documents submitted to the Exchange under rules 12.25, 12.26E(2) and 28.15 for the purpose of authorisation of registration of a prospectus, they shall be submitted in the manner and via the means prescribed by the Companies (Winding Up and Miscellaneous Provisions) Ordinance and any related guidance materials published from time to time.

2.22 If the information is of an urgent nature, an authorised representative of the issuer or some other responsible officer of the issuer or its Sponsor, financial adviser or legal adviser should communicate the information to the Executive Director – Listing Division or his delegates by telephone, provided always that the communication is confirmed in accordance with rule 2.21, such written communication to follow promptly after the telephone communication.

2.23 Where the GEM Listing Rules require documents to be sent or submitted to the Exchange, they must be sent or delivered to the Listing Division in accordance with rule 2.21, unless otherwise stated in the GEM Listing Rules.

2.23A [Repealed 31 December 2023]

2.24 The procedures for delivery of information and documentation to the Exchange and any changes or additions to those procedures may be determined and promulgated by the Exchange from time to time.

Structure

2.25 The GEM Listing Rules fall into three main parts: Chapters 1 to 9 set out matters of general application; Chapters 10 to 25 set out the requirements applicable to the issue of equity securities; and Chapters 26 to 35 set out the requirements applicable to the issue of debt securities. In addition, there are Appendices to certain Chapters of these GEM Listing Rules. Regulatory Forms and Fees Rules are published on the Exchange's website.

Material interest in a transaction

2.26 Where a transaction or arrangement of an issuer is subject to shareholders' approval under the provisions of the GEM Listing Rules, any shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting.

Note: For the avoidance of doubt, any provision in the GEM Listing Rules requiring any other person to abstain from voting on a transaction or arrangement of an issuer which is subject to shareholders' approval shall be construed as being in addition to the requirement set out in rule 2.26.

2.27 For the purpose of determining whether a shareholder has a material interest, relevant factors include:

(1) whether the shareholder is a party to the transaction or arrangement or a close associate of such a party; and

(2) whether the transaction or arrangement confers upon the shareholder or his close associate a benefit (whether economic or otherwise) not available to the other shareholders of the issuer.

There is no benchmark for materiality of an interest nor may it necessarily be defined in monetary or financial terms. The materiality of an interest is to be determined on a case by case basis, having regard to all the particular circumstances of the transaction concerned.

Note: The references to "close associate" shall be changed to "associate" where the transaction or arrangement is a connected transaction under Chapter 20.

2.28 The issuer must, to the extent that it is aware having made all reasonable enquiries, include in the listing document or circular:

(1) a statement as at the date by reference to which disclosure of the shareholding is made in the listing document or circular as to whether and to what extent any shareholder who is required to abstain from voting under the GEM Listing Rules controls or is entitled to exercise control over the voting right in respect of his shares in the issuer;

(2) particulars of:

(a) any voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any such shareholder; and

(b) any obligation or entitlement of any such shareholder as at the date by reference to which disclosure of the shareholding of any such shareholder is made in the listing document or circular,

whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his shares in the issuer to a third party, either generally or on a case-by-case basis;

(3) a detailed explanation of any discrepancy between any such shareholder's beneficial shareholding interest in the issuer as disclosed in the listing document or circular and the number of shares in the issuer in respect of which he will control or will be entitled to exercise control over the voting right at the relevant meeting; and

(4) steps undertaken by the shareholder (if any) to ensure shares being the subject of the discrepancy referred to in rule 2.28(3) are not voted.

Fees and other charges

2.29 Of relevance to issuers, the details of the initial listing fee, annual listing fee, subsequent issue fee and other charges, together with details of the brokerage charge, levies and trading fees on new issues are set out in the Fees Rules.

Chapter 3

GENERAL

COMPOSITION, POWERS, FUNCTIONS AND PROCEDURES OF THE GEM LISTING COMMITTEE, THE GEM LISTING REVIEW COMMITTEE AND THE LISTING DIVISION

General

3.01 The Board has arranged for all of its powers and functions in respect of all listing matters in relation to GEM to be discharged by the GEM Listing Committee and/or its delegates, subject to the review procedures set out in this Chapter and Chapter 4. Any function which under the GEM Listing Rules may be performed by the Exchange or any power which under the GEM Listing Rules may be exercised by the Exchange may, therefore, be performed or exercised by the GEM Listing Committee and/or its delegates. Accordingly, the GEM Listing Committee and, in relation to certain powers of review, the GEM Listing Review Committee has sole power and authority to act in relation to all listing matters to the exclusion of the Board unless and until the Board revokes these arrangements.

3.02 The GEM Listing Committee has arranged for most of these powers and functions to be discharged by the Listing Division and the Chief Executive of the Exchange (the "Chief Executive"), subject to the reservations and review procedures set out in this Chapter and Chapter 4. In the first instance, therefore, all matters concerning the GEM Listing Rules will be dealt with by the Listing Division. The Listing Division will also interpret, administer and enforce the GEM Listing Rules subject to the review procedures set out in this Chapter and Chapter 4.

3.03 In discharging their respective functions and powers the GEM Listing Review Committee, the GEM Listing Committee, the Listing Division and the Chief Executive are required to administer the GEM Listing Rules, and otherwise to act, in the best interest of the market as a whole and in the public interest.

3.04 All references in Chapters 3 and 4 to decisions and rulings of the Listing Division include decisions and rulings made by the Chief Executive.

Application procedures

New applicants

3.05 Subject to rule 3.05A, every application for listing by a new applicant (whether in relation to equity securities or debt securities) should be submitted to the Listing Division which may reject it or recommend the GEM Listing Committee to approve or reject it. However, the GEM Listing Committee has reserved for itself the power to approve all applications for listing from a new applicant and this means that even if such an application is recommended by the Executive Director – Listing Division or the Chief Executive, it must still be approved by the GEM Listing Committee. The GEM Listing Committee may at the request of the Listing Division give an "in principle" approval, that a particular new applicant or its business, or a particular type of security is suitable for listing, at an early stage in the application process (but will again consider the full application after the Listing Division has processed it). Otherwise the GEM Listing Committee will not consider an application from a new applicant until the Listing Division has processed the application. If the GEM Listing Committee approves a listing the Listing Division will normally issue a notification of approval in principle, and then issue a formal approval letter, in due course.

3.05A The GEM Listing Committee has delegated to the Executive Director – Listing Division the power to approve any application for listing of debt securities under Chapter 30 (debt issues to provisional investors only).

Listed issuers

3.06 Applications for listing by a listed issuer will be dealt with by the Listing Division and it is the Executive Director – Listing Division who will normally approve the listing and issue the formal approval letter, in due course. However, the GEM Listing Committee may determine the matter in the first instance at the request of the Listing Division where it considers it appropriate to do so.

Sponsors

3.07 [Repealed 1 January 2007]

Guidance

3.08 Prospective issuers, and in particular new applicants, are encouraged (through their Sponsors, where applicable) to contact the Listing Division to seek informal and confidential guidance as to the eligibility of a proposed application for listing at the earliest possible opportunity.

Cancellation procedures

3.09 The GEM Listing Committee has reserved to itself the power to cancel the listing of a listed issuer. This means that a listed issuer will not have its listing cancelled unless the GEM Listing Committee has considered the matter.

Note: Transfer from GEM to the Main Board is not regarded as a cancellation of listing from the Exchange (see rule 9.24(2)).

Disciplinary jurisdiction and sanctions

3.10 (1) The Exchange may bring disciplinary actions and impose or issue the sanctions in rule 3.11 against any of the following:—

(a) a listed issuer or any of its subsidiaries;

(b) any director of a listed issuer or any of its subsidiaries (or any alternate of such director);

(c) any member of the senior management of a listed issuer or any of its subsidiaries;

(d) any substantial shareholder of a listed issuer;

(e) any significant shareholder;

(f) any professional adviser of a listed issuer or any of its subsidiaries;

(g) any employee of a professional adviser of a listed issuer or any of its subsidiaries;

(h) any authorised representative of a listed issuer;

(i) any supervisor of a PRC issuer;

(j) any guarantor in the case of a guaranteed issue of debt securities; and

(k) any other party who gives an undertaking to or enters into an agreement with the Exchange.

(2) For the purposes of this rule:

(a) "professional adviser" includes any financial adviser, independent financial adviser, lawyer, accountant, property valuer or any other person retained by an issuer to provide professional advice in relation to a matter governed by the GEM Listing Rules. It does not include Sponsors, capital market intermediaries or Compliance Advisers; and

(b) "senior management" includes:

(i) any person occupying the position of chief executive, supervisor, company secretary, chief operating officer or chief financial officer, by whatever name called;

(ii) any person who performs managerial functions under the directors' immediate authority; or

(iii) any person referred to as senior management in the listed issuer's corporate communication or any other publications on the Exchange's website or on the listed issuer's website.

(3) The scope of any disciplinary action taken against a professional adviser under rules 3.10, 3.11 and 3.11B, including any ban imposed on a professional adviser under rule 3.11(9), shall be limited to matters governed by or arising out of the GEM Listing Rules.

(4) Professional advisers, when acting in connection with GEM Listing Rule matters on which they are instructed to advise, shall use all reasonable efforts to ensure that their clients understand and are advised as to the scope of and their obligations under the GEM Listing Rules. They must not knowingly provide any information to the Exchange which is false or misleading in a material particular.

3.11 If the GEM Listing Committee finds there has been a breach of the GEM Listing Rules by any of the parties named in rule 3.10, it may:—

(1) issue a private reprimand;

(2) issue a public statement involving criticism;

(3) issue a public censure;

(4) state publicly that in the Exchange's opinion the occupying of the position of director or senior management of a named listed issuer or any of its subsidiaries by an individual may cause prejudice to the interests of investors;

(5) in the case of serious or repeated failure by a director to discharge his responsibilities under the GEM Listing Rules, state publicly that in the Exchange's opinion the director is unsuitable to occupy a position as director or within senior management of a named listed issuer or any of its subsidiaries;

(6) deny the facilities of the market to a listed issuer for a specified period and/or until fulfilment of specified conditions and prohibit dealers and financial advisers from acting or continuing to act for that issuer;

(7) suspend trading in the listed issuer's securities or any class of its securities;

(8) cancel the listing of the listed issuer's securities or any class of its securities;

(9) ban a professional adviser or a named individual employed by a professional adviser from representing any or a specified party in relation to a stipulated matter or matters coming before the Listing Division or the GEM Listing Committee for a stated period;

(10) recommend reporting the conduct of the party in breach to the Commission or another regulatory authority, whether in Hong Kong or overseas (for example, the Financial Secretary or any professional body);

(11) order rectification or other remedial action to be taken within a stipulated period; and

(12) take, or refrain from taking, such other action as it thinks fit, including making public any action taken.

Notes:

1. Any reference to the GEM Listing Committee in rules 3.11, 3.11A and 3.11B includes both the GEM Listing Committee and the GEM Listing Review Committee.

2. Where the GEM Listing Committee or the GEM Listing Review Committee (as the case may be, after the decision has become final), issues:

(i) a public sanction under rule 3.11, such sanction will be published with reasons; or

(ii) a private reprimand, the substance of such sanction may be published with reasons without disclosing the identities of the parties involved.

3. In exercising its powers of sanction the Exchange will recognise the differing roles and levels of responsibility of the persons against whom sanctions may lie under rule 3.10.

4. For the purposes of this rule and rule 3.11A(2) below, denying "facilities of the market" is not intended to mean cancellation of listing. It is meant to include withholding approval of any matters that require approval from the Exchange, including the issuance of shares.

3.11A (1) If a statement under rule 3.11(4) with follow-on actions in sub-rule (2) below, or rule 3.11(5), has been made against an individual, the listed issuer:

(a) named in the statement; or

(b) in respect of which any of its subsidiaries is named in the statement

must include in all of its announcements and corporate communications to be published a reference to the sanction made under rule 3.11(4) or 3.11(5), unless and until that individual ceases to be a director or senior management, as the case may be, of the named listed issuer and/or its subsidiaries.

(2) If an individual against whom a statement has been made under rule 3.11(4) or 3.11(5) occupies the position of director or senior management, as the case may be, of the named listed issuer or subsidiary, as the case may be, after a date to be determined and specified by the GEM Listing Committee, the GEM Listing Committee may, at any time in its sole discretion, impose the follow-on actions below:

(a) order that the facilities of the market be denied to that issuer for a specified period; and/or

(b) suspend or cancel the listing of that issuer's securities or any class of its securities.

(3) The GEM Listing Committee may make public any follow-on action imposed under rule 3.11A(2).

3.11B In addition to imposing the sanctions in rule 3.11 when a party has failed to discharge obligations or responsibilities expressly imposed on that party by a specific GEM Listing Rule, the GEM Listing Committee may impose the sanctions in rule 3.11 on any of the parties named in rule 3.10 above, if it finds the party has:—

(1) failed to comply with a requirement imposed by the Listing Division or the GEM Listing Committee;

(2) contravened an undertaking given to or breached an agreement with the Exchange in relation to a listing matter; or

(3) caused by action or omission or knowingly participated in a contravention of the GEM Listing Rules or a requirement referred to in (1) above.

Note: In respect of parties covered by section 23(8) of the SFO, a sanction may be imposed under rule 3.11B(3) in and only in the circumstances prescribed for disciplinary action in the arrangements agreed from time to time between the Exchange and the relevant professional regulatory body; and, in considering whether a party covered by section 23(8) of the SFO has breached rule 3.11B(3), the Exchange will take into account, among other things, whether such party has knowingly or recklessly facilitated or participated in a breach of the GEM Listing Rules or any undertaking given to or any agreement with the Exchange.

3.12 The GEM Listing Committee will, if requested by any party to be reprimanded, criticised, censured or otherwise sanctioned in pursuance of the powers contained in rules 3.10, 3.11, 3.11A and 3.11B (a "review applicant"), give its reasons in writing for the decision made against that review applicant pursuant to rules 3.10, 3.11, 3.11A and 3.11B and that review applicant shall have the right to have the decision against him referred to the GEM Listing Review Committee for a further and final review. The GEM Listing Review Committee may endorse, overturn, modify or vary the ruling of the earlier meeting. Subject to rule 3.17A, the decision of the GEM Listing Review Committee on review shall be conclusive and binding on the review applicant. If requested by the review applicant, the GEM Listing Review Committee will give reasons in writing for its decision on review.

3.13 A request for a review of any decision of the GEM Listing Committee made pursuant to rule 3.12 must be served on the Secretary within seven business days of the issue of the GEM Listing Committee's decision unless written reasons for a decision are requested, in which case a request for a review of that decision must be notified within seven business days of the issue of the written reasons.

3.14 Any request for the GEM Listing Committee or the GEM Listing Review Committee to give its reasons in writing for its decision shall be made within three business days of the issue of its decision. Where requested, written reasons for a decision will be provided to all parties to the proceedings by the GEM Listing Committee or the GEM Listing Review Committee (as the case may be) as soon as possible and, in any event, within 14 business days of the receipt of the request.

3.15 Any person, other than an issuer, its Sponsor, Compliance Adviser and authorised representatives, who is aggrieved by a decision of the Listing Division or the GEM Listing Committee may express his views, in writing, to the Chairman of the GEM Listing Committee. The GEM Listing Committee may, in its sole discretion, decide to fully review the matter, having regard to the rights of any third party which may have been created in reliance upon the earlier decision.

3.16 The GEM Listing Committee and the GEM Listing Review Committee may from time to time prescribe such procedures and regulations for any review meetings or hearings of the respective Committee as they may think fit, including procedures for appointing from time to time the Chairman for any review hearing, procedures governing members' conflict of interest and the publication of decisions and reasons.

Rights of parties to be heard

3.17 In any disciplinary proceedings of the GEM Listing Committee and on any further and final review of the decision resulting from those proceedings by the GEM Listing Review Committee, the party the subject of such proceedings shall have the right to attend the meeting, to make submissions and to be accompanied by its professional advisers. In all disciplinary proceedings the Listing Division will provide the parties with copies of any papers to be presented by it at the meeting, in advance of the meeting.

Disciplinary reviews initiated by the Commission

3.17A (1) The Commission shall have the right to request in writing a review of any disciplinary decision of the GEM Listing Committee by the GEM Listing Review Committee under this rule.

(2) In reviewing a matter, the GEM Listing Review Committee shall have due regard to the rights and interests of all third parties who would be directly affected by the further review of the matter.

(3) The Commission may request written reasons for a decision of the GEM Listing Committee or the GEM Listing Review Committee if no written reasons were provided in the decision of the relevant Committee and if the relevant party does not request written reasons under rule 3.14. The Commission will make such a request within seven days of the expiry of the time stipulated for request of written reasons under rule 3.14. Where the relevant party requests written reasons, the written reasons provided to the relevant party will be provided to the Commission and the Listing Division. Similarly, written reasons provided to the Commission pursuant to the Commission's request will also be provided to the relevant party and the Listing Division.

(4) If the Commission decides to request a review of a matter, it will do so within seven business days after receipt of the relevant decision or, if either the Commission or the relevant party requests written reasons for the decision, those written reasons.

(5) The GEM Listing Review Committee and/or its Chairman may prescribe the procedures for reviewing a matter under this rule as they may think fit.

(6) The relevant party, the Listing Division and the Commission will have the right to make written submissions to the GEM Listing Review Committee, and the GEM Listing Review Committee shall take into account all such written submissions when reaching its decision. This applies to both a review requested by the Commission and any further and final review requested by the relevant party pursuant to rule 3.17A(7).

(7) Where the GEM Listing Review Committee overturns, modifies or varies the decision subject to review, the relevant party shall have a further and final right to seek a review of the decision by a second GEM Listing Review Committee. Subject to the facts and circumstances arising in the earlier meeting(s) in each case and subject further to the absolute discretion of the proposed Chairman of the GEM Listing Review Committee, all of the members present at the further and final review shall be persons who were not present at the earlier review hearing of the GEM Listing Review Committee. In the event there are insufficient persons available to make up the required quorum for the GEM Listing Review Committee, the proposed Chairman of the GEM Listing Review Committee shall direct the Secretary to select sufficient additional members to make up the required quorum by such method as the proposed Chairman considers appropriate in the proposed Chairman's absolute discretion.

Composition of the GEM Listing Committee

3.18 Subject to casual vacancies from time to time the GEM Listing Committee shall consist of 28 members or such greater number of members as the Board may from time to time agree, comprising:—

(1) at least eight individuals who the Listing Nominating Committee considers will represent the interests of investors;

(2) nineteen individuals who the Listing Nominating Committee considers will be a suitable balance of representatives of listed issuers and market practitioners including lawyers, accountants, corporate finance advisers and Exchange Participants or officers of Exchange Participants; and

(3) the Chief Executive of HKEC acting as ex officio non-voting member.

3.19 [Repealed May 2006]

Appointment and removal of members of the GEM Listing Committee

3.20 [Repealed 1 January 2016]

3.21 Members of the GEM Listing Committee shall be appointed by the Board. The Board may appoint only persons nominated in accordance with rule 3.22.

3.22 The persons eligible for appointment or re-appointment in each year as members of the GEM Listing Committee shall be nominated by a Listing Nominating Committee comprising three non-executive members of the board of HKEC and the Chairman and two Executive Directors of the Commission. In their deliberations the Listing Nominating Committee shall seek the views of the current Chairman and Deputy Chairmen of the GEM Listing Committee.

3.23 The Chairman and the Deputy Chairmen of the GEM Listing Committee shall be nominated by the Listing Nominating Committee and appointed by the Board. The Listing Nominating Committee may choose to nominate one or more than one Deputy Chairman and the Board may choose to appoint one or more than one Deputy Chairman. The Chief Executive of HKEC may not be elected as either Chairman or Deputy Chairman of the GEM Listing Committee.

3.23A Members of the GEM Listing Committee shall normally be appointed for a term of approximately twelve months.

3.24 All members of the GEM Listing Committee shall vacate office at the end of their term unless they are re-appointed by the Board for a further full term or such shorter period as the Board may stipulate at the time of re-appointment. Subject to rule 3.26, all members of the GEM Listing Committee are eligible for re-appointment.

3.25 The Board may fill any casual vacancies that may occur in the GEM Listing Committee by reason of resignation, retirement or otherwise. A person eligible for appointment to fill any such casual vacancy shall be nominated by the Listing Nominating Committee and shall be a person who is eligible within the same category of rule 3.18 as the member who has vacated office. The term of a member appointed to fill a casual vacancy in an office shall end on the same date as the term of the member whose vacation from that office created the casual vacancy.

3.26 Members of the GEM Listing Committee may only remain in office for a maximum of six consecutive years in addition to any period of appointment pursuant to rule 3.25 for the purpose of filling a casual vacancy. A member who has served for the maximum period permitted by this rule may be eligible for re-appointment after the lapse of two years from the date on which he last vacates office. Notwithstanding the foregoing, in exceptional circumstances, the Listing Nominating Committee shall have the discretion to nominate a person for re-appointment at any time before the lapse of two years from the date such person vacates office and the Board shall have the power to appoint such person.

3.27 The office of a member of the GEM Listing Committee shall be vacated if any one of the following events occurs:—

(1) if a receiving order is made against him or he makes any arrangement or composition with his creditors;

(2) if he becomes insane or is found to be of unsound mind within the meaning of the Mental Health Ordinance (Cap. 136);

(3) if by notice in writing to the Board and the GEM Listing Committee, he resigns from his office; or

(4) if by reason of serious misconduct he is removed by the Board and a written statement setting out the reasons for his removal has been delivered to the Commission,

provided that the acts of such member shall nevertheless be treated as valid and effectual in all respects up to and until an entry of the vacation of office shall be entered in the minutes of the GEM Listing Committee.

Functions and powers of the GEM Listing Committee

3.28 The GEM Listing Committee shall exercise all the powers and functions of the Board in relation to all listing matters in relation to GEM. The GEM Listing Committee's exercise of such powers and functions is only subject to the powers of review in the GEM Listing Review Committee.

Conduct of meetings of the GEM Listing Committee

3.29 The GEM Listing Committee shall meet for the despatch of business, adjourn and otherwise regulate its meetings in accordance with the provisions of the rules made by the Board for this purpose, including rules governing members' conflicts of interest, subject to the provisions of this rule. The quorum necessary for the transaction of any business by the GEM Listing Committee shall be five members. The Chief Executive of HKEC will not attend meetings of the GEM Listing Committee at which the GEM Listing Committee is determining a matter in the first instance or on review.

3.30 [Repealed 6 July 2019]

3.31 [Repealed 6 July 2019]

3.32 [Repealed 6 July 2019]

3.33 [Repealed 6 July 2019]

3.34 [Repealed 6 July 2019]

3.35 [Repealed 6 July 2019]

3.36 [Repealed 6 July 2019]

3.37 [Repealed 6 July 2019]

3.38 [Repealed 6 July 2019]

Composition of the GEM Listing Review Committee

3.38A Subject to casual vacancies from time to time the GEM Listing Review Committee shall consist of 20 members or such greater number of members as the Board may from time to time agree. An individual who was a member of the GEM Listing Committee may be eligible for appointment as a member of the GEM Listing Review Committee after the lapse of two years from the date on which he last vacates office of the GEM Listing Committee.

3.38B The GEM Listing Review Committee shall comprise:

(1) at least six individuals who the Listing Nominating Committee considers will represent the interest of investors; and

(2) the remaining members who the Listing Nominating Committee considers will represent a suitable balance of representatives of listed issuers and market practitioners including lawyers, accountants, corporate finance advisers and Exchange Participants (or their officers), and who have experience and expertise in GEM Listing Rule matters, or are familiar with the work of the GEM Listing Committee.

No current GEM Listing Committee members or representatives of the Commission or the HKEC shall be members of the GEM Listing Review Committee.

Appointment and Removal of Members of the GEM Listing Review Committee

3.38C Members of the GEM Listing Review Committee shall be appointed by the Board. The Board may appoint only persons nominated in accordance with rule 3.38D.

3.38D The persons eligible for appointment or re-appointment in each year as members of the GEM Listing Review Committee shall be nominated by the Listing Nominating Committee.

3.38E Members of the chairmen pool of the GEM Listing Review Committee shall be nominated by the Listing Nominating Committee and appointed by the Board. The chairmen pool shall comprise at least four members of the GEM Listing Review Committee.

3.38F Members of the GEM Listing Review Committee shall normally be appointed for a term of approximately twelve months.

3.38G All members of the GEM Listing Review Committee shall vacate office at the end of their term unless they are re-appointed by the Board for a further full term or such shorter period as the Board may stipulate at the time of re-appointment. Subject to rule 3.38I, all members of the GEM Listing Review Committee are eligible for re-appointment.

3.38H The Board may fill any casual vacancies that may occur in the GEM Listing Review Committee by reason of resignation, retirement or otherwise. A person eligible for appointment to fill any such casual vacancy shall be nominated by the Listing Nominating Committee and shall be a person who is eligible within the same category of rule 3.38B as the member who has vacated office. The term of a member appointed to fill a casual vacancy in an office shall end on the same date as the term of the member whose vacation from that office created the casual vacancy.

3.38I Members of the GEM Listing Review Committee may only remain in office for a maximum of six consecutive years in addition to any period of appointment pursuant to rule 3.38H for the purpose of filling a casual vacancy. A member who has served for the maximum period permitted by this rule may be eligible for re-appointment after the lapse of two years from the date on which he last vacates office. Notwithstanding the foregoing, in exceptional circumstances, the Listing Nominating Committee shall have the discretion to nominate a person for re-appointment at any time before the lapse of two years from the date such person vacates office and the Board shall have the power to appoint such person.

3.38J The office of a member of the GEM Listing Review Committee shall be vacated if any one of the following events occurs:—

(1) if a receiving order is made against him or he makes any arrangement or composition with his creditors;

(2) if he becomes insane or is found to be of unsound mind within the meaning of the Mental Health Ordinance (Cap. 136);

(3) if by notice in writing to the Board and the GEM Listing Review Committee, he resigns from his office; or

(4) if by reason of serious misconduct he is removed by the Board and a written statement setting out the reasons for his removal has been delivered to the Commission,

provided that the acts of such member shall nevertheless be treated as valid and effectual in all respects up to and until an entry of the vacation of office shall be entered in the minutes of the GEM Listing Review Committee.

Functions and powers of the GEM Listing Review Committee

3.38K The GEM Listing Review Committee shall be the review body in respect of any decision of the GEM Listing Committee and, where the Commission had requested a review by the GEM Listing Review Committee of a decision made by the GEM Listing Committee, the further and final review body for decisions of the GEM Listing Review Committee as provided in rules 3.17A(7) and 4.16(7).

Conduct of meetings of the GEM Listing Review Committee

3.38L The GEM Listing Review Committee shall meet for the despatch of business, adjourn and otherwise regulate its meetings in accordance with the provisions of the rules made by the Board for this purpose, including rules governing members' conflicts of interest, subject to the provisions of this rule 3.38L. The quorum necessary for the transaction of any business of the GEM Listing Review Committee shall be five members. All review hearings shall be heard *de novo*. The GEM Listing Review Committee will rehear the case and decide it afresh, after considering all the relevant evidence and arguments made at the earlier hearings and any additional evidence or information which may be adduced in accordance with the procedures and regulations for review hearings and any directions made by the GEM Listing Review Committee. The GEM Listing Review Committee will consider the decision of the previous decision making body and state the reasons for its own decision. The GEM Listing Review Committee will also address the prior decision (and the basis therefor) in its own decision, whether it is upholding or overturning that prior decision.

Bona fide acts of Committee members

3.39 All bona fide acts of a member of the GEM Listing Committee or any member of the GEM Listing Review Committee pursuant to the resolutions passed at any meeting of those Committees shall, as regards all persons dealing in good faith with the Exchange, notwithstanding that it be subsequently discovered that there was some defect in the appointment of any such member or that such member was for some reason ineligible for appointment, be deemed to be valid as if every member had been duly appointed and was qualified to be a member of the relevant Committee.

Transitional

3.40 All disciplinary review hearings for disciplinary proceedings commenced before the implementation of the new rules will be conducted under Chapters 3 and 4 of the GEM Listing Rules in force as at the time of commencement of disciplinary proceedings. The Committees in existence before the implementation of the new rules will continue in existence until all such proceedings have been concluded and the rules and procedures then in force will continue to apply for the purpose of the conduct of these matters.

Note: (1) Disciplinary proceedings are commenced upon the Listing Division submitting a report to the Secretary setting out its case and all material facts and submissions upon which it intends to rely.

(2) For the purpose of this rule, the reference to "new rules" refers to the amendments to this Chapter and Chapter 4 which came into effect on 6 July 2019.

Chapter 4

GENERAL

REVIEW PROCEDURE

General

4.01 The GEM Listing Committee has retained the role of oversight of the Listing Division and the Chief Executive to ensure that they exercise those powers and carry out their day-to-day functions in a professional and impartial manner. This oversight role does not mean, however, that the GEM Listing Committee will be involved in the day-to-day administration of the GEM Listing Rules but the GEM Listing Committee will act as an independent review body and has retained the right to review at any time, on its own volition, any decision of the Chief Executive, the Executive Director of the Listing Division or any member of the staff of the Listing Division which is made under any of the powers delegated by the GEM Listing Committee and to endorse, modify, vary or reverse any such decision. In addition, the GEM Listing Committee has the power to impose directions, regulations or restrictions on the Chief Executive, the Executive Director - Listing Division and the staff of the Listing Division in respect of the way in which they are to carry out their delegated authority.

Definitions and Interpretation

4.01A In this Chapter:

(1) Where this Chapter provides a time limit for performing any act within a specified number of business days of receipt of the relevant document, the act is to be performed within the specified number of business days after, but not including, the date of receipt of the relevant document.

(2) "Return Decision" means the Listing Division's decision to return a new applicant's listing application and all related documents to its Sponsor (except for the retention of a copy of these documents for the Exchange's record) on the ground that the information in the listing application form, Application Proof, or any other relevant documents under rules 12.22 and 12.23 is not substantially complete under rule 12.09(1). A Return Decision does not include a rejection decision under rule 4.05(1)

(3) "Review Request" means a written request by the relevant party for a review of the decision of the Listing Division, GEM Listing Committee or the GEM Listing Review Committee (as the case may be) under rules 4.05, 4.06, 4.06A and 4.16(7) which must be served on the Secretary of the GEM Listing Committee or the Secretary of the GEM Listing Review Committee (hereinafter referred to as the "Secretary"), as the case may be

4.02 The GEM Listing Committee may at any time conduct a hearing in relation to any matter relating to or arising out of the GEM Listing Rules and it may require the attendance at such hearing of such persons and the production to such hearing of such documents as it deems appropriate. As provided in this Chapter, certain decisions of the Listing Division may be referred to the GEM Listing Committee for review; and certain decisions of the GEM Listing Committee may be referred to the GEM Listing Review Committee for a further and final review.

4.02A This Chapter sets out the mechanism, procedures and related provisions for the review of non-disciplinary decisions by the GEM Listing Committee and the GEM Listing Review Committee.

4.03 The GEM Listing Committee and the GEM Listing Review Committee may from time to time prescribe such procedures and regulations for any review hearings of the respective Committee as they may think fit, including procedures for appointing from time to time the Chairman for any review hearing, procedures governing members' conflict of interest and the publication of decisions and reasons.

4.04 (1) Notwithstanding rule 4.03 and provisions set out in Form 5A, a listed issuer or new applicant shall submit to the GEM Listing Committee information for an application for listing pursuant to each Form 5A no more than two times, subject always to:—

(a) the GEM Listing Committee permitting otherwise if it considers necessary; and

(b) only one right of review by the listed issuer or new applicant against the latest decision made by the GEM Listing Committee as at the date of the Review Request pursuant to rule 4.08.

(c) [Repealed 6 July 2019]

(2) (a) The GEM Listing Committee shall only consider a revised application for listing if the listed issuer or the new applicant, as the case may be, provides new information for consideration by the GEM Listing Committee.

(b) [Repealed 1 January 2020]

(3) Subject to rule 4.04(1), the listed issuer or the new applicant may, if it considers necessary, submit its application for listing together with a new Form 5A again for the consideration by the GEM Listing Committee.

Review cases of a new applicant to be considered by the GEM Listing Committee and the GEM Listing Review Committee

4.05 (1) (a) Where the Listing Division rejects an application for listing by a new applicant, the new applicant has the right to have the decision referred to the GEM Listing Committee for a review.

(b) Where the GEM Listing Committee rejects an application for listing by a new applicant or endorses, modifies or varies the Listing Division's decision to reject an application, the new applicant has the right to have the decision referred to the GEM Listing Review Committee for a further and final review.

(c) Subject to rule 4.16, the decision of the GEM Listing Review Committee on the review is conclusive and binding on the new applicant.

Note: A rejection decision under rule 4.05(1) does not include a Return Decision.

(2) (a) A new applicant and/or its Sponsor have the right to have a Return Decision reviewed by the GEM Listing Committee.

(b) Where the GEM Listing Committee endorses the Return Decision, the new applicant and/or the Sponsor have the right to have the Return Decision referred to the GEM Listing Review Committee for a further and final review. Subject to rule 4.16, the decision of the GEM Listing Review Committee on the review is conclusive and binding on the new applicant and the Sponsor.

Review cases of a listed issuer to be considered by the GEM Listing Committee and the GEM Listing Review Committee

4.06 (1) Where the Listing Division makes a decision on the listed issuer, the listed issuer may request the decision be referred to the GEM Listing Committee for a review by the GEM Listing Committee.

(2) Subject to rule 4.04, where the GEM Listing Committee endorses, modifies or varies the Listing Division's decision or makes its own decision, the listed issuer may request the decision be referred to the GEM Listing Review Committee for a further and final review.

(3) Subject to rule 4.16, the decision of the Listing Division or the GEM Listing Committee, as the case may be, shall be conclusive and binding on the listed issuer if the listed issuer does not seek review of the decision of the Listing Division or the GEM Listing Committee, as the case may be; otherwise, the decision of the GEM Listing Review Committee shall be conclusive and binding on the listed issuer.

Review cases of an authorised representative to be considered by the GEM Listing Committee and the GEM Listing Review Committee

4.06A (1) Where the Listing Division decides that a person's appointment as an issuer's authorised representative under rule 5.24 should be terminated, that authorised representative shall have the right to have that decision referred to the GEM Listing Committee for review.

(2) Where the GEM Listing Committee endorses, modifies or varies the Listing Division's decision, that authorised representative shall have the right to have that decision reviewed by the GEM Listing Review Committee, whose decision shall be conclusive and binding on both the listed issuer and that authorised representative.

4.07 [Repealed 6 July 2019]

Time for application

4.08 (1) Subject to (3) below, a Review Request for reviewing any decision of the Listing Division, the GEM Listing Committee or the GEM Listing Review Committee (as the case may be) under rules 4.05(1), 4.06, 4.06A and 4.16(7) must be served on the Secretary within seven business days of the issue of either the relevant decision, or if the relevant party requests written reasons under rule 4.13(1), those written reasons.

(2) A Review Request for reviewing a Return Decision or a GEM Listing Committee's decision to endorse a Return Decision must include the grounds for the review together with reasons and be served on the Secretary within five business days of the issue of the written decision under rule 4.13(2).

(3) A Review Request made under rule 4.06 for reviewing a decision of the Listing Division to direct the resumption of dealings or, if such decision has been referred to the GEM Listing Committee for review, the GEM Listing Committee's decision on such review, must include the grounds for the review together with reasons and be served on the Secretary within five business days of the issue of the written decision under rule 4.13(3).

Notice of review hearing

4.09 Upon the receipt of a Review Request, the GEM Listing Committee or the GEM Listing Review Committee, as the case may be, will convene a hearing to review the matter in accordance with the procedures as prescribed by the Secretary; provided that when the GEM Listing Committee or the GEM Listing Review Committee considers that it is necessary to resolve an issue urgently, it may stipulate such time as may be necessary within which the relevant party should be informed as to the date for the review hearing.

Prehearing procedures

4.10 In all review cases, the Listing Division and the relevant parties will provide each other and the GEM Listing Committee or the GEM Listing Review Committee, as the case may be, through the Secretary of the relevant Committee with any papers to be presented by it at the hearing, in advance of the review hearing.

Conduct of review hearing

4.11 (1) The GEM Listing Committee or the GEM Listing Review Committee shall meet for the despatch of business, adjourn and otherwise regulate its hearings in accordance with the provisions of the rules made by the Board for this purpose, including rules governing members' conflicts of interest, subject to the provisions of this rule. All review hearings under this Chapter shall be heard *de novo*. The GEM Listing Committee and the GEM Listing Review Committee (as the case may be) will rehear the case and decide it afresh, after considering all the relevant evidence and arguments made at the earlier hearings and any additional evidence or information which may be adduced in accordance with the procedures and regulations for review hearings and any directions made by the GEM Listing Committee or the GEM Listing Review Committee. The GEM Listing Review Committee will consider the decision of the previous decision making body and state the reasons for its own decision. The GEM Listing Review Committee will also address the prior decision (and the basis therefor) in its own decision, whether it is upholding or overturning that prior decision.

(2) The quorum necessary for the transaction of any business by the GEM Listing Committee or the GEM Listing Review Committee shall be five members.

(3) The Chief Executive of HKEC will not attend meetings of the GEM Listing Committee at which the GEM Listing Committee is determining a matter in the first instance or attend review hearings of the GEM Listing Committee.

(4) [Repealed 6 July 2019]

(5) (a) [Repealed 6 July 2019]

(b) [Repealed 6 July 2019]

(c) [Repealed 6 July 2019]

(d) In a review of a Return Decision or a GEM Listing Committee's decision to endorse a Return Decision, any materials submitted to the GEM Listing Committee or the GEM Listing Review Committee must be based on the original materials submitted to the Listing Division when the new applicant first filed its listing application.

(6) [Repealed 1 July 2008]

(7) (a) At a review hearing before the GEM Listing Committee or the GEM Listing Review Committee, the directors of the new applicant or the listed issuer (as the case may be) have the right to attend the hearing, to make submissions and to be accompanied by one representative of each of the Sponsor, the Compliance Adviser, authorised representatives, proposed or otherwise, the financial adviser, the legal adviser and auditors of the new applicant or the listed issuer (as the case may be); a Sponsor, Compliance Adviser or authorised representative may be accompanied by its/his legal adviser.

(b) [Repealed 1 January 2020]

(8) In the case of a review hearing sought by an authorised representative under rule 4.06A, the authorised representative shall have the right to attend the review hearing, to make submissions and may be accompanied by his legal adviser.

(9) Sub-rule (7) does not apply to a review relating to a Return Decision. In a review hearing of a Return Decision by the GEM Listing Committee or the GEM Listing Review Committee, the directors of the new applicant and/or one representative of each Sponsor have the right to attend the hearing, to make submissions and to be accompanied, in the case of the directors of the new applicant, by one representative of each of the new applicant's financial adviser, legal adviser and auditors; and in the case of each Sponsor, by its legal adviser. If all the parties seeking a review decide not to attend the hearing, the hearing will proceed based on the documents submitted for hearing. For the avoidance of doubt, if a party seeking a review decides not to attend the hearing, the hearing will proceed in his absence.

Role of the Secretary

4.12 (1) The Secretary shall be responsible for overseeing and co-ordinating the operation of the review procedures.

(2) Any notices, notifications and all other documents required to be submitted to the GEM Listing Committee or the GEM Listing Review Committee must be served upon the Secretary who will ensure that such documents are provided to the other parties and members of the GEM Listing Committee or the GEM Listing Review Committee, as appropriate.

(3) The Secretary shall advise the GEM Listing Committee or the GEM Listing Review Committee on procedural matters, but all decisions on such matters shall be made only by the GEM Listing Committee or the GEM Listing Review Committee, as the case may be; and the Secretary shall carry out such duties as may from time to time be authorised by the GEM Listing Committee or the GEM Listing Review Committee.

(4) The Secretary shall be the point of contact for all parties, including the representatives of the Listing Division and the relevant party seeking a review, in respect of any administrative matter arising out of the review procedures.

(5) The Secretary shall refer any pre-review hearing enquiries or matters, procedural or otherwise, to the Chairman proposed for any of the GEM Listing Committee or the GEM Listing Review Committee, as the case may be, for confirmation or decision or if the proposed Chairman so directs, the Secretary shall refer the same to the GEM Listing Committee or the GEM Listing Review Committee, as the case may be, for its decision.

Request for written reasons

4.13 (1) Except for a review relating to a Return Decision or a decision to direct the resumption of dealings, any request for the Listing Division, the GEM Listing Committee or the GEM Listing Review Committee (as the case may be) to give written reasons for its decision shall be made by a relevant party within three business days of the issue of the decision. The Listing Division, the GEM Listing Committee or the GEM Listing Review Committee (as the case may be) will provide written reasons within 14 business days of the receipt of the request. Such written reasons will be provided to all parties to the review.

(2) The Listing Division, the GEM Listing Committee or the GEM Listing Review Committee (as the case may be) will provide written reasons for its Return Decision or decision to endorse a Return Decision.

(3) The Listing Division, the GEM Listing Committee or the GEM Listing Review Committee (as the case may be) will provide written reasons for its decision to direct the resumption of trading under rule 9.12 or decision to endorse such a decision.

Publication of decisions

4.13A The conclusive and binding decisions of the GEM Listing Review Committee under this Chapter shall be published on the Exchange's website unless otherwise directed by the review body. In the event of a further and final review under rule 4.16(7), the decision of the GEM Listing Review Committee which heard the review initiated by the Commission and the decision of the GEM Listing Review Committee which heard the further and final review shall both be published.

Costs

4.14 Upon submission of a Review Request pursuant to rule 4.08, a non-refundable fee of HK$60,000 is payable to the Exchange, for each review, by any party seeking to review a decision of the Listing Division, the GEM Listing Committee or (in relation to a review under rule 4.16(7)) the GEM Listing Review Committee, as the case may be, pursuant to this Chapter.

Aggrieved party

4.15 Any person, other than a listed issuer, a new applicant, its Sponsor, Compliance Adviser or authorised representative, who is aggrieved by a decision of the Listing Division or the GEM Listing Committee may express his views, in writing, to the Chairman of the GEM Listing Committee. The GEM Listing Committee may, in its sole discretion, decide to fully review the matter, having regard to the rights of any third party which may have been created in reliance upon the earlier decision.

Non-disciplinary reviews initiated by the Commission

4.16 (1) The Commission shall have the right to request in writing a review of any non-disciplinary matter, including a decision of the GEM Listing Committee by the GEM Listing Review Committee under this rule.

(2) In reviewing a matter, the review body shall have due regard to the rights and interests of all third parties who would be directly affected by the further review of the matter.

(3) The Commission may request written reasons for a decision of the GEM Listing Committee or the GEM Listing Review Committee if no written reasons were provided in the decision of the relevant Committee and if the relevant party does not request written reasons under rule 4.13(1). The Commission will make such a request within seven days of the expiry of the time stipulated for request of written reasons under rule 4.13(1). Where the relevant party requests written reasons, the written reasons provided to the relevant party will be provided to the Commission and the Listing Division. Similarly, written reasons provided to the Commission pursuant to the Commission's request will also be provided to the relevant party and the Listing Division.

(4) If the Commission decides to request a review of a matter, it will do so within seven business days after receipt of the relevant decision or, if either the Commission or the relevant party requests written reasons for the decision, those written reasons.

(5) The review body and/or its Chairman may prescribe the procedures for reviewing a matter under this rule as they may think fit.

(6) The relevant party, the Listing Division and the Commission will have the right to make written submissions to the review body, and the review body shall take into account all such written submissions when reaching its decision. This applies to both a review requested by the Commission and any further and final review requested by the relevant party pursuant to rule 4.16(7).

(7) Where the review body overturns, modifies or varies the decision subject to review, the relevant party shall have a further and final right to seek a review of the decision by the GEM Listing Review Committee. Subject to the facts and circumstances arising in the earlier meeting(s) in each case and subject further to the absolute discretion of the proposed Chairman of the GEM Listing Review Committee, all of the members present at the further and final review shall be persons who were not present at the earlier review hearing of the GEM Listing Review Committee (if any). In the event there are insufficient persons available to make up the required quorum for the GEM Listing Review Committee, the proposed Chairman of the GEM Listing Review Committee shall direct the Secretary to select sufficient additional members to make up the required quorum by such method as the proposed Chairman considers appropriate in the proposed Chairman's absolute discretion.

Transitional

4.17 (1) All non-disciplinary review hearings in respect of the following decisions will be conducted under Chapters 3 and 4 of the GEM Listing Rules in force immediately before the implementation of the new rules:

(a) subject to (b) below, any first instance non-disciplinary decision made before the implementation of the new rules;

(b) any decision made under rule 9.15(1) before the implementation of the new rules and any follow on or further decision made in relation to those decisions (including a decision to cancel the listing if an issuer fails to remedy the specified matters within the specified period); and

(c) any review decision of the decisions referred to in (a) or (b) above.

(2) The Committees in existence before the implementation of the new rules will continue in existence until all relevant review proceedings have been concluded and the rules and procedures then in force will continue to apply for the purpose of the conduct of the above matters.

Note: For the purpose of this rule, the reference to "new rules" refers to the amendments to this Chapter and Chapter 4 which came into effect on 6 July 2019.

Chapter 5

GENERAL

DIRECTORS, COMPANY SECRETARY, BOARD COMMITTEES, AUTHORISED REPRESENTATIVES AND CORPORATE GOVERNANCE MATTERS

Directors

5.01 The board of directors of an issuer is collectively responsible for its management and operations. The Exchange expects the directors, both collectively and individually, to fulfil fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standard established by Hong Kong law. This means that every director must, in the performance of his duties as a director:—

(1) act honestly and in good faith in the interests of the company as a whole;

(2) act for proper purpose;

(3) be answerable to the issuer for the application or misapplication of its assets;

(4) avoid actual and potential conflicts of interest and duty;

(5) disclose fully and fairly his interests in contracts with the issuer; and

(6) apply such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience and holding his office within the issuer.

Directors must satisfy the required levels of skill, care and diligence. Delegating their functions is permissible but does not absolve them from their responsibilities or from applying the required levels of skill, care and diligence. Directors do not satisfy these required levels if they pay attention to the issuer's affairs only at formal meetings. At a minimum, they must take an active interest in the issuer's affairs and obtain a general understanding of its business. They must follow up anything untoward that comes to their attention.

Directors are reminded that if they fail to discharge their duties and responsibilities, they may be disciplined by the Exchange and may attract civil and/or criminal liabilities under Hong Kong law or the laws of other jurisdictions.

Note: These duties are summarised in "A Guide on Directors' Duties" issued by the Companies Registry. In addition, directors are generally expected by the Exchange to be guided by the Guidelines for Directors and the Guide for Independent Non-executive Directors published by the Hong Kong Institute of Directors (www.hkiod.com). In determining whether a director has met the expected standard of care, skill and diligence, courts will generally consider a number of factors. These include the functions that are to be performed by the director concerned, whether he is a full-time executive director or a part-time non-executive director and his professional skills and knowledge.

5.02 Directors must have the character, experience and integrity and be able to demonstrate a standard of competence commensurate with their position as directors of an issuer. The Exchange may request information regarding the background, experience, other business interests or character of any director or proposed director of an issuer. The Exchange expects all directors of an issuer:—

(1) to be cognizant of the GEM Listing Rules and reasonably familiar with the obligations and duties imposed upon them and the issuer pursuant to the GEM Listing Rules, the Securities and Futures Ordinance, the Companies Ordinance, the Takeovers Code and the Code on Share Buy-backs. The Exchange reserves a right to require directors to demonstrate their knowledge and understanding of the same; and

(2) to respond, in a prompt and efficient manner, to all enquiries directed at them by the Exchange.

5.02A Directors, in accepting to be directors of a listed issuer, shall be considered as having:

(1) irrevocably appointed the listed issuer as their agents, for so long as they remain directors of the issuer, for receiving on their behalf any correspondence from and/or service of notices and other documents by the Exchange or the Commission; and

(2) authorised the Executive Director – Listing, or to any person authorised by the Executive Director – Listing to disclose any of their personal particulars given by them to members of the GEM Listing Committee or the Commission and, with the approval of the Chairman or a Deputy Chairman of the Exchange, to such other persons, as the Executive Director – Listing may from time to time think fit.

5.02B Every director of a listed issuer must, in the exercise of his powers and duties as a director of the issuer:

(1) comply to the best of his ability with the GEM Listing Rules;

(2) use his best endeavours to procure the issuer to comply with the GEM Listing Rules;

(3) use his best endeavours to procure any alternate of his to comply with the GEM Listing Rules; and

(4) comply to the best of his ability, and use his best endeavours to procure the issuer to comply, with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFO, the Takeovers Code, and the Share Buy-backs Code and all other securities laws and regulations from time to time in force in Hong Kong.

5.02C Every director of a listed issuer, whether when he is a director of the issuer or after ceasing to be so, shall:

(1) provide to the Exchange and the Commission as soon as possible, or otherwise in accordance with time limits imposed by the Exchange or the Commission:

(a) any information and documents that the Exchange or the Commission reasonably considers appropriate to protect investors or ensure the smooth operation of the market; and

(b) any other information and documents or explanation that the Exchange may reasonably require for the purpose of verifying compliance with the GEM Listing Rules or as requested by the Commission; and

(2) cooperate in any investigation conducted by the Listing Division and/or the GEM Listing Committee or the Commission, including answering promptly and openly any questions addressed to the director, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the director is requested to appear.

5.02D Every director of a listed issuer must obtain legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the GEM Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Exchange.

Notes:

1. *A new applicant shall ensure that each of its directors as at listing has obtained the legal advice referred to in this rule before commencement of dealings of its securities on the Exchange, and must disclose in its listing document (i) the date on which each of its directors obtained the legal advice referred to in this rule and; (ii) that each director has confirmed he understood his obligations as a director of a listed issuer.*

2. *A listed issuer shall ensure that each of its proposed directors has obtained the legal advice referred to in this rule before his appointment becomes effective, and must disclose in the next published annual report following the directors' appointment (i) the date on which each of its proposed directors obtained the legal advice referred to in this rule and; (ii) that each proposed director has confirmed he understood his obligations as a director of a listed issuer.*

5.02E For issuers of debt securities, references to "directors" in rules 5.02B to 5.02D should be read as references to members of the issuer's governing body where applicable.

5.02F Every director of a listed issuer must receive continuous professional development in each financial year of the issuer.

5.02G The continuous professional development required by rule 5.02F must at least cover each of the following topics:

(1) the roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness;

(2) issuers' obligations and directors' duties under Hong Kong law and the GEM Listing Rules, and key legal and regulatory developments (including GEM Listing Rule updates) relevant to the discharge of such obligations and duties;

(3) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the issuer and its business);

(4) risk management and internal controls; and

(5) updates on industry-specific developments, business trends and strategies relevant to the issuer.

5.02H First-time directors must complete no less than 24 hours of the continuous professional development required by rule 5.02F within 18 months of the date of their appointment. First-time directors who have served as a director of an issuer listed on an exchange other than GEM or the Main Board within the three years prior to their appointment must complete no less than 12 hours of the continuous professional development required by rule 5.02F within 18 months of the date of their appointment.

Notes:

1. *For the purpose of this rule, "first-time directors" means individuals who: (i) are appointed as a director of an issuer listed on GEM or the Main Board for the first time (i.e. have no prior experience as a director of an issuer listed on GEM and the Main Board); or (ii) have not served as a director of an issuer listed on GEM or the Main Board within the three years prior to their appointment.*

2. *If a first-time director ceases to be a director of an issuer listed on GEM or the Main Board prior to the completion of the required number of hours of continuous professional development in rule 5.02H, and is subsequently appointed as a director of an issuer listed on GEM or the Main Board within three years of the conclusion of the first appointment, that individual would have to complete the remaining training hours within 18 months from the subsequent appointment.*

5.03 The directors of an issuer are collectively and individually responsible for ensuring the issuer's full compliance with the GEM Listing Rules.

5.04 Every director shall comply with the required standard of dealings set out in rules 5.48 to 5.67 of this Chapter or the issuer's own set of rules on no less exacting terms. (See rules 5.46 and 5.47)

Independent non-executive directors

5.05 Every board of directors of an issuer must include:

(1) at least 3 independent non-executive directors; and

(2) at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.

Note: With regard to "appropriate accounting or related financial management expertise," the Exchange would expect the person to have, through experience as a public accountant or auditor or as a chief financial officer, controller or principal accounting officer of a public company or through performance of similar functions, experience with internal controls and in preparing or auditing comparable financial statements or experience reviewing or analysing audited financial statements of public companies. It is the responsibility of the board to determine on a case-by-case basis whether the candidate is suitable for the position. In making its decision, the board must evaluate the totality of the individual's education and experience.

5.05A An issuer must appoint independent non-executive directors representing at least one-third of the board.

Note: The issuer must comply with this rule by 31 December 2012.

5.06 An issuer shall immediately inform the Exchange and publish an announcement containing the relevant details and reasons if, at any time, the number of its independent non-executive directors falls below:

(1) the minimum number required under rule 5.05(1) or at any time it has been unable to meet the requirement set out in rule 5.05(2) regarding qualification of the independent non-executive directors; or

(2) one-third of the board as required under rule 5.05A.

The issuer shall use all reasonable endeavours to appoint a sufficient number of independent non-executive directors to meet the minimum number required under rule 5.05(1) or 5.05A or appoint an independent non-executive director to meet the requirement set out in rule 5.05(2) on a timely basis, and in any case within three months after being unable to meet the requirement(s).

5.07 In addition to fulfilling the requirements and continuing obligations of rules 5.01, 5.02, 5.07A, 5.09 and 5.09A, every independent non-executive director must have the character, integrity, independence and experience to fulfil his role effectively. The Exchange may stipulate a minimum number of independent non-executive directors which is higher than three if, in the opinion of the Exchange, the size of the board or other circumstances of the issuer justify it.

5.07A An independent non-executive director must not concurrently hold more than six directorships of issuers listed on GEM or the Main Board.

Note: As a transitional arrangement, an independent non-executive director who concurrently holds more than six directorships of issuers listed on GEM or the Main Board as at 30 June 2028 must comply with this rule by the conclusion of the earliest annual general meeting held on or after 1 July 2028 by any of these issuers.

5.08 [Repealed 1 October 2020]

5.09 In assessing the independence of non-executive directors, the Exchange will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if the director:—

(1) holds more than 1% of the number of issued shares (excluding treasury shares) of the issuer;

Notes: 1. An issuer wishing to appoint an independent non-executive director holding an interest of more than 1% must demonstrate, prior to such appointment, that the candidate is independent. A candidate holding an interest of 5% or more will normally not be considered independent.

2. When calculating the 1% limit set out in rule 5.09(1), the issuer must take into account the total number of shares held legally or beneficially by the director, together with the total number of shares which may be issued to the director or his nominee upon exercise of any outstanding share options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of shares.

(2) has received an interest in any securities of the issuer as a gift, or by means of other financial assistance, from a core connected person or the issuer itself. However, subject to Note 1 to rule 5.09(1), the director will still be considered independent if he receives shares or interests in securities from the issuer or its subsidiaries (but not from core connected persons) as part of his director's fee or pursuant to share schemes established in accordance with Chapter 23;

(3) is or was a director, partner or principal of a professional adviser which currently provides or has within two years immediately prior to the date of his proposed appointment provided services, or is or was an employee of such professional adviser who is or has been involved in providing such services during the same period, to:

(a) the listed issuer, its holding company or any of their respective subsidiaries or core connected persons; or

(b) any person who was a controlling shareholder or, where there was no controlling shareholder, any person who was the chief executive or a director (other than an independent non-executive director), of the listed issuer within two years immediately prior to the date of the proposed appointment, or any of their close associates;

(4) currently, or within one year immediately prior to the date of the person's proposed appointment, has or had a material interest in any principal business activity of or is or was involved in any material business dealings with the issuer, its holding company or their respective subsidiaries or with any core connected persons of the issuer;

(5) is on the board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole;

(6) is or was connected with a director, the chief executive or a substantial shareholder of the issuer within 2 years immediately prior to the date of his proposed appointment;

Note: Without prejudice to the generality of the foregoing, any person cohabiting as a spouse with, and any child, step-child, parent, step-parent, brother, sister, stepbrother and step-sister of, a director, the chief executive or a substantial shareholder of the issuer is, for the purpose of rule 5.09(6), considered to be connected with that director, chief executive or substantial shareholder. A father-in-law, mother-in-law, son-in-law, daughter-in-law, grandparent, grandchild, uncle, aunt, cousin, brother-in-law, sister-in-law, nephew and niece of a director, the chief executive or a substantial shareholder of the issuer may in some circumstances also be considered to be so connected. In such cases, the issuer will need to provide the Exchange with all relevant information to enable the Exchange to make a determination.

(7) is, or has at any time during the 2 years immediately prior to the date of his proposed appointment been, an executive or a director (other than an independent non-executive director) of the issuer, of its holding company or of any of their respective subsidiaries or of any core connected persons of the issuer;

Note: An "executive" includes any person who has any management function in the company and any person who acts as a company secretary of the company.

(8) is financially dependent on the issuer, its holding company or any of their respective subsidiaries or core connected persons of the issuer.

The independent non-executive director must confirm to the issuer or the new applicant (as the case maybe), and the issuer must confirm in the announcement on the appointment of such independent non-executive director, and in the case of new applicant, in the Application Proof, each draft listing document subsequently submitted to the Exchange and the listing document, that the director has confirmed:

(a) his independence as regards each of the factors referred to in rule 5.09(1) to (8);

(b) his past or present financial or other interest in the business of the issuer or its subsidiaries or any connection with any core connected person (as such term is defined in the GEM Listing Rules) of the issuer, if any; and

(c) that there are no other factors that may affect the independent non-executive director's independence at the time of his appointment.

Each independent non-executive director shall inform the issuer and the Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his independence. The issuer must confirm in each of its annual reports whether it still considers the independent non-executive director to be independent.

Notes: 1. The factors set out in rule 5.09 are included for guidance only and are not intended to be exhaustive. The Exchange may take account of other factors relevant to a particular case in assessing independence.

2. When determining the independence of a director under rule 5.09, the same factors should also apply to the director's immediate family members. "Immediate family member" is defined under rule 20.10(1)(a).

5.09A An issuer's board must not include an independent non-executive director who has served on the board as an independent non-executive director for a period of nine years or more, as at the conclusion of the issuer's annual general meeting that follows the end of the director's nine-year tenure.

Notes: 1. As a transitional arrangement, an issuer's board must not:

(i) as at the concl*usion of its first annual general meeting held on or after 1 July 2028, have independent non-executive directors who have served for a period of nine years or more representing a majority of its independent non-executive directors; and*

(ii) as at the conclusion of its first annual general meeting held on or after 1 July 2031, include any independent non-executive director who has served for a period of nine years or more.

2. For the purpose of this rule, a "period of nine years" will be counted from the date of appointment of an independent non-executive director or (where the appointment occurs before listing) the listing date of the issuer. Where the individual ceases to be an independent non-executive director of the issuer for a period(s) of less than three years (prior to serving as an independent non-executive director for a period of nine years), such period(s) will be counted towards the calculation of the tenure.

3. The Exchange will permit an individual who has previously served as an independent non-executive director on the board of a listed issuer for nine years or more to be subsequently re-appointed as an independent non-executive director of the same issuer, provided that such individual: (i) satisfies the independence guidelines set out in rule 5.09; and (ii) has not, at any time during the three years immediately prior to the date of their proposed re-appointment, been a director of the listed issuer, of its holding company or of any of their respective subsidiaries or of any core connected persons of the listed issuer.

5.10 Where a proposed independent non-executive director fails to meet any of the independence guidelines set out in rule 5.09, the issuer must demonstrate, prior to the proposed appointment, that the person is independent. The issuer must also disclose the reasons why such person is considered to be independent in the announcement of his appointment as well as in the next annual report published after his appointment. In cases of doubt, the issuer must consult the Exchange at an early stage.

5.11 [Repealed 1 October 2020]

5.12 If an independent non-executive director resigns or is removed from office, both the issuer and the individual should immediately notify the Exchange, in each case stating the reasons therefor.

5.12A [Repealed 1 March 2019]

5.13 [Repealed 1 January 2005]

5.13A Directors of a listed issuer shall inform the Exchange (in the manner prescribed by the Exchange from time to time):

(1) as soon as reasonably practicable after their appointment, their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address, contact address (if different from the residential address) for correspondence from and service of notices and other documents by the Exchange or the Commission and other personal particulars as may be prescribed from time to time by the Exchange;

(2) for so long as they remain as directors of the issuer, any change to the contact information as described in sub-rule (1) as soon as reasonably practicable and in any event within 28 days of such change; and

(3) for a period of 3 years from the date on which they cease to be directors of the issuer, any change to the contact information as described in sub-rule (1) as soon as reasonably practicable and in any event within 28 days of such change.

Any correspondence from and/or service of notices and other documents by the Exchange or the Commission to the directors when they are directors of the listed issuer or after they cease to be so, for whatever purposes (including but not limited to the service of notice of disciplinary proceedings) shall be deemed to have been validly and adequately served on them when the document or notice is served personally or is sent by post, facsimile or email to the address or number they provide to the Exchange. It is the responsibility of directors and former directors to keep the Exchange informed of their up-to-date contact details. If directors or former directors fail to provide the Exchange with their up-to-date contact details or arrange for notices, documents or correspondence to be forwarded to them, they may be not alerted to any proceedings commenced against them by the Exchange or the Commission.

Note: For issuers of debt securites, references to "directors" in rule 5.13A should be read as references to members of the issuer's governing body where applicable.

Company secretary

5.14 The issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

Notes: 1 The Exchange considers the following academic or professional qualifications to be acceptable:

(a) a Member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance).

2 In assessing "relevant experience", the Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he played;

(b) familiarity with the GEM Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under rule 5.15; and

(d) professional qualifications in other jurisdictions.

5.15 In each financial year an issuer's company secretary must take no less than 15 hours of relevant professional training.

5.16 [Repealed 1 January 2009]

5.17 [Repealed 1 January 2009]

5.18 [Repealed 1 January 2009]

5.19 [Repealed 1 January 2024]

5.20 [Repealed 1 January 2024]

5.21 [Repealed 1 January 2024]

5.22 [Repealed 1 January 2024]

5.23 [Repealed 1 January 2024]

Authorised representatives

5.24 Every issuer must ensure that, at all times, it has 2 authorised representatives. The authorised representatives must be 2 individuals from amongst the issuer's executive directors and company secretary (unless the Exchange, in exceptional circumstances, agrees otherwise).

5.25 The responsibilities of an authorised representative are:—

(1) supplying the Exchange with details in writing of how to contact him including home, office, mobile and other telephone numbers, email address and correspondence address (if the authorised representative is not based at the registered office), facsimile numbers if available, and any other contact details prescribed by the Exchange from time to time;

(2) for so long as the issuer continues to have a Sponsor or Compliance Adviser, assisting the Sponsor or Compliance Adviser in their roles as set out in the GEM Listing Rules, in particular the Sponsor's role as the principal channel of communication with the Exchange concerning the affairs of the issuer;

Notes: 1 In this regard, the authorised representatives shall provide the Sponsor with the information necessary to enable the Sponsor to fulfil its duty of communicating on the issuer's behalf with the Exchange and ensure the issuer meets its obligations to the Sponsor and Compliance Adviser as set out in Chapter 6A.

2 In the event that the Exchange, for whatever reason, is unable to contact or liaise with the Sponsor concerning any particular matter relevant to the issuer, the authorised representatives will be expected to assume full responsibility for contacting or responding to the Exchange concerning that matter.

(3) from such time as the issuer is no longer required to have (or does not otherwise retain) a Sponsor, acting as the principal channel of communication between the Exchange and the listed issuer (in particular, as regards any communication required prior to commencement of trading in the morning); and

(4) ensuring that whenever he is away, a suitable alternate is appointed (and authorised to speak on behalf of the issuer), available and known to the Exchange and supplying the Exchange with details in writing of how such alternate may be contacted including home, office and mobile telephone numbers and, where available, facsimile numbers and electronic mail addresses.

Note: If the authorised representatives and, or their alternates are based outside Hong Kong (or are otherwise expected to be frequently outside Hong Kong), they must ensure that they can be readily contactable by the Exchange on the contact details provided to the Exchange under this rule.

5.26 A person appointed as an authorised representative should only terminate his appointment after first notifying the Exchange of such proposed termination and the reasons therefor; and except in exceptional circumstances, the issuer should not terminate the appointment of the authorised representative until it has appointed a replacement. Where a person's appointment as an authorised representative is terminated, both the issuer and the individual concerned should immediately notify the Exchange of such termination in each case stating the reason why such appointment was terminated.

5.27 If the Exchange is not satisfied that any person appointed as an authorised representative is fulfilling his responsibilities adequately, it may require the issuer to terminate his appointment and appoint or designate a replacement.

Audit Committee

5.28 Every issuer must establish an audit committee comprising non-executive directors only. The audit committee must comprise a minimum of 3 members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required in rule 5.05(2). The majority of the audit committee members must be independent non-executive directors of the issuer. The audit committee must be chaired by an independent non-executive director.

Notes: 1 This rule and rules 5.29 to 5.33 do not apply to an issuer of debt securities, the equity securities of which are not listed on GEM.

2 [Repealed 1 October 2020]

3. *For further guidance on establishing an audit committee, listed issuers may refer to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in February 2002. Issuers may adopt the terms of reference set out in that guide, or they may adopt any other comparable terms of reference for the establishment of an audit committee.*

4. *Please also see the note to rule 5.05(2).*

5.29 The board of directors of the issuer must approve and provide written terms of reference for the audit committee which clearly establish the committee's authority and duties.

5.30 [Repealed 1 January 2005]

5.31 [Repealed 1 January 2005]

5.32 [Repealed 1 January 2005]

5.33 An issuer shall immediately inform the Exchange and publish an announcement in accordance with rule 16.17 containing the relevant details and reasons if the issuer is unable to set up an audit committee or at any time has been unable to meet any of the other requirements set out in rules 5.28 and 5.29 regarding the audit committee. The issuer must use all reasonable endeavours to set up an audit committee with written terms of reference and/or appoint appropriate members to the audit committee to meet the requirement(s) on a timely basis, and in any case within three months after being unable to meet such requirement(s).

Remuneration Committee

5.34 An issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors.

5.35 The board of directors must approve and provide written terms of reference for the remuneration committee which clearly establish its authority and duties.

5.36 If the issuer is unable to set up a remuneration committee or at any time has been unable to meet any of the other requirements in rules 5.34 and 5.35, it must immediately publish an announcement containing the relevant details and reasons. The issuer must use all reasonable endeavours to set up a remuneration committee with written terms of reference and/or appoint appropriate members to it to meet the requirement(s) on a timely basis, and in any case within three months after being unable to meet such requirement(s).

Nomination Committee

5.36A An issuer must establish a nomination committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors.

5.36B The board of directors must approve and provide written terms of reference for the nomination committee which clearly establish its authority and duties.

5.36C If the issuer is unable to set up a nomination committee or at any time has been unable to meet any of the other requirements in rules 5.36A and 5.36B, it must immediately publish an announcement containing the relevant details and reasons. The issuer must use all reasonable endeavours to set up a nomination committee with written terms of reference and/or appoint appropriate members to it to meet the requirement(s) on a timely basis, and in any case within three months after being unable to meet such requirement(s).

5.37 [Repealed 1 January 2005]

5.38 [Repealed 1 January 2005]

5.39 [Repealed 1 January 2005]

5.40 [Repealed 1 January 2005]

5.41 [Repealed 1 January 2005]

5.42 [Repealed 1 January 2005]

5.43 [Repealed 1 January 2005]

5.44 [Repealed 1 January 2005]

5.45 [Repealed 1 January 2005]

Securities transactions by directors

Basic principles

5.46 Rules 5.48 to 5.67 set out the required standard against which issuers and their directors must measure their conduct regarding transactions in securities of their issuers (the "required standard of dealings"). Any breach of the required standard of dealings will be regarded as a breach of the GEM Listing Rules. A director must seek to secure that all dealings in which he is or is deemed to be interested are conducted in accordance with the required standard of dealings.

5.47 An issuer may adopt its own code on terms no less exacting than the required standard of dealings if it so wishes. Any breach of such code will not be a breach of the GEM Listing Rules unless it is also a breach of the required standard of dealings.

5.48 The Exchange regards it as desirable that directors of an issuer should hold securities in the issuer.

5.49 Directors wishing to deal in any securities in an issuer must first have regard to the provisions of Part XIII and Part XIV of the Securities and Futures Ordinance with respect to insider dealing and market misconduct. However, there are occasions where directors should not be free to deal in the issuer's securities even though the statutory requirements will not be contravened.

5.50 The single most important thrust of the required standard of dealings is that directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 19 or connected transactions under Chapter 20 of the GEM Listing Rules or any inside information must refrain from dealing in the issuer's securities as soon as they become aware of them or privy to them until the information has been announced. Directors who are privy to relevant negotiations or agreements or any inside information should caution those directors who are not so privy that there may be inside information and that they must not deal in the issuer's securities for a similar period.

5.51 In addition, a director must not make any unauthorised disclosure of confidential information, whether to co-trustees or to any other person (even those to whom he owes a fiduciary duty) or make any use of such information for the advantage of himself or others.

Interpretation

5.52 For the purpose of the required standard of dealings:

(1) "dealing" includes, subject to rule 5.52(4), any acquisition, disposal or transfer of, or offer to acquire, dispose of or transfer, or creation of pledge, charge or any other security interest in, any securities of the issuer or any entity whose assets solely or substantially comprise securities of the issuer, and the grant, acceptance, acquisition, disposal, transfer, exercise or discharge of any option (whether call, put or both) or other right or obligation, present or future, conditional or unconditional, to acquire, dispose of or transfer securities, or any interest in securities, of the issuer or any such entity, in each case whether or not for consideration and any agreements to do any of the foregoing, and "deal" shall be construed accordingly;

(2) "beneficiary" includes any discretionary object of a discretionary trust (where the director is aware of the arrangement) and any beneficiary of a non-discretionary trust;

(3) "securities" means listed securities and any unlisted securities that are convertible or exchangeable into listed securities and structured products (including derivative warrants), such as those described in Chapter 15A of the Main Board Listing Rules, issued in respect of the listed securities of an issuer;

(4) notwithstanding the definition of "dealing" under rule 5.52(1), the following dealings are not subject to the required standard of dealings:

(a) taking up of entitlements under a rights issue, bonus issue, capitalisation issue or other offer made by the listed issuer to holders of its securities (including an offer of shares in lieu of a cash dividend) but, for the avoidance of doubt, applying for excess shares in a rights issue or applying for shares in excess of an assured allotment in an open offer is a "dealing";

(b) allowing entitlements to lapse under a rights issue or other offer made by the issuer to holders of its securities (including an offer of shares in lieu of a cash dividend);

(c) undertakings to accept, or the acceptance of, a general offer for shares in the issuer made to shareholders other than those that are concert parties (as defined under the Takeovers Code) of the offeror;

(d) exercise of share options or warrants or acceptance of an offer for shares pursuant to an agreement entered into with an issuer before a period during which dealing is prohibited under the required standard of dealings at the pre-determined exercise price, being a fixed monetary amount determined at the time of grant of the share option or warrant or acceptance of an offer for shares;

(e) an acquisition of qualification shares where, under the issuer's constitutional documents, the final date for acquiring such shares falls within a period when dealing is prohibited under the required standard of dealings and such shares cannot be acquired at another time;

(f) dealing where the beneficial interest or interests in the relevant security of the listed issuer do not change;

(g) dealing where a shareholder places out his existing shares in a "top-up" placing where the number of new shares subscribed by him pursuant to an irrevocable, binding obligation equals the number of existing shares placed out and the subscription price (after expenses) is the same as the price at which the existing shares were placed out;

(h) dealing where the beneficial ownership is transferred from another party by operation of law; and

(i) acceptance or vesting of shares pursuant to the terms of share awards granted by a listed issuer before a period during which dealing is prohibited under this code at the purchase price, if any, fixed at the time of grant of the awards.

5.53 For the purpose of the required standard of dealings, the grant to a director of an option to subscribe or purchase his company's securities shall be regarded as a dealing by him, if the price at which such option may be exercised is fixed at the time of such grant. If, however, an option is granted to a director on terms whereby the price at which such option may be exercised is to be fixed at the time of exercise, the dealing is to be regarded as taking place at the time of exercise.

Absolute prohibitions

5.54 A director must not deal in any of the securities of the issuer at any time when he possesses inside information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule 5.61.

5.55 A director must not deal in the securities of an issuer listed on GEM or the Main Board when by virtue of his position as a director of another issuer, he possesses inside information in relation to those securities.

5.56 (a) A director must not deal in any securities of the listed issuer on any day on which its financial results are published and:

(i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in rule 5.67. In any event, the director must comply with the procedure in rules 5.61 and 5.62.

(b) The listed issuer must notify the Exchange in advance of the commencement of each period during which directors are not allowed to deal under rule 5.56(a).

Note: Directors should note that the period during which they are not allowed to deal under rule 5.56 will cover any period of delay in the publication of a results announcement.

5.57 Where a director is a sole trustee, the required standard of dealings will apply to all dealings of the trust as if he were dealing on his own account (unless the director is a bare trustee and neither he nor any of his close associates is a beneficiary of the trust, in which case the required standard of dealings will not apply).

5.58 When a director deals in the securities of an issuer in his capacity as a co-trustee and he has not participated in or influenced the decision to deal in the securities and is not, and none of his close associates is, a beneficiary of the trust, dealings by the trust will not be regarded as his dealings.

5.59 The required standard of dealings will be regarded as equally applicable to any dealings by the director's spouse or by or on behalf of any minor child (natural or adopted) and any other dealings in which for the purposes of Part XV of the Securities and Futures Ordinance he is or is to be treated as interested. It is the duty of the director, therefore, to seek to avoid any such dealing at a time when he himself is not free to deal.

5.60 When a director places investment funds comprising securities of the issuer under professional management, discretionary or otherwise, the managers must nonetheless be made subject to the same restrictions and procedures as the director himself in respect of any proposed dealings in the issuer's securities.

Notification

5.61 A director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (other than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. In his own case, the chairman must first notify the board at a board meeting, or alternatively notify a director (other than himself) designated by the board for the purpose and receive a dated written acknowledgement before any such dealing. The designated director must not deal in any securities of the issuer without first notifying the chairman and receiving a dated written acknowledgement. In each case,

(1) a response to a request for clearance to deal must be given to the relevant director within five business days of the request being made; and

(2) the clearance to deal in accordance with (1) above must be valid for no longer than five business days of clearance being received.

Note: For the avoidance of doubt, the restriction under rule 5.54 applies if inside information develops following the grant of clearance.

5.62 The procedure established within the issuer must, as a minimum, provide for there to be a written record maintained by the issuer that the appropriate notification was given and acknowledged pursuant to rule 5.61, and for the director concerned to have received written confirmation to that effect.

5.63 Any director of the issuer who acts as trustee of a trust must ensure that his co-trustees are aware of the identity of any company of which he is a director so as to enable them to anticipate possible difficulties. A director having funds under management must likewise advise the investment manager.

5.64 Any director who is a beneficiary, but not a trustee, of a trust which deals in securities of the issuer must endeavour to ensure that the trustees notify him after they have dealt in such securities on behalf of the trust, in order that he in turn may notify the issuer. For this purpose, he must ensure that the trustees are aware of the issuers of which he is a director.

5.65 The register maintained in accordance with section 352 of the Securities and Futures Ordinance should be made available for inspection at every meeting of the board.

5.66 The directors of the issuer must as a board and individually endeavour to ensure that any employee of the issuer or director or employee of a subsidiary company who, because of his office or employment in the company or a subsidiary, is likely to possess inside information in relation to the securities of any issuer on GEM or the Main Board does not deal in those securities when he would be prohibited from dealing by the required standard of dealings if he were a director.

Exceptional circumstances

5.67 If a director proposes to sell or otherwise dispose of securities of the issuer under exceptional circumstances where the sale or disposal is otherwise prohibited under the required standard of dealings, the director must, in addition to complying with the other provisions of the required standard of dealings, comply with rule 5.61 regarding prior written notice and acknowledgement. The director must satisfy the chairman or the designated director that the circumstances are exceptional and the proposed sale or disposal is the only reasonable course of action available to the director before the director can sell or dispose of the securities. The issuer shall give written notice of such sale or disposal to the Exchange as soon as practicable stating why it considered the circumstances to be exceptional. The issuer shall publish an announcement immediately after any such sale or disposal and state that the chairman or the designated director is satisfied that there were exceptional circumstances for such sale or disposal of securities by the director. An example of the type of circumstances which may be considered exceptional for such purposes would be a pressing financial commitment on the part of the director that cannot otherwise be satisfied.

Disclosure

5.68 In relation to securities transactions by directors, an issuer shall disclose in its interim reports (and summary interim reports, if any) and the Corporate Governance report contained in its annual reports (and summary financial reports, if any):

(1) whether the issuer has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings;

(2) having made specific enquiry of all directors, whether its directors have complied with, or whether there has been any non-compliance with, the required standard of dealings and its code of conduct regarding securities transactions by directors; and

(3) in the event of any non-compliance with the required standard of dealings, details of such non-compliance and an explanation of the remedial steps taken by the issuer to address such non-compliance.

Chapter 6

[Repealed 1 January 2007]

Chapter 6A

GENERAL

SPONSORS, COMPLIANCE ADVISERS, OVERALL COORDINATORS AND OTHER CAPITAL MARKET INTERMEDIARIES

Definitions and interpretation

6A.01 In this Chapter:

(1) "Compliance Adviser" means any corporation or authorised financial institution licensed or registered under the Securities and Futures Ordinance for Type 6 regulated activity and permitted under its licence or certificate of registration to undertake work as a Sponsor and, as applicable, which is appointed under rule 6A.19 or rule 6A.20 to undertake work as a Compliance Adviser;

(2) "expert" includes every accountant, engineer, or appraiser, or any person whose profession gives authority to a statement made by him;

(3) "expert section" means, in relation to the listing document, any part of the listing document purporting to be made on the authority of an expert or purporting to be a copy of or extract from a report, opinion, statement or valuation of an expert where the expert gives consent for the inclusion in the listing document of the copy or extract and the listing document includes a statement that he has given and has not withdrawn such consent;

Note: Retaining an expert to advise or assist a new applicant or Sponsor on any non-expert section of the listing document does of itself not make such section an expert section.

(4) "Fixed Period" means the period for which a listed issuer must retain a Compliance Adviser under rule 6A.19;

(5) "initial application for listing", "initial listing" and "initial public offering" include deemed new listings of equity securities under rule 19.54;

(6) "listed issuer" for the purposes of this Chapter, has the same meaning as in rule 1.01 but excludes an issuer of debt securities only;

(7) "new applicant" for the purposes of this Chapter, has the same meaning as in rule 1.01, modified for the purpose of this Chapter 6A to:

(a) include issuers who undergo a deemed listing of equity securities under rule 19.54; and

(b) exclude applicants seeking listing of debt securities only;

(8) "non-expert sections" means, in relation to the listing document, any part of the listing document that is not part of any expert section;

(9) "Sponsor group" means:

(a) a Sponsor;

(b) its holding company;

(c) any subsidiary of its holding company;

(d) any controlling shareholder of:

(i) the Sponsor; or

(ii) its holding company; and

(e) any close associate of any controlling shareholder referred to in paragraph (d) above; and

(10) "ultimate holding company" means a holding company that itself does not have a holding company.

Appointment of a Sponsor

6A.02 A new applicant must appoint a Sponsor under a written engagement agreement to assist it with its initial application for listing.

6A.02A (1) A Sponsor, once appointed, must notify the Exchange in writing of its appointment as soon as practicable, regardless of whether a listing application has been submitted.

Note: As a means of notification, a Sponsor must provide a copy of its engagement letter to the Exchange as soon as it is formally appointed.

(2) If a Sponsor ceases to act for a new applicant at any time after its appointment (regardless of whether a listing application has been submitted), the Sponsor must inform the Exchange in writing, as soon as practicable, of its reasons for ceasing to act.

6A.02B (1) A listing application must not be submitted by or on behalf of a new applicant less than 2 months from the date of the Sponsor's formal appointment.

(2) Where more than one Sponsor is appointed in respect of a listing application, the listing application can only be submitted not less than 2 months from the date the last Sponsor is formally appointed.

6A.03 [Repealed 31 December 2023]

(1) [Repealed 1 October 2013]

(2) [Repealed 1 October 2013]

6A.04 [Repealed 1 October 2013]

Obligations of a new applicant and its directors to assist the Sponsor

6A.05 A new applicant and its directors must assist the Sponsor to perform its role and must ensure that its substantial shareholders and associates also assist the Sponsor. To facilitate the Sponsor to meet its obligations and responsibilities under the GEM Listing Rules and the Code of Conduct, the written engagement agreement referred to in rule 6A.02 must contain at least the following obligations for the applicant and its directors:

(1) to fully assist the Sponsor to perform its due diligence work;

(2) to procure all relevant parties engaged by the new applicant in connection with its listing application (including financial advisers, experts and other third parties) to cooperate fully with the Sponsor to facilitate the Sponsor's performance of its duties;

(3) to give each Sponsor every assistance, to meet its obligations and responsibilities under the GEM Listing Rules and the Code of Conduct to provide information to the regulators including without limitation, notifying the regulators of reasons when the Sponsor ceases to act;

(4) to enable the Sponsor to gain access to all relevant records in connection with the listing application. In particular, terms of engagement with experts retained to perform services related to the listing application, whether or not retained in respect of an expert section, should contain clauses entitling every Sponsor appointed by the new applicant access to:

(a) any such expert;

(b) the expert's reports, draft reports (both written and oral), and terms of engagement;

(c) information provided to or relied on by the expert;

(d) information provided by the expert to the Exchange or Commission; and

(e) all correspondence exchanged (i) between the new applicant or its agents and the expert; and (ii) between the expert and the Exchange or Commission;

Note: The Exchange expects that access to documents for the purposes of this rule would include the right to take copies of the documents without charge.

(5) to keep the Sponsor informed of any material change to:

(a) any information previously given to the Sponsor under paragraph (3) above; and

(b) any information previously accessed by the Sponsor under paragraph (4) above;

(6) to provide to or procure for the Sponsor all necessary consents to the provision of the information referred to in paragraphs (1) to (5) above to the Sponsor; and

(7) to procure the entering into of such supplements to the engagement letters with experts referred to in rule 6A.05(4) as is necessary for such engagements of experts to comply with that rule.

Impartiality and independence of Sponsors

6A.06 A Sponsor must perform its duties with impartiality.

6A.07 At least one Sponsor of a new applicant must be independent of it. The Sponsor is required to demonstrate to the Exchange its independence or lack of independence and give a statement as to independence to the Exchange as set out in Form A (published in Regulatory Forms).

A Sponsor is not independent if any of the following circumstances exist at any time from the date of submission of an application for listing on Form 5A up to the date of listing:-

(1) the Sponsor group and any director or close associate of a director of the Sponsor collectively holds or will hold, directly or indirectly, more than 5% of the number of issued shares (excluding treasury shares) of the new applicant, except where that holding arises as a result of an underwriting obligation;

(2) the fair value of the direct or indirect current or prospective shareholding of the Sponsor group in the new applicant exceeds or will exceed 15% of the net equity shown in the latest consolidated financial statements of the Sponsor's ultimate holding company or, where there is no ultimate holding company, the Sponsor;

(3) any member of the Sponsor group or any director or close associate of a director of the Sponsor is a close associate or core connected person of the new applicant;

(3A) the Sponsor is a connected person of the new applicant;

(4) 15% or more of the proceeds raised from the initial public offering of the new applicant are to be applied directly or indirectly to settle debts due to the Sponsor group, except where those debts are on account of fees payable to the Sponsor group under its engagement for sponsorship services;

(5) the aggregate of:

(a) amounts due to the Sponsor group from the new applicant and its subsidiaries; and

(b) all guarantees given by the Sponsor group on behalf of the new applicant and its subsidiaries,

exceeds 30% of the total assets of the new applicant;

(6) the aggregate of:

(a) amounts due to the Sponsor group from:

(i) the new applicant;

(ii) its subsidiaries;

(iii) its controlling shareholder; and

(iv) any close associates of its controlling shareholder; and

(b) all guarantees given by the Sponsor group on behalf of:

(i) the new applicant;

(ii) its subsidiaries;

(iii) its controlling shareholder; and

(iv) any close associates of its controlling shareholder,

exceeds 10% of the total assets shown in the latest consolidated financial statements of the Sponsor's ultimate holding company or, where there is no ultimate holding company, the Sponsor;

(7) the fair value of the direct or indirect shareholding of:

(a) a director of the Sponsor;

(b) a director of its holding company;

(c) a close associate of a director of the Sponsor; or

(d) a close associate of a director of its holding company

in the new applicant exceeds HKD 5 million;

(8) an employee or director of the Sponsor who is directly engaged in providing the sponsorship services to the new applicant, or his close associate, holds or will hold shares in the new applicant or has or will have a beneficial interest in shares in it;

(9) any of the following has a current business relationship with the new applicant or a director, subsidiary, holding company or substantial shareholder of the new applicant, which would be reasonably considered to affect the Sponsor's independence in performing its duties as set out in this Chapter, or might reasonably give rise to a perception that the Sponsor's independence would be so affected, except where that relationship arises under the Sponsor's engagement to provide sponsorship services:

(a) any member of the Sponsor group;

(b) an employee of the Sponsor who is directly engaged in providing the sponsorship services to the new applicant;

(c) a close associate of an employee of the Sponsor who is directly engaged in providing the sponsorship services to the new applicant;

(d) a director of any member of the Sponsor group; or

(e) a close associate of a director of any member of the Sponsor group;

(10) the Sponsor or a member of the Sponsor group is the auditor or reporting accountant of the new applicant.

Notes: 1. In addition to being a breach of the GEM Listing Rules, if it comes to the Exchange's attention that a Sponsor is not independent but is required to be (for example, where the Sponsor is the sole Sponsor appointed), the Exchange will not accept documents produced by that Sponsor in support of the subject application for listing or a request for approval or vetting of any document required under the GEM Listing Rules in relation to the subject listing application.

2. Sub-paragraphs (1) to (3) will not apply where the circumstance occurs because of an interest:

(a) held by an investment entity on behalf of its discretionary clients;

(b) held by a fund manager on a non-discretionary basis such as a managed account or managed fund;

(c) held in a market-making capacity; or

(d) held in a custodial capacity.

3. *In calculating the percentage figure of shares that it holds, or will hold, for the purposes of this rule, a Sponsor group is not required to include an interest in shares that would be disregarded for the purposes of Divisions 2 to 4 of Part XV of the Securities and Futures Ordinance under section 323 of that Ordinance.*

4. *For the purposes of this rule, references to a "new applicant" include references to the new applicant once it is listed, that is, the newly listed issuer, as applicable.*

6A.08 [Repealed 1 October 2013]

6A.09 Where a Sponsor or the new applicant becomes aware of a change in the circumstances set out in the Sponsor's statement as to independence in Form A (published in Regulatory Forms) during the period the Sponsor is engaged by the new applicant, the Sponsor and the new applicant must notify the Exchange as soon as possible upon that change occurring.

Additional Sponsors

6A.10 Where a new applicant has more than one Sponsor:

(1) the Exchange must be advised as to which of the Sponsors is designated as the Sponsor who would be the primary channel of communication with the Exchange concerning matters involving the listing application;

(2) the listing document must disclose whether each Sponsor satisfies the independence test at rule 6A.07 and, if not, how the lack of independence arises; and

(3) each of the Sponsors has responsibility for ensuring that the obligations and responsibilities in this Chapter are fully discharged.

Note: The Exchange would normally expect the Sponsor acting as the primary channel of information to be independent from the new applicant.

Sponsor's role

6A.11 A Sponsor must:

(1) be closely involved in the preparation of the new applicant's listing documents;

(2) discharge the obligations under Appendix E1 at all applicable times; and

(3) ensure the requirements in rules 12.07, 12.09, 12.10 and 12.12 to 12.15 are complied with.

(4) [Repealed 31 December 2023]

(5) [Repealed 31 December 2023]

(6) [Repealed 31 December 2023]

6A.12 In determining the reasonable due diligence inquiries a Sponsor must make for the purposes of rule 6A.11(2), a Sponsor must have regard to the due diligence practice note at Practice Note 2 and the SFC Sponsor Provisions.

6A.13 [Repealed 31 December 2023]

6A.14 [Repealed 1 October 2013]

6A.15 [Repealed 1 October 2013]

6A.16 [Repealed 1 October 2013]

Termination of a Sponsor's role

6A.17 In the case of resignation by, or termination of, the Sponsor during the processing of the initial listing application:

(1) the new applicant must immediately notify the Exchange of the resignation or termination and the Sponsor must notify the Exchange of its resignation or termination together with reasons in accordance with rule 6A.02A(2); and

(2) if the departing Sponsor was the sole independent Sponsor, the replacement Sponsor must notify the Exchange of its appointment in accordance with rule 6A.02A(1) and re-submit, on behalf of the new applicant, a listing application not less than 2 months from the date of its formal appointment detailing a revised timetable together with a further initial listing fee in accordance with Chapter 12 and the declaration and undertaking required by this Chapter.

Note: Any initial listing fee already paid will, in such circumstances, be forfeited.

6A.18 For the avoidance of doubt, a replacement Sponsor shall not be regarded as having satisfied any of the obligations of a Sponsor by virtue of work performed by a predecessor Sponsor.

Appointment of a Compliance Adviser

6A.19 A listed issuer must appoint a Compliance Adviser for the period commencing on the date of initial listing of the listed issuer's equity securities and ending on the date on which the listed issuer complies with rule 18.03 in respect of its financial results for the first full financial year commencing after the date of its initial listing.

6A.20 At any time after the Fixed Period, the Exchange may direct a listed issuer to appoint a Compliance Adviser for such period and to undertake such role as may be specified by the Exchange. In the event of such an appointment the Exchange will specify the circumstances in which the listed issuer must consult the Compliance Adviser and the responsibilities the Compliance Adviser must discharge. The Compliance Adviser must discharge those responsibilities with due care and skill. For the purpose of this rule, a listed issuer may appoint a different Compliance Adviser to that it appointed under rule 6A.19.

Note: The Exchange will normally consider directing the appointment of a Compliance Adviser when a listed issuer has been held to have breached the GEM Listing Rules, particularly when the breaches are persistent or serious or give rise to concerns about the adequacy of compliance arrangements or the directors' understanding of, and their obligations to comply with the GEM Listing Rules. It is also open to the Exchange to direct the appointment in other appropriate circumstances. It is the responsibility of the listed issuer to pay the reasonable fees of the Compliance Adviser.

Compliance Adviser's obligations

6A.21 [Repealed 31 December 2023]

6A.22 Each Compliance Adviser must:

(1) comply with the GEM Listing Rules applicable to Compliance Advisers; and

(2) cooperate in any investigation conducted by the Listing Division and/or the GEM Listing Committee of the Exchange, including answering promptly and openly any questions addressed to the Compliance Adviser, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the Compliance Adviser is requested to appear.

Note: A Compliance Adviser's obligations under rule 6A.22 shall, in relation to its appointment as a Compliance Adviser by an issuer pursuant to rule 6A.19 or rule 6A.20, commence from the earlier of:

(1) the time immediately after the Compliance Adviser executes its engagement letter with the issuer; and

(2) the Compliance Adviser commencing work for the issuer.

6A.23 During the Fixed Period, a listed issuer must consult with and, if necessary, seek advice from its Compliance Adviser on a timely basis in the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues, sales or transfers of treasury shares and share repurchases;

(3) where the listed issuer proposes to use the proceeds of the initial public offering in a manner different from that detailed in the listing document or where the business activities, developments or results of the listed issuer deviate from any forecast, estimate, or other information in the listing document; and

(4) where the Exchange makes an inquiry of the listed issuer under rule 17.11.

Note: The listed issuer must ensure that the Compliance Adviser has access at all times to its directors, authorised representatives and other officers and should procure that such persons provide promptly to the Compliance Adviser such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set out in this chapter. The listed issuer must also ensure that there are adequate and efficient means of communications between itself, its directors, authorised representatives and other officers and the Compliance Adviser and should keep the Compliance Adviser fully informed of all communications and dealings between it and the Exchange.

6A.24 When a Compliance Adviser is consulted by a listed issuer in the circumstances set out in rule 6A.23 above it must discharge the following responsibilities with due care and skill:

(1) ensure the listed issuer is properly guided and advised as to compliance with the GEM Listing Rules and all other applicable laws, rules, codes and guidelines;

Note: The Compliance Adviser must inform the listed issuer on a timely basis of any amendment or supplement to the GEM Listing Rules and any new or amended laws and regulations in Hong Kong applicable to such issuer.

(2) accompany the listed issuer to any meetings with the Exchange, unless otherwise requested by the Exchange;

(3) no less frequently than at the time of reviewing the financial reporting of the listed issuer under rule 6A.23(1) above and upon the listed issuer notifying the Compliance Adviser of a proposed change in the use of proceeds of the initial public offering under rule 6A.23(3) above, discuss with the listed issuer:

(a) the listed issuer's operating performance and financial condition by reference to the listed issuer's business objectives and use of issue proceeds as stated in its listing document;

(b) compliance with the terms and conditions of any waivers granted from the GEM Listing Rules;

(c) whether any profit forecast or estimate in the listing document will be or has been met by the listed issuer and advise the listed issuer to notify the Exchange and inform the public in a timely and appropriate manner; and

(d) compliance with any undertakings provided by the listed issuer and its directors at the time of listing, and, in the event of non-compliance, discuss the issue with the listed issuer's board of directors and make recommendations to the board regarding appropriate remedial steps;

(4) if required by the Exchange, deal with the Exchange in respect of any or all matters listed in rule 6A.23;

(5) in relation to an application by the listed issuer for a waiver from any of the requirements in Chapter 20, advise the listed issuer on its obligations and in particular the requirement to appoint an independent financial adviser; and

(6) assess the understanding of all new appointees to the board of the listed issuer regarding the nature of their responsibilities and fiduciary duties as a director of a listed issuer, and, to the extent the Compliance Adviser forms an opinion that the new appointees' understanding is inadequate, discuss the inadequacies with the board and make recommendations to the board regarding appropriate remedial steps such as training.

Impartiality of Compliance Advisers

6A.25 A Compliance Adviser must perform its duties with impartiality.

Termination of a Compliance Adviser's role

6A.26 A listed issuer may terminate a Compliance Adviser's role only if the Compliance Adviser's work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable by the listed issuer to the Compliance Adviser.

6A.27 In the case of resignation by, or termination of, a Compliance Adviser, a replacement Compliance Adviser must be appointed by the listed issuer within three months of the effective date of resignation or termination (as the case may be).

Application of other rules and regulations

6A.28 To the extent that any matters under the GEM Listing Rules, the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct, the Takeovers Code, the Share Buy-backs Code and all other relevant codes and guidelines overlap, in respect of Sponsors, Compliance Advisers, overall coordinators or other capital market intermediaries (as the case may be), the more onerous standard of conduct shall prevail.

Notes: 1. The Exchange notes that paragraph 4.4 of the Corporate Finance Adviser Code of Conduct requires that all requirements applicable to Sponsors as set out in the GEM Listing Rules be satisfied.

2. The Exchange reminds Sponsors, overall coordinators, other capital market intermediaries and Compliance Advisers of their other statutory obligations including but not limited to those under the Securities and Futures Ordinance.

Miscellaneous

6A.29 If a Compliance Adviser resigns or its engagement is terminated, a listed issuer must, as soon as practicable, publish an announcement, in accordance with Chapter 16, and make arrangements to replace the Compliance Adviser under rule 6A.27. Immediately after a replacement Compliance Adviser has been appointed, the listed issuer must inform the Exchange and publish a further announcement.

Note: Refer to rules 6A.26 and 6A.27 regarding circumstances in which the termination or resignation of a Compliance Adviser is permitted.

6A.30 If the licence or registration of a Sponsor, a Compliance Adviser or an overall coordinator is revoked, suspended, varied or restricted such that it is no longer permitted to undertake its respective regulated work, it must immediately inform each of the issuers which it acts for.

6A.31 [Repealed 1 January 2024]

6A.32 [Repealed 1 January 2024]

6A.33 [Repealed 1 January 2024]

6A.34 [Repealed 1 January 2024]

6A.35 [Repealed 1 January 2024]

6A.36 [Repealed 1 January 2024]

6A.37 [Repealed 1 January 2024]

6A.38 [Repealed 1 October 2013]

CAPITAL MARKET INTERMEDIARIES

6A.39 (1) Rules 6A.40 to 6A.43 and rules 6A.46(1) and 6A.47 are applicable to the following types of offering involving bookbuilding activities (as defined under the Code of Conduct):

(a) a placing of equity securities to be listed on GEM, including:

(i) a placing in connection with a New Listing; and

(ii) a placing of equity securities of a class new to listing or new equity securities of a class already listed under a general or specific mandate in accordance with rule 10.13 or other relevant codes and guidelines; and

(b) a placing of listed equity securities by an existing holder of equity securities if it is accompanied by a top-up subscription by the existing holder of equity securities for new equity securities in the issuer.

(2) Rules 6A.44, 6A.45, 6A.46(2) and 6A.48 are additional requirements applicable only to placings of equity securities that fall under rule 6A.39(1)(a)(i) above.

Note: For the avoidance of doubt, requirements under rule 6A.39 are not applicable to:

(a) bilateral agreements or arrangements between the issuer and the investors (also referred to as "club deals");

(b) transactions where only one or several investors are involved and the terms of the offering are negotiated and agreed directly between the issuer and the investors (also referred to as "private placements"); and

(c) transactions where equity securities are allocated to investors on a pre-determined basis at a pre-determined price.

Appointment of a capital market intermediary

6A.40 The appointment by an issuer of a capital market intermediary must be made under a written engagement agreement before the capital market intermediary conducts any specified activities under paragraph 21.1.1 of the Code of Conduct.

6A.41 The written engagement agreement of a capital market intermediary pursuant to rule 6A.40 must at least specify the following:

(1) the roles and responsibilities of the capital market intermediary;

(2) the fee arrangement (including the fixed fees to be paid to the capital market intermediary as a percentage of the total fees to be paid to all syndicate CMIs);

(3) the time schedule for payment of the fees to the capital market intermediary; and

(4) (for placing in connection with a New Listing) the obligations of the new applicant and its directors to provide the assistance specified in rule 6A.48.

Note: The total fees in this rule, also commonly referred to as "underwriting fees", include fixed and discretionary fees for providing one or more of the following services to the issuer: providing advice, marketing, bookbuilding, making pricing and allocation recommendations and placing the equity securities with investors.

Appointment of an overall coordinator

6A.42 The appointment by an issuer of an overall coordinator must be made under a written engagement agreement before the overall coordinator conducts any specified activities under paragraph 21.2.3 of the Code of Conduct.

Note: Where a new applicant has appointed more than one overall coordinator, arrangements should be made for one designated overall coordinator to provide the required information (for example, information under rule 12.23AA) to the Exchange (except the documents required to be submitted to the Exchange under rules 12.26(6) and 12.27(6), which shall be submitted by each of the overall coordinators and other relevant parties mentioned in rules 12.26(6)(a) and 12.27(6)(a), respectively). Notwithstanding this, each overall coordinator is jointly and severally liable for ensuring that the information provided to the Exchange is accurate and complete and will be provided to the Exchange within the required timeframe.

6A.43 The written engagement agreement of an overall coordinator pursuant to rule 6A.42 must at least specify the following:

(1) the roles and responsibilities of the overall coordinator;

(2) the fee arrangement (including the fixed fees to be paid to the overall coordinator as a percentage of the total fees to be paid to all syndicate CMIs);

(3) the time schedule for payment of the fees to the overall coordinator;

(4) the obligation of the new applicant and its directors to provide the information in rule 12.23AA to the designated overall coordinator for its submission to the Exchange within the required timeframe; and

(5) (for placing in connection with a New Listing) the obligations of the new applicant and its directors to provide the assistance specified in rule 6A.48.

Note: The total fees in this rule, also commonly referred to as "underwriting fees", include fixed and discretionary fees for providing one or more of the following services to the issuer: providing advice, marketing, bookbuilding, making pricing and allocation recommendations and placing the equity securities with investors.

6A.44 In the case of a new applicant effecting a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, all overall coordinator(s) must be appointed in accordance with rule 6A.42 no later than 2 weeks following the date of the submission (or re-filing, as the case may be) of the listing application, and an OC Announcement on the appointment (which shall also disclose the name(s) of all overall coordinator(s) appointed as at the date of the announcement) must be published in accordance with rules 16.17 to 16.19 and Practice Note 5.

Overall coordinator's declaration

6A.45 As soon as practicable after the issue of the listing document but before dealings commence, each overall coordinator must submit to the Exchange the declaration substantially as in Form E (published in Regulatory Forms).

Termination of the overall coordinator's role

6A.46 (1) In the case of termination of the engagement of an overall coordinator, the issuer and the overall coordinator must notify the Exchange in writing, as soon as practicable, of the termination together with (i) the reasons therefor and (ii) a confirmation on whether it had any disagreement with the issuer.

(2) In the case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, where the appointment of the outgoing overall coordinator was previously disclosed in an OC Announcement, an OC Announcement on the termination of its engagement as an overall coordinator must be published in accordance with rules 16.17 to 16.19 and Practice Note 5.

6A.47 For the avoidance of doubt, a replacement overall coordinator shall not be regarded as having satisfied any of the obligations of an overall coordinator by virtue of work performed by a predecessor overall coordinator.

Obligations of a new applicant and its directors to assist the syndicate members

6A.48 To facilitate each syndicate member in a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing to identify investors to whom the allocation of equity securities would be subject to restrictions or require prior consent from the Exchange under the GEM Listing Rules, and for each syndicate CMI to meet its obligations and responsibilities under the Code of Conduct, the written engagement agreement with each syndicate member must contain at least the following obligations of the new applicant and its directors:

(1) to provide the syndicate member with a list of the directors and existing shareholders of the new applicant, their respective close associates and any persons who is engaged by or will act as a nominee for any of the foregoing persons to subscribe for, or purchase, equity securities in connection with the New Listing; and such information should be provided to the syndicate member as soon as practicable and in any event at least 4 clear business days before the date of the Listing Committee's hearing on the listing application;

(2) to keep the syndicate member informed of any material changes to information provided under sub-paragraph (1) above as soon as it becomes known to the new applicant and its directors; and

(3) to provide to, or procure for, the syndicate member all necessary consents for its provision of the information referred to in sub-paragraphs (1) to (2) above to any distributor other than a syndicate member for the same purpose as set out in this rule above.

Chapter 7

GENERAL

ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

When required

7.01 This Chapter sets out the detailed requirements for accountants' reports on the profits and losses, assets and liabilities of, and other financial information on, an issuer and/or a business or company, to be acquired or disposed of (as the case may be) by an issuer for inclusion in listing documents or circulars. Accountants' reports are required to be included in the following listing documents and circulars:—

(1) a listing document issued by a new applicant, but subject to rule 14.11(6) relating to a listing document supporting an introduction;

(2) a listing document issued by a listed issuer in connection with an offer of securities to the public for subscription or purchase which is required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule to that Ordinance; and

(3) a circular issued in connection with a major transaction, a very substantial acquisition, an extreme transaction or a reverse takeover (see rules 19.67 and 19.69) unless the company being acquired is itself a company listed on GEM or the Main Board.

Note: By virtue of rules 11.11 and 27.07, the accountants' report required to be included in the listing document of a new applicant must cover the requisite financial period ending not more than 6 months before the date of the listing document.

Scope

7.01A For the purpose of rules 7.03(2), 7.03(4) ,7.04A and 7.30: —

(1) "acquisitions of business" include acquisitions of associates and any equity interest in another company. The rules generally do not apply to acquisitions of assets, but the Exchange may consider such transactions to be acquisitions of business based on specific facts and circumstances. For example, the Exchange may consider the substance of the transaction and guidance under relevant accounting standards;

(2) "trading record period" refers to the two financial years immediately preceding the issue of the listing document and any stub period reported on by the reporting accountants in conformity with rule 11.11; and

(3) "proposed to be acquired" refers to a proposal to acquire a specific subsidiary or business, even if there are no legally binding agreements. Examples include a memorandum of understanding entered into by a new applicant, and a tender that a new applicant has submitted, or will submit, for the acquisition of any business or subsidiary in the case of an open bid/ tender invitation.

Reporting accountants

7.02 Reporting accountants must be independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants, or the International Federation of Accountants. Subject to rules 7.02(1) and 7.02(2), accountants' reports must normally be prepared by practising accountants who are registered and not prohibited under the AFRCO from holding any appointment as auditors of a company.

(1) Where the preparation of an accountants' report constitutes a PIE Engagement under the AFRCO, the issuer must normally appoint a firm of practising accountants that is a Registered PIE Auditor under the AFRCO. In the case of such a PIE Engagement that is a reverse takeover or a very substantial acquisition circular issued by a listed issuer incorporated outside Hong Kong relating to the acquisition of an overseas company, the Exchange may be prepared to accept the appointment of an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the AFRCO.

Notes:

1. The preparation of an accountants' report included in (a) a listing document for the listing of the shares or stocks of a corporation seeking to be listed or a listed corporation; or (b) a circular issued by a PIE for a reverse takeover or a very substantial acquisition is a PIE Engagement under the AFRCO.

2. In relation to an application for the recognition of an overseas firm of practising accountants under the AFRCO, on a request made by an issuer incorporated outside Hong Kong, the Exchange may provide a statement of no objection to that issuer appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the AFRCO. Such firm must normally:

(a) have an international name and reputation;

(b) be a member of a recognised body of accountants; and

(c) be subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO MMOU. It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.

That issuer must provide the specific reasons supporting its request for a statement of no objection, for example:

— such firm has a geographical proximity and familiarity with the businesses of that issuer or the target;

— that issuer or the target is listed on a Recognised Stock Exchange, and such firm is the auditor of that issuer or the target; and

— such firm is the statutory auditor of that issuer or the target.

If applicable, this statement of no objection is also subject to the Commission granting a certificate of exemption from strict compliance with the relevant requirement concerning the qualification of the reporting accountants under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The Exchange retains a discretion to accept or reject an application for a statement of no objection, and reserves the right to withdraw the statement of no objection pursuant to section 20ZF(2)(a) of the AFRCO.

(2) In the case of an extreme transaction or a major transaction circular issued by a listed issuer in connection with the acquisition of an overseas company, the Exchange may be prepared to permit the accountants' report to be prepared by a firm of practising accountants that is not registered under the AFRCO but which is acceptable to the Exchange. Such a firm must normally:

(a) have an international name and reputation;

(b) be a member of a recognised body of accountants; and

(c) be subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO MMOU. It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.

Basic contents of accountants' report for a listing document

7.03 In the case of a new applicant (rule 7.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 7.01(2), the accountants' report must include:—

History of results

(1) the results of the issuer or, if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries covering:

(a) at least the 2 financial years immediately preceding the issue of the listing document;

Note: For general guidance, where the issuer has a longer operating history of more than two years, the Exchange would encourage voluntary disclosure of three years of financial results in the accountants' report.

(b) [Repealed 1 July 2008]; or

(c) such shorter period as may be acceptable to the Exchange (see rule 11.14);

(2) the results of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in (1) above) in respect of each of the 2 financial years referred to in (1) above (or in respect of the period since commencement of such business or the incorporation or establishment of such subsidiary, as the case may be, if this occurred within such 2 year period).

Statement of financial position

(3) (a) the statement of financial position of the issuer and, if the issuer is itself a holding company, the consolidated statement of financial position of the issuer and its subsidiaries in each case as at the end of each of the two financial years to which the latest audited financial statements of the issuer have been made up except that if the listing document is not required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set

out the reports specified in Part II of the Third Schedule of that Ordinance and the issuer is itself a holding company then the accountants' report need only include the consolidated statement of financial position of the issuer and its subsidiaries;

(b) in the case of banking companies, the statement of financial position as at the end of each of the two financial years prepared in accordance with rule 7.03(3)(a) must include information on the assets and liabilities set out in the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

(4) (a) the statement of financial position of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in (3) above) in each case as at the end of each of the two financial years to which the latest audited financial statements of such business or subsidiary (as the case may be) have been made up;

(b) in the case of banking companies, the statement of financial position as at the end of each of the two financial years prepared in accordance with rule 7.03(4)(a) must include information on the assets and liabilities set out in the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

Notes: *For the purpose of rules 7.03(2) and 7.03(4):—*

(1) if a new applicant has entered into a legally binding acquisition agreement after the trading record period but the acquisition will not be completed upon listing, the completion of the acquisition after the new applicant's listing will not be subject to the notification, disclosure and shareholders' approval requirements under Chapters 19 and 20 (where applicable), only if the new applicant has disclosed all information as required under rules 7.03(2) and 7.03(4) in its listing document and there have been no material changes to the acquisition and information disclosed;

(2) the financial information on the business or subsidiary acquired, agreed to be acquired or proposed to be acquired must normally be drawn up in conformity with accounting policies adopted by the new applicant and be disclosed in the form of a note to the accountants' report or in a separate accountants' report;

(3) where an acquisition of a business or subsidiary is subject to the relevant requirements under the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance because the listing proceeds, or any part thereof, are or is to be applied directly or indirectly for the acquisition, the financial information of the acquisition target has to be disclosed in a separate accountants' report; and

(4) the Exchange may consider an application for a waiver from strict compliance with rules 7.03(2) and 7.03(4) taking into account the following:—

(a) that all the percentage ratios (as defined under rule 19.04(9)) are less than 5% by reference to the most recent audited financial year of the new applicant's trading record period;

(b) if the acquisition will be financed by the proceeds raised from a public offer, the new applicant has obtained a certificate of exemption from the Commission with the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(c) (i) where a new applicant's principal activities involve the acquisition of equity securities (the Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which rules 7.03(2) and 7.03(4) relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, "control" means the ability to exercise or control the exercise of 30% (or any amount specified in the Takeovers Code as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or

(ii) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (i) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under rules 19.58 and 19.60 on each acquisition. In this regard, "unduly burdensome" will be assessed based on each new applicant's specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target's books and records for the purpose of complying with the disclosure requirements under rules 7.03(2) and 7.03(4)).

Cash flow statement

(4A) the cash flow statement of the issuer or, if the issuer is itself a holding company, the consolidated cash flow statement of the issuer and its subsidiaries in each case for each of the two financial years to which the latest audited financial statements of the issuer have been made up;

Statement of changes in equity

(4B) a statement of changes in equity of the issuer for each of the two financial years to which the latest audited financial statements of the issuer have been made up;

(4C) [Repealed 31 December 2015]

Other

(5) the earnings per share and the basis of computation in respect of each of the years referred to in (1) and (2) above except that the accountants' report need not include this information if, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the accountants' report or if combined results are presented in accordance with rule 7.09 or if the accountants' report relates to an issue of debt securities;

(6) all movements to and from any reserves including movements arising from:—

(a) consolidation or acquisition (i.e. the write-off of goodwill/establishment of a capital reserve);

(b) the revaluation of assets;

(c) the translation of financial statements denominated in foreign currencies; or

(d) the redemption or repurchase of shares of the issuer,

if those movements are not reflected in the results in respect of each of the years referred to in (1) and (2) above;

(7) a statement of the indebtedness as at the end of each of the period reported on showing, as regards bank loans and overdrafts and separately as regards other borrowings of the issuer (or of the issuer and its subsidiaries, including any company which will become a subsidiary by reason of any acquisition falling within rules 7.03(2) and (4)), the aggregate amounts repayable:—

(a) on demand or within a period not exceeding 1 year;

(b) within a period of more than 1 year but not exceeding 2 years;

(c) within a period of more than 2 years but not exceeding 5 years; and

(d) within a period of more than 5 years;

(8) the details of the principal accounting policies which have been applied in respect of the period reported on;

(9) a statement of any significant subsequent events which have occurred to any business or company or within any group covered by the accountants' report since the end of the period reported on or, if there are no such events, a statement of that fact; and

(10) any other matters which appear to the reporting accountants to be relevant having regard to the purpose of the accountants' report.

Note: Where a new applicant satisfies the conditions set out in rule 11.14, references to "the two financial years" or "the financial year" in rules 7.03(2) to 7.03(7) shall mean the period(s) described in rule 7.03(1)(c) (as the case may be).

Specific detail concerning financial information

7.04 The report on results and financial position under rules 7.03(1) to (4) above must include the disclosures required under the relevant accounting standards adopted and disclose separately at least the following information:—

(1) Statement of profit or loss and other comprehensive income

(a) profit (or loss) on sale of properties;

(b) profit (or loss) before taxation, including the share of the profit (or loss) of associates and joint ventures, with separate disclosure of any items included therein which are exceptional because of size, nature and incidence; and

(c) taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation, with separate disclosure of the taxation on share of associates and joint ventures' profits;

(2) Statement of financial position information as follows, if applicable:

(a) ageing analysis of accounts receivable; and

(b) ageing analysis of accounts payable;

Notes: 1 If an issuer/ a company is itself a holding company, the information referred to rule 7.04(2) above is of the consolidated statement of financial position of the issuer/ the company and its subsidiaries.

2 The ageing analysis should normally be presented on the basis of the date of the relevant invoice or demand note and categorised into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position. The basis on which the ageing analysis is presented should be disclosed.

(3) Dividends

(a) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby and any waivers of dividend except that the accountants' report need not disclose this information:—

(i) if combined results are presented in accordance with rule 7.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;

(ii) if the accountants' report relates to an issue of debt securities; or

(iii) in the case of a major transaction; and

(b) details of any special dividend proposed to be paid after the date of the accountants' report; and

(4) in the case of banking companies, the information on results and financial position set out in the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in sub paragraph (1) and (2) above.

Additional disclosure of pre-acquisition financial information for a Listing Document

7.04A Where a new applicant acquires any material subsidiary or business during the trading record period (see rule 7.03 (1)(a)) and such an acquisition if made by a listed issuer would have been classified at the date of application as a major transaction (see rule 19.06(3)) or a very substantial acquisition (see rule 19.06(5)), it must disclose pre-acquisition financial information (which should include the full financial statements with information required under rules 7.03 and 7.04) on that material subsidiary or business from the commencement of the trading record period (or if the material subsidiary or business commenced its business after the commencement of the trading record period, then from the date of the commencing of its business) to the date of acquisition. Pre-acquisition financial information on the material subsidiary or business must normally be drawn up in conformity with accounting policies adopted by the new applicant and be disclosed in the form of a note to the accountants' report or in a separate accountants' report.

Notes:(1) For the purpose of determining whether an acquisition is material and falls within the classification of a major transaction or a very substantial acquisition, reference shall be made to total assets, profits or revenue (as the case may be) for the most recent financial year of the trading record period of the acquired business or subsidiary and this shall be compared to the total assets, profits or revenue (as the case may be) of the new applicant for the same financial year. If the financial year of the acquired business or subsidiary is not coterminous with that of the new applicant, the total assets, profits or revenue (as the case may be) for the most recent financial year of the acquired business or subsidiary should be compared to those of the new applicant for the most recent financial year of its trading record period. For example, if a new applicant's trading record period covers year 1 and year 2 and it acquired a subsidiary during year 1, the total assets, profits or revenue of the acquired subsidiary for year 2 should be compared to those of the new applicant for year 2; and

(2) If a new applicant which is allowed a shorter trading record period under rule 11.14 acquires any material subsidiary or business during its trading record period, it must disclose pre-acquisition financial information of that material subsidiary or business for the period from the two financial years immediately preceding the issue of the listing document (or if such material subsidiary or business commenced its business less than two financial years ago, then from the commencement date of its business) to the date of the acquisition.

Basic contents of accountants' report for certain notifiable transaction circulars

7.05 In the cases referred to in rule 7.01(3) concerning a circular in connection with a reverse takeover, a very substantial acquisition or a major transaction on the acquisition of a business, company or companies, the accountants' report must include:—

Three year history of results

(1) (a) the results, for the relevant period, of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited financial statements of the issuer have been made up; provided always that where any company in question has not or will not become a subsidiary of the issuer, the Exchange may be prepared to relax this requirement;

Note: For the purposes of this rule, the "relevant period" comprises:

(1) in the case of a reverse takeover, each of the three financial years of the business or company immediately preceding the issue of the circular and where applicable a stub period;

(2) in the case of a very substantial acquisition or a major transaction, (i) each of the three financial years of the business or company immediately preceding the issue of the circular and where applicable a stub period; or (ii) if the audited financial statements of the business or company for the latest completed financial year has not been prepared at the time of the issue of the circular, each of the three financial years of the business or company immediately preceding the latest completed financial year and a stub period; or

(3) such shorter period as may be acceptable to the Exchange

provided that the relevant period must have ended 6 months or less before the issue of the circular. If the business or company has been in existence for less than the period set out in (1) or (2) above (as the case may be), the relevant period commences on the commencement of the business or the incorporation or establishment of the company.

(b) in the case of banking companies, the report on results prepared in accordance with rule 7.05(1)(a) must include the information on results set out in the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

Three year statement of financial position

(2) (a) the statement of financial position of the business which, or of the company (and, if that company is itself a holding company, the consolidated statement of financial position of the company and its subsidiaries) in whose share capital an interest has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited financial statements of the issuer have been made up, in each case as at the end of each of the three financial years (or the end of each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited financial statements of such business or company (as the case may be) have been made up;

(b) in the case of banking companies, the statement of financial position as at the end of each of the three financial years (or the end of each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) must include the information on the assets and liabilities set out in the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

Three year cash flow statement

(2A) the cash flow statement of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited financial statements of the issuer have been made up, in each case for each of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited financial statements of such business or company (as the case may be) have been made up;

Three year statement of changes in equity

(2B) a statement of changes in equity of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited financial statements of the issuer have been made up, in each case for each of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited financial statements of such business or company (as the case may be) have been made up;

(2C) [Repealed 31 December 2015]

(3) all movements to and from any reserves including movements arising from:—

(a) consolidation or acquisition (i.e. the write-off of goodwill/establishment of a capital reserve);

(b) the revaluation of assets;

(c) the translation of financial statements denominated in foreign currencies; or

(d) the redemption or repurchase of shares of the issuer,

if those movements are not reflected in the results in respect of each of the financial years referred to in (1) above;

(4) a statement of the indebtedness as at the end of each of the period reported on showing, as regards bank loans and overdrafts and separately as regards other borrowings of the business or company or company and its subsidiaries covered by the accountants' report, the aggregate amounts repayable:—

(a) on demand or within a period not exceeding 1 year;

(b) within a period of more than 1 year but not exceeding 2 years;

(c) within a period of more than 2 years but not exceeding 5 years; and

(d) within a period of more than 5 years,

except that such an analysis of debt repayments need not be included in the case of a major transaction (see rule 19.67);

(5) the details of the principal accounting policies which have been applied in respect of the period reported on;

(6) a statement of any significant subsequent events which have occurred to any business or company or company and its subsidiaries covered by the accountants' report since the end of the period reported on or, if there are no such events, a statement of that fact; and

(7) any other matters which appear to the reporting accountants to be relevant having regard to the purpose of the accountants' report.

7.06 [Repealed 3 June 2010]

7.07 The report on results and financial position under rules 7.05(1) and (2) must disclose separately the information referred to in rule 7.04.

Requirements applicable in all cases

7.08 In all cases:—

(1) the accountants' report must include a statement of:

(a) whether or not the financial statements for the period reported on have been audited and, if so, by whom; and

(b) whether or not any audited financial statements have been made up since the end of the last financial period reported on;

(2) the reporting accountants must express an opinion as to whether or not the relevant information gives, for the purposes of the accountants' report, a true and fair view of the results and cash flows for the period reported on and of the statement of financial position as at the end of each of the period reported on;

(3) the accountants' report must state that it has been prepared in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements 200 – Accountants' Reports on Historical Financial Information in Investment Circulars (HKSIR 200) issued by the Hong Kong Institute of Certified Public Accountants;

(4) the reporting accountants must be named in the accountants' report; and

(5) the accountants' report must be dated.

Individual or combined results

7.09 In the case of a new applicant (rule 7.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 7.01(2), the reporting accountants must report on the consolidated or combined financial history of results and the consolidated or combined statement of financial position of the issuer and its subsidiaries and any business or subsidiary acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made up, unless otherwise agreed by the Exchange.

7.10 In the case of a circular issued by a listed issuer in connection with the acquisition of more than one business and/or company and/or group of companies, the reporting accountants must report on the individual financial histories of results and the individual statements of financial position of each of those businesses, companies or groups of companies referred to in rule 7.05, unless otherwise agreed by the Exchange.

Disclosure

7.11 The information to be disclosed in respect of rules 7.03, 7.09 and 7.10 must be in accordance with best practice which is at least that required to be disclosed in respect of those specific matters in the financial statements of a company under the HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements and, in the case of banking companies, the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority ("Guideline").

Note: If a new applicant is a banking company organised outside Hong Kong and primarily regulated by a regulator which has functions similar to the Hong Kong Monetary Authority and provides adequate supervision to the applicant, the Exchange may consider an application for a waiver from strict compliance with the disclosure requirement in relation to the Guideline. The applicant must provide alternative disclosure in its listing document, including disclosure on capital adequacy, loan quality, loan provisioning, and guarantees, contingencies and other commitments, that is sufficient for potential investors to make a fully informed investment decision.

Accounting standards

7.12 The financial history of results and the statement of financial position included in the accountants' report must normally be drawn up in conformity with:-

(a) Hong Kong Financial Reporting Standards (HKFRS); or

(b) International Financial Reporting Standards (IFRS); or

(c) China Accounting Standards for Business Enterprises (CASBE) in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

Note: The issuer must apply one of these bodies of standards consistently and shall not change from one body of standards to the other.

7.13 [Repealed 1 January 2022]

7.14 In the case of the accountants' report for an overseas issuer, where the Exchange allows a report to be drawn up otherwise than in conformity with either of the standards referred to in rule 7.12, the report will be required to conform with financial reporting standards acceptable to the Exchange. In such cases, the Exchange will normally require the report to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either of the standards referred to in rule 7.12.

Notes:

1. The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.

2. A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.

3. The reconciliation statement must be reviewed by the reporting accountant that reports on the relevant financial statements.

4. An overseas issuer with a dual listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its accountants' reports must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual and interim financial statements that fall due under the GEM Listing Rules, and are published, after the first anniversary of the date of its de-listing.

7.15 The accountants' report for a PRC issuer must normally be drawn up in accordance with either of the standards referred to in rule 7.12.

7.16 Without prejudice to the provisions of rule 7.14, any significant departure from either of the accounting standards referred to in rule 7.12 must be disclosed and explained and, to the extent practicable, the financial effects of such departure quantified.

7.17 The relevant standards will normally be those current in relation to the last financial year reported on and, wherever possible, appropriate adjustments must be made to show profits for all periods in accordance with such standards.

Auditing standards

7.17A In the case of the accountants' report for an overseas issuer, such report will not normally be regarded as acceptable unless the relevant financial statements have been audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.

Statement of adjustments

7.18 In preparing the accountants' report, the reporting accountants must make such adjustments (if any) as are in their opinion appropriate for the purposes of the accountants' report and state therein that all adjustments considered necessary have been made, or (where appropriate) that no adjustments were considered necessary. Where adjustments are made, a written statement (the statement of adjustments) is required to be published on the Exchange's website and the issuer's own website, and must be signed by the reporting accountants (see paragraph 52 of Appendix D1A and paragraph 42 of Appendix D1B).

Note: Where a listing applicant is seeking a simultaneously listing and is precluded by the regulation in that jurisdiction from making adjustments as envisaged by rule 7.18, additional information should be provided to show details of the adjustments (if any) and the effect of such on the results and net assets and liabilities as if such adjustments would have been made for purpose of the accountants' report prepared on the basis in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements 200 – Accountants' Reports on Historical Financial Information in Investment Circulars (HKSIR 200) issued by the Hong Kong Institute of Certified Public Accountants.

7.19 The statement of adjustments must set out, for each of the years reported upon, each adjustment made and be sufficiently detailed so as to reconcile the figures in the accountants' report with the corresponding figures in the audited financial statements and must give the reasons therefor.

7.20 Where an accountants' report is set out in a listing document the statement of adjustments relating to that report must be submitted to the Exchange in the draft form prescribed in rules 12.22(3), 12.26B(2) and 28.13(7) and in such form in accordance with rule 12.23A(2). In every other case, the statement of adjustments must be submitted to the Exchange at the same time as the proofs of the circular containing the accountants' report are submitted.

Reference to other reports

7.21 Where the reporting accountants refer to reports, confirmations or opinions of valuers, accountants or other experts, the names, addresses and professional qualifications of such other persons or firms must be stated in the report. In any case, the listing document or circular will be required to include a statement that such other persons or firms have given and have not withdrawn their written consent to its issue with the inclusion of such references in the form and context in which they are included.

Modified reports

7.22 Where the reporting accountants issue a modified report, they must refer to all material matters about which they have reservations. All reasons for the modification must be given and its effect quantified if this is both relevant and practical. A modified report issued by the reporting accountants in respect of a new applicant may not be acceptable where the modification relates to a matter of significance to investors.

7.23 Where the accountants' report relates to a very substantial disposal or an acquisition which is a major transaction, very substantial acquisition or a reverse takeover and the report is expected to include a modified opinion, the Exchange must be consulted at an early stage.

Additional matters for disclosure

7.24 Where the business of the issuer necessitates extra disclosure to the members in its annual financial statements by virtue of special legislation, the equivalent disclosure must be made in the report.

General

7.25 [Repealed 31 December 2015]

7.26 It is emphasised that these requirements are not exhaustive and that further information may be required, or the required information varied, by the Exchange where it considers it necessary. In cases of doubt or difficulty, the reporting accountants must consult the Exchange through the issuer's Sponsor or, in circumstances where the issuer is no longer required to have (and does not otherwise retain) a Sponsor, through the issuer's authorised representative or financial adviser.

Pro Forma Financial Information

7.27 In the cases referred to in rule 7.01(3) concerning a circular in connection with a major transaction, the pro forma financial information required under rules 19.67(6)(a)(ii) or 19.67(6)(b)(ii) on the enlarged group (i.e. the issuer, its subsidiaries and any business or subsidiary or, where applicable, assets acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made up (including but not limited to any business, company or companies being acquired)) must include all the information referred to in rule 7.31 in respect of such enlarged group.

7.28 In the cases referred to in rule 7.01(3) concerning a circular in connection with a reverse takeover, an extreme transaction or a very substantial acquisition, the pro forma financial information required under rule 19.69(4)(a)(ii) or 19.69(4)(b)(ii) on the enlarged group (i.e. the issuer, its subsidiaries and any business or subsidiary or, where applicable, assets acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made up (including but not limited to any business, company or companies being acquired)) must include all the information referred to in rule 7.31 in respect of such enlarged group.

7.29 For a circular in connection with a very substantial disposal, the pro forma financial information required under rules 19.68(2)(a)(ii) or 19.68(2)(b)(ii) on the remaining group must include the information referred to in rule 7.31 in respect of the remaining group.

7.30 In the case of a new applicant (rule 7.01(1)) which has acquired or proposed to acquire any businesses or companies, which would at the date of application or such later date of acquisition before listing of the applicant be classified as a major subsidiary, since the date to which the latest audited financial statements of the issuer have been made up, it must include as an appendix to its listing document the pro forma financial information required under rule 7.31 in respect of the enlarged group (i.e. the new applicant, its subsidiaries and any businesses or companies acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made up) and the pro forma financial information must be reported on by the reporting accountants as required under rule 7.31(7).

Notes: (1) For the purpose of rule 7.30, all acquisitions or proposed acquisitions since the date to which the latest audited financial statements in the accountants' report of the issuer have been made up, whether of businesses or companies, should be aggregated. If the aggregated total assets, profits or revenue represents 5% or more under any of the percentage ratios as defined under rule 19.04(9), these acquisitions will be deemed to be an acquisition of a major subsidiary for the purpose of rule 7.30. 100% of the major subsidiary's total assets, profits or revenue (as the case may be) or, where the major subsidiary itself has subsidiaries, the consolidated total assets, profits or revenue (as the case may be) of the major subsidiary is to be compared to the total assets, profits or revenue (as the case may be) shown in the issuer's latest audited consolidated financial statements in the accountants' report irrespective of the interest held in the major subsidiary.

(2) Where any of the percentage ratios calculated in accordance with (1) above is 5% or more but is less than 100%, the issuer should disclose, as a minimum, a pro forma statement of assets and liabilities of the enlarged group. Where any of the percentage ratios is 100% or more, the issuer should disclose, as a minimum, a pro forma balance sheet, a pro forma income statement and a pro forma cash flow statement of the enlarged group.

7.31 Where an issuer includes pro forma financial information in any document (whether or not such disclosure of pro forma financial information is required under the GEM Listing Rules), that information must comply with rules 7.31(1) to (6) and a report in the terms of rule 7.31(7) must be included in the relevant document.

(1) The pro forma financial information must provide investors with information about the impact of the transaction the subject of the document by illustrating how that transaction might have affected the financial information presented in the document, had the transaction been undertaken at the commencement of the period being reported on or, in the case of a pro forma statement of financial position or net asset statement, at the date reported. The pro forma financial information presented must not be misleading, must assist investors in analysing the future prospects of the issuer and must include all appropriate adjustments permitted by rule 7.31(6), of which the issuer is aware, necessary to give effect to the transaction as if the transaction had been undertaken at the commencement of the period being reported on or, in the case of a pro forma statement of financial position or net asset statement, at the date reported on.

(2) The information must clearly state:

(a) the purpose for which it has been prepared;

(b) that it is prepared for illustrative purposes only; and

(c) that because of its nature, it may not give a true picture of the issuer's financial position or results.

(3) The information must be presented in columnar format showing separately the unadjusted financial information, the pro forma adjustments and the pro forma financial information. The pro forma financial information must be prepared in a manner consistent with both the format and accounting policies adopted by the issuer in its financial statements and must identify:

(a) the basis upon which it is prepared; and

(b) the source of each item of information and adjustment.

Pro forma figures must be given no greater prominence in the document than audited figures.

(4) Pro forma financial information may only be published in respect of:

(a) the current financial period;

(b) the most recently completed financial period; and/or

(c) the most recent interim period for which relevant unadjusted information has been or will be published or is being published in the same document;

and, in the case of a pro forma statement of financial position or net asset statement, as at the date on which such periods end or ended.

(5) The unadjusted information must be derived from the most recent:

(a) audited published financial statements, published interim reports or published interim or annual results announcements;

(b) accountants' report;

(c) previously published pro forma financial information reported on in accordance with rule 7.31(7); or

(d) published profit forecast or estimate.

(6) Any adjustments which are made to the information referred to in rule 7.31(5) in relation to any pro forma statement must be:

(a) clearly shown and explained;

(b) directly attributable to the transaction concerned and not relating to future events or decisions;

(c) factually supportable; and

(d) in respect of a pro forma profit or cash flow statement, clearly identified as to those adjustments which are expected to have a continuing effect on the issuer and those which are not.

(7) The pro forma financial information must be reported on in the document by the auditors or reporting accountants who must report that, in their opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the issuer; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to rule 7.31(1).

(8) Where pro forma earnings per share information is given for a transaction which includes the issue of securities, the calculation is to be based on the weighted average number of shares outstanding during the period, adjusted as if that issue had taken place at the beginning of the period.

Chapter 8

VALUATION OF AND INFORMATION ON PROPERTIES

Definitions

8.01 In this Chapter:-

(1) "carrying amount" means, for an applicant, the amount at which an asset is recognised in the most recent audited consolidated balance sheet of the group as disclosed in the listing document after deducting any accumulated depreciation (amortisation) and accumulated impairment losses. For an issuer, the amount at which an asset is recognised in its latest published audited consolidated accounts or latest published interim report (whichever is more recent) after deducting any accumulated depreciation (amortisation) and accumulated impairment losses;

Note: If an acquisition is made after the latest consolidated audited accounts, the acquisition cost should be used.

(2) "property activities" mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments. It does not include holding of properties for own use;

Notes: 1 Any other property interest is classified as "non-property activities".

2 The listing document date must be used as the timing reference point to categorise a property interest into property activity or non-property activity.

(3) "property" means land and/or buildings (completed or construction in progress). Building includes fittings and fixtures. "Property interest" means an interest in the property;

Note: Fittings and fixtures include building services installation such as plumbing and pipes, electrical instalments, ventilation systems, escalators and improvements generally. Equipment and machinery used for production should be excluded.

A property interest may comprise:

(1) one or more units in the same building or complex;

(2) one or more properties located at the same address or lot number;

(3) one or more properties comprising an integrated facility;

(4) one or more properties, structures or facilities comprising a property development project (even if there are different phases);

(5) one or more properties held for investment within one complex;

(6) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/ business purposes; or

(7) a project or phases of development presented to the public as one whole project or forming a single operating entity.

(4) "total assets" means, for an applicant, the total fixed assets, including intangible assets, plus the total current and non-current assets, as shown in the latest audited consolidated financial statements in the accountants' report in the listing document. For an issuer, total assets has the same meaning as in Chapter 19.

Requirements for an applicant

8.01A A listing document issued by an applicant must include valuations of and information on property interests:

(1) that form part of its (or, for debt securities, the guarantor's) property activities except for those with a carrying amount below 1% of its total assets. The total carrying amount of property interests not valued must not exceed 10% of its total assets; and

(2) that do not form part of its (or, for debt securities, the guarantor's) property activities if the carrying amount of a property interest is or is above 15% of its total assets.

8.01B The listing document must include:

(1) for property interests of an applicant's property activities:

(a) the full text of valuation reports of property interests that are required to be valued except where summary disclosure is allowed; and

(b) a summary disclosure if the market value of a property interest as determined by the valuer is less than 5% of its total property interests that are required to be valued under rule 8.01A(1). See Appendix D3 for the summary form of disclosure. The Exchange may accept variation of the summary form of disclosure based on the applicant's circumstances. The valuation report setting out the information required by these Rules must be published on the Exchange's website and the issuer's own website;

Note: The summary form of disclosure may be varied based on the applicant's circumstances. An applicant must include additional information necessary for investors to make an informed decision.

(2) for property interests of an applicant's non-property activities:

(a) the full text of valuation reports if the carrying amount of a property interest is or is above 15% of its total assets; and

(b) a statement that, except for the property interests in the valuation reports, no single property interest that forms part of its non-property activities has a carrying amount of 15% or more of total assets;

(3) an overview of property interests not covered by a valuation report, including their number and approximate size range, uses, how they are held and the general description of the area where they are located. The overview may include property interests voluntarily valued and disclosed separately in the listing document; and

(4) the general information in rule 8.36, if it applies.

8.01C Rules 8.01A and 8.01B (except rules 8.01B(3) and 8.01B(4)) do not apply to property interests ancillary to the exploration for and/or extraction of Natural Resources (as defined in Chapter 18A) if the listing document includes a valuation that encompasses these Natural Resources and ancillary property interests, and together have been valued as a business or as an operating entity by a Competent Evaluator (as defined in Chapter 18A).

Note: Rules 8.01A(2) and 8.01B(2) to (4) apply to property interests ancillary to the exploration for and/or extraction of Natural Resources if the listing document does not include a valuation of all the ancillary property interests conducted by a Competent Evaluator.

Requirements for an issuer

8.02 For an acquisition or disposal of any property interest, or of a company whose assets consist solely or mainly of property, where any of the percentage ratios (as defined in rule 19.04(9)) of the transaction is or is above 25%, then a valuation of and information on the property must be included in the circular issued to shareholders in connection with the acquisition or disposal (see rule 19.66(12)), unless rule 8.02A applies.

Note: In this rule and in rule 8.03, a circular issued "in connection with an acquisition" includes a listing document issued for a rights issue, the proceeds of which are to be used to retire a debt with which the property or company had previously been acquired but the listing document need not contain a valuation report if a circular containing such a valuation report was issued to shareholders when the property or company was acquired.

8.02A Valuation of a property interest is not required if:

(1) it is acquired from the Hong Kong Government (or, at the discretion of the Exchange, a body related to the Hong Kong Government) at a public auction or by sealed tender; or

(2) the property is acquired under a Qualified Property Acquisition (as defined in rule 19.04(10C)) falling under rules 19.33A to 19.33B; or

(3) the company being acquired or disposed of is listed on the Exchange, except if it is a connected transaction; or

(4) subject to rule 8.03, the property interests in the company being acquired or disposed of is ancillary to the exploration for and/or extraction of Natural Resources (as defined in Chapter 18A) and the circular includes a valuation that encompasses these Natural Resources and ancillary property interests, and together have been valued as a business or as an operating entity by a Competent Evaluator (as defined in Chapter 18A); or

Note: Rule 8.02 applies to property interests ancillary to the exploration for and/or extraction of Natural Resources if the circular does not include a valuation of all the ancillary property interests conducted by a Competent Evaluator.

(5) subject to rule 8.03, the carrying amount of a property interest in the company being acquired or disposed of is below 1% of the issuer's total assets. The total carrying amount of property interests not valued must not exceed 10% of the issuer's total assets.

8.02B Subject to rule 8.03, the circular issued under rule 8.02 must include:

(1) for a property interest, the full text of valuation reports;

(2) for an unlisted company whose assets consist solely or mainly of property:

(a) the full text of valuation reports of property interests that are required to be valued under rule 8.02 except where summary disclosure is allowed; and

(b) a summary disclosure if the value of a property interest as determined by the valuer is less than 5% of the total property interests that are required to be valued under rule 8.02. See Appendix D3 for the summary form of disclosure. The Exchange may accept variation of the summary form of disclosure based on the issuer's circumstances. The valuer's report setting out the information required by these Rules must be published on the Exchange's website and the issuer's own website; and

Note: The summary form of disclosure may be varied based on the issuer's circumstances. An issuer must include additional information necessary for investors to make an informed decision.

(c) an overview of property interests not covered by a valuation report, including their number and approximate size range, uses, how they are held and the general description of the area where they are located. The overview may include property interests voluntarily valued and disclosed separately in the circular;

(3) for a company listed on the Exchange whose assets consist solely or mainly of property, an overview of property interests, including their number and approximate size range, uses, how they are held and the general description of the area where they are located; and

(4) the general information in rule 8.36, if it applies.

8.03 For a connected transaction involving an acquisition or a disposal of any property interest or a company whose assets consist solely or mainly of property (including a company listed on the Exchange), a valuation of and information on the property must be included in any circular issued to shareholders in connection with the acquisition or disposal (see rule 20.68(7)). The circular must include full text of valuation reports and the general information in rule 8.36, if it applies.

8.03A [Repealed 1 January 2012]

Valuation report requirements

Basic contents

8.04 All valuation reports must contain all material details of the basis of valuation which, in the case of properties situated in Hong Kong, must follow The Hong Kong Institute of Surveyors ("HKIS") Valuation Standards on Properties published from time to time by the HKIS or the International Valuation Standards published from time to time by the International Valuation Standards Council.

8.05 All valuation reports should normally contain the following information:—

(1) a description of each property including:—

(a) an address sufficient to identify the property, which should generally include postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;

(b) a brief description (e.g. whether land or building, approximate area, etc.);

(c) the existing use (e.g. shops, offices, factories, residential, etc.);

(d) the Ground/Government Rent;

(e) a summary of the terms of tenancies, leases or underleases (including repairing obligations, where material):—

(i) pursuant to which the issuer holds properties from the government or superior landlords; and/or

(ii) pursuant to which the issuer rents or leases properties to tenants or lessees;

(f) the approximate age of buildings;

(g) the terms of tenure;

(h) the terms of any intra-group lease granted by a parent company to a subsidiary on property occupied by the group (identifying the properties) (if any);

(i) the capital value in existing state at the effective date as at which the property was valued;

(j) the current planning or zoning use;

(k) the options or rights of pre-emption concerning or affecting the property (if any);

(l) the basis of and approach to valuation for the property interest;

(m) when the site was last inspected;

(n) summary of investigation carried out, including details of inspection, such as building conditions, availability of building services, etc.;

(o) nature and source of information relied on;

(p) details of title and ownership;

(q) details of encumbrances;

(r) how the properties are grouped together for each valuation certificate;

(s) names and qualifications of persons who carried out the site inspection; and

(t) any other matters which may materially affect the value;

(2) without prejudice to the generality of sub-clause 1(e) above, where the property is rented or leased by the issuer to tenants or lessees, details of the rentals, including:—

(a) the existing monthly rental before tax if the property is wholly or partly let together with the amount and a description of any outgoings or disbursements from the rent, and, if materially different, the estimated current monthly market rental obtainable, on the basis that the property was available to let on the effective date as at which the property was valued;

(b) a summary of any rent review provisions, where material; and

(c) the amount of vacant space, where material;

(3) where the property is in the process of being developed, the following details in addition to those specified in sub-paragraph 1 above, where available:—

(a) details of development potential and whether building plans have been approved or planning consent has been obtained and any conditions imposed in respect of such approval;

(b) any material restrictions on development including building covenants and time limits for completion of the development;

(c) existing stage of development;

(d) estimated completion date;

(e) estimated cost of carrying out the development or (where part of the development has already been carried out) the estimated cost of completing the development;

(f) estimated capital value after completion;

(g) any material special or general conditions affecting the development of the property;

(h) any conditions imposed as to construction of roadways, pathways, drainage, sewage and other facilities or services for public use, if material;

(i) any sales arrangements and/or letting arrangements existing at the effective date as at which the property was valued; and

(j) any construction costs incurred up to the effective date as at which the property was valued;

(4) where property is held for future development purposes, the following details in addition to those specified in sub-paragraph 1 above, where available:—

(a) details of development potential and whether building plans have been approved or planning consent has been obtained and any conditions imposed in respect of such approval;

(b) any material special or general conditions affecting the development of the property including building covenants and time limits for completion of the development; and

(c) any conditions imposed as to construction of roadways, pathways, drainage, sewage and other facilities or services for public use, if material;

(5) a classification of the property according to the purpose for which it is held. The acceptable categories are:—

(a) property held for development;

(b) property held for investment;

(c) property held for owner occupation; and

(d) property held for sale;

(6) details of any agreement or proposals as to any proposed transaction regarding the property between the issuer and any other member of the group;

(7) the name of the valuer, his address and professional qualification;

(8) the effective date as at which the property was valued and the date of the valuation; and

(9) such other information as the Exchange may require.

8.06 [Repealed 1 January 2012]

8.07 [Repealed 1 January 2012]

8.08 [Repealed 1 January 2012]

Disclosure of legal opinion to valuer

8.09 In all cases where a legal opinion is required under the GEM Listing Rules (or is otherwise obtained by the issuer) in connection with the title to a property, such opinion together, so far as practicable, with copies of any document referred to therein should be made available to the valuer carrying out any valuation in respect of the property, prior to the completion of the valuation report, and the valuer shall explain whether and if so how he has taken account of the content of such opinion in the valuation of the property.

Valuations of properties situated outside Hong Kong

Additional provisions

8.10 In the case of valuation reports in respect of properties situated outside Hong Kong, the Exchange reserves the right to impose additional or different conditions to those specified in rules 8.04 to 8.09.

8.11 Without prejudice to the generality of rule 8.10, rules 8.12 to 8.19 apply to properties situated in the PRC and rules 8.20 to 8.29 apply to properties situated outside Hong Kong (including those situated in the PRC).

Specific provisions with respect to PRC properties

8.12 The valuation report of property located in the PRC must clearly state the nature of the interest being valued. The report must also specify any material conditions or information regarding title and other relevant matters contained in the legal opinion relating to the property.

Note: In particular, the valuation report must clearly state whether the valuation is of a vested legal title or of a right to acquire a vested legal title to the relevant property or, for example, only right to occupy the property for a fixed period or to enjoy rent or other income arising from the property.

8.13 With respect to PRC properties:—

(1) a long-term title certificate will be treated as the operative equivalent to the Hong Kong legal concept of vested title to the relevant property. The new applicant or listed issuer should confirm, with the benefit of a PRC legal opinion from a firm authorised by an appropriate authority in the PRC to advise in relation to listed companies, whether a long-term title certificate has been obtained by the relevant party in respect of the relevant property. The Exchange may require production of the title certificate and may require that it be made available for inspection; or

Note: For the purposes of this rule and the other relevant provisions of this Chapter, the Exchange has a discretion to decide on whether or not any title certificate constitutes a "long term" title certificate under this rule.

(2) in respect of a grant of land by a government land administration bureau in the PRC or with respect to a transfer of land use rights where the issue of a title certificate is pending, a properly approved land grant or land transfer contract in writing accompanied by a PRC legal opinion (as described in sub-paragraph (1) above) as to the validity of the approval may, in the case only of a listed issuer, be acceptable as evidence of a transferee's pending title to the land to be granted or transferred. The Exchange may require production of the approved contract and may require that it be made available for inspection.

8.14 Where property located in the PRC is held or being acquired for development and where the residual method is used as the primary basis for the valuation (see rule 8.24), the relevant party should obtain an acceptable PRC legal opinion (as described in rule 8.13(1)) which describes all consents, permits and regulations which need to be obtained or satisfied in respect of the development, or proposed development upon which any valuation is based. Such opinion should confirm whether and to what extent consent has been obtained for the proposed development and all such information should be included in the valuation report and in the relevant document.

8.15 In respect of PRC properties where long-term title certificates are not obtained by a new applicant or a listed issuer, any property revaluation surplus arising from those PRC properties must be excluded from all annual reports, accounts and other financial statements of the issuer and from the net tangible asset statement in any listing document or circular of the issuer.

8.16 Where the consideration for the grant of any long-term title certificate involves any obligation on the issuer to resettle or pay compensation to any occupier or former occupier of property forming the subject of the certificate or to any other persons or any obligation to construct or pay the costs of construction of public facilities, the valuation report must disclose details of any such obligation, to the extent that the same remains outstanding, and indicate, where relevant, its effect on the value of and title to the property.

Note: If there is an outstanding obligation on the part of the issuer to transfer part of any property under development to the original occupier or other persons free of any payment, this matter must be disclosed and the valuer should confirm whether, in arriving at the value of the property, he has taken the same into account.

8.17 Except for companies with infrastructure projects accepted by the Exchange under rule 11.14(1) or otherwise, where the new applicant has interests in a joint venture company whose income stream is derived from a PRC property but the long-term title certificate for such property is not obtained by the joint venture company, no business valuation on the applicant's interests in the joint venture company may be included in the listing document.

Joint venture interests in PRC properties

8.18 In the case of PRC property held by any joint venture entity or pursuant to some other form of joint arrangement, the legal opinions referred to in rules 8.13 and 8.14 should include a description of the significant terms of the joint venture, including a description of the equity and profit sharing arrangements of the parties. In addition, the opinion should state whether the joint venture entity has obtained all necessary licences to operate in the location where the property is situated. A summary of the content of such opinion should also be disclosed in any valuation report and in the relevant document.

8.19 Where a new applicant or listed issuer has or is proposing to acquire an interest in a joint venture entity, which, in turn, has or is proposing to acquire an interest in a property situated in the PRC, and where the property is beneficially owned or retained by one of the parties to the joint venture and does not vest in the joint venture entity itself, and where the new applicant or listed issuer has or is intending to acquire some right to occupy the property from the relevant party to the joint venture or to enjoy income or profit therefrom, then the legal opinions referred to in rules 8.13 and 8.14 should also confirm:—

(1) the exact nature of the interest in the joint venture entity which the new applicant or the listed issuer has or is proposing to acquire;

(2) whether the terms of any joint venture agreement provide for the transfer of the legal title to the property to the joint venture entity and the status of such transfer;

(3) whether the right which the new applicant or the listed issuer has or is intending to acquire is capable, as a matter of PRC law, of being granted by the party in whom legal title to the property is vested;

(4) whether and to what extent the right acquired or to be acquired is enforceable in the PRC and whether it will be freely transferable by the new applicant or the listed issuer to any third party; and

(5) whether all relevant regulatory approvals have been obtained.

Contents of valuation report

8.20 Where the relevant property has been valued on an open market basis, but such valuation is not by reference to comparable market transactions, the valuer may be required to discuss and disclose in the valuation report the assumptions underlying the open market valuation method in the context of the market in which the property is situated. Valuers may be asked to justify the assumptions they have made in the valuation report particularly where local market conditions or legal circumstances may differ greatly from those in Hong Kong.

8.21 Where the property the subject of the valuation report has been valued on an open market basis and by reference to the residual method, the valuation report should:

(1) state this fact;

(2) describe the valuation method used together with a brief description of that method in simple language;

(3) provide a statement showing:—

(a) gross development value of the various components in the proposed development with an explanation of any comparables used and the adjustments made to arrive at the figure for gross development value;

(b) construction costs based on the report of a properly qualified quantity surveyor as referred to in rule 8.23;

(c) all fees charged or to be charged;

(d) interest charges;

(e) developer's profit; and

(f) any other component or comparable figure used in the residual method; and

(4) describe the assumed development potential for the relevant property, including relevant plot ratios. Any approval or any indication from any competent authority which differs from the development potential or plot ratios assumed by the valuer should be set out in the valuation report. If no relevant approval has been obtained from a competent authority the valuer should state the source of and the basis of the assumptions used.

Income or profit method of valuation

8.22 Where relevant property (or part thereof) has been valued through use of the profit or income method of valuation, the valuation report should in addition state the assumptions upon which this method is based and whether there is any comparable market evidence, for example, in the case of a hotel, of room rates and occupancy levels in the same or similar location to the relevant property.

Valuation by residual method

8.23 Where the valuation figure is derived through use of the residual method, the new applicant and/or listed issuer should, in addition to obtaining the valuation report, instruct a professionally qualified quantity surveyor acceptable to the Exchange to verify the estimated costs of carrying out the development. The report of the quantity surveyor should be included together with the valuation report.

8.24 Where valuations are required under Chapter 8 of these Rules and where the primary method for valuing a property is the residual method, the Exchange may require the directors of the issuer or, in the case of a connected transaction, the independent directors, to include a statement in a prominent position in the relevant document with respect to the valuation of any property held for investment, development, future development and sale. In such statement the directors/the independent directors must :—

(1) critically discuss and assess the assumptions made by the valuer as disclosed in the valuation report for the aforesaid categories of property and the material effect that any variation of those assumptions may have on the valuation figure;

(2) critically discuss the effect of any material conditions affecting the status of the legal title to any such property as disclosed in any legal opinion obtained in respect of such property;

(3) describe in the case of property in the process of being developed or held for future development, and where the valuation is based on the expected sale value of the completed development, the exact stage at which any proposed development has reached; and

(4) describe all known relevant local taxes which may be charged in respect of any proposed property development project and explain how such taxes could affect the calculation of developer's profit contained in any calculation pursuant to the residual method, and the consequent effect on any valuation figure.

8.25 Where the residual method is used, the valuation report should include a general warning statement in substantially the following form:

"Warning statement

The valuation arrived at has not been determined by reference to comparable market transactions which is the most reliable method for valuing property assets and the most common method used for valuing properties in Hong Kong. In contrast, because of the lack of comparable market transactions in the locality in which the subject property is situated, this valuation has used the residual method which is generally acknowledged as being a less reliable valuation method. The residual method is essentially a means of valuing land by reference to its development potential by deducting costs and developer's profit from its estimated completed development value. It relies upon a series of assumptions made by the valuer which produce an arithmetical calculation of the expected current sale value as at [date] of a property being developed or held for development or redevelopment. Where the property is located in a relatively under-developed market such as [place] those assumptions are often based on imperfect market evidence. A range of values may be attributable to the property depending upon the assumptions made. While the valuer has exercised its professional judgement in arriving at the value, investors are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report."

Note: Where property assets represent or will represent substantially the whole or a majority of the assets of the new applicant or listed issuer and certain or all of those assets have been valued through use of the residual method, the warning statement set out in this rule must also appear or be referred to in the "Risk Factors" section of the relevant document.

Accountancy treatment

8.26 In all cases where a valuation report is required, the Exchange may also require the directors to describe the accounting treatment to be adopted in respect of any property assets situated outside Hong Kong.

Notifiable transactions

8.27 Where in any transaction which falls within rules 19.06, 19.06B or 19.06C, the relevant party intends to contribute capital or to contribute to or become liable for all or part of the cost of development of any property project or development, or to any company or venture involved in any development project, then the Exchange:

(1) may require further disclosure of how such capital contribution or development costs have been derived;

(2) may require an independent valuation report, even if such report is not expressly required under Chapter 8; and

(3) may consider taking account of such capital or cost contributions when considering whether the transaction falls within any of the categories of notifiable transactions referred to in rules 19.06, 19.06B or 19.06C.

Connected transactions

8.28 In the case of connected transactions, where the valuer has relied upon information supplied by a connected person this should be clearly stated in the valuation report and the extent to which the valuer has independently verified this information should be set out prominently in the relevant document.

Date and cost of original acquisition

8.29 Where the property the subject of the valuation has been acquired within 5 years of the date of valuation, the new applicant or the listed issuer should supply to the valuer for inclusion in his report the relevant date and cost of acquisition and the total costs expended on the property, which should be included alongside the current valuation figure.

Effective date

8.30 The effective date as at which the property was valued must not be more than three months before the date on which the relative listing document or circular is issued and if such effective date is not the same as the end of the last period reported on by the reporting accountants (see Chapter 7), it will be necessary for the listing document or circular to include a statement reconciling the valuation figure with the figure included in the balance sheet as at the end of that period.

Independence of valuer

8.31 Unless dispensation is obtained from the Exchange, all valuations of properties must be prepared by an independent qualified valuer. (See rule 8.32 concerning qualifications). For this purpose, a valuer is not independent if:—

(1) he is an officer or servant or proposed director of the issuer or the issuer's subsidiary or holding company or of a subsidiary of the issuer's holding company or any affiliated company; or

(2) in the case of a firm or company of valuers, it is the issuer's subsidiary or holding company or a subsidiary of the issuer's holding company or any of its partners, directors or officers is an officer or servant or proposed director of the issuer or the issuer's subsidiary or holding company or of a subsidiary of the issuer's holding company or any affiliated company.

Qualifications of valuer

8.32 A valuer is a qualified valuer only if:—

(1) for the purpose of valuing properties situated in Hong Kong, the valuer is a fellow or associate member of The Hong Kong Institute of Surveyors and carries on the business in Hong Kong of valuing properties and is authorised to do so by the rules of that body; and

(2) for the purpose of valuing properties situated outside Hong Kong, the valuer has the appropriate professional qualifications and experience. This, he will normally be regarded as having if he is subject to the discipline of The Hong Kong Institute of Surveyors or The Royal Institution of Chartered Surveyors or a professional body of similar standing to such bodies and has a minimum of 2 years' experience in valuing properties in the relevant location or has relevant experience.

8.33 The professional qualifications of the valuer and, where properties situated outside Hong Kong have been valued, his experience in valuing properties within the relevant location (and, where the valuation is made on behalf of a valuation company, his experience with the company) should be disclosed in the valuation report.

Other valuation reports

8.34 If the issuer has obtained more than one valuation report regarding any of the issuer's properties referred to in the listing document or circular within three months before the issue of the listing document or circular, then all other such reports must be included.

Exchange rates

8.35 Where any figures or calculations included in the valuation report rely on exchange rates, the rate used and relevant date should be stated. Where there has been a fluctuation in exchange rates between the date of the valuation and the date of the listing document or circular to shareholders, this fact together with the effect of the fluctuation on the valuation in the valuation report should be set out.

General disclosure

8.36 A listing document, or a circular issued under rules 8.02 and 8.03, must disclose relevant information on material properties (including leased properties).

Notes: Information may include the following:

(1) a general description of where the property is located (rather than only its address) and some market analysis if the property relates to property activities. For example, whether the property is located in the central business district, supply and demand information, occupancy rates, trends in property yield, sales prices, rental rates etc.;

(2) use and approximate area;

(3) any restrictions on its use;

(4) an indication of how the property is held. For example, owned or leased. If leased, the remaining term of the lease;

(5) details of encumbrances, liens, pledges, mortgages against the property;

(6) environmental issues, such as breach of environmental regulations;

(7) details of investigations, notices, pending litigation, breaches of law or title defects;

(8) plans for construction, renovation, improvement or development of the property and estimated associated costs;

(9) plans to dispose of or change the use of the property; and

(10) any other information considered material for investors.

Chapter 9

GENERAL

TRADING HALT, SUSPENSION AND RESUMPTION OF DEALINGS, CANCELLATION AND WITHDRAWAL OF LISTING

General

9.01 Listing is always granted subject to the condition that, where the Exchange considers it necessary for the protection of investors or the maintenance of an orderly market, it may, at any time, halt, suspend or direct the resumption of dealings in an securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the issuer or not.

9.02 On-going suitability for listing will be assessed by reference to the requirements of Chapter 11 and the issuer's state of compliance with the continuing obligations set out in the GEM Listing Rules.

Trading halt or suspension

9.03 An issuer shall endeavour to avoid any trading halt or suspension of dealings in its securities.

Notes: 1 Recourse to a trading halt or suspension should only be made where necessary in the interests of all parties.

2 In many cases the appropriate course of action, which the Exchange expects all issuers to follow so far as reasonably practicable, will be for the issuer to publish an announcement to avoid the need for a trading halt or suspension.

3 Where a detailed announcement may take time to prepare, the issuer should, subject to rules 19.37 and 20.33 concerning announcements of notifiable and connected transactions, consider making a short announcement to disclose information which is or may be inside information (and for the purpose of avoiding a suspension). This could be followed, at the soonest practicable opportunity thereafter, with a detailed announcement giving all information required by the GEM Listing Rules.

9.04 Under rule 9.01, the Exchange may direct a trading halt or suspend dealings in an issuer's securities regardless of whether or not the issuer has requested the same and may do so in any circumstances, including:—

(1) where the issuer goes into receivership or liquidation; or

(2) where the Exchange considers there are insufficient securities in the hands of the public (as required under rule 17.37B); or

(3) where the Exchange considers that the issuer does not carry on a business as required under rule 17.26; or

(4) where the Exchange considers that the issuer or its business is no longer suitable for listing; or

(5) [Repealed 1 August 2018]

(6) where the integrity and reputation of the market has been or may be impaired by dealings in the issuer's securities; or

(7) where there are unexplained unusual movements in the price or trading volume of the issuer's listed securities or where a false market for the trading of the issuer's securities has or may have developed and the issuer's authorised representative cannot immediately be contacted to confirm that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of such securities or the development of a false market, or where the issuer delays in issuing an announcement in the form required under rule 17.11; or

(8) where there is uneven dissemination or leakage of inside information in the market giving rise to an unusual movement in the price or trading volume of the issuer's listed securities.

Notes: 1 The Exchange will not hesitate to direct a trading halt or suspend dealings where it considers that improper use is being made of inside information, whether by core connected persons of the issuer or otherwise. It may require a detailed explanation from an issuer as to who may have had access to unpublished information, and why security had not been properly maintained. If it considers the result of its enquiries justify, it may publish its findings. It places great importance on the responsibility of the directors of an issuer to ensure not only proper security with regard to inside information, but also that relevant information is disclosed in a proper and equitable manner, in the interests of the market as a whole, and not to the benefit of a selected group or individual.

2 Where the Exchange believes that an issuer or its advisers have permitted inside information regarding the issue of new securities to leak before its announcement, it will not normally consider an application for the listing of those securities.

3 Under the Statutory Rules, the Exchange will notify the Commission of trading halts, suspensions and restorations of dealings. In addition, the Exchange will halt or suspend dealings if the Commission directs under the Statutory Rules.

9.05 The Exchange retains a discretion to allow the trading halt or suspension of dealings in an issuer's securities in appropriate circumstances which may, on a case by case basis, include the following:—

(1) where, for a reason acceptable to the Exchange, inside information cannot at that time be disclosed; or

(2) where an issuer is subject to an offer, but only where terms have been agreed in principle and require discussion with and agreement by one or more major shareholders. Trading halts or suspensions will only normally be appropriate where no previous announcement has been made. In other cases, either the details of the offer should be announced, or if this is not yet possible, a "warning" announcement indicating that the issuer is in discussion which could lead to an offer, should be issued, without recourse to a trading halt or a suspension; or

(3) where necessary to maintain an orderly market; or

(4) in respect of certain levels of notifiable or connected transaction, for example, one involving substantial changes in the nature, control or structure of an issuer, where publication of full details is necessary to permit a realistic valuation to be made of the securities concerned.

Procedure

9.06 If the issuer believes that a trading halt or suspension cannot, in all of the circumstances, be avoided it should contact the Exchange at the earliest practicable opportunity.

Notes: 1 Any request for a trading halt or suspension of dealings should be directed by telephone to the Listing Division in accordance with rule 2.22. It will only be considered when it is received directly from the issuer's authorised representative, some other responsible officer, Compliance Adviser, financial adviser, or legal adviser. Confirmation may be requested as to the authority of the person requesting the trading halt or the suspension. A formal letter supporting the request will be required, although, if the circumstances are exceptionally urgent, this need not be delivered to the Listing Division at the time of the initial request.

2 Reason(s) for the trading halt or suspension must be given in support of the request and the issuer will be expected to explain why an announcement cannot be or could not have been issued to avoid the trading halt or the suspension.

3 A request for a trading halt or suspension of dealings (or continued trading halt or suspension of dealings) following the publication of an announcement based solely on a wish that the information should be allowed time to disseminate more widely will not be accepted by the Exchange.

9.07 An issuer must endeavour to ensure that any request for suspension is, so far as is reasonably practicable, made outside Exchange trading hours (and as early as is practicable before commencement of the next half-day trading session on GEM). Only in exceptional circumstances should a request be made during a trading session.

9.08 Where dealings have been halted or suspended, the issuer must announce the reason(s) for the trading halt or suspension and, where halted or suspended at the request of the issuer, the known or anticipated timing of the lifting of the trading halt or suspension, having regard to the matters set out in rule 9.11.

Resumption

9.09 In the interests of a fair and continuous market, the Exchange requires any period of trading halt or suspension to be kept as short as reasonably practicable. In this regard, the issuer must use its reasonable endeavours to obtain all relevant consents (including regulatory consents) necessary to ensure the lifting of such trading halt or suspension.

Note: The Exchange considers that the continuation of any trading halt or suspension beyond such period as is absolutely necessary denies reasonable access to the market and prevents its proper functioning.

9.10 The procedure for lifting the trading halt or suspension will depend on the circumstances and the Exchange reserves the right to impose such conditions as it considers appropriate.

9.11 In the case of a trading halt or suspension pending an announcement of any matter which is or may be inside information, the issuer shall use its reasonable endeavours to issue the announcement before commencement of the next half-day trading session on GEM. If it is not possible, for whatever reason, to issue the announcement within this time scale, the issuer shall, if requested to do so by the Exchange:—

(1) issue a "holding" announcement on the Exchange's website, before commencement of the next half-day trading session on GEM; and

(2) request a resumption of dealings in its securities with effect from commencement of the next half-day trading session on GEM.

Notes: 1 Any holding announcement required for the purpose of this rule should be in substantially the following form:—

"This announcement is made at the request of The Stock Exchange of Hong Kong Limited. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

The directors of [ ] are aware that there remains outstanding information relating to the Company which is or may be inside information and which it is not practicable to publish at this time.

An announcement concerning this information will be made in due course, at the soonest practicable opportunity.

As required under the GEM Listing Rules, the Company has requested the resumption of dealings in its securities with effect from [ ]"

In the meantime, investors are advised to exercise caution when dealing in the securities of the Company.

Made by order of the Board of [ ], the directors of which collectively and individually accept responsibility for the accuracy of this announcement."

2 A holding announcement of the type under Note 1 must be published in accordance with Chapter 16.

9.12 Under rule 9.01, the Exchange may direct the resumption of dealings in securities. In particular, the Exchange may:—

(1) without prejudice to rule 9.11, require an issuer to publish an announcement, in such terms and within such period as the Exchange shall, in its discretion, direct, notifying the resumption of dealings in the issuer's securities, following the publication of which the Exchange may direct the resumption of dealings; and/or

(2) direct a resumption of dealings following the publication of an announcement by the Exchange notifying the resumption of dealings in the securities.

Note: The Exchange may set out the issuer's submission for continued suspension in the Exchange's announcement referred to in (2) above.

9.13 The power conferred upon the Exchange by rule 9.12 shall be subject to the review process set out in rule 4.06. The burden shall be on the issuer opposing the resumption to demonstrate that a continued trading halt or suspension would be appropriate.

Cancellation of listing

9.14 Pursuant to rule 9.01, the Exchange may cancel the listing of an issuer at any time and may do so in any circumstance including (but not limited to) those set out in rule 9.04 and in circumstances where the securities of an issuer have been continuously suspended for a prolonged period without the issuer taking adequate action to obtain a restoration of the listing.

9.14A (1) Without prejudice to its power under rule 9.14, the Exchange may cancel the listing of any securities that have been suspended from dealings for a continuous period of 12 months.

(2) As a transitional arrangement,

(a) Subject to (b), for an issuer whose securities have been suspended from dealings as at the effective date of rule 9.14A(1) (the "Effective Date"), the 12 month period referred to in rule 9.14A(1) commences from the Effective Date.

(b) For issuers which are subject to a decision to commence the procedures to cancel a listing and a notice period for delisting immediately before the Effective Date, such decision and notice period continue to have effect on the relevant issuer. This is notwithstanding that the actual cancellation of listing has not taken place as at the Effective Date.

9.15 Without prejudice to rules 9.14 and 9.14A(1), in circumstances where the Exchange proposes to exercise its right to cancel a listing, it may:

(1) publish an announcement naming the issuer and specifying the period (ordinarily, of 6 months) within which the issuer must have remedied those matters which have given rise to such circumstances. Where appropriate the Exchange will suspend dealings in the issuer's securities. If the issuer fails to remedy those matters within the specified period, the Exchange will cancel the listing. The Exchange may treat any proposals to remedy those matters as if they were an application for listing from a new applicant for all purposes and, in which case, the issuer must comply with the requirements for new listing applications as set out in the GEM Listing Rules; or

(2) cancel the listing of the issuers' securities following the Exchange's publication of an announcement notifying the cancellation of the listing.

9.15A For the purpose of rule 9.14A(1), the Exchange may cancel the listing of an issuer's securities following the Exchange's publication of an announcement notifying the cancellation of the listing.

9.16 On the expiry of any period specified for the purposes of rule 9.15, the Exchange may give notice to cancel the listing with immediate effect or, where the issuer has responded with proposals satisfactory to the Exchange, may, without prejudice to rule 9.14, exercise its discretion to extend the period within which the issuer will be expected to have remedied those matters that gave rise to the Exchange's proposal to cancel the listing.

9.17 The issuer must publish an announcement on receiving notice from the Exchange pursuant to rule 9.15 to 9.16 and a further announcement on the expiry of any period specified for the purposes of those rules, in each case providing details of the Exchange's decision or requirements and the consequences to holders of the issuer's securities.

9.18 Any proposals to remedy matters pursuant to rules 9.15 to 9.16 may, at the discretion of the Exchange, result in the issuer being treated, for all purposes, as a new applicant for listing.

Withdrawal of listing

9.19 Subject to rule 9.23, an issuer that has an alternative listing on another regulated, regularly operating, open stock exchange or securities market recognised for this purposes by the Exchange, may not voluntarily withdraw its listing on GEM unless:—

(1) the prior approval of shareholders has been obtained by way of an ordinary resolution passed at a duly convened meeting of the shareholders of the issuer;

(2) the prior approval of holders of any other class of listed securities, if applicable, has been obtained; and

(3) the issuer has given its shareholders and holders of any other class of listed securities, if applicable, at least 3 months notice of the proposed withdrawal of the listing. This minimum notice period must run from the date on which the shareholders approve the voluntary withdrawal of listing and such notice must include details of how to transfer securities to and trade those securities on the alternative market.

In deciding whether an alternative listing is acceptable the Exchange must be satisfied that the alternative market is open and readily accessible by Hong Kong investors. A market to which access by Hong Kong investors is restricted (for example, by foreign exchange controls) will not be acceptable.

9.20 Subject to rule 9.23, if the issuer has no such alternative listing, the issuer may not voluntarily withdraw its listing on GEM without the permission of the Exchange unless:—

(1) the issuer has obtained the prior approval of its shareholders and holders of any other class of listed securities, if applicable, at a duly convened meeting of shareholders and a separate meeting of holders of any other class of listed securities, if applicable, at which any controlling shareholders and their respective associates shall abstain from voting in favour. Where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.28 in the circular to shareholders;

(2) the approval of withdrawal of the listing referred to in rule 9.20(1) must be given by at least 75% of the votes attaching to any class of listed securities held by holders voting either in person or by proxy at the meeting. For the purpose of determining the percentage, the listed securities held by directors, the chief executive and any controlling shareholders or their respective associates that vote against the resolution at the meeting are to be included;

(3) the number of votes cast against the resolution is not more than 10% of the votes attaching to any class of listed securities held by holders permitted under rule 9.20(1) to vote in person or by proxy at the meeting. For the purpose of determining the percentage, the listed securities held by directors, the chief executive and any controlling shareholders or their respective associates that vote against the resolution at the meeting are to be included; and

(4) the shareholders and holders of any other class of listed securities, if applicable, other than the directors (excluding independent non-executive directors), chief executive and controlling shareholders, are offered a reasonable cash alternative or other reasonable alternative.

9.21 In relation to any withdrawal of listing under rule 9.20, the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the meeting:

(1) any parties who were controlling shareholders of the issuer at the time the decision for the transaction or arrangement involving the withdrawal of listing was made or approved by the board, and their associates; and

(2) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision for the transaction or arrangement involving the withdrawal of listing was made or approved by the board, and their respective associates.

The issuer must disclose the information required under rule 2.28 in the circular to shareholders.

9.22 In relation to any withdrawal of listing under rule 9.20, the issuer must comply with the requirements under rules 17.47(6) and 17.47(7) and rules 17.47A, 17.47B and 17.47C.

9.23 An issuer may voluntarily withdraw its listing on the Exchange, irrespective of whether it has an alternative listing or not, if:–

(1) after a general offer a right to compulsory acquisition is exercised pursuant to applicable laws and regulations (the requirements of which are, where the issuer is not a company incorporated in Hong Kong, at least as onerous as those applicable if it were) resulting in the acquisition of all the listed securities of the issuer, or

(2) the issuer is privatised by way of a scheme of arrangement or capital reorganisation which is governed by the Takeovers Code and all the relevant requirements, including the shareholders' approval requirements, under the Takeovers Code have been complied with,

and, in either case, it has given its shareholders notice of the proposed withdrawal of the listing by way of an announcement and the intention not to retain the issuer's listing on the Exchange has been stated in a circular to shareholders.

Transfer of listing

9.24 (1) An issuer with equity securities listed on GEM, which satisfies the requirements as set out in Main Board Listing Rule 9A.02 or 9B.03, may apply for a transfer of its listing from GEM to the Main Board. The relevant provisions are set out in Chapters 9A and 9B of the Main Board Listing Rules.

(2) Transfer of listing to the Main Board from GEM is not regarded as a withdrawal of listing from the Exchange and rules 9.19 to 9.23 are not applicable to such transfer.

9.25 An application for a transfer of listing shall be submitted to the Listing Division which may reject it or recommend it for final approval by the Main Board Listing Committee as provided in the Main Board Listing Rules.

9.26 As soon as reasonably practicable and in any event by the same day an application is submitted to the Exchange for a transfer of listing from GEM to the Main Board, the issuer shall announce the relevant facts to inform the market.

Chapter 10

EQUITY SECURITIES

METHODS OF LISTING

General

10.01 A new applicant may bring securities to listing by any of the following methods:

(1) an offer for subscription;

(2) an offer for sale;

(3) a placing;

(4) an introduction; or

(5) such other method as may be accepted by the Exchange.

10.02 A listed issuer may bring equity securities (whether or not a class already listed) to listing, or sell or transfer treasury shares by any of the following methods:

(1) an offer for subscription;

(2) an offer for sale;

(3) a placing;

(4) a rights issue;

(5) an open offer;

(6) a capitalisation issue;

(7) a consideration issue;

(8) an exchange, substitution or conversion of securities; or

(9) such other method as may be accepted by the Exchange.

The requirements set out in this Chapter shall apply, mutatis mutandis, to a sale or transfer of treasury shares.

Offer for subscription

10.03 An offer for subscription is an offer to the public by or on behalf of an issuer of its own securities for subscription.

10.04 In the case of offers by tender, the Exchange must be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of securities receives equal treatment.

10.05 An offer for subscription must be supported by a listing document which must comply with the relevant requirements of Chapter 14.

10.06 Offers for subscription require compliance with the publication requirements set out in rules 16.07 and 16.13 or 16.14.

Offer for sale

10.07 An offer for sale is an offer to the public by or on behalf of the holders or allottees of securities already in issue or agreed to be subscribed.

10.08 In the case of offers by tender, the Exchange must be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of securities receives equal treatment.

10.09 An offer for sale must be supported by a listing document which must comply with the relevant requirements of Chapter 14.

10.10 Offers for sale require compliance with the publication requirements set out in rules 16.07 and 16.13 or 16.14.

Placing

10.11 A placing is the obtaining of subscriptions for or the sale of securities by an issuer or intermediary primarily from or to persons selected or approved by the issuer or intermediary.

10.11A A listing by a new applicant must include an offering to the public of not less than 5% of all securities offered which must comply with paragraph 4 of Practice Note 6.

10.12 A placing by or on behalf of a new applicant or by or on behalf of a listed issuer of securities of a class new to listing must be supported by a listing document which must comply with the relevant requirements of Chapter 14 and such a placing must comply with the following specific requirements:—

(1) [Repealed 15 February 2018]

(1A) The guidelines in rules 10.11 to 10.16B apply equally to every Exchange Participant with whom or through whom the securities of a class new to listing are placed by an overall coordinator, a syndicate member (other than an overall coordinator) or a distributor (other than a syndicate member).

For the purposes of rules 10.11 to 10.16B:—

"Connected client" in relation to an Exchange Participant means any of its client who is:—

(a) a partner of such Exchange Participant;

(b) an employee or non-employee account executive (or any other person with or otherwise acting in similar capacity) of such Exchange Participant;

(c) a substantial shareholder of such Exchange Participant;

(d) a director of such Exchange Participant;

(e) a close associate of any person in (a) to (d) above;

(f) any of the following persons where his/its account is managed by such Exchange Participant in pursuance of a discretionary managed portfolio agreement:

(i) a family member (as defined in Chapter 20) of any person in (a) to (e) above ("**Connected Family Member**"); or

(ii) a majority-controlled company (as defined in Chapter 20) held, directly or indirectly, by the Connected Family Members (individually or together), or held by the Connected Family Members together with any person in (a) to (e) above, or any of its subsidiaries; or

(g) a member of the same group of companies as such Exchange Participant.

Notes:

1. *"Discretionary managed portfolio" means a fund of investments, the contents of which are kept under review by an Exchange Participant or any member of the group of which such Exchange Participant is a part which has authority to effect or arrange for the effecting of transactions for the fund at its discretion.*

2. *"Securities" and "shares" shall include equity securities.*

(1AA) No allocations to the following persons will be permitted without the prior written consent of the Exchange:

(a) "connected clients" of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s));

(b) directors or existing shareholders of the new applicant or the listed issuer, as the case may be, or their close associates, whether in their own names or through nominees unless the condition in rule 13.02(1) is fulfilled; or

(c) nominee companies unless the name of the ultimate beneficiary of the securities is disclosed.

(1B) The overall coordinator(s) must make adequate distribution facilities available, must run the application list and must determine a fair basis for allocating securities when an issue is oversubscribed. In the case of a placing of securities involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, each overall coordinator will be deemed to have reviewed the analysis generated by FINI on the distribution and concentration of the securities placed and confirmed its accuracy by submitting the separate Marketing and Independence Statements in the form set out in Form D (published in Regulatory Forms) on FINI (see rule 12.26(6)).

(1C) The securities to be placed must have an adequate spread of holders.

Note: The Exchange retains the discretion to reject an application for listing if the issuer fails to demonstrate that there will be an adequate spread of placees. The Exchange may publish guidance on its website, as amended from time to time, on its interpretation of this requirement including the factors that the Exchange may take into account in assessing whether there is an adequate spread of placees.

(1D) Not more than ten per cent. of the total placing may be offered to employees or past employees of the applicant (see rule 13.02(2)).

(2) Details of the placing must be published in accordance with the requirements of rules 16.07 or 16.08, as applicable, and (as regards the results) in accordance with sub-paragraph (4) below and rule 16.16.

(3) [Repealed 15 February 2018]

(4) The announcement of the results of the placing required pursuant to rule 16.16 must include a brief generic description of the placees. If securities have been placed with different groups of placees, then the announcement must contain a description of each group and the number of shares placed with each group, provided that certain types of placee (as specified in Note 1 to this rule) must be identified on an individually-named basis, with the number of shares placed with each named placee also being disclosed. The announcement must also include information on:—

(a) information on the level of interest in the placing;

(b) a table showing the distribution of the placing shares;

(c) an analysis of the distribution, in particular, the concentration of the placing shares, including but not limited to (1) the number of placing shares and the percentage of shareholding held by the top 1, 5, 10 and 25 placees, and (2) the number of shares and the percentage of shareholding held by the top 1, 5, 10 and 25 shareholders. Where, in the view of the Exchange, there is a high concentration of shares being marketed for which listing is sought with a few placees, a statement substantially in the following form:

"Investors should be aware that the concentration of shareholders may affect the liquidity of the shares of the [issuer]. Consequently, shareholders and potential investors are advised to exercise caution when dealing in such shares."; and

(d) a statement as to whether any of the subscribers are financed directly or indirectly by, or accustomed to taking instructions from, the issuer, any of the director(s), chief executive(s), controlling shareholder(s), substantial shareholder(s) or other existing shareholder(s) of the issuer or any of its subsidiaries or their respective close associates.

Notes: 1 The purpose of this rule is to enable shareholders and investors to understand the broad composition of the ownership of the placed shares immediately prior to trading in those shares. The groups of placees which the issuer must identify in the announcement, to the extent applicable, include:—

(a) [Repealed 3 June 2010];

(b) directors and their close associates (on an individually-named basis);

(c) existing shareholders and their close associates (on an individually-named basis);

(d) in relation only to a New Listing effected by way of a placing or which included a placing tranche, significant shareholders and their close associates (on an individually-named basis);

(e) existing or past employees of the issuer;

(f) the Sponsor(s) and their close associates;

(g) the overall coordinator(s), syndicate member(s) (other than the overall coordinator(s)), and/or any distributor(s) (other than the syndicate member(s)) and any connected clients (see rule 10.12(1A)) of any of the foregoing parties;

(h) [Repealed 4 August 2025]

(i) [Repealed 4 August 2025]

(j) the underwriters (if any) and their close associates, if different from (f) or (g) above; and

(k) other groups of placees which may be required by the Exchange (e.g. customers or suppliers of the issuer).

The announcement should, if applicable, give particulars of any placees that have been aggregated and treated as being one placee, and must indicate the number and proportion of shares placed to the public.

2 [Repealed 4 August 2025]

(4A) No overall coordinator, syndicate member (other than an overall coordinator) or distributor (other than a syndicate member) may, under normal circumstances, retain any securities being placed for its proprietary account and those of its group companies, unless the offer is not fully subscribed and the underwriters are required to take up the unsubscribed shares pursuant to the underwriting obligation, or in exceptional circumstances which will be considered on a case-by-case basis.

(5) Dealings in the securities cannot commence until the Exchange has been supplied with and approved (in FINI, in the case of a placing in connection with a New Listing) a list setting out all the placees and the required information, including without limitation, (i) in the case of individuals, the names, addresses and identity cards (or if none, passport numbers and the jurisdiction of issuance); and (ii) in the case of companies, the names, addresses, jurisdiction of incorporation and the relevant company identification numbers, and the amounts taken up by each placee. The Exchange reserves the right to require submission of further information (in any other format as it may request) on the placees as it considers necessary for the purpose of establishing the placees' independence, including without limitation, details of beneficial ownership.

Note: The Exchange may publish guidance on the Exchange's website, as amended from time to time, on further information on the placees and their ultimate beneficial owners that may be required to be submitted to the Exchange.

(6) In connection with a New Listing, separate Marketing and Independence Statements in the form set out in Form D (published in Regulatory Forms) must be submitted to the Exchange on FINI (in the case of a New Listing) by (a) each overall coordinator; (b) each syndicate member (other than an overall coordinator); (c) any distributor (other than a syndicate member); and (d) any Exchange Participant referred to in rules 12.26(6)(a) and 12.27(6)(a) before dealings commence (see rule 12.26(6)).

(7) [Repealed 4 August 2025]

Note: For the purpose of rule 10.12, references to "securities" and "shares" shall include equity securities.

10.13 [Repealed 4 August 2025]

10.14 Placings of securities of a class new to listing by listed issuers must comply with the requirements of rule 10.12, save for the requirements relating to submission of information on FINI. For any such placing, (i) each overall coordinator; (ii) each syndicate member (other than an overall coordinator); (iii) any distributor (other than a syndicate member); and (iv) any Exchange Participant must duly complete and sign a Marketing and Independence Statement in the form set out in Form D (published in Regulatory Forms), and submit the Marketing and Independence Statement and a placee list setting out the required information in rule 10.12(5) with the Exchange before dealings commence (see rule 12.27(6)).

10.15 A placing by or on behalf of a listed issuer of securities of a class already listed does not have to be supported by a listing document but if a prospectus or other listing document is required, it must comply with the relevant requirements of Chapter 14.

10.15A It must be realised that rules 10.11 to 10.15 above are not necessarily exhaustive and that each case must be considered in the light of its own particular circumstances. In addition, the above criteria may in consultation with the Exchange be amended or extended from time to time in the light of experience. Each placing will be reviewed upon its completion to ensure that the above requirements have been or will be satisfied.

10.16 The Exchange may be prepared to allow preliminary arrangements and placings to be made to dispose of securities before the start of dealings where necessary to comply with the requirements of rule 11.23 or rule 17.37B on the minimum prescribed public float.

10.16A For a placing of equity securities referred to in rule 6A.39, the issuer must ensure a bookbuilding process is carried out to assess demand for the equity securities.

10.16B An issuer should document the rationale behind its decision on allocation and pricing, in particular where the decision is contrary to the advice, recommendation(s) and/or guidance of the overall coordinator(s). The overall coordinator(s) shall inform the Exchange if decisions made by the issuer amount to non-compliance with the GEM Listing Rules related to, among other things, the placing activities conducted by the overall coordinator(s) or the issuer.

Introduction

10.17 An introduction is an application for listing of securities already in issue where no marketing arrangements are required because the securities for which listing is sought are already of such an amount and so widely held that their adequate marketability when listed can be assumed.

10.18 Introductions will normally be appropriate in the following circumstances:—

(1) where the securities for which listing is sought are already listed on another stock exchange;

(2) where the securities of an issuer are distributed in specie by a listed issuer to the shareholders of that listed issuer or to the shareholders of another listed issuer; or

(3) where a holding company is formed and its securities are issued in exchange for those of one or more listed issuers. Any reorganisation by way of scheme of arrangement or by any other means whereby securities are issued by an overseas issuer in exchange for the securities of one or more listed issuers and the listing of the latter issuer or issuers is withdrawn at the same time as the securities of the overseas issuer are listed must first be approved by a special resolution of the shareholders of the listed issuer or issuers.

Note: Any issuer contemplating an introduction of the type referred to in sub-paragraph (3) is referred to the provisions of rule 24.05(6).

10.19 An introduction will only be permitted in exceptional circumstances if there has been a marketing of the securities in Hong Kong within the 6 months prior to the proposed introduction where such marketing was made conditional on listing being granted for those securities. Furthermore, there may be other factors, such as a pre-existing intention to dispose of securities, a likelihood of significant public demand for the securities or an intended change of the issuer's circumstances, which would render an introduction unacceptable to the Exchange. An introduction will not be permitted if a change in the nature of the business is in contemplation.

10.20 An issuer should apply to the Exchange as early as possible to obtain confirmation that an introduction will be an appropriate method of listing. The application must state the names and holdings of the ten largest beneficial holders of the securities (if known) and the total number of holders. A copy of the share register may be required by the Exchange. In addition, particulars of the holdings of the directors and their close associates must be included. If such approval to the method of listing is given, it does not necessarily mean that listing for the securities will ultimately be granted.

10.21 An introduction must be supported by a listing document which must comply with the relevant requirements of Chapter 14.

10.22 Introductions require compliance with the publication requirements set out in rule 16.08.

Rights issue

10.23 A rights issue is an offer by way of rights to existing holders of securities which enables those holders to subscribe securities in proportion to their existing holdings. Rights issue need not be underwritten.

10.24 A rights issue must be made conditional on shareholders' approval in the circumstances set out in rule 10.29.

Note: See rule 10.44A for the additional requirements relating to rights issues, open offers and specific mandate placings.

10.24A Where rights issues are underwritten, normally the underwriters must satisfy the following requirements:

(1) the underwriters are persons licensed or registered under the Securities and Futures Ordinance for Type 1 regulated activity and their ordinary course of business includes underwriting of securities, and they are not connected persons of the issuers concerned; or

(2) the underwriters are the controlling or substantial shareholders of the issuers.

The rights issue announcement, listing document and circular (if any) must contain a statement confirming whether the underwriter(s) comply with rule 10.24A(1) or (2).

10.25 If a rights issue is not fully underwritten the listing document must contain full disclosure of the fact that it is not fully underwritten and all other relevant circumstances, including the consequential risks in dealing in such rights, and a statement of the minimum amount, if any, which must be raised in order for the issue to proceed. Such disclosure must appear on the front cover of the listing document and in a prominent position at the front of the document and be in a form approved by the Exchange.

In addition, the listing document must contain a statement of the intended application of the net proceeds of the issue according to the level of subscriptions and a statement in respect of each substantial shareholder as to whether or not that substantial shareholder has undertaken to take up his or its entitlement in full or in part and if so on what conditions, if any.

10.26 If a rights issue is not fully underwritten:—

(1) the issuer must comply with any applicable statutory requirements regarding minimum subscription levels; and

(2) a shareholder who applies to take up his or its full entitlement may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

Note: In the circumstances set out in rule 10.26(2), an issuer may provide for shareholders to apply on the basis that, if the issue is not fully taken up, their application can be "scaled" down to a level which does not trigger an obligation to make a general offer.

10.27 If a rights issue is underwritten and the underwriter is entitled to terminate that underwriting upon the occurrence of any event after dealings in the rights in nil-paid form have commenced, then the rights issue listing document must contain full disclosure of that fact. Such disclosure must:—

(1) appear on the front cover of the listing document and in a prominent position at the front of the document;

(2) include a summary of the termination provisions and explain when they will cease to be exerciseable and such summary must appear in a prominent position in the document;

(3) detail any consequential risks in dealing in such rights; and

(4) be in a form approved by the Exchange.

10.28 If a rights issue is underwritten (whether in whole or in part) by a person or persons whose ordinary business does not include underwriting, the listing document must contain full disclosure of that fact.

10.29 If the proposed rights issue would increase either the number of issued shares (excluding treasury shares) or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed rights issue or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):

(1) the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.28 in the circular to shareholders; and

(2) the issuer shall set out in the circular to shareholders the purpose of the proposed rights issue, together with the total funds expected to be raised and a detailed breakdown and description of the proposed use of the proceeds. The issuer shall also include the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed rights issue, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount.

10.29A Where shareholders' approval is required under rule 10.29, the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the general meeting:

(1) any parties who were controlling shareholders of the issuer at the time the decision for the transaction or arrangement involving the rights issue was made or approved by the board, and their associates; or

(2) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision for the transaction or arrangement involving the rights issue was made or approved by the board, and their respective associates.

The issuer must disclose the information required under rule 2.28 in the circular to shareholders.

10.29B Where shareholders' approval is required under rule 10.29, the issuer must comply with the requirements under rules 17.47(6) and 17.47(7) and rules 17.47A, 17.47B and 17.47C.

10.30 Offers of securities by way of rights are normally required to be conveyed by renounceable provisional letters of allotment or other negotiable instruments, which must state the time, being not less than 10 business days, in which the offer may be accepted. In cases where the issuer has a large number of overseas members a longer offer period may be desirable, provided that the Exchange must be consulted if the issuer proposes an offer period of over 15 business days.

Note: Appendix B1 contains further provisions which are relevant to rights issues.

10.31 (1) In every rights issue, the issuer must make arrangements to:—

(a) dispose of securities not subscribed by allottees under provisional letters of allotment or their renouncees by means of excess application forms, in which case such securities must be available for subscription by all shareholders and allocated on a fair basis; or

(b) dispose of securities not subscribed by allottees under provisional letters of allotment or their renouncees by offering the securities to independent placees for the benefit of the persons to whom they were offered by way of rights.

The arrangements described in rule 10.31(1)(a) or (b) must be fully disclosed in the rights issue announcement, listing document and any circular.

(2) Where any of the issuer's controlling or substantial shareholders acts as an underwriter or sub-underwriter of the rights issue, the issuer must make the arrangements described in rule 10.31(1)(b).

(3) Where arrangements described in rule 10.31(1)(a) are made:

(a) the basis of allocation of the securities available for excess applications must be fully disclosed in the rights issue announcement, listing document and any circular; and

(b) the issuer should take steps to identify the excess applications made by any controlling shareholder and its associates (together, the "relevant shareholders"), whether in their own names or through nominees. The issuer should disregard their excess applications to the extent the total number of excess securities they have applied for exceeds a maximum number equivalent to the total number of securities offered under the rights issue minus the number of securities taken up by the relevant shareholders under their assured entitlements.

10.32 A rights issue must be supported by a listing document which must comply with the relevant requirements of Chapter 14.

10.33 Rights issues require compliance with the publication requirements set out in rule 16.15.

Open offer

10.34 An open offer is an offer to existing holders of securities to subscribe securities, whether or not in proportion to their existing holdings, which are not allotted to them on renounceable documents. An open offer may be combined with a placing to become an open offer with a claw back mechanism, in which a placement is made subject to the rights of existing holders of securities to subscribe part or all of the placed securities in proportion to their existing holdings. Open offers need not be underwritten.

10.35 An open offer must be made conditional on shareholders' approval in the circumstances set out in rule 10.39.

Note: See rule 10.44A for the additional requirements relating to rights issues, open offers and specific mandate placings.

10.36 In relation to underwriting of open offers, the requirements under rules 10.24A, 10.25, 10.26 and 10.28 apply in their entirety to open offers with the term "rights issue" replaced by open offers.

10.37 [Repealed 3 July 2018]

10.38 [Repealed 3 July 2018]

10.39 A proposed open offer must be made conditional on minority shareholders' approval in the manner set out in paragraphs (1) and (2) below, unless the securities will be issued by the listed issuer under the authority of a general mandate granted to them by shareholders in accordance with rules 17.41(2) and 17.42B:—

(1) the open offer must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.28 in the circular to shareholders; and

(2) the issuer shall set out in the circular to shareholders the purpose of the proposed open offer, together with the total funds expected to be raised and a detailed breakdown and description of the proposed use of the proceeds. The issuer shall also include the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed open offer, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount.

10.39A Where shareholders' approval is required under rule 10.39, the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the general meeting:

(1) any parties who were controlling shareholders of the issuer at the time the decision for the transaction or arrangement involving the open offer was made or approved by the board, and their associates; or

(2) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision for the transaction or arrangement involving the open offer was made or approved by the board, and their respective associates.

The issuer must disclose the information required under rule 2.28 in the circular to shareholders.

10.39B Where shareholders' approval is required under rule 10.39, the issuer must comply with the requirements under rules 17.47(6) and 17.47(7) and rules 17.47A, 17.47B and 17.47C.

10.40 Offers of securities by way of an open offer must remain open for acceptance for a minimum period of 10 business days. In cases where the issuer has a large number of overseas members a longer offer period may be desirable, provided that the Exchange must be consulted if the issuer proposes an offer period over 15 business days.

10.41 [Repealed 3 July 2018]

10.42 (1) In every open offer the issuer must make arrangements to:-

(a) dispose of securities not validly applied for by shareholders under their assured allotments by means of excess application forms, in which case such securities must be available for subscription by all shareholders and allocated on a fair basis; or

(b) dispose of securities not validly applied for by shareholders under their assured allotments by offering the securities to independent placees for the benefit of those shareholders.

The arrangements described in rule 10.42(1)(a) or (b) must be fully disclosed in the open offer announcement, listing document and any circular.

(2) Where any of the issuer's controlling or substantial shareholders acts as an underwriter or sub-underwriter of the open offer, the issuer must make the arrangements described in rule 10.42(1)(b).

(3) Where arrangements described in rule 10.42(1)(a) are made:

(a) the basis of allocation of the securities available for excess applications must be fully disclosed in the open offer announcement, listing document and any circular; and

(b) the issuer should take steps to identify the excess applications made by any controlling shareholder and its associates (together, the "relevant shareholders"), whether in their own names or through nominees. The issuer should disregard their excess applications to the extent the total number of excess securities they have applied for exceeds a maximum number equivalent to the total number of securities offered under the open offer minus the number of securities taken up by the relevant shareholders under their assured entitlements.

10.43 An open offer must be supported by a listing document which must comply with the relevant requirements of Chapter 14.

10.44 Open offers require compliance with the publication requirements set out in rule 16.13.

Restrictions on rights issues, open offers and specific mandate placings

10.44A A listed issuer may not undertake a rights issue, open offer or specific mandate placing that would result in a theoretical dilution effect of 25% or more (on its own or when aggregated with any other rights issues, open offers, and/or specific mandate placings announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed issue or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues, open offers and/or specific mandate placings), unless the issuer can demonstrate that there are exceptional circumstances (for example, the issuer is in financial difficulties and the proposed issue forms part of the rescue proposal).

Notes: *1. Theoretical dilution effect of an issue refers to the discount of the "theoretical diluted price" to the "benchmarked price" of shares.*

(a) The "theoretical diluted price" means the sum of (i) the issuer's total market capitalization (by reference to the "benchmarked price" and the number of issued shares (excluding treasury shares) immediately before the issue) and (ii) the total funds raised and to be raised from the issue, divided by the total number of shares (excluding treasury shares) as enlarged by the issue.

(b) The "benchmarked price" means the higher of:

(i) the closing price on the date of the agreement involving the issue; and

(ii) the average closing price in the 5 trading days immediately prior to the earlier of:

(1) the date of announcement of the issue;

(2) the date of the agreement involving the issue; and

(3) the date on which the issue price is fixed.

(c) Where aggregation of a series of rights issues, open offers and/or specific mandate placings is required, the theoretical dilution effect would be calculated as if the relevant rights issues, open offers and/or specific mandate placings were all made at the same time as the first issue of the series.

For the purpose of determining the theoretical diluted price in paragraph (a) above, the total funds raised and to be raised from the issues would be calculated by reference to (i) the total number of new shares issued and to be issued and (ii) the weighted average of the price discounts of the issues (each price discount is measured by comparing the issue price against the benchmarked price at the time of that issue).

2. *Issuers should consult the Exchange before they announce rights issues, open offers or specific mandate placings that may trigger the 25% threshold set out in rule 10.44A.*

10.44B The Exchange may exercise its discretion to withhold approval for, or impose additional requirements on, any rights issue, open offer or specific mandate placing that does not fall into rule 10.44A if in the opinion of the Exchange, such issue is inconsistent with the general principles of listing set out in rule 2.06, having regard to its terms (for example, a very large issue size or price discount).

Capitalisation issue

10.45 A capitalisation issue is an allotment of further securities to existing shareholders, credited as fully paid up out of the issuer's reserves or profits, in proportion to their existing holdings, or otherwise not involving any monetary payments. A capitalisation issue includes a scrip dividend scheme.

10.46 A capitalisation issue must be supported by a listing document, in the form of a circular to shareholders, which must comply with the relevant requirements of Chapter 14.

Consideration issue

10.47 A consideration issue is an issue of securities as consideration in a transaction or in connection with a takeover or merger or the division of an issuer.

10.48 A consideration issue must be announced by the issuer in accordance with rules 19.34 and 19.35.

Exchange, substitution or conversion

10.49 Securities may be brought to listing by an exchange or a substitution of securities for or a conversion of securities into other classes of securities. A conversion of securities includes:—

(1) the exercise of options, warrants or similar rights to subscribe or purchase securities as granted in accordance with Chapter 21;

(2) the conversion of convertible equity securities as issued in accordance with Chapter 22;

(3) the exercise of options granted to or for the benefit of participants as granted in accordance with Chapter 23; and

(4) the conversion of convertible debt securities in accordance with Chapter 34.

10.50 An exchange or a substitution of securities must be supported by a listing document, in the form of a circular to shareholders, which must comply with the relevant requirements of Chapter 14.

Other methods

10.51 Securities may also be brought to listing by:—

(1) an issue of new shares as a result of a consolidation, sub-division or capital reduction of existing listed securities; or

(2) such other methods as the Exchange may from time to time approve.

10.52 An issue of new shares as a result of a consolidation, sub-division or capital reduction must be supported by a listing document, in the form of a circular to shareholders, which must comply with the relevant requirements of Chapter 14.

Chapter 11

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

Preliminary

11.01 This Chapter sets out the basic conditions which have to be met as a pre-requisite to the listing of equity securities. They apply to every method of listing and to both new applicants and listed issuers except where otherwise stated. Further conditions which have to be met by overseas issuers and PRC issuers are set out in Chapters 24 and 25. Issuers are reminded:—

(1) that these requirements are not exhaustive and that the Exchange may impose additional requirements in any particular case; and

(2) that the Exchange retains an absolute discretion to accept or reject applications for listing and that compliance with the relevant conditions may not of itself ensure an applicant's suitability for listing.

Prospective issuers, and in particular new applicants, are therefore encouraged to contact the Exchange to seek informal and confidential guidance as to the eligibility of a proposed issue for listing at the earliest possible opportunity.

Note: Queries should be addressed to the Listing Division and should, so far as practicable, be made by the Sponsor (other than in circumstances where the issuer is not required to have (or does not otherwise retain) a Sponsor).

11.02 A listed issuer shall, prior to their issue, apply for the listing of any further securities which are of the same class as securities already listed and shall not issue such securities unless approval for the listing of those securities has been granted by the Exchange.

11.03 A new applicant will not be rendered unsuitable for listing on the grounds that any director or shareholder has an interest in a business which competes or may compete with the new applicant's business.

11.04 Full and accurate disclosure of any business or interest of each director, controlling shareholder and, in relation only to the initial listing document, substantial shareholder and the respective close associates of each that competes or may compete with the business of the group and any other conflicts of interest which any such person has or may have with the group must be disclosed in each listing document and circular required pursuant to the GEM Listing Rules (excluding any Explanatory Statement issued pursuant to rule 13.08) and in the annual report and accounts and interim report of the listed issuer.

Notes: 1 [Repealed 3 June 2010]

2 Each of the documents referred to in this rule is required to set out the interests of directors and, in relation only to the initial listing document, substantial shareholders (including the interests of their respective close associates) under a specific heading and both the heading and information must be given suitable prominence within the document.

3 *Of the interests required to be disclosed pursuant to this rule, a director or substantial shareholder must include any directorship or ownership of an entity engaged in a business which competes or is likely to compete with the business of the group. The disclosure should include the name of each such entity, the nature of its business and details of the directorship and/or ownership of the issuer's directors and substantial shareholders and their respective close associates in such entity.*

4 *See also paragraph 27A of Appendix D1A.*

General conditions applicable to all issuers

11.05 The issuer must be duly incorporated or otherwise established under the laws of the place where it is incorporated or otherwise established and must be in conformity with those laws, including all such laws relevant to the allotment and issue of securities, and with its memorandum and articles of association or equivalent documents. The issuer must demonstrate how the domestic laws, rules and regulations to which it is subject and its constitutional documents, in combination, provide the shareholder protection standards set out in Appendix A1.

11.05A Each of the statutory securities regulator of an issuer's jurisdiction of incorporation and the statutory securities regulator of the place of central management and control must be a full signatory to the IOSCO MMOU. This is to enable the Commission to seek regulatory assistance and information from overseas statutory securities regulators to facilitate the Commission's investigations and enforcement actions where an issuer has its records, business operations, assets and management outside Hong Kong.

11.05B The Exchange may waive rule 11.05A in an individual case only with the Commission's explicit consent having regard to whether there are adequate arrangements to enable the Commission to access financial and operational information (such as books and records) on an issuer's business in the relevant place of incorporation and place of central management and control for its investigation and enforcement purposes.

11.06 (1) Both the issuer and its business must, in the opinion of the Exchange, be suitable for listing. Without limiting the generality of this rule, an issuer will not be regarded as suitable for listing if its group's assets consist wholly or substantially of cash and/or short-term investments (as defined in the notes to rule 19.82).

(2) Cash and/or short-term investments held by a member of an issuer's group that is a banking company (as defined in rule 20.86), an insurance company (as defined in rule 19.04) or a securities house (as defined in rule 19.04) will normally not be taken into account when applying rule 11.06(1).

Note: This exemption will not apply to an issuer that operates a securities house where the Exchange has concerns that the issuer is holding cash and short-term investments through a member to circumvent rule 11.06(1). For example, an issuer holding excessive cash and/or securities investments cannot circumvent the rule by holding such assets through a member that is a licensed broker with minimal brokerage operations. The Exchange will apply a principle based approach and consider, among others, the cash and/or short-term investments in light of the member's operating model and its cash needs for the purpose of its regulated activities, which should be substantiated by its historical track record.

11.07 The issuer must have persons appointed to the following offices and, or to perform the following roles and the issuer must ensure that such persons have satisfied the following rules prior to appointment:—

(1) directors – rules 5.02 and 5.05;

(2) company secretary – rule 5.14;

(3) [Repealed 1 January 2024]

(4) authorised representatives – rule 5.24; and

(5) members of the audit committee – rules 5.28 and 5.29.

11.08 The issuer must either be an approved share registrar or employ an approved share registrar to maintain in Hong Kong its register of members.

11.09 Issuers must comply with Chapter 6A, in particular, with respect to the appointment of a Sponsor and a Compliance Adviser.

11.10 A new applicant and, if required pursuant to rule 7.01, a listed issuer must have an accountants' report prepared in accordance with Chapter 7, covering (subject to rule 11.14) in the case of a new applicant, at least the 2 financial years immediately preceding the issue of the listing document.

Note: The accountants' report must cover a trading record period of at least the 2 financial years preceding the issue of the listing document in the case of a new applicant described in rule 11.12A. For general guidance, where the issuer has a longer operating history of more than two years, the Exchange would encourage voluntary disclosure of three years of financial results in the accountants' report.

Additional conditions applicable to new applicants

Accountants' report

11.11 In the case of a new applicant, the latest financial period reported on by the reporting accountants must not have ended more than 6 months before the date of the listing document.

11.12 [Repealed 1 July 2008]

Conditions for listing

11.12A A new applicant must satisfy either the cash flow test (see sub-paragraphs (1) to (3) below) or the market capitalisation/ revenue/ research and development test (see sub-paragraph (4) below).

The cash flow test

(1) A new applicant or its group (excluding any associated companies, joint ventures and other entities whose results are recorded in the issuer's financial statements using the equity method of accounting or proportionate consolidation) must have an adequate trading record of at least two financial years comprising a positive cash flow generated from operating activities in the ordinary and usual course of business before changes in working capital and taxes paid. Such positive cash flow from operating activities carried out by the new applicant, or its group, that are to be listed, must be of at least HK$30,000,000 in aggregate for the two financial years immediately preceding the issue of the listing document;

Note: A statement of cash flow prepared using the indirect method for submission to the Exchange for the purpose of satisfying rule 11.12A(1) must also be included in the prospectus for disclosure purpose, if it is not already included in the accountants' report. Details regarding cash flow statements prepared under the indirect method are further described under the relevant accounting standard dealing with cash flow statements in accordance with HKFRS, IFRS or CASBE.

(2) The applicant must have had continuity of ownership and control throughout the full financial year immediately preceding the issue of the listing document and up until the date of listing; and

(3) The applicant must have been under substantially the same management throughout the two full financial years immediately preceding the issue of the listing document and up until the date of listing.

The market capitalisation/revenue/research and development test

(4) A new applicant must have each of the following:

(a) an adequate trading record of at least two financial years;

(b) continuity of ownership and control throughout the full financial year immediately preceding the issue of the listing document and up until the date of listing;

(c) management continuity throughout the two full financial years immediately preceding the issue of the listing document and up until the date of listing;

(d) a market capitalisation of at least HK$250,000,000 at the time of listing;

(e) revenue of at least HK$100,000,000 in aggregate for the two financial years immediately preceding the issue of the listing document, with a year-on-year growth of revenue over the two financial years;

(f) expenditure on research and development of at least HK$30,000,000 in aggregate for the two financial years immediately preceding the issue of the listing document; and

(g) expenditure on research and development amounting to at least 15% of its total operating expenditure for each of the two financial years immediately preceding the issue of the listing document.

Note 1: For the purpose of rule 11.12A(4)(e), only revenue arising from the principal activities of the new applicant and not items of revenue and gains that arise incidentally will be recognised. Revenue arising from "book" transactions, such as banner barter transactions or writing back of accounting provisions or other similar activities resulting from mere book entries, will be disregarded.

Note 2: For the purpose of rules 11.12A(4)(f) and (4)(g), the Exchange will publish guidance on the Exchange's website, as amended from time to time, on the items that qualify as: (a) expenditure on research and development; and (b) total operating expenditure.

11.13 In the event that the company responsible for carrying on the active business is not the new applicant itself, such business must be carried on by a subsidiary or subsidiaries of the new applicant, provided that in relation to any such subsidiary (an "active subsidiary"):—

(1) the new applicant must control the composition of the board of directors of that active subsidiary and of any intermediate holding company; and

(2) the new applicant must have an effective economic interest of no less than 50 per cent in that active subsidiary.

11.14 The Exchange may accept a trading record period of less than two financial years for the purposes of rule 11.12A(1) (and an accountants' report covering a shorter period than that specified in rule 11.10) and waive or vary the ownership and management requirements in rule 11.12A(2) and (3) for prospective new applicants with reasons acceptable to the Exchange in the following cases:

(1) in respect of newly-formed "project" companies (for example a company formed for the purposes of a major infrastructure project);

(2) in respect of Mineral Companies; and

(3) in exceptional circumstances under which the Exchange considers it desirable to accept a shorter period.

Note: Where the Exchange accepts a trading record of less than two financial years, the applicant must nevertheless still meet the cash flow requirement of HK$30 million for that shorter trading record period.

Business objectives

11.15 A new applicant must, in a statement in the listing document made in compliance with the requirements of rules 14.19 to 14.21, clearly set out its business objectives and explain how it proposes to achieve them.

Note: The new applicant's statement of business objectives is designed to indicate, in reasonable detail, the new applicant's potential, how this is likely to be realised over an identified time frame. Due regard should also be given to the disclosure requirements under Rule 18.08A when preparing the statement of business objectives.

Property-related matters

11.16 Property interests of an applicant's property activities must have, in respect of a substantially major portion of its PRC properties, long-term title certificates and/or, in respect of a substantially major portion of its properties not situated in the PRC, other appropriate evidence of title, regardless of whether such properties are completed or still under development.

Note: For the purposes of rules 11.16 to 11.19:—

(1) a "property activity" has the same definition as defined in rule 8.01(2); and

(2) the Exchange has a discretion to decide on whether or not any title certificate constitutes a "long term" title certificate.

11.17 For any new applicant, not being a property company as defined in rule 11.16, which has a PRC property that represents a substantial portion of its assets in terms of either asset value or profit contribution, the new applicant must obtain a long-term title certificate for that PRC property.

11.18 In the case of infrastructure companies:—

(1) an issuer must obtain long-term title certificates for all PRC properties used in infrastructure projects, whether completed or under development; and

(2) where such companies operate under long-term concessionary arrangements awarded by the government which arrangements do not provide for long-term title certificates to be granted, the Exchange may accept, for the purpose of the listing application, other evidence of the right to use the PRC property in question for the period during which the assets are expected to be operated, depending on the merits of each individual case.

11.19 For any new applicant not being a property company or an infrastructure company, where a PRC property is otherwise significant to the applicant's activities, the applicant will be expected to have the relevant long-term title certificate, unless otherwise permitted by the Exchange.

Other conditions relevant to new applicants

11.20 Subject to rules 11.21 and 11.21A, a new applicant must not:—

(1) have changed the period of its financial year during the latest complete financial year immediately preceding the issue of the listing document; or

(2) change the period of its financial year during the period of any profit forecast, if any, or the current financial year, whichever is the longer period.

11.21 Notwithstanding rule 11.20, a subsidiary of the new applicant will normally be permitted to change the period of its financial year provided that:—

(1) the change is to make the subsidiary's financial year coterminous with that of the new applicant;

(2) appropriate adjustments are made in the trading record and such adjustments are fully explained in statements which must be provided to the Exchange; and

(3) adequate disclosure is provided in the listing document and the accountants' report of the reason for the change and the effect of the change on the new applicant's group trading record and profit forecast, if any.

11.21A Notwithstanding rule 11.20, the Exchange may consider an application for a waiver from strict compliance with rule 11.20 if:—

(1) the new applicant is an investment holding company and the change is to allow its financial year to be coterminous with that of all or a majority of its major operating subsidiaries;

(2) the new applicant would be able to satisfy all requirements under rule 11.12A before and after the proposed change; and

(3) the proposed change will not materially affect the presentation of financial information, or result in any omission of material information in the listing document or information that would otherwise be relevant to assessment of the new applicant's suitability.

11.22 [Repealed 1 July 2008]

Conditions relevant to the securities for which listing is sought

11.22A There must be an adequate market in the securities for which listing is sought. This means that the issuer must demonstrate that there will be sufficient public interest in the business of the issuer and in the securities for which listing is sought.

Open market and market value requirements

11.23 There must be an open market in the securities for which listing is sought. This will normally mean that:

(1) [Repealed 1 July 2008]

(2) with regard to all equity securities for which a listing is sought, except those specified in sub-paragraphs (3) and (4):—

(a) the market value of such equity securities of a new applicant for which listing is sought (determined as at the time of listing) in the hands of the public must be at least HK$45,000,000; and

(b) there must, as at the time of listing, be an adequate spread of holders of such securities. The number will depend on the size and nature of the issue but, as a guideline, the equity securities in the hands of the public should, as at the time of listing, be held among at least 100 persons (including those whose equity securities are held through CCASS);

(3) with regard to each class of options, warrants or similar rights to subscribe or purchase shares ("warrants") for which a listing is sought:—

(a) in the case of a new applicant:—

(i) the market value of such class of warrants (determined as at the time of listing) must be at least HK$6,000,000; and

(ii) there must, as at the time of listing, be an adequate spread of holders of such warrants. The number will depend on the size and nature of the issue but, as a guideline, the warrants in the hands of the public should, as at the time of listing, be held among at least 100 persons (including those whose warrants are held through CCASS); and

(b) in the case of a listed issuer:—

(i) the market value of such class of warrants (determined as at the time of listing) must be at least HK$6,000,000; and

(ii) there must, as at the time of listing, be an adequate spread of holders of such warrants. The number will depend on the size and nature of the issue but, as a guideline, the warrants in the hands of the public should, as at the time of listing, be held among at least 100 persons (including those whose warrants are held through CCASS);

(4) in the case of a listed issuer seeking the listing of further securities of a class already listed, neither of the restrictions set out in sub-paragraph (2) and (3) shall apply;

(5) [Repealed 1 July 2008]

(6) the expected total market capitalisation of a new applicant at the time of listing must be at least HK$150,000,000 which shall be calculated on the basis of all issued shares (including the class of securities for which listing is sought and such other class(es) of securities, if any, that are either unlisted or listed on other regulated market(s), but excluding treasury shares) of the new applicant at the time of listing;

(7) for a class of securities new to listing, at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing, determined by reference to the following table:—

Expected market value of the class of securities at the time of listing	**Minimum percentage of such class of securities to be held by the public at the time of listing**
Not exceeding HK$6,000,000,000	25%
Over HK$6,000,000,000 but not exceeding HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$1,500,000,000 at the time of listing; and (ii) 15%
Over HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$4,500,000,000 at the time of listing; and (ii) 10%

Notes:

1. *For the purpose of determining the expected market value and the minimum percentage in this sub-rule (7), only securities in the class for which listing is sought that are in issue at the time of listing (excluding treasury shares) shall be counted.*

2. *[Repealed 1 January 2026]*

(8) for a class of securities new to listing, not more than 50% of the securities in public hands at the time of listing can be beneficially owned by the three largest public shareholders.

(9) [Repealed 4 August 2025]

(10) [Repealed 4 August 2025]

(11) [Repealed 1 January 2026]

Notes: 1 [Repealed 1 July 2008]

2 The Exchange will not regard any core connected person of the issuer as a member of "the public" or shares held by him as being "in public hands".

3 The Exchange will also not recognise as a member of "the public":

(a) any person whose acquisition of securities has been financed directly or indirectly by the issuer (or any of its subsidiaries) or a core connected person of the issuer;

(b) any person who is accustomed to taking instructions from the issuer (or any of its subsidiaries) or a core connected person of the issuer in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in his name or otherwise held by him; and

(c) the issuer as the holder of legal or beneficial interests in treasury shares.

Notwithstanding that the underlying shares subject to a share scheme were initially financed by an issuer and/or held by a trustee who is accustomed to take instructions from the issuer, for the purpose of this note, the Exchange will regard: (i) shares that have been issued or transferred to specified participants; and (ii) shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 23.01A), as being "in public hands", provided that:

(1) the trustee is not a core connected person of the issuer, or is a core connected person of the issuer only because one or more of the beneficiaries under the trust is a core connected person of the issuer; and

(2) the relevant participants are not core connected persons of the issuer and are not accustomed to take instructions from the issuer or any of its subsidiaries or any of its core connected persons in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in the participants' names or otherwise held by the participants (including those shares granted to them under the share scheme).

4 [Repealed 1 July 2008]

5 [Repealed 1 January 2026]

6 [Repealed 1 January 2026]

7 [Repealed 1 January 2026]

8 [Repealed 4 August 2025]

9 For the purpose of calculating the expected market capitalisation of a new applicant at the time of listing, the expected issue price of the shares for which listing is sought shall be used as a basis for determining the market value of the other class(es) of shares of the new applicant that are unlisted.

The Exchange may publish guidance on the Exchange's website, as amended from time to time, as to the calculation of the expected market capitalisation of a new applicant which has shares listed on other regulated market(s).

10 The requirements of sub-paragraphs (3)(b)(ii), (7) and (8), do not apply if all of the following conditions are met:

(a) the securities to be listed are options, warrants or similar rights to subscribe or purchase shares;

(b) such securities are offered to existing holders of a listed issuer's shares by way of bonus issue; and

(c) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of the issuer may be concentrated in the hands of a few shareholders.

11 For the purpose of sub-paragraph (b) of Note 10, a bonus issue includes a bonus issue that complies with rule 17.41(1).

12 The fact that an applicant is able to satisfy the minimum market capitalisation and market value criteria of this rule does not of itself mean that the applicant will be accepted as suitable for listing.

Free float

11.23A There must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing. This will normally mean that the portion of the class of shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(1) represent at least 10% of the total number of issued shares in the class of shares for which listing is sought (excluding treasury shares), with an expected market value at the time of listing of not less than HK$15,000,000; or

(2) have an expected market value at the time of listing of not less than HK$600,000,000.

Notes: 1. While certain issuers may have shares that are not subject to any disposal restrictions, such shares may otherwise not be available for trading at the time of listing. Shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 23.01A) must be excluded from the calculation of free float in this rule, regardless of whether they are considered as being "in public hands" (see note 3 to rule 11.23).

2. For the purpose of the calculation of free float in this rule, only shares (for which listing is sought) that are in issue at the time of listing (excluding treasury shares) shall be counted.

11.24 In the case of any listing application involving the issue of a listing document pursuant to which the issuer proposes to raise new capital in an amount not fully underwritten, the issuer must indicate the minimum amount proposed to be raised which, in the case of a new applicant, must (so far as practicable) be identified by reference to its statement of business objectives, and the listing shall be conditional on such amount being so raised.

Note: Where the listing document refers to an amount proposed to be raised in excess of the minimum amount indicated, the listing document must explain the impact to the issuer and its statement of business objectives of raising such excess amount. In this regard, a statement that the excess will represent working capital shall not be adequate, unless a reasonably detailed explanation is given as to how such working capital is to be applied.

11.25 The issued share capital of a new applicant must not include shares of which the proposed voting power does not bear a reasonable relationship to the equity interest of such shares when fully paid ("B Shares"). The Exchange will not be prepared to list any new B Shares issued by a listed issuer nor to allow any new B Shares to be issued by a listed issuer (whether or not listing for such shares is to be sought on the Exchange or any other stock exchange) other than in exceptional circumstances agreed with the Exchange.

11.26 The securities for which listing is sought must be freely transferable.

11.27 Neither partly-paid shares nor bearer shares will be admissible to listing on GEM.

11.28 Derivative warrants of the type referred to in the Main Board Listing Rules will not be admissible to listing on GEM.

11.29 (1) In the case of a new applicant or a listed issuer in respect of a class of securities new to listing, the securities for which listing is sought must be Eligible Securities from the date on which dealings in the securities are to commence.

(2) The new applicant or the listed issuer must make all necessary arrangements to comply with sub-paragraph (1).

(3) An issuer shall ensure, so far as it is able, that its listed securities remain Eligible Securities.

11.30 Where application for listing is made in respect of any class of securities:—

(1) if none of the securities of that class are already listed, the application must relate to all securities of that class issued or proposed to be issued; or

(2) if some of the securities of that class are already listed, the application must relate to all further securities of that class issued or proposed to be issued.

11.31 The issue and listing of the securities for which listing is sought must be in conformity with the law of the place where the issuer is incorporated or otherwise established and in conformity with the issuer's memorandum and articles of association or equivalent documents and all authorisations needed for their creation, issue and listing under such law or documents must have been duly given.

11.31A The new applicant and the listed issuer's memorandum and articles of association (or equivalent document) shall (i) conform with the relevant parts of Appendix A1 and (for overseas issuers) the related guidance materials, and (ii) on the whole, not be inconsistent with the GEM Listing Rules and the laws of the place where the new applicant is incorporated or otherwise established.

11.32 Securities to which options, warrants or similar rights to subscribe or purchase equity securities are attached must comply both with the requirements applicable to the securities for which listing is sought and with the requirements applicable to such options, warrants or similar rights (see Chapter 21).

Basis of allocation

11.33 A listing document must disclose full details of the basis on which the issuer proposes to allocate securities, including details of the respective securities in any public and placing tranches (if any). With regard to all securities offered for subscription or sale to the public whether by a new applicant or a listed issuer (excluding, for the avoidance of doubt, securities subject to placing arrangements), the issuer, its directors, Sponsor and underwriters (if applicable) must adopt a fair basis of allocating the same to all persons subscribing or applying for the securities.

Note: See also rules 13.01 and 13.02.

Certainty of offer period in respect of any public offers

11.34 Any method of listing involving an offer to the public requires the issuer to set out details relating to the offer period in the listing document (see paragraph 15(3)(f) of Appendix D1A and paragraph 18(1) of Appendix D1B).

Note: The Exchange considers the details of an offer period to be a material term of the listing document which must be able to be relied upon by all investors and which should remain the same for all investors. Furthermore, in order to ensure that all investors are treated fairly and equally, and so that there is no confusion or uncertainty surrounding the offer period, the offer period set out in the listing document should not normally be revised or extended.

11.35 Any right to revise or extend the offer period or period during which the subscription list is open, as stipulated in the listing document, must:—

(1) be limited to possible delays caused by a Bad Weather Signal or such similar extraneous factors, as are acceptable to the Exchange; and

(2) be set out in the details included in the listing document; and

subject to any such qualifications acceptable to the Exchange, the closing date of the offer period and the period during which the subscription list is open, as stated in the listing document, may not be revised or extended and may not be subject to any unilateral right on the part of the issuer, the underwriter or any other person to revise or extend such date or period.

Underwriters

11.36 The Exchange reserves the right to inquire of an issuer as to the financial suitability of any proposed underwriter (if any) and may reject an application for listing if it is not satisfied as to the underwriter's ability to meet its underwriting commitment.

Chapter 12

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

Introduction

12.01 This Chapter sets out the procedures and requirements for applications for the listing of equity securities by new applicants and listed issuers, and the documentary requirements for selling or transferring treasury shares by listed issuers. The procedures and requirements are applicable to both new applicants and listed issuers except where otherwise stated.

12.02 The Exchange may raise any enquiries or call for any information or documentation in connection with any listing application. Both the Sponsor and the issuer in question are required to respond in a prompt and efficient manner to all such enquiries raised and the issuer shall not (save, in the case of a new applicant, for the express purposes set out in rule 12.15) publish or issue any listing document (if any) until the Exchange confirms that it has no further comments thereon.

Enquiries prior to application

12.03 In the context of preparing the application for listing, if the issuer or its Sponsor has any queries on any aspect of the GEM Listing Rules, the Sponsor (or if the issuer is not required to have (or does not otherwise retain) a Sponsor, the issuer) should contact the Listing Division. The Exchange reserves the right to require that any query be submitted to it in writing, accompanied by such information or documentation as the Exchange deems appropriate or necessary.

12.04 Responses from the Exchange to any query made of it prior to consideration of any listing application shall not be binding on the Exchange and provide no assurance that the listing application will be approved.

Applications

General

12.05 An application must be made to the Exchange for the purposes of listing securities issued by a new applicant and a listed issuer alike.

12.06 The Sponsor (or if the issuer is not required to have (or does not otherwise retain) a Sponsor, the issuer) is responsible for lodging the application for listing and all supporting documents and for dealing with the Exchange on all matters arising in connection with the application. The sponsor must be duly authorised by the new applicant to lodge the listing application and submit any supporting document in connection with the listing application to the Exchange.

12.07 If the listing of a new applicant remains outstanding for more than 6 months after the date of the application form, a new application form together with a further listing fee in the prescribed amount must be submitted to the Exchange. Any initial listing fee paid will, in such circumstances, be forfeited.

12.08 If there is a termination or addition of a Sponsor during the vetting process of any listing document to be issued by a new applicant, the new applicant must submit a new listing application detailing a revised timetable and a further initial listing fee in the amount specified in the Fees Rules. Any initial listing fee paid will, in such circumstances, be forfeited.

Notes:(1) [Repealed 1 October 2013]

(2) See also Chapter 4 for other circumstances when a new applicant may be required to submit a new listing application form.

(3) Where there is a change in Sponsors and/or overall coordinators, the replacement or remaining Sponsor, as the case may be, must submit to the Exchange why the outgoing Sponsor and/or overall coordinator left; a copy of the clearance letter (if any) from the outgoing Sponsor and/or overall coordinator; and any matters the replacement or remaining Sponsor considers necessary to be brought to the Exchange's attention regarding the application and the outgoing Sponsor and/or overall coordinator as soon as practicable.

(4) Where an additional Sponsor is appointed, the new applicant and the Sponsors must submit to the Exchange reasons for appointing the additional Sponsor; and the additional Sponsor must submit to the Exchange a confirmation that it fully agrees with all submissions previously made by the new applicant and its existing Sponsor when a new listing application is submitted pursuant to rule 6A.02B(2).

12.09 (1) An applicant must submit a listing application form, an Application Proof and all other relevant documents under rules 12.22 and 12.23, and the information in these documents must be substantially complete except in relation to information that by its nature can only be finalised and incorporated at a later date.

(2) If the Exchange decides this information is not substantially complete, the Exchange will not continue to review any documents relating to the application. All documents, including the Form 5A (except for the retention of a copy of these documents for the Exchange's record) submitted to the Exchange will be returned to the Sponsor. The initial listing fee will be dealt with in the manner described in the note to rule 12.14(4) below.

(3) For applications which were previously returned by the Exchange, the applicant can only submit a new Form 5A together with a new Application Proof not less than 8 weeks after the Return Decision.

Notes: (1)-(3) [Repealed 1 October 2013]

(3A) (a) A new applicant and each of its directors and supervisors must ensure that all information in the Application Proof is accurate and complete in all material respects and is not misleading or deceptive.

(b) Each director/supervisor and proposed director/supervisor of a new applicant named in the Application Proof must:

(i) ensure that the Application Proof and each draft listing document subsequently submitted to the Exchange contains all information about his biographical details as set out in rule 17.50(2) and that those details are true, accurate and complete; and

(ii) where, before dealings of securities of the new applicant on the Exchange commence, there are any changes in his biographical details as referred to in rule 12.09(3A)(b)(i), inform the Exchange as soon as practicable of such changes.

Note: The requirement set out in rule 12.09(3A)(b) above also applies to each director/supervisor and proposed director/supervisor subsequently named in any draft listing document submitted to the Exchange after the submission of Application Proof, and references to "Application Proof" above shall be read as references to the relevant draft listing document in which such director/supervisor is named.

(4) The Exchange may require a new applicant to delay the provisional hearing date (see rule 12.12) if, during the review process, the Exchange believes the following cannot be fulfilled by the new applicant at least 4 clear business days before the provisional hearing date:—

(a) the submission of the revised proof of the listing document containing sufficient and appropriate disclosure of all information required under the GEM Listing Rules;

(b) the submission of any outstanding documents as requested by the Exchange; and

(c) the Exchange's queries and comments being satisfactorily addressed in a timely fashion.

(5) During the review process, the Sponsor should not revise the contents of the listing document on a piece-meal basis. A revised proof of the listing document must completely address all the Exchange's comments on the previous proof. The Exchange may elect not to review a revised proof that fails to meet this requirement.

(6) Where the GEM Listing Committee is considering an application for listing from a new applicant, the Listing Division will normally invite the new applicant and its directors to make itself available to attend the GEM Listing Committee hearing. The new applicant, including its directors and its Sponsor shall be prepared to answer questions raised by the GEM Listing Committee, but they will normally only be invited into the GEM Listing Committee hearing if the GEM Listing Committee wishes to directly question the new applicant. If the new applicant is invited to make itself available to attend, the new applicant may be accompanied by its directors, Sponsor and/or proposed authorised representatives.

(7) An applicant must ensure that (i) the submission of the listing application form (including the undertakings set out therein), the Application Proof and all other relevant documents under rules 12.22 and 12.23; (ii) the issue and allotment of securities for which listing is sought; and (iii) the making of all necessary arrangements enabling such securities to be admitted into CCASS, and approving and authorising the issue of the listing document, have been duly authorised and approved by resolutions of the directors and/or shareholders (as the case may be).

12.10 No publicity material on an issue of securities by a new applicant can be released in Hong Kong by a new applicant or its agent unless and until the Exchange has reviewed it and confirmed to the applicant that it has no comments. In addition, the publicity material must comply with all statutory requirements. If the Exchange believes that a new applicant or its advisers have permitted information on the listing of the new applicant's securities to leak, the Exchange will normally delay the application for the listing of those securities. For these purposes:

(1) publicity material does not relate to an issue of securities if its purpose is the promotion of the issuer or its products or business and not the promotion of the securities to be issued;

(2) the following documents do not fall within the scope of this rule and need not be submitted for prior review:

(a) an Application Proof published on the Exchange's website under rule 16.01A;

(b) a Post Hearing Information Pack published on the Exchange's website under rule 16.01B;

(bb) an OC Announcement published on the Exchange's website under rule 16.01C;

(c) any statement by a new applicant published on the Exchange's website stating that no reliance should be placed on any media reports about the new applicant subsequent to the publication of its Application Proof, OC Announcement or Post Hearing Information Pack, as the case may be; and

(d) the invitation or offering document (or its equivalent) and document that consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the securities. This is provided that any obligations created by these agreements to issue, subscribe, purchase or underwrite the securities are conditional on listing being granted;

(3) any publicity material or announcement referring to a proposed listing by a new applicant issued before the GEM Listing Committee's hearing of the new applicant's application for listing must state that an application has been or will be made to the Exchange for listing of and permission to deal in the securities concerned; and

(4) where any material relating to a proposed listing by a new applicant is released without the Exchange's prior review before the hearing, the Exchange may postpone the hearing by up to 1 month. If this results in the application form being more than 6 months out of date, the applicant will have to submit a new application form and a further listing fee (see rule 12.07).

12.11 From the time of submission of the application for listing until listing is granted, there must be no dealing in the securities for which listing is sought by any core connected person of the issuer, except as permitted by rule 10.16. The directors of the issuer shall forthwith notify the Exchange of any such dealing or suspected dealing of which they become aware. If any of the directors or their close associates are found to have engaged in such dealing, the application may be rejected.

Note: The Exchange may consider an application for a waiver from strict compliance with rule 12.11 for issuers with, or seeking, a dual listing, subject to the following conditions:–

(a) the core connected persons have no influence over the listing process and are not in possession of inside information;

(b) the issuer promptly releases any inside information to the public in its overseas jurisdiction(s) in accordance with the relevant laws and regulations;

(c) it is beyond the issuer's control that the core connected person(s) conduct dealings in the issuer's securities on markets outside the Exchange (e.g. a public investor who may become a substantial shareholder before the issuer lists on GEM); and

(d) the issuer has systems in place to identify the dealings by any of its core connected persons during the restricted period and notifies the Exchange of breaches of dealing restriction by any of its core connected persons other than those who have already been exempted from strict compliance with rule 12.11 during the restricted period.

12.11A In the case of a New Listing (irrespective of whether there is an offering or a placing of equity securities or interests) and an offer for subscription (as defined in rule 10.03) conducted by a listed issuer, FINI must be adopted for admission to trading and, where applicable, the collection and processing of specified information on subscription and settlement.

Applications by new applicants

12.12 The listing application form must contain a draft timetable which is subject to agreement with the Exchange. The Sponsor must contact the Listing Division to ascertain a date ("the provisional hearing date") on which the GEM Listing Committee may consider the new applicant's application for listing. The Exchange reserves the right to change the provisional hearing date.

12.13 A new applicant must apply for a listing on the prescribed form set out in Form A (published in Regulatory Forms).

12.14 The listing application form must be accompanied by:—

(1) the documents, as applicable, stipulated in rules 12.22 and 12.23;

(2) [Repealed 1 January 2005]

(3) [Repealed 1 October 2013]

(4) the initial listing fee in the amount specified in the Fees Rules.

Notes: (1) If the Exchange returns an application to a Sponsor before the Exchange issues its first comment letter to the Sponsor, the initial listing fee will be refunded; and in other cases the initial listing fee will be forfeited.

(2) For applications re-submitted at any time after the lapse of a previous application, the new applicant and its Sponsor must provide, if applicable, a submission with supporting documents addressing all outstanding matters set out in the Exchange's letter on the lapsed application and material changes in the listing application, business or circumstances of the new applicant.

(3) For applications re-submitted within three months of a lapsed application by at least one of the original and independent Sponsors of the lapsed application (see notes 3 and 4 to rule 12.08), all documents lodged with the Exchange in relation to the previous application will remain valid and applicable. The new applicant and its Sponsor will only need to submit documents that have been revised due to material changes, and provide a confirmation to the Exchange that there has been no material changes to all other documents.

12.15 A new applicant may not publish or issue any listing document until the Exchange has confirmed that it has no further comments thereon. However, the new applicant is permitted to circulate a draft or preliminary listing document, which is clearly marked as such and which states that it is subject to final review by the Exchange, for the purposes of arranging underwriting.

Applications by listed issuers

12.16 A listed issuer must apply to the Listing Division for the listing of additional equity securities. The application must be on the prescribed form set out in Form B (published in Regulatory Forms). In circumstances where the application is required to be supported by a listing document the application must be submitted at least 10 clear business days prior to the date on which the issuer proposes to finalise the listing document for publication and in circumstances where the application is not required to be supported by a listing document, the application must be submitted at least 4 clear business days prior to the proposed date for issuing the securities. In all cases, the Exchange may require a longer time period to consider the listing application.

12.17 The listing application form must be accompanied by:—

(1) the documents, as applicable, stipulated in rule 12.26B.

(2) [Repealed 31 December 2023]

(3) [Repealed 8 July 2023]

Further provisions applicable to applications by new applicants and listed issuers

12.18 Where any document that has been submitted is amended after submission, it must be marked up to show all changes and re-submitted to the Listing Division for review at the earliest opportunity. In the case of a new applicant, the final form of any document must be lodged with the Exchange at least 4 clear business days prior to the provisional hearing date. No material amendment to the final proof listing document will be allowed without the consent of the Exchange.

12.19 Issuers are reminded that the above requirements are not exhaustive and that a new applicant or listed issuer must also supply any further documents and information which the Exchange may require in a particular case.

12.20 [Repealed 1 July 2008]

12.21 The Exchange retains a discretion to reject any application. In such circumstances, the Exchange shall give written notice of the rejection and the reasons therefor.

Documentary Requirements – New Listing Applications

At the time of application for listing

12.22 The following, as applicable, must be lodged with the Exchange for review together with the application for listing form in respect of a new applicant:—

(1) an Application Proof in such format as required by the Exchange;

(2) [Repealed 31 December 2023]

(3) where the Application Proof contains an accountants' report, an advanced draft of any statement of adjustments relating to the accountants' report;

(3a) [Repealed 31 December 2023]

(3b) [Repealed 31 December 2023]

(4) [Repealed 1 October 2013]

(5) [Repealed 31 December 2023]

(6) [Repealed 31 December 2023]

(7-12) [Repealed 1 October 2013]

(13) where the Application Proof is required to contain a statement by the directors as to the sufficiency of working capital, an advanced draft of a letter from its Sponsor, confirming that it is satisfied that the sufficiency of working capital statement in the Application Proof has been made by the directors after due and careful enquiry;

(14a) where the Application Proof contains a profit forecast (see rules 14.28 to 14.31), a final or an advanced draft of the board's profit forecast memorandum covering the same period of the profit forecast contained in the Application Proof and cash flow forecast memorandum covering at least 12 months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts;

(14b) where the Application Proof does not contain a profit forecast, a final or an advanced draft of the board's profit forecast memorandum covering the period up to the forthcoming financial year end date after the date of listing and cash flow forecast memorandum covering at least 12 months from the expected date of publication of the listing document with principal assumptions, accounting policies and calculations for the forecasts; and

(15) a final or an advanced draft of any application for a waiver of any provision of the GEM Listing Rules and the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the Sponsor and the directors/proposed directors.

Note: Unless previously provided, all executed requests for waivers must be submitted at least four clear business days before the expected hearing date.

12.23 In addition to the documents required under rule 12.22, a new applicant must lodge the following documents with the Exchange at the time of submitting the application for listing:—

(1) [Repealed 1 October 2013]

(2) [Repealed 31 December 2023]

(2a) [Repealed 31 December 2023]

(2b) [Repealed 31 December 2023]

(3) [Repealed 31 December 2023]

(4)-(5) [Repealed 1 October 2013]

(6) any document as may be required by the Exchange in support of the application for listing; and

(a)-(c) [Repealed 1 October 2013]

(7) the contact information and personal particulars of the new applicant's directors/supervisors and/or other officers as described in rule 5.13A(1).

At least 4 clear business days before the expected hearing date

12.23AA In case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, a written confirmation from the overall coordinator appointed and, where applicable, designated in accordance with rule 6A.42, providing:

(i) the name of each overall coordinator;

(ii) the fixed fees to be paid by the issuer to each overall coordinator;

(iii) the total fees (as a percentage of the gross proceeds to be raised from the New Listing) in respect of both the public subscription and the placing tranches to be paid to all syndicate CMIs; and

(iv) the ratio of fixed and discretionary fees to be paid to all syndicate CMIs for both the public subscription and the placing tranches (in percentage terms).

Notes:

1. *The total fees in this rule, also commonly referred to as "underwriting fees", include fixed and discretionary fees for providing one or more of the following services to the issuer: providing advice, marketing, bookbuilding, making pricing and allocation recommendations and placing the equity securities with the investors.*

2. *The overall coordinator must submit to the Exchange any material changes to the information submitted under this rule and the reasons for such changes as soon as practicable.*

12.23BB Where the new applicant's application for listing on the Exchange is required to be filed with the China Securities Regulatory Commission in the PRC, a copy of the notification issued by the China Securities Regulatory Commission on the new applicant's completion of the PRC filing procedures.

As soon as practicable after hearing of the application by the GEM Listing Committee but before finalisation of the listing document for publication

12.23A The following must be lodged with the Exchange by a new applicant before finalisation of the listing document for publication:–

(1) where the listing document is required to contain a sufficiency of working capital statement by the directors, a final letter from its Sponsor, confirming that it is satisfied that the statement in the listing document as to the sufficiency of working capital has been made by the directors after due and careful enquiry and that persons or institutions providing finance have stated in writing that such facilities exist;

(2) a final copy of all draft documents which have been submitted to the Exchange in support of the application for listing;

(3) where applicable, a final proof of any application form (including any excess or preferential application form) to subscribe or purchase the securities for which listing is sought; and

(4) any document as may be required by the Exchange before finalisation of the listing document for publication.

After notification of approval in principle but before the date of issue of the listing document

12.24 The following must be lodged with the Exchange by a new applicant as soon as practicable after the hearing of the application by the GEM Listing Committee but on or before the date of issue of the listing document:—

(1) [Repealed 31 December 2023]

(1a) a New Listing initiation e-form, to be duly completed and submitted on FINI by the sponsor designated on FINI;

(2) [Repealed 31 December 2023]

(a)-(b) [Repealed 1 October 2013]

(3) [Repealed 31 December 2023]

(4) [Repealed 31 December 2023]

(5)-(7) [Repealed 1 October 2013]

(8) [Repealed 31 December 2023]

(9) any written undertakings and confirmations from the new applicant, its shareholders and/or other relevant parties to the Exchange referred to in the listing document.

(10)-(11) [Repealed 1 October 2013]

12.25 In the case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be lodged with the Exchange by 11 a.m. on the intended date of authorisation of the prospectus:—

(1) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);

(2) two copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be), and having endorsed on or attached to such prospectus the documents required under the relevant section; and

(3) in respect of a Chinese translation of the prospectus, a certificate issued by the translator certifying that the Chinese translation of the English version of the prospectus is true and accurate or in respect of an English translation of the prospectus, a certificate issued by the translator certifying that the English translation of the Chinese version of the prospectus is true and accurate; and in either case, a certificate issued by a competent officer of the Sponsor certifying that the translator is competent to give translations on the prospectus documents.

(4) [Repealed 1 October 2013]

After the date of issue of the listing document but before dealings commence

12.26 As soon as practicable after the issue of the listing document but before dealings commence, the following must be lodged with the Exchange as a condition for granting listing approval:—

(1) [Repealed 1 October 2013]

(1a) [Repealed 31 December 2023]

(1b) [Repealed 31 December 2023]

(2) the completed company information sheet in Form G (published in Regulatory Forms), submitted in the electronic format specified by the Exchange from time to time, for publication on the Exchange's website;

(3) [Repealed 25 June 2007]

(4) [Repealed 25 June 2007]

(5) [Repealed 25 June 2007]

(6) in the case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing by a new applicant:—

(a) the separate Marketing and Independence Statement in Form D (published in Regulatory Forms) of (i) each overall coordinator; (ii) each syndicate member (other than an overall coordinator); (iii) any distributor (other than a syndicate member); and (iv) any Exchange Participant referred to in that Form D, to be duly completed and submitted on FINI; and

(b) a placee list from each of the relevant parties mentioned in sub-paragraph (a) above, setting out the required information in rule 10.12(5). The relevant party shall provide such lists directly to the Exchange on FINI in order to maintain confidentiality;

(7) a declaration substantially as in Form F (published in Regulatory Forms), duly signed by a director and the secretary of the new applicant. A scanned copy of the duly completed and signed form shall be submitted on FINI by the new applicant's counsel;

Note: Any annual listing fee which is payable and has not previously been paid (see Fees Rules) should be paid before dealings commence.

(8) a declaration substantially as in Form E (published in Regulatory Forms), to be duly completed and submitted by each Sponsor and each overall coordinator on FINI; and

(9) [Repealed in 31 December 2023]

(10) an allotment results announcement e-form, to be duly completed and submitted on FINI by the sponsor designated on FINI.

12.26AA Where a new applicant, Sponsor or overall coordinator (as the case may be), subsequently becomes aware of any material changes to the information provided to the Exchange under rules 12.12 to 12.26, it should notify the Exchange and provide it with the updated information and the reasons for such changes as soon as practicable.

Documentary Requirements – Applications for Listing, or Sales or Transfers of Treasury Shares by Listed Issuers

12.26A Rules 12.26B to 12.27 set out the documentary requirements for applications for the listing of equity securities, or sales or transfers of treasury shares, by listed issuers.

Submission of listing application and/or draft listing document

12.26B The following documents, as applicable, must be lodged with the Exchange together with the listing application in accordance with rule 12.16:—

(1) a proof of the listing document marked in the margin to indicate where the relevant provisions of the GEM Listing Rules and/or the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been met;

(2) if the listing document contains an accountants' report, a draft of any statement of adjustments relating to the accountants' report; and

(3) if the listing document contains a profit forecast (see rules 14.28 to 14.31), a draft of the board's profit forecast memorandum with principal assumptions, accounting policies and calculations for the forecast.

(4) [Repealed 31 December 2023]

12.26BB In the case of a sale or transfer of treasury shares which is required to be supported by a listing document, the documents required under rule 12.26B, as applicable, must be lodged with the Exchange at least 10 clear business days before the date on which the issuer proposes to finalise the listing document for publication.

Before finalisation of the listing document for publication

12.26C If the listing document contains a statement as to the sufficiency of working capital, a letter from the issuer's financial advisers or auditors must be submitted to the Exchange before finalisation of the listing document for publication, confirming that:

(1) the statement has been made by the directors after due and careful enquiry; and

(2) persons or institutions providing finance have stated in writing that such facilities exist.

On or before the date of issue of the listing document

12.26D The following documents must be submitted to the Exchange on or before the date of issue of the listing document:

(1) every written undertakings from the listed issuer, its shareholders and/or other relevant parties to the Exchange referred to in the listing document.

(2) [Repealed 1 March 2019]

(3) [Repealed 31 December 2023]

In case of a listing document constituting a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance

12.26E If the listing document constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be submitted to the Exchange:

(1) at least 10 business days before the proposed date of registration of the prospectus by the Registrar of Companies, notice of the proposed date of registration of the prospectus (see rule 15.09);

(2) by 11 a.m. on the intended date of authorisation for registration of the prospectus,

(a) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);

(b) two copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be), and having endorsed on or attached to such prospectus the documents required under the relevant section;

(c) in respect of a Chinese translation of the prospectus, a certificate issued by the translator certifying that the Chinese translation of the English version of the prospectus is true and accurate or in respect of an English translation of the prospectus, a certificate issued by the translator certifying that the English translation of the Chinese version of the prospectus is true and accurate; and in either case, a certificate issued by the issuer certifying that the translator is competent to give translations on prospectus documents; and

(d) any power of attorney or other authority under which the prospectus is signed, together with a certified copy thereof.

(3) [Repealed 1 March 2019]

Before dealings commence, or completion of the sale or transfer of treasury shares

12.27 The following documents must be submitted to the Exchange before dealings commence, or in the case of a sale or transfer of treasury shares, before completion of the sale or transfer:

(1) [Repealed 25 June 2007]

(2) [Repealed 2 November 2009]

(3) [Repealed 1 March 2019]

(4) [Repealed 1 March 2019]

(5) [Repealed 1 March 2019]

(6) in the case of the placing by a listed issuer of a class of equity securities new to listing:

(a) separate Marketing and Independence Statement in the form set out in Form D (published in Regulatory Forms), of (i) each overall coordinator; (ii) each syndicate member (other than an overall coordinator); (iii) any distributor (other than a syndicate member); and (iv) any Exchange Participant referred to in that Form D; and

(b) a placee list from each relevant party mentioned in sub-paragraph (a) above, setting out the required information in rule 10.12(5). Such lists may be supplied directly to the Exchange by each relevant party mentioned in sub-paragraph (a) above in order to maintain confidentiality.

In the case of the placing of a class of securities already listed and/or treasury shares by a listed issuer (other than a sale of treasury shares on the Exchange or any other stock exchange on which the issuer is listed), the Exchange may require the issuer to submit information on the placees for the purpose of establishing their independence (see also rule 17.30(7));

(7) [Repealed 31 December 2023]

(8) any fee which is payable and which has not previously been paid (see Fees Rules); and

(9) the completed company information sheet, in the prescribed form set out in Form G (published in Regulatory Forms), submitted in the electronic format specified by the Exchange from time to time, for publication on the Exchange's website.

Chapter 13

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

Restrictions on preferential treatment

13.01 With regard to all securities offered for subscription or sale to the public whether by a new applicant or a listed issuer, no preferential terms or treatment may be afforded to any person subscribing or applying for the securities, whether as to price, the basis of allocation of securities or otherwise.

13.02 (1) Directors of the issuer and their close associates, and a person who is an existing shareholder of the issuer, may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant, whether in their own names or through nominees, if the following conditions are met:—

(a) that no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and

(b) that the minimum prescribed percentage of public shareholders required by rule 11.23(7) is achieved.

(2) Normally no more than 10% of any securities being marketed for which listing is sought may be offered to employees or past employees of the new applicant or its subsidiaries or associated companies and their respective dependents or any trust, provident fund or pension scheme for the benefit of such persons on a preferential basis. Other than the allocation of securities, no preferential terms or treatment as to price or otherwise may be afforded to such employees. Adequate disclosure in the listing document must be made of any arrangement to place shares to such employees (without any need to identify individuals), and the number and/or proportion of shares to be so placed. Any preferential treatment must be approved by the Exchange prior to the marketing and the new applicant concerned may be called upon to supply particulars of such employees, past-employees and their respective dependants and the objects, beneficiaries or members of any trust, provident fund or pension scheme as well as the results of subscription by employees, past-employees, their respective dependants and any trust, provident fund or pension scheme for the benefit of such persons. The new applicant must maintain records of such particulars for a period of not less than 12 months from the date of approval and make the same available for inspection by the Exchange during such period.

(3) The applications for securities offered under any preferential treatment scheme must be made on separate forms that can be distinguished from other applications and the relevant application data should be input into FINI by the approved share registrar.

Restrictions and notification requirements on issuers purchasing their own shares on a stock exchange

General

13.03 Subject to the provisions of the Code on Share Buy-backs, an issuer may purchase its shares on GEM or on another stock exchange recognised for this purpose by the Commission and the Exchange. All such purchases must be made in accordance with the provisions of rules 13.04 to 13.14. The Code on Share Buy-backs must be complied with by an issuer and its directors and any breach thereof by an issuer will be a deemed breach of the GEM Listing Rules and the Exchange

may in its absolute discretion take such action to penalise any breach of this paragraph as it shall think appropriate. It is for the issuer to satisfy itself that a proposed purchase of shares does not contravene the Code on Share Buy-backs.

13.04 The Exchange reserves the right to prohibit an issuer from making purchases of shares on GEM if the Exchange considers that the issuer has committed a breach of any of the GEM Listing Rules which apply to that issuer. In the event that the Exchange does so prohibit such purchases no Exchange Participant will carry out any such purchases on behalf of the issuer until such prohibition is lifted.

13.05 The Sponsor and/or the authorised representatives of the issuer shall respond promptly to any request for information that the Exchange may address to the issuer concerning the purchase of shares, at any time.

13.06 For the purposes of rules 13.03 to 13.14 "shares" shall mean shares of all classes and securities which carry a right to subscribe or purchase shares, of the issuer provided that the Exchange may waive the requirements of those rules in respect of any fixed participation shares which are, in the opinion of the Exchange, more analogous to debt securities than equity securities. References to purchases of shares include purchases by agents or nominees on behalf of the issuer or subsidiary of the issuer, as the case may be.

Procedures to be complied with

13.07 An issuer may only purchase shares on GEM, either directly or indirectly, if:—

(1) the shares proposed to be purchased by the issuer are fully-paid up;

(2) the issuer has previously sent to its shareholders an Explanatory Statement complying with the provisions of rule 13.08; and

(3) its shareholders have given a specific approval or a general mandate to its directors to make the purchase(s), by way of an ordinary resolution which complies with rule 13.09 and which has been passed at a general meeting of the issuer duly convened and held;

13.08 The issuer must send to its shareholders an Explanatory Statement (at the same time as the notice of the relevant shareholders' meeting) containing all the information reasonably necessary to enable those shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the purchase by the issuer of shares including the information set out below:

(1) a statement of the total number and description of the shares which the issuer proposes to purchase;

(2) a statement by the directors of the reasons for the proposed purchase of shares;

(3) a statement by the directors as to the proposed source of funds for making the proposed purchase, which shall be funds legally available for such purposes in accordance with the issuer's constitutive documents and the laws of the jurisdiction in which the issuer is incorporated or otherwise established;

(4) a statement as to any material adverse impact on the working capital or gearing position of the issuer (as compared with the position disclosed in its most recent published audited accounts) in the event that the proposed purchases were to be carried out in full at any time during the proposed purchase period, or an appropriate negative statement;

(5) a statement of the name of any directors, and to the best of the knowledge of the directors having made all reasonable enquiries, any close associates of the directors, who have a present intention, in the event that the proposal is approved by shareholders, to sell shares to the issuer, or an appropriate negative statement;

(6) a statement that the directors will exercise the power of the issuer to make purchases pursuant to the proposed resolution in accordance with the GEM Listing Rules and the laws of the jurisdiction in which the issuer is incorporated or otherwise established;

(7) a statement as to the consequences of any purchases which will arise under the Takeovers Code of which the directors are aware, if any;

(8) a statement giving details of any purchases by the issuer of shares made in the previous 6 months (whether on GEM or otherwise), giving the date of each purchase and the purchase price per share or the highest and lowest prices paid for such purchases, where relevant;

(9) a statement as to whether or not any core connected persons of the issuer have notified the issuer that they have a present intention to sell shares to the issuer or have undertaken not to sell any of the shares held by them to the issuer, in the event that the issuer is authorised to make purchases of shares;

(10) a statement giving the highest and lowest prices at which the relevant shares have traded on GEM during each of the previous twelve months;

(11) a statement that neither the Explanatory Statement nor the proposed share repurchase has any unusual features;

(12) a statement of whether the issuer intends to cancel the repurchased shares following settlement of any such repurchase or hold them as treasury shares; and

(13) a prominent and legible disclaimer on the front cover of the circular in the form set out in rule 2.19.

Notes: 1 The Explanatory Statement need not contain the statement set out in rule 2.20 concerning the characteristics of GEM nor information on the interests (if any) of all directors, controlling shareholders and their respective close associates (as referred to in rule 11.04).

2 [Repealed 31 December 2023]

13.09 The ordinary resolution proposed to shareholders to give the directors of the issuer a specific approval or general mandate to purchase shares must include the following:

(1) the total number and description of the shares which the issuer is authorised to purchase, provided that the number of shares which the issuer is authorised to purchase on GEM or on another stock exchange recognised for this purpose by the Commission and the Exchange under the Code on Share Buy-backs, may not exceed 10 per cent of the number of issued shares (excluding treasury shares) of the issuer and the total number of warrants to subscribe for or purchase shares (or other relevant class of securities) authorised to

be so purchased may not exceed 10 per cent of the warrants of the issuer (or such other relevant class of securities, as the case may be), in each case as at the date of the resolution granting the general mandate; and

Note: If the issuer conducts a share consolidation or subdivision after the repurchase mandate has been approved in general meeting, the maximum number of shares that may be repurchased under the mandate as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

(2) the dates on which the authority conferred by the resolution will commence and determine. Such authority may only continue in force until:—

(a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) revoked or varied by ordinary resolution of the shareholders in general meeting,

whichever occurs first.

13.10 The issuer must report the outcome of the general meeting called to consider the proposed purchases to the Exchange immediately following the meeting.

Dealing restrictions

13.11 The following dealing restrictions must be adhered to:

(1) an issuer shall not purchase shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Exchange from time to time;

(2) an issuer shall not knowingly purchase shares from a core connected person and a core connected person shall not knowingly sell his shares to the issuer, on GEM;

(3) an issuer shall procure that any broker appointed by the issuer to effect the purchase of shares shall disclose to the Exchange such information with respect to purchases made on behalf of the issuer as the Exchange may request;

(4) an issuer shall not purchase its shares on GEM at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of:

(i) the date of the board meeting (as such date is first notified to the Exchange in accordance with rule 17.48) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and

(ii) the deadline for the issuer to announce its results for any year or half-year under rule 18.49 or 18.78, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, the issuer may not purchase its shares on GEM, unless the circumstances are exceptional;

(5) an issuer shall not purchase its shares on GEM if that purchase would result in the number of listed shares which are in the hands of the public falling below the applicable minimum prescribed threshold for that issuer under rule 17.37B;

(6) an issuer shall not purchase its shares on GEM if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on GEM; and

(7) the Exchange may waive all or part of the above restrictions if, in the opinion of the Exchange, there are exceptional circumstances (such as, but without limitation, political or economic events having a material adverse effect on the price of shares of the issuer or issuers listed on GEM generally) justifying the waiver of such restrictions. A waiver may be granted either with respect to a fixed amount of securities of an issuer or generally or on such conditions as the Exchange shall specify and may be expressed to continue for a stated period of time or until further notice.

Subsequent issues, or sales or transfers of treasury shares

13.12 An issuer may not (i) make a new issue of shares, or a sale or transfer of any treasury shares; or (ii) announce a proposed new issue of shares, or a sale or transfer of any treasury shares, for a period of 30 days after any purchase by it of shares, whether on GEM or otherwise, without the prior approval of the Exchange.

Note: This rule will not apply to:

(i) a new issue of shares, or a sale or transfer of treasury shares under a capitalisation issue;

(ii) a grant of share awards or options under a share scheme that complies with Chapter 23 or a new issue of shares or a transfer of treasury shares upon vesting or exercise of share awards or options under the share scheme that complies with Chapter 23; and

(iii) a new issue of shares or a transfer of treasury shares pursuant to the exercise of warrants, share options or similar instruments requiring the issuer to issue shares or transfer treasury shares, which were outstanding prior to that purchase of its own shares.

Subsequent purchase of its own shares

13.12A An issuer may not purchase any of its own shares on GEM for a period of 30 days after any sale or transfer of any treasury shares on GEM, without the prior approval of the Exchange.

Reporting requirements

13.13 An issuer shall:

(1) submit for publication to the Exchange through HKEx-EPS not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the issuer makes a purchase of shares (whether on GEM or otherwise):

(i) the total number of shares purchased by the issuer the previous day, the purchase price per share or the highest and lowest prices paid for such purchases, where relevant;

(ii) whether the purchased shares are cancelled following settlement of any such purchase or held as treasury shares, and where applicable, the reasons for any deviation from the intention statement previously disclosed by the issuer under rule 13.08(12); and

(iii) a confirmation that those purchases which were made on GEM were made in accordance with the GEM Listing Rules and that there have been no material changes to the particulars contained in the Explanatory Statement. In respect of purchases made on another stock exchange, the issuer's report must confirm that those purchases were made in accordance with the domestic rules applying to purchases on that other stock exchange.

Such reports shall be made on a return in such form and containing such information as the Exchange may from time to time prescribe. In the event that no shares are purchased on any particular day then no return need be made to the Exchange. The issuer should make arrangements with its brokers to ensure that they provide to the issuer in a timely fashion the necessary information to enable the issuer to make the report to the Exchange; and

(2) include in its annual report and accounts a monthly breakdown of purchases of shares made during the financial year under review showing the number of shares purchased each month (whether on GEM or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by the issuer for such purchases. The directors' report shall contain reference to the purchases made during the year and the directors' reasons for making such purchases.

Status of purchased shares

13.14 The shares repurchased by an issuer shall be held as treasury shares or cancelled. The listing of all shares which are held as treasury shares shall be retained. The issuer shall ensure that treasury shares are appropriately identified and segregated.

The listing of all shares which are purchased by an issuer (whether on GEM or otherwise) but not held as treasury shares shall, subject to applicable law, be automatically cancelled upon purchase and the issuer must apply for listing of any further issues of that type of shares in the normal way. The issuer shall ensure that the documents of title of these purchased shares are cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase.

Treasury shares

13.14A An issuer may sell treasury shares on GEM under a general mandate approved by shareholders in accordance with rule 17.41(2), subject to the following:

(1) it shall not knowingly sell the shares to a core connected person and a core connected person shall not knowingly purchase the shares from the issuer, on GEM;

(2) it shall procure that any broker appointed by the issuer to effect the sale of the shares shall disclose to the Exchange such information with respect to the sales made on behalf of the issuer as the Exchange may request; and

(3) it shall not sell the shares on GEM at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of:

(a) the date of the board meeting (as such date is first notified to the Exchange in accordance with rule 17.48) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and

(b) the deadline for the issuer to announce its results for any year or half-year under rule 18.49 or 18.78, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, the issuer may not sell treasury shares on GEM, unless the circumstances are exceptional.

13.14B An issuer shall:

(1) submit for publication to the Exchange through HKEx-EPS not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the issuer makes a sale of treasury shares on GEM or any other stock exchange on which the issuer is listed ("on-market sale of treasury shares"):

(a) the total number of treasury shares sold by the issuer the previous day;

(b) the selling price per share or the highest and lowest prices received for such sales, where relevant;

(c) the total funds raised; and

(d) where the treasury shares are sold under a general mandate granted to the directors by the shareholders in accordance with rule 17.41(2), details of the mandate.

Such reports shall be made on a return in such form and containing such information as the Exchange may from time to time prescribe. In the event that no treasury shares are sold on any particular day then no return need be made to the Exchange. The issuer should make arrangements with its brokers to ensure that they provide to the issuer in a timely fashion the necessary information to enable the issuer to make the report to the Exchange;

(2) announce any on-market sale of treasury shares if it, individually or together with previous on-market sales of treasury shares in a 12-month period that have not yet been announced under rule 13.14B(2), amounts to 5% or more of the issuer's number of issued shares (excluding treasury shares). The announcement must contain the following information relating to such sale(s) of treasury shares:

(a) the number, class and aggregate nominal value of the treasury shares sold;

(b) the total funds raised from such sale(s) with details of the use of proceeds;

(c) the selling price per share or the highest and lowest prices received for such sale(s), where relevant;

(d) the reasons for making such sale(s);

(e) where the treasury shares are sold under a general mandate granted to the directors by the shareholders in accordance with rule 17.41(2), details of the mandate; and

(f) the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities, and/or other sale or transfer of treasury shares in the 12 months immediately preceding the announcement, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount; and

(3) include in its annual report and accounts a monthly breakdown of on-market sales of treasury shares during the financial year under review showing the number of treasury shares sold each month and the selling price per share or the highest and lowest prices received for all such sales, where relevant, and the aggregate proceeds received by the issuer for such sales. The directors' report shall contain reference to the on-market sales of treasury shares made during the year, the total funds raised from such sales with details of the use of proceeds and the directors' reasons for making such sales.

Restrictions on disposal of shares following the listing of a new applicant

13.15 For the purposes of rules 13.15 to 13.20, the following terms have the following meanings:—

(1) [Repealed 1 July 2008]

(2) [Repealed 1 July 2008]

(3) "listing date" means the date on which securities of the new applicant commence trading on GEM;

(4) [Repealed 1 July 2008]

(5) references to a "disposal" (of securities) includes the creation of any option, rights or interests (over such securities) but shall exclude the following:

(a) any stock lending arrangement with an underwriter of the initial public offering of the new applicant's securities which satisfies the following conditions:

(i) the stock lending arrangement is fully described in the initial listing document and must be for the sole purpose of covering any short position prior to the exercise of the underwriter's over-allotment option or similar right;

(ii) the maximum number of shares to be borrowed from the relevant shareholder is the maximum number of shares that may be issued upon full exercise of the over-allotment option; and

(iii) the same number of shares borrowed is returned to the relevant shareholder within 3 business days after the last day on which the over-allotment option may be exercised or, if earlier, the date on which the over-allotment option is exercised in full; and

(b) any placing and issue of securities made in the manner described in rule 20.90(4) during the second six month period of the issuer's listing date where:

(i) there is no change in the number of securities held by the relevant shareholder before and after completion of the placing and issue of securities; and

(ii) the placing of securities does not result in a controlling shareholder of the issuer ceasing to be a controlling shareholder after completion of the placing and issue of securities.

13.16 [Repealed 1 July 2008]

13.16A (1) A person or group of persons shown by the listing document issued at the time of the issuer's application for listing to be controlling shareholders of the issuer shall not and shall procure that the relevant registered holder(s) shall not:—

(a) in the period commencing on the date by reference to which disclosure of the shareholding of the controlling shareholders is made in the listing document and ending on the date which is six months from the date on which dealings in the securities of a new applicant commence on the Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the issuer in respect of which he is or they are shown by that listing document to be the beneficial owner(s); or

(b) in the period of six months commencing on the date on which the period referred to in rule 13.16A(1)(a) expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in rule 13.16A(1)(a) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that person or group of persons would cease to be a controlling shareholder.

Any offer for sale contained in a listing document shall not be subject to such restrictions.

(2) For the purpose of this rule, a person is treated as the beneficial owner of securities if he has the ultimate beneficial ownership or control of the securities, whether through a chain of companies or otherwise.

Note: Controlling shareholders may purchase additional securities and dispose of securities thus purchased in the relevant period, subject to compliance with the requirements of rule 17.37B to maintain an open market in the securities and a sufficient public float.

13.17 [Repealed 1 July 2008]

13.18 Nothing in rule 13.16A shall prevent the disposal of any interest of a controlling shareholder in the securities referred to in Rule 13.16A (1)(a) in the following circumstances:—

(1) pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance), as security for a bona fide commercial loan;

(2) pursuant to a power of sale under the pledge or charge (granted pursuant to sub-paragraph (1));

(3) on the death of the controlling shareholder; or

(4) in any other exceptional circumstances to which the Exchange has given its prior approval.

13.19 A new applicant shall procure that every controlling shareholder undertakes to the new applicant and the Exchange to comply with the following requirements:—

(1) in the event that the controlling shareholder pledges or charges any direct or indirect interest in relevant securities under rule 13.18(1) or pursuant to any right or waiver granted by the Exchange pursuant to rule 13.18(4), at any time during the relevant periods specified in rule 13.16A, he must inform the issuer immediately thereafter, disclosing the details specified in rule 17.43(1) to (4); and

(2) having pledged or charged any interest in securities under sub-paragraph (1) above, he must inform the issuer immediately in the event that he becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of securities affected.

13.20 An issuer that has been informed of any matter under rule 13.19 must forthwith publish an announcement giving details of the same in accordance with the requirements of rule 17.43.

Restrictions on multiple applications

13.21 Where securities are offered to the public for subscription or purchase, the issuer, its directors, Sponsor and, if applicable, underwriters must take reasonable steps to ensure that multiple or suspected multiple applications are identified and rejected.

Note: Having taken reasonable steps as required by this rule, the issuer, its directors, Sponsor and, if applicable, underwriters will be entitled to rely on the declaration/representations made by an applicant.

13.22 In this rule "multiple applications" means circumstances where more than one application is made by the same person; where a person applies for more than 100% of the securities on offer or where a person applies for more than 100% of the shares available in any pool into which the securities on offer are divided in accordance with Practice Note 6. For the purpose of these rules the shares available in any pool is the initial allocation of shares into the pool prior to the operation of any clawback mechanism required by Practice Note 6.

13.23 Issuer, their directors, sponsors and underwriters must ensure that it is a term and condition of the offer of the securities (disclosed as such in the listing document and the relevant application form) that by completing and delivering an application form, each applicant warrants that:—

(1) (if the application is made for his own benefit) no other application is being made for his benefit by him or by anyone applying as his agent or by any other person;

(2) (if the application is made by him as agent for the benefit of another person) no other application is being made by him as agent for or for the benefit of that person or by that person or by any other person as agent for that person;

(3) if he makes the application as agent for someone else, he has only given one set of application instructions for that other person's benefit and has due authority to do so on behalf of that other person.

13.24 The application channel shall include a warning as follows:—

"Warning:—

Only one application may be made for the benefit of any person."

and the application channel shall include a declaration and representation as follows:—

"I/we hereby declare that this is the only application made and the only application intended by me/us to be made, to benefit me/us or the person for whose benefit I am/we are applying. I/we understand that this declaration/representation will be relied upon by the issuer in deciding whether or not to make any allotment of shares in response to this application."

13.25 The application channel shall also contain a stipulation to the effect that an application made by an unlisted company which does not carry on any business other than dealing in shares and in respect of which a person exercises statutory control shall be deemed to be an application made for the benefit of that person.

Chapter 14

EQUITY SECURITIES

LISTING DOCUMENTS

Preliminary

14.01 This Chapter sets out the Exchange's requirements for the contents of listing documents relating to equity securities. Issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their application that all requisite information has been included in the listing document or will be included before the final version is submitted for review.

14.02 In order to allow the Exchange sufficient time to consider an application for listing:—

(1) [Repealed 1 October 2013]

(2) listed issuers are reminded that the listing document in anticipated final form must be lodged with the Exchange at least 10 clear business days prior to the intended date of its finalisation for publication.

No material amendment to the final proof listing document will be allowed without the consent of the Exchange.

14.02A The Exchange shall be authorised by new applicants and listed issuers to file their "applications" (as defined in section 2 of the Statutory Rules) and those corporate disclosure materials within the meaning of sections 7(1) and (2) of the Statutory Rules received by the Exchange with the Commission pursuant to sections 5(2) and 7(3) of the Statutory Rules respectively and new applicants and listed issuers shall be deemed to have agreed to the above by filing such applications and corporate disclosure materials with the Exchange. The authorisation aforementioned shall not be altered or revoked in any way unless prior written approval has been obtained from the Exchange and the Exchange shall have the absolute discretion to grant such approval. In addition, the Exchange may require and new applicants and listed issuers shall execute such documents in favour of the Exchange perfecting the above authorisation as the Exchange may require. Applications and relevant corporate disclosure materials shall be filed with the Exchange in such manner as the Exchange may from time to time prescribe.

Definition

14.03 A listing document is defined in rule 1.01 as a prospectus, circular or any equivalent document (including the composite document in relation to a scheme of arrangement and/or an introduction document) issued or proposed to be issued in connection with an application for listing, or a sale or transfer of treasury shares by a listed issuer. Issuers are recommended to consult the Exchange at the earliest opportunity if they are in any doubt as to whether a particular document constitutes a listing document as so defined.

Disclaimer

14.04 Any listing document must contain on its front cover a prominent and legible disclaimer statement in the form set out in rule 2.19.

GEM characteristics

14.05 Any listing document must contain, at a prominent position in the document, and in bold type, a statement concerning the characteristics of GEM in the form set out in rule 2.20.

When required

14.06 The methods of listing, or sale or transfer of treasury shares required by the GEM Listing Rules to be supported by a listing document are:

(1) an offer for subscription;

(2) an offer for sale;

(3) a placing of securities of a class new to listing;

(4) an introduction;

(5) a rights issue;

(6) an open offer;

(7) a capitalisation issue (including in the form of a scrip dividend) or a bonus issue of warrants;

(8) an exchange or substitution of securities (arising from consolidation or sub-division of shares or a reduction of share capital or otherwise but excluding a conversion of securities into securities of a class already listed); and

(9) any deemed new listing under the GEM Listing Rules.

14.07 Other methods of listing, or sale or transfer of treasury shares are not, save as the Exchange may otherwise direct, required by the GEM Listing Rules to be supported by a listing document, but if a listing document is otherwise required or proposed to be issued it must comply with the relevant requirements of this Chapter.

Contents

14.08 In the case of a new applicant, the listing document is required to include the following:

(1) the statements required pursuant to rule 14.04 (disclaimer) and rule 14.05 (GEM characteristics);

(2) [Repealed 1 July 2008];

(3) the statement of business objectives, as described in rules 14.19 to 14.21;

(4) subject to rule 14.11(6), all of the specific items of information which are set out in Appendix D1A;

(5) appropriate risk factors, taking into consideration the matters set out in rule 14.22;

(6) if applicable, the information required by virtue of rule 14.10; and

(7) subject to rule 14.13 and to the extent not included by virtue of the above, such particulars and information which, according to the particular nature of the applicant and the securities for which listing is sought, is necessary to enable an investor to make an informed assessment of:—

(a) the activities, profits and losses, assets and liabilities, financial position, management and prospects of the applicant; and

(b) the rights and trading arrangements attaching to such securities.

Note: The Exchange may consider an application for a waiver from the disclosure requirement of the issue price or offer price under rule 14.08 and paragraph 15(3)(c) of Appendix D1A for issuers with, or seeking, a dual listing, subject to the conditions that:—

(a) the Commission grants a certificate of exemption from strict compliance with the relevant requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) the listing document discloses (i) the maximum offer price (also in the application forms); (ii) when the final offer price will be determined and how it will be published; (iii) the issuer's historical share prices during the trading record period and up to the latest practicable date; (iv) trading liquidity; (v) the determinants of the final offer price; and

(c) investors will be able to access the latest market price of the issuer's shares.

14.09 In the case of an issuer some part of whose share capital is already listed on GEM, the listing document is required to include the following:

(1) the statements required pursuant to rule 14.04 (disclaimer) and rule 14.05 (GEM characteristics);

(2) subject to rule 14.11(1) to (5), all of the specific items of information which are set out in Appendix D1B;

(3) in circumstances where the listing document is to be issued in conjunction with the raising of new capital by the issuer, appropriate risk factors, taking into consideration the matters set out in rule 14.22;

(4) if applicable, the information required by virtue of rule 14.10; and

(5) subject to rule 14.13 and to the extent not included by virtue of the above, such particulars and information which, according to the particular nature of the issuer and the securities to be issued or sold or transferred out of treasury, is necessary to enable an investor to make an informed assessment of:

(a) the activities, profits and losses, assets and liabilities, financial position, management and prospects of the issuer; and

(b) the rights and trading arrangements attaching to such securities.

14.10 Special requirements for listing documents issued by overseas issuers and PRC issuers are set out in Chapters 24 and 25 respectively.

14.11 The following items of information may be omitted in the following specific cases:—

(1)	rights issues	The following paragraphs of Appendix D1B: 8, 24, 26(1), 26(3), 26(4), 26(5), 37 and 42(4)
(2)	open offers	As for rights issues
(3)	capitalisation issues (including in the form of scrip dividends) and bonus issues of warrants	The following paragraphs of Appendix D1B: 3 to 5, 7, 8, 11, 12, 13, 15, 18, 19, 22 to 43
(4)	exchanges or substitutions	As for capitalisation issues
(5)	placings by or on behalf of a listed issuer of securities of a class already listed where a prospectus or other listing document is otherwise required or issued	As for rights issues
(6)	Listing documents supporting an introduction in the circumstances set out in rule 10.18(3) where the consolidated assets and liabilities of the issuer are substantially the same as the consolidated assets and liabilities of the listed issuer or issuers whose securities have been exchanged	The following paragraphs of Appendix D1A: 8(1), 21, 33, 35 and 37, provided that the information required by paragraph 31(3) of Appendix D1B is included. *Note: See also rules 24.05(6) and 24.09(5).*

14.12 Negative statements are required only where so indicated in Appendix D1A or D1B.

14.13 The requirements of rule 14.08(7)(a) shall not apply to an introduction in the circumstances set out in rule 10.18(3) and the requirements of rule 14.09(5)(a) shall not apply to a capitalisation issue (including in the form of a scrip dividend) or a bonus issue of warrants, or an exchange or substitution (arising from consolidation or sub-division of shares of securities or a capital reduction of existing listed securities or otherwise).

14.14 The Exchange reserves the right to require disclosure of such additional or alternative items of information as it considers appropriate in any particular case. The Exchange also has the right to permit the omission or modification of items of information to suit the circumstances of a particular case. Where permission is sought to the omission or modification of items of information, the listing document, in the form desired, may not be issued until such permission has been granted by the Exchange. Issuers are encouraged, through their Sponsors where so retained, to seek informal and confidential guidance from the Exchange at the earliest opportunity.

14.15 [Repealed 1 July 2008]

14.16 [Repealed 1 July 2008]

14.17 [Repealed 1 July 2008]

14.18 [Repealed 1 July 2008]

Statement of business objectives

14.19 A new applicant must include in its listing document a statement of business objectives, having due regard to the disclosure requirements under Rule 18.08A in its annual reports and interim reports, and set out at least the following information:—

(1) general information as to:

(a) the overall business objectives of the new applicant; and

(b) the market potential for the new applicant's business over the period comprising the remainder of the current financial year of the applicant and the 2 financial years thereafter;

(2) a detailed description of the new applicant's objectives for each of the products, services or activities (and any other objectives) analysed over the period comprising the remainder of the current financial year of the applicant and the 2 financial years thereafter;

Notes: 1 In the event that the applicant wishes to set its business objectives over a longer time frame, it shall be free to do so, provided always that the time frame envisaged is clearly set out in the statement of business objectives.

2 The statement of business objectives should specify particular strategies, critical paths or milestones against which the applicant's progress may, in the future, be compared.

3 Without prejudice to the generality of Note 2, new applicants are encouraged to include information as to the projected trends which they foresee for their products, services or activities. These projected trends should be:—

(a) analysed by reference to such of the measurements of progress as the new applicant and its Sponsor decide are appropriate; and

(b) set out, as far as practicable, in compliance with rule 14.21.

4 It is for the Sponsor to assist the new applicant in determining appropriate descriptions of the business objectives and, in particular the measurements of progress in respect of which the new applicant might appropriately project trends for the term of the statement of business objectives.

5 New applicants and their Sponsors must be alert to the possibility that projections set out in the statement of business objectives, whether read in isolation or together with other projections or details contained in the statement, may constitute a profit forecast. If a profit forecast is made, the new applicant must comply with the provisions of rules 14.28 to 14.31.

(3) a detailed explanation as to how the new applicant proposes to achieve its stated business objectives for the period identified by the new applicant; and

(4) a clear explanation of all bases and assumptions (including commercial assumptions) in support of the new applicant's assessment of its market and growth potential, business objectives and/or description of how it proposes to achieve its business objectives.

Notes: 1 The bases and assumptions must provide all relevant and useful information to investors to help them in forming a view as to the reasonableness and reliability of the statement of business objectives. Such bases and assumptions should draw the investor's attention to and where possible quantify those uncertain factors which could materially affect the achievement by the new applicant of its business objectives within the time frame indicated.

2 The bases and assumptions should be specific rather than general, definite rather than vague. It will not normally be acceptable for assumptions to relate to matters which the directors, by virtue of their particular knowledge and experience in the business, are best able to take a view on or are able to exercise control over.

14.20 The statement of business objectives need not comprise nor include a profit forecast by the new applicant. However, to the extent that it does comprise or include a profit forecast or should the new applicant otherwise wish to make a profit forecast in the listing document, the new applicant must comply with the provisions set out in rules 14.28 to 14.31.

14.21 The information provided in the statement of business objectives should, so far as practicable, be set out by reference to the new applicant's half-year end (in the event this follows listing) and full-year end in respect of its current financial year and the half-year ends and full-year ends of the 2 financial years thereafter.

Note: The purpose of this exercise is to facilitate future comparison between the issuer's statement of business objectives and its actual performance and future published financial information (see rule 18.08A).

Risk factors

14.22 In the case of a new applicant, or a listed issuer proposing to issue a listing document in conjunction with the raising of new capital, the listing document should fully set out, explain and give appropriate prominence to any risk factors which should be drawn to shareholders' and prospective investors' attention, having regard, as a minimum, to the following principles:—

(1) whether or not there are risks that are relevant to the issuer itself, including as to matters such as reliance on particular products or services, the concentration of expertise within the issuer and continued sources of funding;

(2) whether or not there are risks that are relevant to the issuer's business, including risks attendant with the products, services or activities themselves and risks relevant to the industry or sectors in which the issuer operates; and

(3) whether or not there are risks on a macro-scale that are relevant to the issuer, including geographic, economic, political and exchange rates, currency controls or other financial risks relevant to the issuer or the markets in which it operates.

Note: Risk factors should be capable of being read in isolation and should not be accompanied by statements or qualifications concerning steps that the issuer proposes to implement in order to alleviate such risks. Information in this regard may however be contained elsewhere in the listing document.

Responsibility

14.23 Directors of the issuer, including any proposed director who is named as such in the listing document, are required, collectively and individually, to accept full responsibility for the listing document and a statement (in the form set out in rule 2.18) to this effect must be included in the listing document.

Subsequent events

14.24 If at any time after the issue of the listing document or a supplementary listing document as provided for by this rule and before the commencement of dealings in any securities, the issuer becomes aware that:—

(1) there has been a significant change affecting any matter contained in the listing document; or

(2) a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in the listing document if it had arisen before the listing document was issued,

the issuer shall, as soon as practicable, submit to the Exchange for its review and, once the Exchange has confirmed that it has no further comments thereon, issue a supplementary listing document giving details of the change or new matter, unless the Exchange approves any other course of action. In such circumstances, the Exchange may, at its discretion, withdraw any listing approval granted or impose any conditions which it considers appropriate.

For this purpose "significant" means significant for the purpose of making an informed assessment of the matters mentioned in rules 14.08(7) or 14.09(5).

Language and format

14.25 Every listing document must either be in the English language and be accompanied by a Chinese translation or be in the Chinese language and be accompanied by an English translation.

14.26 The information contained in the listing document should be clearly presented and should be in the plain language format specified or recommended by the Exchange and/or the Commission from time to time.

Illustrations

14.27 A listing document may include illustrations of a pictorial or graphic nature provided that such illustrations are not misleading or likely to mislead in the form and context in which they are included.

Profit forecasts

14.28 No listing document is required to contain a profit forecast. No listing document may contain any reference (general or particular) to future profits or contain dividend forecasts based on an assumed future level of profits unless supported by a formal profit forecast. Dividend forecasts not based on assumed future profits are not subject to this rule.

14.29 The issuer must determine in advance with its financial adviser or Sponsor whether to include a profit forecast in a listing document. Where a profit forecast appears in any listing document, it must be clear, unambiguous and presented in an explicit manner and the principal assumptions, including commercial assumptions, upon which it is based, must be stated. The accounting policies and calculations for the forecast must be reviewed and reported on by the reporting accountants and their report must be set out. The Sponsor or financial adviser must report in addition that it has satisfied itself that the forecast has been stated by the directors after due and careful enquiry, and such report must be set out.

A "profit forecast" for this purpose means any forecast of profits or losses, however worded, and includes any statement which explicitly or implicitly quantifies the anticipated level of future profits or losses either expressly or by reference to previous profits or losses or any other benchmark or point of reference. It also includes any profit estimate, being any estimate of profits or losses for a financial period which has expired but for which the results have not yet been audited or published. Any valuation of assets (except for property interests (as defined in rule 8.01(3)) or businesses acquired by an issuer based on discounted cash flows or projections of profits, earnings or cash flows is regarded as a profit forecast.

14.30 A profit forecast appearing in a listing document should normally cover a period which is coterminous with the issuer's financial year-end. If, exceptionally the profit forecast period ends at a half year-end, the interim report for that half year must be audited. Profit forecast periods not ending on the financial year-end or half year-end will not be permitted.

14.31 The assumptions upon which any profit forecast appearing in a listing document are based must provide useful information to investors to help them in forming a view as to the reasonableness and reliability of the forecast. Such assumptions should draw the investors' attention to, and where possible quantify, those uncertain factors which could materially disturb the ultimate achievement of the forecast. The assumptions should be specific rather than general, definite rather than vague. All embracing assumptions and those relating to the general accuracy of the estimates made in the profit forecast should be avoided. Furthermore it will not normally be acceptable for assumptions to relate to matters which the directors, by virtue of their particular knowledge and experience in the business, are best able to take a view on or are able to exercise control over since such matters should be reflected directly in the profit forecast itself.

Chapter 15

EQUITY SECURITIES

PROSPECTUSES

Preliminary

15.01 Issuers are reminded that a listing document which is a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance must both comply with the GEM Listing Rules and, where required, comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The GEM Listing Rules are entirely independent of and without prejudice to the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance relating to prospectuses. Accordingly, compliance with the GEM Listing Rules does not guarantee compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance nor does it guarantee that such prospectus will be authorised by the Exchange for registration by the Registrar of Companies.

15.02 This Chapter discusses the Exchange's role in respect of its authorisation of a prospectus for registration by the Registrar of Companies and sets out some procedural requirements which must be complied with in respect of a prospectus which is to be authorised by the Exchange.

Transfer of functions

15.03 The Commission's functions under sections 38B(2A)(b), 38D(3) and (5) and 342C(3) and (5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent that they relate to any prospectus which is concerned with any shares or debentures of a company that have been or are proposed to be approved for listing on GEM, and the power to charge and retain the fees which would have been payable to the Commission in respect of any such prospectus under the Commission's fees rules, have been transferred to the Exchange by order of the Chief Executive in Council pursuant to section 25 of the Securities and Futures Ordinance (the "Transfer Order").

15.04 Under the terms of the Transfer Order the Exchange shall vet every prospectus which relates to shares and debentures that have been or are proposed to be approved for listing on the Exchange and shall have the authority to authorise the registration of such a prospectus by the Registrar of Companies under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Compliance with Companies (Winding Up and Miscellaneous Provisions) Ordinance

15.05 To ensure compliance, issuers are urged to seek advice from their legal advisers. Issuers are reminded that compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance remains their primary responsibility and that they will not be absolved from any liability by virtue only of the submission of a prospectus to the Exchange for vetting or the issue by the Exchange of a certificate authorising registration.

Certificates of exemption

15.06 The Commission's power to grant certificates of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has not been transferred to the Exchange.

Abridged prospectuses

15.07 The Commission's powers under section 38B(2A)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to authorise in any particular case the form and manner of publication of any extract from or abridged version of a prospectus, have been transferred to the Exchange in so far as they relate to shares or debentures that have been approved for listing on the Exchange.

Procedural requirements

15.08 On making an application for listing in accordance with rule 12.05, the draft prospectus must be passed to the Listing Division. The Listing Division may promulgate from time to time procedures to be followed in the submission of prospectuses for vetting.

15.09 Every listed issuer must notify the Listing Division at least 10 clear business days in advance of the date on which it is proposed to register a prospectus. The requirement to notify the Exchange will not apply in the cases of supplemental listing documents.

15.10 The Exchange will review a prospectus for compliance with the GEM Listing Rules concurrently with the review of the prospectus for compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Exchange will not authorise a prospectus for registration by the Registrar of Companies until it is satisfied that it has no further comments on such prospectus in respect of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements and is prepared to grant a listing for the securities to which such prospectus relates.

15.11 If the Exchange is satisfied that the prospectus delivered to it pursuant to rules 12.25 and 12.26E(2) should be authorised for registration pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, it will issue a certificate under section 38D(5) or section 342C(5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be). It is the responsibility of the issuer to deliver the prospectus and any ancillary documents to the Companies Registry for registration pursuant to section 38D(7) or section 342C(7) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be).

Note: The issue of the certificate of authorisation by the Exchange does not constitute a form of confirmation that the prospectus complies with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Nor does the issue of the certificate constitute registration of a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Issuers must ensure that a copy of the prospectus, complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, has been registered by the Registrar of Companies before it is issued. Under no circumstances should the certificate of authorisation issued by the Exchange be relied upon as evidence either of compliance with the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or of registration.

Chapter 16

EQUITY SECURITIES

PUBLICATION REQUIREMENTS

Role of the Exchange

16.01 Subject to rule 12.15, no listing document may be issued until the Exchange has confirmed to the issuer that it has no further comments thereon.

16.01A A new applicant must publish its Application Proof on the Exchange's website in accordance with rule 16.17 and Practice Note 5.

16.01B A new applicant must publish its Post Hearing Information Pack on the Exchange's website in accordance with rule 16.17 and Practice Note 5.

16.01C In the case of a new applicant effecting a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, a new applicant must publish an OC Announcement on the Exchange's website in accordance with rules 16.17 to 16.19 and Practice Note 5.

16.02 The Exchange reserves the right to oblige listed issuers to issue supplementary particulars and/or clarification announcements in circumstances where the Exchange is of the view that an issuer has failed to comply, in full, with the requirements of the GEM Listing Rules.

16.03 Any publication by an issuer pursuant to the GEM Listing Rules must be made in both the English and Chinese languages unless otherwise stated.

Note: This rule does not apply to documents to be published on the Exchange's website and the issuer's own website pursuant to rule 7.18, rule 8.01B(1)(b), rule 8.02B(2)(b), rule 23.02(2), rule 24.09(2), rule 24.09(3), rule 24.09(5)(a) and (e), rule 24.09(6), rule 25.20(4), rule 25.37, rule 32.05(3), rule 35.10, rule 35.11, paragraph 52 of Appendix D1A, paragraph 42 of Appendix D1B, paragraph 53 of Appendix D1C and paragraph 9(b)(i) of Appendix A2.

Methods of publication and dissemination

16.04 Without in anyway limiting the publication, notice or dissemination requirements relevant to an issuer under applicable laws or the issuer's own constitutional documents, the following documents shall be subject to the following minimum publication requirements under these Exchange's Listing Rules:—

(1) all announcements including notices required under the GEM Listing Rules, must be submitted for publication on the Exchange's website in accordance with rules 16.17 and 16.18;

(2) all listing documents, annual reports and accounts (and, where applicable, summary financial reports) and interim reports (and, where applicable, summary interim reports), and all circulars to shareholders required under the GEM Listing Rules, must be submitted for publication on the Exchange's website in accordance with rules 16.17 and 16.18; and

(3) all other documents which, in the case of a listed issuer, are corporate communications required under the GEM Listing Rules and, in the case of a new applicant, are required to be published under the GEM Listing Rules in connection with its application for listing must be submitted for publication on the Exchange's website in accordance with rules 16.17 and 16.18.

16.04A(1) Subject to the provisions set out in rule 16.04A(4), any requirement in the GEM Listing Rules for a listed issuer to send, mail, dispatch, issue, publish or otherwise make available any corporate communication must, to the extent permitted under all applicable laws and regulations, be satisfied by the listed issuer (i) sending or otherwise making available the corporate communication to the relevant holders of its securities using electronic means or (ii) making the corporate communication available on its website and the Exchange's website. The issuer must set out on its website the manner in which (i) and/or (ii) above is adopted for dissemination of its corporate communications.

(2) [Repealed 31 December 2023]

(2A) [Repealed 31 December 2023]

(3) [Repealed 31 December 2023]

(4) Notwithstanding rule 16.04A(1),

(a) a listed issuer must send, mail, dispatch, issue, publish or otherwise make available corporate communications in printed form free of charge to a holder of its securities promptly upon the request of that holder and must disclose, on its website, the relevant arrangements for holders to request corporate communications in printed form; and

(b) a listed issuer must send actionable corporate communications to holders of its securities individually and cannot comply with a rule requirement to send, mail, dispatch, issue, publish or otherwise make available an actionable corporate communication, by making it available only on its website and the Exchange's website.

Notes:

1. *It is the sole responsibility of the listed issuer to ensure that any proposed arrangement is permitted under, and that the listed issuer will at all times comply with, all applicable laws and regulations and the listed issuer's own constitutional documents.*

2. *For the purpose of rule 16.04A(1), an issuer of debt securities may specify the manner in which corporate communications shall be disseminated in the terms and conditions of the relevant debt securities instead of disclosing such information on its website. Issuers of debt securities are not subject to rule 16.04A(4).*

3. *A listed issuer may, to the extent permitted by the laws and regulations, comply with the rule 16.04A(4)(b), by sending an actionable corporate communication to holders of its securities individually in electronic form. Notwithstanding rule 16.04A(1), where the listed issuer is unable to do so because it does not possess functional electronic contact details of a holder, the listed issuer must send the actionable corporate communication in printed form that includes a request for the holder's functional electronic contact details for the purpose of the listed issuer's future compliance with the rule.*

4. Transitional arrangements for issuers listed on the Exchange before 31 December 2023 are as follows:

(i) for issuers who are not prohibited by applicable laws and regulations from complying with the requirements set out in this rule 16.04A, they would have until their first annual general meetings following 31 December 2023 to make amendments (if necessary) to their constitutional documents to facilitate their compliance with requirements set out in this rule 16.04A; and

(ii) for issuers who are unable to comply with the requirements set out in this rule 16.04A due to any restriction under any applicable laws and regulations: in the event that the relevant restrictions are removed from the applicable laws and regulations, such issuers would have until their first annual general meetings following the removal of such restrictions to make necessary amendments (if any) to their constitutional documents to facilitate their compliance with requirements set out in this rule 16.04A.

16.04B(1) Any requirement in the GEM Listing Rules for a listed issuer to send, mail, dispatch, issue, publish or otherwise make available any corporate communication in both English and Chinese may, where the listed issuer has made adequate arrangements to ascertain whether or not a holder of its securities wishes to receive the English language version only or the Chinese language version only and to the extent permitted under applicable laws and regulations and the listed issuer's own constitutional documents, be satisfied by the listed issuer sending the English language version only or the Chinese language version only (in accordance with the holder's stated wish) to the holder concerned. Any arrangement by the listed issuer to ascertain a holder's wish must afford the holder the choice of receiving the English language version only, the Chinese language version only or both the English language version and the Chinese language version.

(2) A listed issuer which, availing itself of this Rule 16.04B, sends the English language version only or the Chinese language version only of a corporate communication to holders of its securities must afford holders the right at any time by reasonable notice in writing served on the listed issuer to change their choice as to whether they wish to receive the English language version only, the Chinese language version only or both the English language version and the Chinese language version. The listed issuer must set out in each such corporate communication the steps for notifying the listed issuer of any such change together with a statement expressly informing holders that they may at any time choose to receive the English language version only, the Chinese language version only or both the English language version and the Chinese language version notwithstanding any wish to the contrary previously conveyed to the listed issuer.

16.04C Listing documents (including any supplemental listing document(s) or subsequent amendments to the listing document(s)) published by a new applicant must be made available in electronic form on the Exchange's website and the issuer's own website.

Note: Companies (Winding Up and Miscellaneous Provisions) Ordinance states that it shall not be lawful to issue any form of application for shares in or debentures of a company unless the application form is issued with a prospectus that is compliant with that ordinance. The Exchange would expect the combination of this statutory requirement and rule 16.04C to result in the issue of both listing documents and application forms in the same medium, i.e. in electronic format only.

Publication of electronic form prospectus and printed application form

16.04D [Repealed 27 June 2025]

16.05 No announcement, notice or other document that is required to be cleared by the Exchange may be published, or submitted for publication on the Exchange's website in accordance with rules 16.17 and 16.18 until the Exchange has confirmed that it has no further comments thereon.

16.06 The Exchange reserves the right to require an issuer to publish any announcement, notice or other document in any format or manner as may from time to time be prescribed by the Exchange, including by way of paid announcement in any gazetted newspapers.

Note: Any issuer is at liberty to publish in the newspapers any announcement, notice or other document that has been cleared for publication by the Exchange.

Formal notice on issue

16.07 In the following cases, a formal notice stating the information set out in rule 16.09 must be published on the Exchange's website on the date of issue of the listing document:—

(1) an offer for subscription or an offer for sale;

(2) a placing by or on behalf of a new applicant where any amount placed is made available directly to the general public; or

(3) a placing by or on behalf of a listed issuer of securities of a class new to listing where any amount placed is made available directly to the general public.

16.08 In the following cases, a formal notice stating the information set out in rule 16.09 must be published on the Exchange's website, not less than 2 clear business days before dealings commence:—

(1) a placing by or on behalf of a new applicant which does not fall within rule 16.07(2);

(2) a placing by or on behalf of a listed issuer of securities of a class new to listing which does not fall within rule 16.07(3);

(3) an introduction by or on behalf of a new applicant of any class of securities;

(4) an introduction by or on behalf of a listed issuer of securities of a class new to listing; or

(5) an issue by a listed issuer of securities of a class new to listing which does not fall within any of rule 16.07 or sub-paragraphs (1) to (4) above.

16.09 A formal notice required for publication on the Exchange's website in accordance with rules 16.07 or 16.08 must state at least the following:—

(1) the name and country of incorporation or other establishment of the issuer;

(2) the amount and title of the securities for which listing is sought;

(3) the websites at which the listing document, if any, is published;

(4) the date of publication of the notice;

(5) in the case of a placing, the names of all syndicate CMIs and, if applicable, any other syndicate member(s);

(6) a statement that application has been made to the Exchange for listing of and permission to deal in the securities;

(7) a statement that the formal notice appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities;

(8) in the cases set out in rule 16.07 a statement that applications will only be considered on the basis of the listing document;

(9) the date upon which dealings in the securities are expected to commence; and

(10) the name and address of the Sponsor (if applicable).

16.10 Issuers are reminded that where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with Section 38B of that Ordinance.

16.11 [Repealed 5 July 2021]

16.12 [Repealed 5 July 2021]

Results of offers, rights issues and placings

16.13 In the case of an offer for subscription, offer for sale or open offer, an announcement of the results of the offer, the basis of allotment of the securities and, where relevant, the basis of any acceptance of excess applications must be published on the Exchange's website as soon as possible, but in any event, (i) (in the case of a New Listing) not later than 11:00 p.m. on the business day before listing; and (ii) (in other cases) not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or other relevant documents of title are posted.

Notes: The announcement should include:

1 information regarding the spread of applications including the number of applications for each share band and the allocation basis for each such band;

2 in case of a new class of securities to be listed, the minimum prescribed percentage applicable to that class of securities pursuant to rule 11.23; and

3 in the case of a new applicant effecting a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, a confirmation from its directors that, to the best of their knowledge, no rebate has been, directly or indirectly, provided by the issuer, its controlling shareholder(s), directors or syndicate members to any placees or the public (as the case may be) and the consideration payable by them for each share (or, where applicable, each unit of other equity securities) of the issuer subscribed for or purchased by them is the same as the final offer price determined by the issuer, in addition to any brokerage, AFRC transaction levy, SFC transaction levy and trading fee payable.

16.14 In the case of an offer for subscription or an offer for sale by tender, an announcement of the striking price must be published on the Exchange's website as soon as possible, but in any event not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or other relevant documents of title are posted.

Note: A new applicant must not publish announcements in accordance with rules 16.13 and 16.14 until the Exchange has reviewed them.

16.15 In the case of a rights issue, an announcement of the results of the issue (including the extent to which securities have been allotted to the underwriters (if any) and their close associates) and of the basis of any acceptance of excess applications must be published on the Exchange's website as soon as possible, but in any event not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or other relevant documents of title are posted.

16.16 In the case of a placing (including an initial public offering with a placing tranche), an announcement of the results of the placing containing the details specified in rule 10.12(4) must be published on the Exchange's website prior to commencement of dealings in the securities so placed.

Notes: 1 In the case of a placing of securities by a listed issuer effected pursuant to any general mandate granted to the directors of the issuer in accordance with rule 17.41(2), the further information required to be announced is set out in rule 17.30.

2 In case of a new class of securities to be listed, the announcement should include the minimum prescribed percentage applicable to that class of securities pursuant to rule 11.23.

Publication on the Exchange's website

16.17 After the Listing Division has confirmed that it has no further comments on any draft announcement, notice or other document, the issuer must submit the cleared version to the Exchange, for publication on the Exchange's website. The cleared version must be submitted in sufficient time so as to enable it to be published on the Exchange's website in accordance with any time limit prescribed by the GEM Listing Rules. For any announcement, notice or other document required by the GEM Listing Rules to be published on the Exchange's website but which is not required to be cleared by the Exchange, the issuer must submit the final version of the document. In this regard, the following must be adhered to:

(1) (a) A listed issuer or a new applicant which is obliged to publish any announcement or notice under the GEM Listing Rules must submit through HKEx-EPS a ready-to-publish electronic copy of the document to the Exchange for publication on the Exchange's website.

(b) [Repealed 31 December 2023]

(c) All announcements or notices which are published in the newspapers by an issuer pursuant to the GEM Listing Rules must be clearly presented, use legible font size and paragraph spacing and state that it is available for viewing on the Exchange's website and the issuer's own website giving details as to where on these websites it is to be found (to the fullest extent known at the time of publication of the announcement or notice).

(d) Where a listed issuer requests a trading halt or suspension of trading in its securities and the trading halt or suspension has been effected, the listed issuer must immediately submit through HKEx-EPS to the Exchange for publication on the Exchange's website a ready-to-publish electronic copy of an announcement informing that trading in the securities of the listed issuer has been halted or suspended and setting out briefly the reason for the trading halt or suspension.

(2) (a) Other than where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the Exchange's website a ready-to-publish electronic copy of any corporate communication which is required by the GEM Listing Rules (including any listing document of a listed issuer or new applicant which is not to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance). The electronic copy must be received by the Exchange and published on the Exchange's website not later than the time when it is sent or otherwise made available to holders of the securities by the listed issuer or distributed to the public in the case of a new applicant.

(b) Where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the Exchange's website a ready-to-publish electronic copy of each of the prospectus and any application forms. The copies must be submitted to the Exchange at the same time as they are sent to shareholders by the listed issuer or, in the case of a new applicant, their distribution to the public commences. They must be submitted only after the issuer has received the letter from the Companies Registry confirming registration of the prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Notes:

1 Regard must be had to the operating hours of HKEx-EPS from time to time.

2 An issuer must ensure that any document submitted for publication has been duly authorised by the issuer and is the same as (where the document is required to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance) the version registered with the Companies Registry, or (where the document is required to be cleared by the Exchange prior to publication under the GEM Listing Rules) the version cleared by the Exchange.

16.18 (1) All electronic copies of documents submitted by an issuer through HKEx-EPS to the Exchange for publication on the Exchange's website must be virus-free with all words being text-searchable and the document printable. The layout and contents of each page on the electronic copy of the documents submitted to the Exchange for publication on the Exchange's website must be the same as the layout and contents of the corresponding page of the document as published by the issuer (whether in the newspapers, on its own website, as sent to shareholders or otherwise).

(2) When submitting a document through HKEx-EPS for publication on the Exchange's website, the issuer must select all such headlines as may be appropriate from the list of headlines set out in the "Headline Categories" published on the Exchange's website (which is also displayed in HKEx-EPS) and input into the designated free-text field in HKEx-EPS the same title as appears in the document. The GEM Listing Committee has delegated to the Executive Director – Listing Division the power to approve such amendments to the "Headline Categories" as he may consider necessary or desirable.

(3) (a) Announcement or notice must not be published on the Exchange's website:

– between 8:30 a.m. and 12:00 noon and between 12:30 p.m. and 4:30 p.m. on a business day; and

– between 8:30 a.m. and 12:30 p.m. on the eves of Christmas, New Year and the Lunar New Year when there is no afternoon session,

except for:

(i) [Repealed 10 March 2008];

(ii) announcements made solely under rule 16.17(1)(d);

(iii) announcements made solely under rule 17.12, rule 17.13 or rule 31.06;

(iv) announcements made in response to the Exchange's enquiries of the issuer under rule 17.11 or rule 31.05 if in the announcement the issuer only provides the negative confirmations required under rule 17.11(2) or rule 31.05(2), or refers to its previously published information; and

(v) announcements made in response to media news or reports under rule 17.10 or rule 31.04(2) if in the announcement the issuer only denies the accuracy of such news or reports and/or clarifies that only its previously published information should be relied upon.

(vi) [Repealed 27 June 2025]

Note: The Exchange may consider an application for a waiver from strict compliance with rule 16.18(3)(a) for issuers with, or seeking, a dual listing, subject to the conditions that:–

(a) the issuer discloses in the listing document a clear indication of the impact of the waiver on potential investors;

(b) the issuer shall inform the Exchange, in the first instance, in the event of any material change being made to the overseas regime on the disclosure of inside/ price sensitive information;

(c) there is a minimal overlap between Hong Kong market hours and that of the overseas exchange(s) on which the issuer's securities are also traded;

(d) the issuer notifies the Exchange of a pending announcement and the expected time of release (of both English and Chinese versions) at least ten minutes before the release; and

(e) the announcement shall be in relation to inside/ price sensitive information and the issuer is required, for reasons not within its control, under the overseas regime to publish such announcement within the period prohibited under rule 16.18(3)(a).

(b) Subject to rule 16.18(3)(c), where a document is required to be published in both the English and Chinese language, the issuer must submit the ready-to-publish electronic copy of both the English and Chinese versions of that document together to the Exchange for publication on the Exchange's website.

(c) In the case of the English and Chinese versions of a listing document or annual report submitted by an issuer to the Exchange for publication on the Exchange's website, the issuer must submit the ready-to-publish electronic copy of one version immediately after submission of the other version.

(4) Issuers must comply with such requirements as the Exchange may from time to time determine and promulgate with regard to format, timing, procedure or otherwise for publication and submission of documents to the Exchange.

Notes:

(1) The Exchange accepts no responsibility for any defects in the content or format of any document submitted for publication on the Exchange's website and accepts no responsibility for any delay or failure in publication. It is the sole responsibility of the issuer to ensure that all material submitted by it or on its behalf for publication on the Exchange's website is accurate.

(2) Where the GEM Listing Rules require submission of a document or information electronically, the Exchange consents to the receipt of such document or information in the form of an electronic record.

(3) By making a submission required under the GEM Listing Rules to the Exchange, the submitter (whether acting in its own capacity or on behalf of a person) would be deemed to have represented and warranted to the Exchange that the submission has been duly authorised and, if so required by the Rules, also duly and validly executed (whether by itself or by the person on behalf of which the submission is made). Where the submission is made by electronic means, the submitter would also be deemed to have represented and warranted to the Exchange that the submission is not prohibited from being made to the Exchange and/or the Commission by electronic means under all applicable laws and regulations of the place of incorporation, or the constitutional documents, of the person on behalf of which the submission is made.

16.19 (1) Every issuer must have its own website on which it must publish any announcement, notice or other document published under rule 16.17 on the Exchange's website. The publication should be at the same time as publication of the electronic copy of the document on the Exchange's website. A new applicant is not required to publish an Application Proof, OC Announcement or Post Hearing Information Pack on its own website. In any event:

(a) where the electronic copy of the document is published after 7:00 p.m. on the Exchange's website, publication on the issuer's own website must not be later than 8:30 a.m. on the business day next following such publication; and

(b) where the electronic copy of the document is published at any other time on the Exchange's website, publication on the issuer's own website must not be later than 1 hour after such publication.

Note: The issuer's website does not need to be hosted on a domain owned or maintained by the issuer. The issuer's website may be hosted on a third-party domain so long as the website is assigned a dedicated location on the Worldwide Web and the issuer's website may be managed by third-party on behalf of the issuer.

(2) The issuer must ensure that any document published on its website pursuant to the GEM Listing Rules remains available on its website on a continuous basis for at least 5 years from the date of first publication. The public must be able to access these documents on the website free of charge.

(3) [Repealed 1 January 2013]

Miscellaneous

16.20 All issuers shall retain hard copies of each announcement, notice or document issued by it pursuant to the GEM Listing Rules for a minimum period of 7 years from the date of such announcement.

16.21 Any announcement, notice or other document published on the Exchange's website will remain on the "Latest Listed Company Announcements" page for a minimum period of 7 days from the date of publication.

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

Preliminary

17.01 An issuer shall comply (and undertakes by its application for listing (Form A (published in Regulatory Forms)), once any of its securities have been admitted to listing, to comply) with the GEM Listing Rules in force from time to time.

17.02 The continuing obligations in this Chapter are primarily to ensure the maintenance of a fair and orderly securities market and that all market users have simultaneous access to the same information. Issuers must keep the holders of their securities (and the public) fully informed of material factors which might affect their interests and treat the holders of their securities in a proper manner.

17.03 An issuer's directors are collectively and individually responsible for ensuring the issuer's full compliance with the GEM Listing Rules.

17.04 The directors should seek advice and guidance from the issuer's Sponsor (as long as the issuer is obliged to retain, or otherwise retains, the services of a Sponsor) regarding the issuer's obligation to comply with, and the manner and extent of compliance with, the GEM Listing Rules. They should take such advice and guidance into account.

17.05 Any announcement an issuer is required to make under the GEM Listing Rules must be made according to the publication requirements in Chapter 16, unless otherwise stated.

Continuing disclosure obligations

Introduction

17.06 (1) The Exchange has a duty under section 21 of the Securities and Futures Ordinance to ensure, so far as reasonably practicable, an orderly, informed and fair market.

(2) The Inside Information Provisions impose statutory obligations on listed issuers and their directors to disclose inside information as soon as reasonably practicable after the information has come to the listed issuers' knowledge, and gives the Commission the responsibility for enforcing those obligations. The Commission has issued Guidelines on Disclosure of Inside Information. The Exchange will not give guidance on the interpretation or operation of the SFO or the Guidelines.

(3) Where the Exchange becomes aware of a possible breach of the Inside Information Provisions, it will refer it to the Commission. The Exchange will not itself take disciplinary action under the GEM Listing Rules unless the Commission considers it not appropriate to pursue the matter under the SFO and the Exchange considers action under the Rules for a possible breach of the Rules appropriate.

17.07 (1) This Chapter identifies circumstances in which an issuer must disclose information to the public. These are not alternatives to, and do not in any way detract from, the statutory disclosure obligation found in the Inside Information Provisions.

(2) The Exchange may require the issuer to make an announcement or halt trading in its listed securities where it considers it appropriate to preserve or ensure an orderly, informed and fair market.

(3) The Exchange, in discharge of its duty under section 21 of the SFO, will monitor the market, make enquiries when it considers them appropriate or necessary, and may halt trading in an issuer's securities in accordance with the GEM Listing Rules as required.

17.07A An issuer and its directors must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.

17.07B An issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

17.08 An issuer and its directors must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

17.09 To maintain high standards of disclosure, the Exchange may require an issuer to announce further information, and impose additional requirements on it, where the Exchange considers that circumstances so justify. However, the Exchange will allow the issuer to make representations before imposing any requirements on it which are not imposed on listed issuers generally. The issuer must comply with the additional requirements failing which the Exchange may itself publish the information available to it. Conversely, the Exchange may waive, modify or not require compliance with any specific obligations in this Chapter in a particular case, but may require the issuer to enter into an agreement or undertaking as a condition of any dispensation.

General obligation of disclosure

17.10 (1) Without prejudice to rule 17.11, where in the view of the Exchange there is or there is likely to be a false market in an issuer's securities, the issuer must, as soon as reasonably practicable after consultation with the Exchange, announce the information necessary to avoid a false market in its securities.

Notes: 1. This obligation exists whether or not the Exchange makes enquiries under rule 17.11.

2. If an issuer believes that there is likely to be a false market in its listed securities, it must contact the Exchange as soon as reasonably practicable.

(2) (a) Where an issuer is required to disclose inside information under the Inside Information Provisions, it must also simultaneously announce the information.

(b) An issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosure under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.

Response to enquiries

17.11 Where the Exchange makes enquiries concerning unusual movements in the price or trading volume of its listed securities, the possible development of a false market in its securities, or any other matters, the issuer must respond promptly as follows:

(1) provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which is available to it, so as to inform the market or to clarify the situation; or

(2) if, and only if, the directors of the issuer, having made such enquiry with respect to the issuer as may be reasonable in the circumstances, are not aware of any matter or development that is or may be relevant to the unusual trading movement of its listed securities, or information necessary to avoid a false market, or any inside information which needs to be disclosed under the Inside Information Provisions, and if requested by the Exchange, make an announcement containing a statement to that effect (*see note 1 below*).

Notes: 1 The form of the announcement referred to in rule 17.11(2) is as follows:—

"This announcement is made at the request of The Stock Exchange of Hong Kong Limited. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

We have noted [the recent increases/decreases in the price and/or trading volume of the [shares/warrants] of the Company] or [We refer to the subject matter of the Exchange's enquiry]. Having made such enquiry with respect to the Company as is reasonable in the circumstances, we confirm that we are not aware of [any reasons for these price [or volume] movements] or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

This announcement is made by the order of the Company. The Board of Directors collectively and individually accepts responsibility for the accuracy of this announcement."

2. An issuer does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.

3. The Exchange reserves the right to direct a trading halt of an issuer's securities if an announcement under rule 17.11(1) or 17.11(2) cannot be made promptly.

Trading halt or trading suspension

17.11A Without prejudice to the Exchange's ability to direct the halt, suspension and resumption of trading in an issuer's listed securities, an issuer must, as soon as reasonably practicable, apply for a trading halt or a trading suspension in any of the following circumstances where an announcement cannot be made promptly:

(1) it has information which must be disclosed under rule 17.10; or

(2) it reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or

(3) circumstances exist where it reasonably believes or it is reasonably likely that confidentiality may have been lost in respect of inside information which:

(a) is the subject of an application to the Commission for a waiver; or

(b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the SFO.

Note: An issuer does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.

Dual listing disclosure obligation

17.12 An issuer must announce any information released to any other stock exchange on which its securities are listed at the same time as the information is released to that other exchange.

Disclosure of information released by a listed subsidiary

17.13 Where a subsidiary of the issuer listed on another stock exchange or securities market releases information on that stock exchange or in that securities market, the issuer must ensure that such information is announced as soon as practicable thereafter, irrespective of any obligation on the issuer to announce under the GEM Listing Rules or otherwise.

Specific matters relevant to the issuer's business

Exposure to borrowers and other specific circumstances that may require disclosure

17.14 Rules 17.15 to 17.21 set out specific instances that give rise to a disclosure obligation on an issuer's part.

Notes: 1 Transactions and financing arrangements of the sort referred to in rules 17.15 to 17.21 may also be subject to Chapter 19 (Notifiable Transactions) and/or Chapter 20 (Connected Transactions).

2 For the purposes of rules 17.15 to 17.21, the following terms have the following meanings:—

"relevant advance to an entity" means the aggregate of amounts due from and all guarantees given on behalf of:—

(i) an entity;

(ii) the entity's controlling shareholder;

(iii) the entity's subsidiaries;

(iv) the entity's affiliated companies; and

(v) any other entity with the same controlling shareholder as the entity in question.

3 No disclosure is necessary under rules 17.15 to 17.21 where the indebtedness or financial assistance in question arises from a transaction which was approved by shareholders provided that information equivalent to rules 17.17 or 17.18, as applicable, was included in the circular to shareholders of the issuer.

4 [Repealed 1 January 2013]

Advances to an entity

17.15 Where the relevant advance to an entity from the issuer or any of its subsidiaries exceeds 8% under the assets ratio defined under rule 19.07(1), the issuer must announce the information in rule 17.17 immediately thereafter. For the avoidance of doubt, an advance to a subsidiary of the issuer, or between subsidiaries of the issuer, will not be regarded as a relevant advance to an entity.

17.16 Where the relevant advance to an entity increases from that previously disclosed (whether under rule 17.15, 17.16 or 17.22) and the amount of the increase since the previous disclosure is 3% or more under the assets ratio defined under rule 19.07(1), the issuer must announce the information in rule 17.17 immediately thereafter.

17.17 Under rule 17.15 or 17.16, an issuer must announce the following information:—

(1) details of the relevant advance to an entity including details of the balances;

(2) the nature of events or transactions giving rise to the amounts;

(3) the identity of the debtor group;

(4) interest rate; and

(5) repayment terms and collateral.

17.17A For the purpose of rules 17.15 and 17.16, any trade receivable is not regarded as a relevant advance to an entity if:

(1) it arose in the issuer's ordinary and usual course of business (other than as a result of the provision of financial assistance); and

(2) the transaction from which the trade receivable arose was on normal commercial terms.

Financial assistance and guarantees to affiliated companies of an issuer

17.18 Where the financial assistance extended by an issuer or any of its subsidiaries to affiliated companies of the issuer, and guarantees given by the issuer or any of its subsidiaries in respect of facilities granted to affiliated companies of an issuer, in aggregate exceeds 8% under the asset ratio defined under rule 19.07(1), the issuer must immediately thereafter announce the following information:

(1) an analysis of the amount of financial assistance given to, committed capital injection to, and guarantees given for facilities granted to, affiliated companies;

(2) terms of the financial assistance, including interest rate, method of repayment, maturity date, and the security therefor, if any;

(3) source of funding for the committed capital injection; and

(4) banking facilities utilised by affiliated companies which are guaranteed by the issuer or any of its subsidiaries.

Pledging of shares by the controlling shareholder

17.19 Where the issuer's controlling shareholder has pledged all or part of its interest in the issuer's shares to secure the issuer's debts or to secure guarantees or other support of its obligations, the issuer must immediately thereafter announce the following information:—

(1) the number and class of shares being pledged;

(2) the amounts of debts, guarantees or other support for which the pledge is made; and

(3) any other details that are considered necessary for an understanding of the arrangements.

Note: This disclosure obligation is separate from the disclosure obligation arising from the pledging or charging of securities by controlling shareholders in rule 17.43.

Loan agreements with covenants relating to specific performance by the controlling shareholder

17.20 Where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder (e.g. a requirement to maintain a specified minimum holding in the share capital of the issuer) and breach of such an obligation will cause a default in respect of loans that are significant to the issuer's operations, the issuer must immediately thereafter announce the following information:—

(1) the aggregate level of the facilities that may be affected by such breach;

(2) the life of the facility; and

(3) the specific performance obligation imposed on any controlling shareholder.

Breach of loan agreement by an issuer

17.21 If an issuer or any of its subsidiaries breaches the terms of a loan agreement, in respect of any loan that is significant to the group's operations, such that the lender may demand its immediate repayment and where the lender has not waived the breach, the issuer must announce such information.

Continuing disclosure requirements

17.22 Where the circumstances giving rise to a disclosure obligation under rule 17.15 continue to exist at the issuer's interim period end or annual financial year end, the information specified under rule 17.17, as at such period end or year end, shall be included in the interim or annual report as applicable.

17.23 Where an obligation arises under rules 17.19, 17.20, 17.21 or 17.43, the disclosures required by these rules should be included in subsequent interim and annual reports for so long as the circumstances giving rise to the obligation continue to exist.

Note: Please refer to rule 17.43 for further details on the continuing disclosure requirements in respect of securities pledged or charged by controlling shareholders.

17.24 Where the circumstances giving rise to a disclosure under rule 17.18 continue to exist at the issuer's interim period end or annual financial year end, its interim or annual report must include a combined balance sheet of affiliated companies as at the latest practicable date. The combined balance sheet of affiliated companies should include significant balance sheet classifications and state the issuer's effective economic interest in the affiliated companies. If it is not practicable to prepare the combined balance sheet of affiliated companies, the Exchange, on the issuer's application, may consider accepting, as an alternative, a statement of the indebtedness, contingent liabilities and capital commitments as at the end of the period reported on by affiliated companies.

Material changes following listing

17.25 Any proposed fundamental change in the principal business activities of an issuer or its group must be announced immediately after it has been the subject of any decision. Other than with the prior approval of the issuer's independent shareholders in general meeting under rule 19.89, an issuer may not, during the period of 12 months from the date on which dealings in its securities commenced on GEM, implement any such material change.

Note: See also rules 19.88 to 19.90.

Sufficient operations

17.26 (1) An issuer shall carry out, directly or indirectly, a business with a sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of the issuer's securities.

Note: Rule 17.26(1) is a qualitative test. The Exchange may consider an issuer to have failed to comply with the rule in situations where, for example, the Exchange considers that the issuer does not have a business that has substance and/or that is viable and sustainable.

The Exchange will make an assessment based on specific facts and circumstances of individual issuers. For example, when assessing whether a money lending business of a particular issuer is a business of substance, the Exchange may consider, among other factors, the business model, operating scale and history, source of funding, size and diversity of customer base and loan portfolio and internal control systems of the money lending business of that particular issuer, taking into account the norms and standards of the relevant industry.

Where the Exchange raises concerns with an issuer about its compliance with the rule, the onus is on the issuer to provide information to address the Exchange's concerns and demonstrate its compliance with the rule.

(2) Proprietary trading and/or investment in securities by an issuer and its subsidiaries are normally excluded when considering whether the issuer can meet rule 17.26(1).

Note: This rule would not normally apply to proprietary securities trading and/or investment activities carried out in the ordinary and usual course of business by a member of an issuer's group that is:

(a) a banking company (as defined in rule 20.86);

(b) an insurance company (as defined in rule 19.04); or

(c) a securities house (as defined in rule 19.04) that is mainly engaged in regulated activities under the SFO. It should be noted that proprietary securities trading and/or investment is not a regulated activity under the SFO and accordingly, this exemption is not available where proprietary securities trading and/or investment constitutes a significant part of the business of the securities house.

17.26A An issuer must, after trading in its listed securities has been suspended, publish quarterly announcements of its developments.

Material matters which impact on profit forecasts

17.26B (1) If, during the period of any forecast made by the issuer:–

(a) an event occurs which, had it been known when the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different; or

(b) profit or loss is generated by some activity outside the issuer's ordinary and usual course of business (which was not disclosed as anticipated in the document containing the profit forecast) and which materially contributes to or reduces, or is likely to materially contribute to or reduce, the profits for such period,

the issuer must promptly announce the event and relevant details. In the announcement, the issuer must also indicate the likely impact of that event or activity on the profit forecast already made.

(2) The issuer must announce the information under rule 17.26B(1) as soon as it becomes aware that it is likely that the contribution to or reduction in the profits made or to be made by the profit or loss generated or to be generated as aforesaid will be material.

Winding-up and liquidation

17.27 (1) An issuer shall inform the Exchange of and announce the happening of any of the following events, as soon as it comes to its attention:—

(a) the appointment of a receiver or manager either by any court having jurisdiction or under the terms of a debenture or any application to any court having jurisdiction for the appointment of a receiver or manager, or equivalent action in the country of incorporation or other establishment, in respect of the business or any part of the business of the issuer or the property of the issuer, its holding company or any subsidiary falling under rule 17.27(2);

(b) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator, or equivalent action in the country of incorporation or other establishment, against or in respect of the issuer, its holding company or any subsidiary falling under rule 17.27(2);

(c) the passing of any resolution by the issuer, its holding company or any subsidiary falling under rule 17.27(2) that it be wound up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;

(d) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets where the aggregate value of the total assets or the aggregate amount of profits or revenue attributable to such assets represents more than 5% under any of the percentage ratios as defined under rule 19.04(9); or

(e) the making of any final judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance which is not subject to any or further appeal, which may adversely affect the issuer's enjoyment of any portion of its assets where the aggregate value of the total assets or the aggregate amount of profits or revenue attributable to such assets represents more than 5% under any of the percentage ratios defined under rule 19.04(9).

(2) Rules 17.27(1)(a), (b) and (c) will apply to a subsidiary of the issuer if the value of that subsidiary's total assets, profits or revenue represents 5% or more under any of the percentage ratios defined under rule 19.04(9).

Note: 1 For the purposes of rule 17.27(2), 100% of that subsidiary's total assets, profits or revenue (as the case may be) or, where that subsidiary itself has subsidiaries, the consolidated total assets, profits or revenue (as the case may be) of that subsidiary is to be compared to the total assets, profits or revenue (as the case may be) shown in the issuer's latest published audited consolidated financial statements irrespective of the interest held in the subsidiary.

2 [Repealed 1 January 2013]

3 [Repealed 1 January 2013]

General matters relevant to the issuer's securities

Changes in issued shares – Next day disclosure return and monthly return

17.27A (1) In addition and without prejudice to specific requirements contained elsewhere in the GEM Listing Rules, an issuer must, whenever there is a change in its issued shares or treasury shares as a result of or in connection with any of the events referred to in rule 17.27A(2), submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website a return in such form and containing such information as the Exchange may from time to time prescribe by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the relevant event.

(2) The events referred to in rule 17.27A(1) are as follows:

(a) any of the following:

(i) placing;

(ii) consideration issue;

(iii) open offer;

(iv) rights issue;

(v) bonus issue;

(vi) scrip dividend;

(vii) sale of treasury shares on GEM or any other stock exchange on which the issuer is listed;

(viii) repurchase of shares or other securities;

(ix) issue of new shares or transfer of treasury shares in respect of share awards or options granted to a director of the issuer under a share scheme;

(x) exercise of an option (other than under a share option scheme) by a director of the issuer;

(xi) capital reorganisation; or

(xii) change in issued shares or treasury shares not falling within any of the categories referred to in rule 17.27A(2)(a)(i) to (xi) or rule 17.27A(2)(b); and

(b) subject to rule 17.27A(3), any of the following:

(i) issue of new shares or transfer of treasury shares in respect of share awards or options granted to a participant (who is not a director of the issuer) under a share scheme;

(ii) exercise of an option (other than under a share option scheme) not by a director of the issuer;

(iii) exercise of a warrant;

(iv) conversion of convertible securities;

(v) redemption of shares or other securities;

(vi) cancellation of repurchased or redeemed shares following settlement of any such repurchase or redemption; or

(vii) cancellation of treasury shares.

(3) The disclosure obligation for an event in rule 17.27A(2)(b) only arises where:

(a) the event, either individually or when aggregated with any other events described in that rule which have occurred since the listed issuer published its last monthly return under rule 17.27B or last return under this rule 17.27A (whichever is the later), results in a change of 5% or more of the listed issuer's issued shares (excluding treasury shares); or

(b) an event in rule 17.27A(2)(a) has occurred and the event in rule 17.27A(2)(b) has not yet been disclosed in either a monthly return published under rule 17.27B or a return published under this rule 17.27A.

(4) For the purposes of rule 17.27A(3), the percentage change in the listed issuer's issued shares (excluding treasury shares) is to be calculated by reference to the listed issuer's total number of issued shares (excluding treasury shares) as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under rule 17.27B or a return published under this rule 17.27A.

17.27B A listed issuer shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website a monthly return in relation to:

(1) movements in the listed issuer's equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, issued, sold or transferred and which may be issued, sold or transferred pursuant to options, warrants, convertible securities or any other agreements or arrangements; and

(2) information in relation to the listed issuer's public float as prescribed under rule 17.37D(1).

Note: The Exchange may require the issuer to submit a list of grantees and the movements of shares and/or options granted to each of them under Chapter 23 in the format it prescribed from time to time.

17.27C An issuer shall, in relation to each new issue of securities or sale or transfer of treasury shares reported in the next day disclosure return under rule 17.27A and the monthly return under rule 17.27B, confirm that (where applicable):

(1) the issue of securities, or sale or transfer of treasury shares has been duly authorised by its board of directors and carried out in compliance with all applicable listing rules, laws and other regulatory requirements;

(2) all money due to the listed issuer in respect of the issue of securities, or sale or transfer of treasury shares has been received by it;

(3) all pre-conditions for listing imposed by the Rules under "Qualification of listing" have been fulfilled;

(4) all (if any) conditions contained in the formal letter granting listing of and permission to deal in the securities have been fulfilled;

(5) all the securities of each class are in all respects identical;

Note: "Identical" means in this context:

(a) the securities are of the same nominal value with the same amount called up or paid up;

(b) they are entitled to dividend/interest at the same rate and for the same period, so that at the next ensuing distribution, the dividend/interest payable per unit will amount to exactly the same sum (gross and net); and

(c) they carry the same rights as to unrestricted transfer, attendance and voting at meetings and rank pari passu in all other respects.

(6) all documents required by the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be filed with the Registrar of Companies have been duly filed and that compliance has been made with all other legal requirements;

(7) all the definitive documents of title have been delivered/are ready to be delivered/are being prepared and will be delivered in accordance with the terms of issue, sale or transfer;

(8) completion has taken place of the purchase by the issuer of all property shown in the listing document to have been purchased or agreed to be purchased by it and the purchase consideration for all such property has been duly satisfied; and

(9) the trust deed/deed poll relating to the debenture, loan stock, notes or bonds has been completed and executed, and particulars thereof, if so required by law, have been filed with the Registrar of Companies.

Subsequent listing

17.28 An issuer shall, prior to their issue, apply for the listing of any further securities which are of the same class as securities already listed and shall not issue such securities unless approval for the listing of those securities has been granted by the Exchange.

No further issues of securities or sales or transfers of treasury shares within 6 months of listing

17.29 No further shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue, or sale or transfer out of treasury within 6 months from the date on which securities of the listed issuer first commence dealing on GEM (whether or not such issue of shares or securities, or sale or transfer of treasury shares will be completed within 6 months from the commencement of dealing), except for:

(1) the issue of shares (the listing of which has been approved by the Exchange), or transfer of treasury shares pursuant to a share scheme under Chapter 23;

(2) the exercise of conversion rights attaching to warrants issued as part of the initial public offering;

(3) any capitalisation issue, capital reduction or consolidation or sub-division of shares;

(4) the issue of shares or securities, or sale or transfer of treasury shares pursuant to an agreement entered into before the commencement of dealing, the material terms of which have been disclosed in the listing document issued in connection with the initial public offering; and

(5) any issue of shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed), or sale or transfer of treasury shares which satisfies the following requirements:

(a) the issue, sale or transfer is for the purpose of an acquisition of assets which would complement the listed issuer's business described in the listed issuer's initial listing document, and the acquisition does not constitute a major transaction, very substantial acquisition, reverse takeover or extreme transaction pursuant to rules 19.06(3), 19.06(5), 19.06B and 19.06C respectively;

(b) the issue, sale or transfer does not result in a controlling shareholder of the listed issuer ceasing to be a controlling shareholder after the issue, sale or transfer and, in any event, must not result in a change in control of the listed issuer within the meaning of the Takeovers Code;

(c) the issue, sale or transfer and any transaction related to it is made subject to the approval of shareholders with the following persons abstaining from voting: -

(i) any core connected person and its close associates; and

(ii) any shareholder who has a material interest in the issue, sale or transfer and/or the related transaction, other than an interest arising solely by virtue of a shareholding in the listed issuer; and

(d) the circular in respect of the issue, sale or transfer and the related transaction which is despatched to the shareholders of the listed issuer must comply with the requirements of a circular as specified in Chapter 19 and contain such information as is necessary for the independent shareholders to make an informed judgement on the issue, sale or transfer and related transaction.

Note: The circular must include:

(i) an opinion from an independent financial adviser acceptable to the Exchange stating whether, in the financial adviser's opinion, the terms of the proposed issue, sale or transfer and related transaction are fair and reasonable so far as the shareholders of the listed issuer (excluding any of the shareholders described in rule 17.29(5)(c)) are concerned;

(ii) a statement as to whether or not the listed issuer and its directors had any plan or intention to acquire the assets concerned before or at the time of the issue of the listed issuer's initial listing document;

(iii) the circumstances under which the opportunity to acquire the assets has arisen;

(iv) the number of shares or securities to be issued, sold or transferred and the dilution effect on shareholders;

(v) information on the assets to be acquired including their value;

(vi) an explanation as to how the issue or selling price for the shares or securities was fixed;

(vii) reasons for the acquisition and why it is important for the listed issuer to acquire the assets within six months of its listing;

(viii) the effect of the acquisition on the listed issuer's business and prospects and on the statement of business objectives set out in the listed issuer's initial listing document;

(ix) how the acquired assets would complement the listed issuer's business; and

(x) details of the persons who would receive the shares or securities and their connection, if any, with any core connected persons of the listed issuer.

(xi) [Repealed 1 October 2013]

Note: In exceptional circumstances, the Exchange may be prepared to waive the requirements of this rule, for example where the listed issuer raised, at the time of its initial public offering, less than the maximum amount stated in its listing document and so as to enable the listed issuer to raise the shortfall of such maximum amount.

Announcement of issues of securities

17.29A References in rules 17.30, 17.30A and 17.31 to an allotment, issue, offer, placing or subscription of securities or shares shall include a sale or transfer of treasury shares and references to allottees shall include purchasers or transferees of treasury shares. Rule 17.30 does not apply to a sale of treasury shares on GEM or any other stock exchange on which the issuer is listed.

17.30 Where the directors agree to issue any securities for cash in accordance with rule 17.39 or 17.41, an issuer shall publish an announcement as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day, containing the following information:

(1) the name of the issuer;

(2) the number, class and aggregate nominal value of the securities agreed to be issued;

Note: If the issue involves (i) securities convertible into shares of the issuer or (ii) options, warrants or similar rights to subscribe for shares or such convertible securities, the announcement should also contain:

(a) the conversion/subscription price and a summary of the provisions for adjustments of such price and/or number of shares to be issued and all other material terms of the convertible securities or warrants;

(b) the maximum number of shares that could be issued upon exercise of the conversion/subscription rights; and

(c) the issuer's intention, if any, to transfer treasury shares upon exercise of the conversion/subscription rights.

(3) the total funds to be raised and the proposed use of the proceeds;

(4) the issue price of each security and the basis for determining the same;

(5) the net price to the issuer of each security;

(6) the reasons for making the issue;

(7) the names of the allottees, if fewer than 6 in number and, in the case of 6 or more allottees details of such allottees in accordance with rule 10.12(4). The Exchange reserves the right to require submission of such further information (on an electronic spreadsheet or such other format as it may request) on the allottees as it may consider necessary for the purpose of establishing their independence, including without limitation details of beneficial ownership;

(8) the market price of the securities concerned on a named date, being the date on which the terms of the allotment were fixed;

(9) the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed issue of securities, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount;

(10) where applicable, the name(s) of the syndicate member(s), and the principal terms of the underwriting/placing arrangements;

(11) a statement whether the issue is subject to shareholders' approval;

(12) where the securities are issued under a general mandate granted to the directors by the shareholders in accordance with rule 17.41(2), details of the mandate;

(13) where the securities are issued by way of a rights issue or an open offer, the information set out in paragraph 18 of Appendix D1B;

(14) the conditions to which the issue is subject or a negative statement if applicable; and

(15) any other material information with regard to the issue (including any restrictions on the ability of the issuer to issue further securities or any restrictions on the ability of the allottees to dispose of shares issued to them or any restrictions on the ability of existing shareholders to dispose of their securities arising in connection with the allotment).

Notes: (1) This rule does not apply to a grant of options or awards or issue of securities under a share scheme which complies with Chapter 23. For these, the issuer must follow the announcement requirements under rules 23.06A, 23.06B and 23.06C.

(2) For any exercise of these options, the issuer must follow the disclosure obligations under rules 17.27A and 17.27B.

17.30A Where the securities are issued for cash under the authority of a general mandate granted to the directors by the shareholders in accordance with rule 17.41(2) and at a discount of 20% or more to the benchmarked price set out in rule 17.42B, an issuer shall publish an announcement as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day immediately following the day on which the relevant agreement involving the proposed issue of securities is signed. The announcement must disclose, among other things, the following information:

(1) where there are less than 10 allottees, the name of each allottee (or, if applicable, the name of its beneficial owners) and a confirmation of its independence from the issuer; and

(2) where there are 10 or more allottees, the name of each allottee (or, if applicable, the name of its beneficial owners) subscribing 5% or more of the securities issued and a generic description of all other allottees, and a confirmation of their independence from the issuer. When calculating the 5% limit, the number of securities subscribed by each allottee, its holding company and any of their subsidiaries must be aggregated.

Results of offers and rights issues

17.31 An issuer shall announce, in accordance with the provisions of rules 16.13 to 16.15, the results and other details of any offer for subscription, offer for sale, rights issue or open offer.

Note: An issuer shall announce any extension of time granted for the currency of temporary documents of title.

Changes of rights attaching to securities

17.32 An issuer shall inform the Exchange and make an announcement concerning any changes in the rights attaching to any class of securities issued or to be issued by the issuer, including any changes in the terms of conversion or exercise of any of its convertible securities.

Issue of new warrants to existing warrantholders and/or altering the terms of existing warrants

17.33 Without prejudice to the generality of rule 17.32, where an issuer proposes to issue new warrants to existing warrantholders and/or alter the terms of existing warrants, the issuer must comply with the provisions of rules 21.06 and 21.07.

Altering the terms of convertible equity securities

17.34 Without prejudice to the generality of rule 17.32, where an issuer proposes to alter the terms of existing convertible equity securities, the issuer must comply with the provisions of rule 22.03.

Purchase of securities

17.35 An issuer shall submit to the Exchange for publication through HKEx-EPS a completed return in such form and containing such information as the Exchange may from time to time prescribe, as soon as practicable after any purchase, sale, drawing or redemption by the issuer, or any member of the group, of its listed securities (whether on the Exchange or otherwise) and the Exchange may disseminate such information to such persons and in such manner as the Exchange thinks fit.

Notes: 1 Particulars of purchases by the issuer of its own securities (whether on the Exchange or otherwise) must be submitted for publication to the Exchange through HKEx-EPS by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following dealing. The information given should include the number of securities purchased and the purchase price per security or the highest and lowest prices paid, where relevant. In this regard, reference is made to the provisions of rule 13.13.

2 Issuers may only purchase their own securities on the Exchange in accordance with the provisions of Chapter 13 of the GEM Listing Rules (amended in the case of a PRC issuer by the provisions of Chapter 25).

17.36 [Repealed 1 January 2026]

17.37 [Repealed 1 January 2026]

Public float

Definitions and determination of percentage and market value of public float

17.37A For the purpose of rules 17.37B to 17.37G, save where the context otherwise requires:

(1) the following terms shall have the following meanings:

"Alternative Threshold"	has the meaning given to it in rule 17.37B(2)
"Initial Prescribed Threshold"	has the meaning given to it in rule 17.37B(1)
"Significant Public Float Shortfall"	has the meaning given to it in rule 17.37F
"trading day"	in the case of an issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the issuer's shares was halted or suspended

(2) the percentage of an issuer's public float is the portion of the class of shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in that class of shares (excluding treasury shares); and

(3) the market value of an issuer's public float is calculated by multiplying (a) the number of the shares held by the public as of the date of determination by (b) the volume weighted average price of the class of shares listed on the Exchange over the 125 trading days immediately prior to the date of determination.

Note: The volume weighted average price of the relevant class of shares referred to in this sub-paragraph (3) is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days immediately prior to the date of determination, as adjusted for any applicable corporate actions.

Minimum prescribed public float

17.37B There must be an open market in the shares listed on the Exchange. This will normally mean that a portion of the class of shares listed on the Exchange and held by the public must, at all times:

(1) represent at least 25% of the issuer's total number of issued shares in that class of shares (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 11.23(7) (the "Initial Prescribed Threshold"); or

(2) alternatively:

(a) have a market value of at least HK$1,000,000,000; and

(b) represent at least 10% of the issuer's total number of issued shares in that class of shares (excluding treasury shares),

(the "Alternative Threshold").

Note: Where an issuer was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 11.23(7) (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.

17.37C If an issuer changes its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 17.37B, the issuer must, as soon as practicable, publish an announcement containing the reasons for the change and a statement setting out the market value and percentage of its public float as at the latest practicable date.

Notes: 1. The Alternative Threshold is not available to an issuer if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange.

2. In the case of an issuer intending to change its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 17.37B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed shares have been suspended from trading for more than five consecutive business days, the Exchange may require the issuer to extend the reference period for the purpose of rule 17.37A(3) to demonstrate that the market value of its shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such an issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.

3. In the case of an issuer changing its reliance on the Alternative Threshold to the Initial Prescribed Threshold for compliance with rule 17.37B, the issuer must, as soon as practicable, publish an announcement containing the reasons for the change and the percentage of its public float as at the latest practicable date.

Disclosure in monthly returns and annual reports

17.37D (1) An issuer must include, in each monthly return made under rule 17.27B:

(a) a statement confirming compliance with rule 17.37B, or an appropriate negative statement;

(b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 17.37B, the minimum percentage threshold applicable to the issuer; and

(c) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 17.37B, a statement setting out the market value and percentage of its public float,

as at the end of the month to which the monthly return relates.

(2) An issuer must include, in its annual report:

(a) a statement confirming compliance with rule 17.37B, or an appropriate negative statement;

(b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 17.37B, the minimum percentage threshold applicable to the issuer; and

(c) a statement setting out:

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 17.37B, the market value of its public float; and

(iii) the composition of (1) the ownership of the relevant class of shares listed on the Exchange and (2) the issuer's share capital,

as at the end of the financial year to which the annual report relates.

(3) An issuer that has relied on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 17.37B at any time within a financial year must, in addition to the requirement referred to in sub-paragraph (2) of this rule, also include in its annual report for that financial year:

(a) in respect of each month in which the issuer relied on the Alternative Threshold as at the end of that month, the market value and percentage of its public float as at the end of that month; and

(b) a commentary on all material changes to its public float levels during that financial year.

(4) The statements referred to in sub-paragraphs (1) to (3) of this rule should be based on information that is publicly available to the issuer or otherwise within the knowledge of its directors as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.

Public float shortfall

17.37E (1) Upon becoming aware of its non-compliance with rule 17.37B, an issuer must:

(a) take active steps to re-comply with rule 17.37B at the earliest possible moment; and

(b) publish an announcement within one business day to inform the public of the non-compliance and the relevant information, including:

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 17.37B, the market value of its public float;

(iii) the reason(s) for the non-compliance;

(iv) its plan and expected timeline to restore its public float;

(v) the composition of ownership of the relevant class of shares listed on the Exchange; and

(vi) any such other information as the Exchange may from time to time prescribe.

Notes: 1. An issuer may announce details in relation to its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the issuer becoming aware of its non-compliance with rule 17.37B.

2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).

(2) For so long as an issuer remains non-compliant with rule 17.37B, the issuer must:

(a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 17.27B, to provide an update on:

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 17.37B, the market value of its public float;

(iii) the status of its public float restoration plan, including action(s) taken during the relevant period to restore its public float; and

(iv) the expected timing for restoration; and

(b) not take any action that may further lower the percentage of its public float, unless the issuer can demonstrate that there are exceptional circumstances.

Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the issuer to the procedures set out in rule 17.37G and to exercise its powers under rule 9.04(2)) if, in the opinion of the Exchange, the issuer fails to re-comply with rule 17.37B within a reasonable period.

(3) For so long as an issuer remains non-compliant with rule 17.37B, each director must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the issuer's public float, unless the director can demonstrate that there are exceptional circumstances.

Significant Public Float Shortfall

17.37F An issuer that fails to comply with rule 17.37B will be regarded as having a "Significant Public Float Shortfall" unless a portion of its class of shares listed on the Exchange and held by the public:

(1) represents at least 15% of the issuer's total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or

(2) has a market value of at least HK$500,000,000 and represents at least 5% of the issuer's total number of issued shares in that class of shares (excluding treasury shares).

Note: If the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:

"An issuer that fails to comply with rule 17.37B will be regarded as having a "Significant Public Float Shortfall" unless a portion of its class of shares listed on the Exchange and held by the public represents at least 15% of the issuer's total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold."

17.37G (1) In addition to the obligation under rule 17.37E, an issuer must publish an announcement to inform the public of the occurrence of a Significant Public Float Shortfall within one business day after becoming aware of such shortfall.

(2) From the day on which an issuer first has a Significant Public Float Shortfall up to and until the issuer has re-complied with rule 17.37B, any listing document, circular, announcement or notice issued by the issuer pursuant to the Exchange Listing Rules must contain, on its front cover or inside front cover or as a heading, a prominent and legible warning statement in the following form:

"[*The issuer*] is regarded as having a Significant Public Float Shortfall under Rule 17.37F. Accordingly, shareholders and potential investors of [*the issuer*] are advised to exercise caution when dealing in the shares of [*the issuer*] because:

(a) [*the issuer*] has failed to maintain the minimum public float required under Rule 17.37B, resulting in a shortfall that constitutes a Significant Public Float Shortfall as defined under Rule 17.37F; and

(b) the Exchange will cancel the listing of the shares of [*the issuer*] if [*the issuer*] fails to re-comply with Rule 17.37B within the prescribed period under Rule 17.37G(3) (i.e. by [*date*])."

(3) The Exchange will cancel the listing of an issuer's shares if the issuer has a Significant Public Float Shortfall and fails to re-comply with rule 17.37B for a continuous period of 12 months beginning from the commencement of the Significant Public Float Shortfall.

Notes: 1. The Exchange will add a designated marker to the stock name of the listed shares of an issuer with a Significant Public Float Shortfall.

2. The designated marker referred to in note 1 to this rule will be removed if the issuer can demonstrate to the Exchange, and publish an announcement to inform the public, that it has re-complied with rule 17.37B.

Other listings

17.38 An issuer shall inform the Exchange immediately and publish an announcement, at such time as any of its securities (or the securities of any of its subsidiaries) become listed or dealt in on any other stock exchange or securities market other than GEM, stating which stock exchange or securities market and of any consequences to the holders of securities listed on GEM.

17.38A [Repealed 1 January 2026]

General offers

17.38B (1) Notwithstanding the requirement of rule 17.37B, where an issuer is the subject of a general offer and fails to comply with rule 17.37B at the close of the general offer, the Exchange may consider granting a temporary waiver to the issuer for a reasonable period after the close of the general offer to re-comply with rule 17.37B, provided that the public float shortfall is not a Significant Public Float Shortfall (as defined in rule 17.37F).

(2) Notwithstanding the granting of a temporary waiver pursuant to rule 17.38B(1), rule 17.37E will continue to apply until the issuer re-complies with rule 17.37B.

(3) An issuer that has been granted the temporary waiver pursuant to rule 17.38B(1) must ensure compliance with rule 17.37B prior to the expiration of the waiver.

Concentration of shareholdings

17.38C Where the Exchange has reason to believe that the securities of an issuer listed on the Exchange may be concentrated in the hands of a few shareholders to the detriment or without the knowledge of the investing public, the issuer must promptly upon request by the Exchange:

(1) publish an announcement to inform the public that its shareholding may have been concentrated in the hands of a few shareholders; and remind the public to exercise caution when dealing in its securities; and

(2) conduct an investigation under section 329 of the Securities and Futures Ordinance and publish an announcement containing the findings of the investigation.

Pre-emptive rights

17.39 Except in the circumstances mentioned in rule 17.41, the directors of an issuer shall obtain the consent of shareholders in general meeting prior to allotting, issuing or granting:—

(1) shares;

(2) securities convertible into shares; or

(3) options, warrants or similar rights to subscribe for any shares or such convertible securities.

Note: Importance is attached to the principle that a shareholder should be able to protect his proportion of the total equity by having the opportunity to subscribe for any new issue of equity securities. Accordingly, unless shareholders otherwise permit, all issues of equity securities by the issuer must be offered to the existing shareholders (and, where appropriate, to holders of other equity securities of the issuer entitled to be offered them) pro rata to their existing holdings, and only to the extent that the securities offered are not taken up by such persons may they be allotted or issued to other persons or otherwise than pro rata to their existing holdings. This principle may be waived by the shareholders themselves on a general basis, but only within the limits of rules 17.41 and 17.42.

17.39A References in rules 17.39 to 17.42E to an allotment, issue, grant, offer, placing, subscription or disposal of securities or shares shall include a sale or transfer of treasury shares listed on GEM and references to allottees shall include purchasers or transferees of such treasury shares.

17.40 Notwithstanding rule 17.41(2), the directors of the issuer shall obtain the consent of the shareholders in general meeting prior to allotting any voting shares if such allotment would effectively alter the control of the issuer.

17.41 No such consent as is referred to in rule 17.39 shall be required:

(1) for the allotment, issue or grant of such securities pursuant to an offer made to the shareholders of the issuer which excludes for that purpose (i) any holder of treasury shares; and/or (ii) any shareholder that is resident in a place outside Hong Kong provided the directors of the issuer consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place and, where appropriate, to holders of other equity securities of the issuer entitled to be offered them, pro rata (apart from fractional entitlements) to their existing holdings but subject to rule 10.29; or

Notes: 1 The issuer must make enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange and may only exclude such overseas shareholders on the basis that, having made such enquiry, it would be necessary or expedient to do so.

2 If any shareholders that are resident outside Hong Kong are excluded from an offer of securities pursuant to rule 17.41(1), the issuer shall include an explanation for the exclusion in the relevant circular or document containing the offer of securities. Issuers shall ensure that the circular or offer document is delivered to such shareholders for their information subject to compliance with the relevant local laws, regulations and requirements.

3 The exemption for the shareholders' approval requirement under rule 17.41(1) does not apply to the allotment, issue or grant of securities under an open offer.

(2) if, but only to the extent that, the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to allot or issue such securities or to grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of, whether during the continuance of such mandate or thereafter, subject to a restriction that the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of (i) 20% of the number of issued shares (excluding treasury shares) of the issuer as at the date of the resolution granting the general mandate (or in the case of a scheme of arrangement involving an introduction in the circumstances set out in rule 10.18(3), 20% of the number of issued shares (excluding treasury shares) of the issuer following implementation of the scheme) and (ii) the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the number of issued shares (excluding treasury shares) of the issuer as at the date of the resolution granting the repurchase mandate), provided that the existing shareholders of the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate; or

(3) issue of shares under a share scheme that complies with Chapter 23.

Notes: 1. Other than where independent shareholders' approval has been obtained, an issue of securities to a connected person pursuant to a general mandate given under rule 17.41(2) is only permitted in the circumstances set out in rules 20.90 and 20.90B.

2. If the issuer conducts a share consolidation or subdivision after the issue mandate has been approved in general meeting, the maximum number of securities that may be issued under the mandate as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

17.42 A general mandate given under rule 17.41(2) shall only continue in force until:—

(1) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or

(2) revoked or varied by ordinary resolution of the shareholders in general meeting, whichever occurs first.

17.42A Where an issuer has obtained a general mandate from its shareholders pursuant to rule 17.41(2), any refreshments of the general mandate before the next annual general meeting shall be subject to the following provisions:

(1) any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour;

(2) the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the general meeting:

(a) any parties who were controlling shareholders of the issuer at the time the decision to seek a refreshment of the mandate was made or approved by the board, and their associates; or

(b) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision to seek a refreshment of the mandate was made or approved by the board, and their respective associates;

(3) the issuer must comply with requirements set out in rules 17.47(6) and 17.47(7) and rules 17.47A, 17.47B and 17.47C;

(4) the relevant circular to shareholders must contain information relating to the issuer's history of refreshments of mandate since the last annual general meeting, the amount of proceeds raised from the utilisation of such mandate, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount. The circular must also contain information required under rule 2.28; and

(5) where the issuer offers or issues securities to its shareholders pro rata to their existing holdings (including where overseas shareholders are excluded for legal or regulatory reasons), it will not be necessary for the issuer to comply with rules 17.42A(1), (2) or (3) in order for it to refresh its general mandate immediately thereafter such that the amount in percentage terms of the unused part of the general mandate upon refreshment is the same as the unused part of the general mandate immediately before the issue of securities. In such cases, it need only obtain approval from its shareholders and comply with rule 17.42A(4).

17.42B In the case of a placing or open offer of securities for cash consideration, an issuer may not issue any securities pursuant to a general mandate given under rule 17.41(2) if the relevant price represents a discount of 20% or more to the benchmarked price of the securities, such benchmarked price being the higher of:

(1) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate; and

(2) the average closing price in the 5 trading days immediately prior to the earlier of:

(a) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate;

(b) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate; and

(c) the date on which the placing or subscription or selling price is fixed,

unless the issuer can demonstrate that it is in a serious financial position and that the only way it can be saved is by an urgent rescue operation which involves the issue of securities at a price representing a discount of 20% or more to the benchmarked price of the securities or that there are other exceptional circumstances. The issuer shall provide the Exchange with detailed information on the allottees to be issued with securities under the general mandate.

17.42BB In the case of a sale of treasury shares on GEM or any other stock exchange on which the issuer is listed, the reference to the benchmarked price in rule 17.42B shall be the higher of (a) the closing price on the trading day immediately prior to the sale; and (b) the average closing price in the 5 trading days immediately prior to the sale.

17.42C The issuer may not issue securities convertible into new shares of the issuer for cash consideration pursuant to a general mandate given under rule 17.41(2), unless the initial conversion price is not lower than the benchmarked price (as defined in rule 17.42B) of the shares at the time of the placing.

17.42D The issuer may not issue warrants, options or similar rights to subscribe for (a) any new shares of the issuer or (b) any securities convertible into new shares of the issuer, for cash consideration pursuant to a general mandate given under rule 17.41(2).

17.42E Where an issuer proposes to issue convertible securities or warrants, options or similar rights to subscribe for shares under rule 17.39, the circular to shareholders shall disclose the issuer's intention, if any, to use treasury shares to satisfy its obligation upon conversion or exercise of any of such convertible securities, warrants, options or similar rights.

Information on the pledging of securities in the issuer

17.43 An issuer shall publish an announcement on being informed of, or on otherwise becoming aware of, any matter referred to in rule 13.19 concerning the pledging or charging of any interests in the securities of the issuer by any controlling shareholder. In these circumstances, the information to be announced is as follows:—

(1) the number and class of securities being pledged or charged;

(2) the purpose for which the pledge or charge is made;

(3) any other relevant details; and

(4) in the event that the pledgee or chargee has disposed of or intends to dispose of any securities, details of the same, including the number of securities affected or to be affected.

Note: 1 Pursuant to rule 17.23, where any obligation arises under rule 17.43, the requisite disclosure made pursuant to this rule should also be included in subsequent interim and annual reports of the issuer for so long as the circumstances giving rise to the obligation continue to exist, provided that such disclosure shall not be required after the expiry of the periods referred to in rule 13.16A.

2 The disclosure obligations set out in this rule are separate from the disclosure obligations arising from the pledging or charging of securities by the controlling shareholder of the issuer to secure debts of the issuer or to secure guarantees or other obligations of the issuer, which are dealt with in rules 17.19 and 17.23.

Meetings

Notices of general meetings

17.44 An issuer shall ensure that notice of every general meeting is announced (see also rule 17.46).

Proxy forms

17.45 An issuer shall send with the notice convening a meeting of holders of listed securities to all persons entitled to vote at the meeting proxy forms, with provision for two-way voting on all resolutions intended to be proposed thereat.

Notes: 1 The object of the requirement relating to proxy forms is to ensure that holders have adequate opportunity to express their views on all resolutions intended to be proposed such as the adoption of the annual accounts and re-election of directors.

2 *The proxy form must state that if it is returned without an indication as to how the proxy shall vote on any particular matter the proxy will exercise his discretion as to whether he votes and if so how. The proxy form must state that a shareholder is entitled to appoint a proxy of his own choice and must provide a space for the name of such proxy.*

3 *Pursuant to rule 16.04(3), the proxy form must be submitted for publication on the Exchange's website in accordance with rules 16.17 and 16.18.*

Notices to members

17.46 (1) An issuer shall send notices to all holders of its listed securities whether or not their registered address is in Hong Kong.

(2) In addition to any direction of the court, an issuer shall ensure that notice of every meeting of its shareholders or its creditors concerning the issuer (e.g. for winding up petitions, schemes of arrangement or capital reduction) is published in accordance with Chapter 16. The issuer shall despatch a circular to its shareholders at the same time as (or before) the issuer gives notice of the general meeting to approve the transaction referred to in the circular. The issuer shall provide its shareholders with any material information on the subject matter to be considered at a general meeting that comes to the directors' attention after the circular is issued. The issuer must provide the information either in a supplementary circular or by way of an announcement not less than 10 business days before the date of the relevant general meeting to consider the subject matter. The meeting must be adjourned before considering the relevant resolution to ensure compliance with this 10 business day requirement by the chairman or, if that is not permitted by the issuer's constitutional documents, by resolution to that effect (see also rule 17.47B).

Note: The issuer must assess the scale of revisions or updating required and materiality of the new information, revisions or updating required that has come to its attention since publication of the circular when deciding whether to issue a revised or supplementary circular or publish an announcement. Where the revisions or updating required are significant, the issuer must consider carefully whether it would be better to publish a revised or supplementary circular rather than provide particulars of the changes in an announcement. The issuer should not overwhelm or confuse investors with lengthy announcements describing changes to information contained in the original circular.

17.46A An issuer shall also disclose the details required under rule 17.50(2) of any directors proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting (including, but not limited to, an annual general meeting).

Nomination of directors

17.46B An issuer must give its shareholders the opportunity to lodge a notice with it proposing a person for election as a director at a general meeting. An issuer shall publish an announcement or issue a supplementary circular upon receipt of any such notice from a shareholder where such notice is received by the issuer after publication of the notice of meeting. The issuer shall include particulars of the proposed director in the announcement or supplementary circular. The issuer must give shareholders at least seven days to consider the relevant information disclosed in such an announcement or supplementary circular prior to the date of the meeting of the election.

Note: The issuer must assess whether or not it is necessary to adjourn the meeting of the election to give shareholders a longer period of at least 10 business days to consider the relevant information disclosed in the announcement or supplementary circular.

Meetings of holders of securities

17.47 (1) An issuer proposing to solicit proxies or votes in connection with any meeting of holders of its securities may only use for such purpose previously published information which remains accurate and is not misleading at the time it is quoted.

(2) Shareholders must not be put under pressure to vote or abstain from voting at any general meeting and, where their votes are solicited, must be encouraged to consult their professional advisers.

(3) [Repealed 1 January 2009]

(4) Any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The issuer must announce the results of the poll in the manner prescribed under rule 17.47(5).

Note: Procedural and administrative matters are those that:

(1) are not on the agenda of the general meeting or in any supplementary circular to members; and

(2) which relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all shareholders a reasonable opportunity to express their views.

(5) The issuer must announce the results of the poll as soon as possible, but in any event at least 30 minutes before the earlier of either the commencement of the morning trading session or any pre-opening session on the business day after the meeting.

The poll results announcement must include the number of:

(a) shares entitling the holder to attend and vote on a resolution at the meeting;

(b) shares entitling the holder to attend and abstain from voting in favour as set out in rule 17.47A;

(c) shares of holders that are required under the GEM Listing Rules to abstain from voting;

(d) shares actually voted for a resolution; and

(e) shares actually voted against a resolution.

The issuer must appoint its auditors, share registrar or external accountants who are qualified to serve as its auditors as scrutineer for the vote-taking and state the identity of the scrutineer in the announcement. The issuer must state in the announcement whether or not any parties that have stated their intention in the circular to vote against the relevant resolution or to abstain have done so at the general meeting.

(5A) The issuer must state in the poll results announcement directors' attendance at the general meeting.

(6) In relation to any transactions that are subject to independent shareholders' approval pursuant to the GEM Listing Rules, any issue of shares or securities convertible into equity securities of an issuer pursuant to rule 17.29(5) or spin-off proposals that are subject to approval of the shareholders of the issuer pursuant to paragraph 3(e) of Practice Note 3:

(a) the issuer shall establish an independent board committee (which shall consist only of independent non-executive directors) to advise shareholders as to whether the terms of the relevant transaction or arrangement are fair and reasonable and whether such a transaction or arrangement is in the interests of the issuer and its shareholders as a whole and to advise shareholders on how to vote, taking into account the recommendations of the independent financial adviser appointed under rule 17.47(6)(b);

(b) the issuer shall appoint an independent financial adviser acceptable to the Exchange to make recommendations to the independent board committee and the shareholders as to whether the terms of the relevant transaction or arrangement are fair and reasonable and whether such a transaction or arrangement is in the interests of the issuer and its shareholders as a whole and to advise shareholders on how to vote; and

(c) the independent board committee shall not consist of any independent non-executive directors who have a material interest in the relevant transaction or arrangement. The independent board committee may consist of only one independent non-executive director if all other independent non-executive directors have a material interest in the relevant transaction or arrangement. If all the independent non-executive directors have a material interest in the relevant transaction or arrangement, no independent board committee can be formed. In that event, the independent financial adviser shall make its recommendation to the shareholders only in the manner prescribed under rule 17.47(7)(b).

(7) In relation to any transactions that are subject to independent shareholders' approval pursuant to the GEM Listing Rules, any issue of shares or securities convertible into equity securities of an issuer pursuant to rule 17.29(5) or spin-off proposals that are subject to approval of the shareholders of the issuer pursuant to paragraph 3(e) of Practice Note 3, the circular to shareholders must contain at least:

(a) if applicable, a separate letter from the independent board committee advising shareholders as to whether the terms of the relevant transaction or arrangement are fair and reasonable and whether such a transaction or arrangement is in the interests of the issuer and its shareholders as a whole and advising shareholders on how to vote, taking into account the recommendations of the independent financial adviser; and

(b) a separate letter from the independent financial adviser containing its recommendation to the independent board committee and shareholders (or, if applicable, to the shareholders only) as to whether the terms of the relevant transaction or arrangement are fair and reasonable and whether such a transaction or arrangement is in the interests of the issuer and its shareholders as a whole and advising shareholders on how to vote. Such letter must set out the reasons for and the key assumptions made and factors taken into consideration in forming that opinion.

(8) For any connected transactions, the requirements relating to the opinion and recommendation of the independent board committee and the independent financial adviser are set out in Chapter 20.

Note: "Independent shareholders" under paragraphs (6) and (7) of this rule 17.47 means any shareholders other than controlling shareholders of the issuer and their associates or, where there are no controlling shareholders, any shareholders other than directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates.

17.47A Parties that are required to abstain from voting in favour at the general meeting pursuant to rules 9.20(1), 9.21, 10.29(1), 10.29A, 10.39(1), 10.39A, 17.42A(1), 17.42A(2), 19.89(2), 19.90(1), 23.03C(1), 23.04 may vote against the resolution at the general meeting of an issuer provided that their intention to do so has been stated in the relevant listing document or circular to shareholders. Any such party may change his mind as to whether to abstain or vote against the resolution, in which case the issuer must, if it becomes aware of the change before the date of the general meeting, immediately despatch a circular to its shareholders or publish an announcement notifying its shareholders of the change and, if known, the reason for such change. Where the circular is despatched or the announcement is published less than 10 business days before the date originally scheduled for the general meeting, the meeting must be adjourned before considering the relevant resolution to a date that is at least 10 business days from the date of despatch or publication by the chairman or, if that is not permitted by the issuer's constitutional documents, by resolution to that effect.

17.47B Where under rules 17.46(2) or 17.47A, a meeting is required to be adjourned by resolution, all shareholders are permitted to vote on that resolution. Any shareholders who would have been required to abstain from voting on any resolution that was to be proposed shall vote in favour of the resolution to adjourn the meeting.

17.47C An issuer must have an appropriate procedure in place to record that any parties that must abstain or have stated their intention to vote against the relevant resolution in the listing document, circular or announcement have done so at the general meeting.

Board meetings

17.48 An issuer shall publish an announcement at least 7 clear business days in advance of the date fixed for any board meeting at which the declaration, recommendation or payment of a dividend is expected to be decided or at which any announcement of the profits or losses for any year, half-year or other period is to be approved for publication.

Voting of directors at board meeting

17.48A A director of an issuer shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting subject to the following exceptions:

(1) the giving of any security or indemnity either:—

(a) to the director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries; or

(b) to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(3) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:—

(a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his close associate(s) may benefit; or

(b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the director, his close associate(s) and employee(s) of the issuer or any of its subsidiaries and does not provide in respect of any director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(4) any contract or arrangement in which the director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.

Note: The references to "close associate" shall be changed to "associate" where the transaction or arrangement is a connected transaction under Chapter 20.

Board decisions

17.49 An issuer shall announce immediately after (and for the purpose of providing details of) the approval by or on behalf of the board of:—

(1) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities, including the rate and amount of the dividend or distribution and the expected payment date;

(2) any decision not to declare, recommend or pay any dividend which would otherwise have been expected to have been declared, recommended or paid in due course;

(3) any preliminary announcement of profits or losses for any year, or any interim report or results announcements for any or other period; and

Notes: 1. The timing of board meetings is a matter for the convenience and judgement of individual boards, but an issuer should announce decisions on dividends and results as soon as practicable after they have been taken. The directors are reminded that it is their direct responsibility to ensure that such information is kept strictly confidential until it is announced. In the case of a preliminary announcement of results, issuers' attention is drawn to the provisions in Chapter 18 regarding disclosure of interim and annual results announcements.

2. *Note 1 is also applicable to a preliminary announcement of results for a full year. As soon as possible after draft accounts have been agreed with the auditors, those accounts, adjusted to reflect any dividend decision, should be approved as the basis of a preliminary announcement of results for the full year.*

3. *If there is any change to the expected payment date previously disclosed under rule 17.49(1) or this note, the issuer should announce this fact and the new expected payment date as soon as practicable.*

(4) any proposed change in the capital structure of the issuer, including any redemption of its listed securities.

Note: Once a decision has been made to submit any such proposal to the board, no dealings in any of the relevant securities should be effected by or on behalf of the issuer or any of its subsidiaries until the proposal has been announced or abandoned.

Suspension on Failure to Publish Timely Financial Information

17.49A Without prejudice to the generality of rules 18.03, 18.49, 18.53 and 18.78, the Exchange will normally require suspension of trading in an issuer's securities if an issuer fails to publish periodic financial information in accordance with the Rules. The suspension will normally remain in force until the issuer publishes an announcement containing the requisite financial information.

17.49B The Exchange will normally require suspension of trading in an issuer's securities if it publishes a preliminary results announcement for a financial year as required under rule 18.49 and the auditor has issued, or has indicated that it will issue, a disclaimer of opinion or an adverse opinion on the issuer's financial statements. The suspension will normally remain in force until the issuer has addressed the issues giving rise to the disclaimer or adverse opinion, provided comfort that a disclaimer or adverse opinion in respect of such issues would no longer be required, and disclosed sufficient information to enable investors to make an informed assessment of its financial positions.

Notes: (1) The Exchange will not normally suspend trading in an issuer's securities under this rule where the issuer publishes a preliminary results announcement for a financial year and the auditor has issued, or has indicated that it will issue, a disclaimer of opinion or an adverse opinion on the issuer's financial statements relating to the going concern issue only (and not any other issues). The preliminary results announcement must contain details of the audit modification, the facts and circumstances giving rise to the modification (including the different views of the issuer and its auditor), and the actions taken and/or to be taken by the issuer to address the modification.

(2) If the issuer has addressed all the issues giving rise to the disclaimer of opinion or adverse opinion before the publication of the preliminary results announcement and disclosed sufficient information to enable investors to make an informed assessment of its financial position, suspension of trading may not be required under this rule.

17.49C As a transitional arrangement for issuers whose securities have been suspended from trading under rule 17.49B, the 12 month period referred to in rule 9.14A(1) is extended to 24 months if the suspension during the 12 month period is only due to a disclaimer or adverse opinion on the issuer's financial statements for the financial years commencing between 1 September 2019 and 31 August 2021, both dates inclusive.

Changes

17.50 An issuer must publish an announcement as soon as practicable in regard to:—

(1) any proposed alteration to the issuer's memorandum or articles of association or equivalent documents.

The circular for any such amendments proposed by the issuer must contain an explanation of the effect of the proposed amendments and the full terms of the proposed amendments. At the same time as the circular is despatched to shareholders of the issuer, the issuer should obtain a letter from its legal advisers confirming that the proposed amendments conform with the requirements of the GEM Listing Rules, where applicable, and the laws of the place where it is incorporated or otherwise established;

Note: Changes to the relevant parts of the articles of association or equivalent documents must conform with the GEM Listing Rules (including the requirements of Appendix A1 to the GEM Listing Rules) and its laws of incorporation or establishment and that there should be nothing unusual about the proposed amendments for a company listed in Hong Kong.

(2) any changes in its directorate (and, in the case of a PRC issuer, its supervisory committee), and shall procure that new directors or members of its governing body and, in the case of a PRC issuer, supervisors shall submit to the Exchange as soon as practicable after the appointment the contact information and personal particulars required under rule 5.13A(1) or 25.04A (in such form and manner prescribed by the Exchange from time to time).

Where a new director, supervisor or chief executive is appointed or the resignation, re-designation, retirement or removal of a director, a supervisor or chief executive takes effect, the issuer must announce the change as soon as practicable and include the following details of any newly appointed or re-designated director, supervisor or chief executive in the announcement:-

(a) the full name (including any former name(s) and alias(es)) and age, which should be the same as that stated in the personal particulars submitted to the Exchange under rule 5.13A(1) or 25.04A;

(b) positions held with the issuer and other members of the issuer's group;

(c) experience including (i) other directorships held in the last 3 years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;

(d) length or proposed length of service with the issuer;

(e) relationships with any directors, senior management, substantial shareholders, or controlling shareholders of the issuer;

(f) his interests in shares of the issuer within the meaning of Part XV of the Securities and Futures Ordinance;

(g) amount of the director's or chief executive's emoluments (and, in the case of a PRC issuer, the supervisor's emoluments) and the basis of determining the director's or chief executive's emoluments (and, in the case of a PRC issuer, the supervisor's emoluments) (including any bonus payments, whether fixed or discretionary in nature, irrespective of whether a director, supervisor or chief executive has or does not have a service contract) and how much of these emoluments are covered by a service contract;

(h) full particulars of any public sanctions made against him by statutory or regulatory authorities;

(i) where he has at any time been adjudged bankrupt or insolvent, the Court by which he was adjudged bankrupt or insolvent and, if discharged, the date and conditions on which he was granted his discharge;

(j) where he has at any time been a party to a deed of arrangement or entered into any other form of arrangement or composition with his creditors, full particulars of the deed of arrangement or the arrangement or composition with his creditors;

(k) full particulars of any unsatisfied judgments or court orders of continuing effect against him;

(l) where any enterprise, company or unincorporated business enterprise has been dissolved or put into liquidation (otherwise than by a members' voluntary winding up when the company, in the case of a Hong Kong company, was solvent) or bankruptcy or been the object of an analogous proceeding, or entered into any form of arrangement or composition with creditors, or had a receiver, trustee or similar officer appointed over it (i) during the period when he was one of its directors or, in the case of an enterprise, a company or an unincorporated business enterprise established in the PRC, during the period when he was one of its directors, supervisors or managers, or (ii) within 12 months after his ceasing to act as one of its directors, supervisors or managers, as the case may be, full particulars, including the name of the enterprise, company or unincorporated business enterprise, its place of incorporation or establishment, the nature of its business, the nature of the proceeding involved, the date of commencement of the proceeding and the amounts involved together with an indication of the outcome or current position of the proceeding;

(m) subject to the provisions of the Rehabilitation of Offenders Ordinance or comparable legislation of other jurisdictions, full particulars of any conviction for any offence (including details of each such offence, the court by which he was convicted, the date of conviction and the penalty imposed):

  (i) involving fraud, dishonesty or corruption;

  (ii) under the Securities and Futures Ordinance, the Companies Ordinance, Part II of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (insofar as that Part relates, whether directly or indirectly, to the performance of functions by the Commission in relation to prospectuses and purchase by a company of its own shares) and Part XII of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (insofar as that Part relates, whether directly or indirectly, to the performance of functions by the Commission in relation to prospectuses), the Commodity Exchanges (Prohibition) Ordinance, the repealed Protection of Investors Ordinance, the repealed Securities Ordinance, the repealed Securities (Disclosure of Interests) Ordinance, the repealed Securities and Futures Commission Ordinance, the repealed Commodities Trading Ordinance, the repealed Stock Exchanges Unification Ordinance, the repealed Securities and Futures (Clearing Houses) Ordinance, the repealed Exchanges and Clearing Houses (Merger) Ordinance, the repealed Securities (Insider Dealing) Ordinance, the Bankruptcy Ordinance, the Banking Ordinance, the repealed Leveraged Foreign Exchange Trading Ordinance or any Ordinance relating to taxation, or any comparable legislation of other jurisdictions; or

(iii) in respect of which he has, within the past 10 years, been sentenced as an adult to a period of imprisonment of six months or more, including suspended or commuted sentences;

(n) full particulars where:

(i) he has been identified as an insider dealer under Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance at any time;

(ii) any enterprise, company or unincorporated business enterprise with which he was or is connected (as defined in Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance) or any enterprise, company or unincorporated business enterprise for which he acts or has acted as an officer, supervisor or manager has been identified as an insider dealer under Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance at any time during the period when he was connected and/or acted as an officer, supervisor or manager;

(iii) he has been found guilty of or been involved in insider dealing, or been held by any Court or competent authority to have breached any securities or financial markets laws, rules or regulations including any rules and regulations of any securities regulatory authority, stock exchange or futures exchange at any time;

(iv) any enterprise, company or unincorporated business enterprise in which he was or is a controlling shareholder (as defined in the GEM Listing Rules) or was or is a supervisor, manager, director or officer or has been found guilty of or been involved in insider dealing, or been held by any Court or competent authority to have breached any securities or financial markets laws, rules or regulations including any rules and regulations of any securities regulatory authority, stock exchange or futures exchange at any time during the period when he was a controlling shareholder, supervisor, manager, director or officer; or

(v) he has been found by the Market Misconduct Tribunal, any Court or competent authority to have breached an obligation under the Inside Information Provisions, or where any issuer of which he was or is a controlling shareholder (as defined in the GEM Listing Rules) or was or is a supervisor, manager, director, chief executive or officer has been found by the Market Misconduct Tribunal, any Court or competent authority to have breached an obligation under the Inside Information Provisions at any time during the period when he was a controlling shareholder, supervisor, manager, director, chief executive or officer;

(o) where he has been adjudged by a Court or arbitral body civilly liable for any fraud, breach of duty or other misconduct by him involving dishonesty, full particulars of the judgment;

(p) where any enterprise, company, partnership or unincorporated business enterprise of which he was or is a partner, director, supervisor or manager has had its business registration or licence revoked at any time during the period when he was one of its partners, directors, supervisors or managers, full particulars of such revocation, including the date upon which such registration or licence was revoked, the reasons for the revocation, the outcome and current position;

(q) where he has at any time been disqualified from holding, or deemed unfit to hold, the position of director, supervisor or manager of an enterprise, a company or an unincorporated business enterprise, or from being involved in the management or conduct of the affairs of any enterprise, company or unincorporated business enterprise, pursuant to any applicable law, rule or regulation or by any competent authority, full particulars of such disqualification or ruling;

(r) except where such disclosure is prohibited by law, full particulars of any investigation by any judicial, regulatory or governmental authority to which he is subject, including the investigating body, the nature of the investigation and the matters under investigation;

(s) where he has at any time been refused admission to membership of any professional body or been censured or disciplined by any such body to which he belongs or belonged or been disqualified from membership in any such body or has at any time held a practising certificate or any other form of professional certificate or licence subject to special conditions, full particulars of such refusal, censure, disciplinary action, disqualification or special conditions;

(t) where he is now or has at any time been a member of a triad or other illegal society, full particulars;

(u) except where such disclosure is prohibited by law, where he is currently subject to (i) any investigation, hearing or proceeding brought or instituted by any securities regulatory authority, including the Hong Kong Takeovers Panel or any other securities regulatory commission or panel, or (ii) any judicial proceeding in which violation of any securities law, rule or regulation is or was alleged, full particulars of such investigation, hearing or proceeding;

(v) except where such disclosure is prohibited by law, where he is a defendant in any current criminal proceeding involving an offence which may be material to an evaluation of his character or integrity to be a director or supervisor of the issuer, full particulars of such proceeding;

(w) any other matters that need to be brought to the attention of holders of securities of the issuer; and

(x) where there is no information to be disclosed pursuant to any of the requirements of this rule 17.50(2), an appropriate negative statement to that effect.

The relevant director, supervisor or chief executive shall ensure that the announcement contains all information about his biographical details as set out in rule 17.50(2) and that those details are true, accurate and complete.

Where a new independent non-executive director is appointed, the issuer must include in the announcement a statement confirming that the new independent non-executive director has confirmed his independence as regards the factors in rule 5.09 and, where applicable, any matters required to be disclosed under rule 5.10.

The issuer must also disclose in the announcement of resignation or removal of a director, supervisor or chief executive the reasons given by or to the director, supervisor or chief executive for the resignation or removal (including, but not limited to, any information relating to his disagreement with the board and a statement whether or not there are any matters that need to be brought to the attention of holders of securities of the issuer).

The issuer must publish an announcement on any important change in the holding of an executive office, including changes to any important functions or executive responsibilities of a director.

(3) any change in its share registrar (see rule 11.08) (including any change in overseas branch share registrar), secretary (see rule 5.14) or member of the audit committee (see rule 5.28);

(4) any change in its auditors or financial year end, the reason(s) for the change and any other matters that need to be brought to the attention of holders of securities of the issuer (including, but not limited to, information set out in the outgoing auditors' confirmation in relation to the change in auditors);

Note: The issuer must state in the announcement whether the outgoing auditors have provided a confirmation that there are no matters that need to be brought to the attention of holders of securities of the issuer. If no such confirmation has been provided, the announcement must state the reason for this.

(5) any change in its registered address or registered office or (as applicable) its registered place of business in Hong Kong or agent for the service of process in Hong Kong; and

(6) any revision of interim reports, annual reports or summary financial reports, the reason leading to the revision of published financial reports, and the financial impacts, if any.

Provision of information in respect of and by directors, supervisors and chief executives

17.50A (1) Where, following implementation of this rule, there is a change in any of the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of rule 17.50(2) during the course of the director's, supervisor's or chief executive's term of office, the issuer must ensure that the change and the updated information regarding the director, supervisor or chief executive is set out in the next published annual or interim report of the listed issuer (whichever is the earlier).

(2) Where, following implementation of this rule, there is a change in any of the information required to be disclosed pursuant to paragraphs (h) to (v) of rule 17.50(2) during the course of a director's, supervisor's or chief executive's term of office, the issuer must publish an announcement in accordance with Chapter 16 as soon as practicable setting out the updated information regarding the director, supervisor or chief executive and any other information concerning that change that needs to be brought to the attention of holders of the issuer's securities.

(3) Without prejudice to the issuer's obligation to disclose financial information and biographical details of its directors, supervisors and chief executive(s) under Chapter 18, the disclosures required to be made by an issuer pursuant to paragraphs (1) and (2) are subject to the following exceptions and modifications:

(a) for rule 17.50(2)(a), an issuer need not disclose the age of the director, supervisor or chief executive in its interim reports;

(b) for rule 17.50(2)(d), an issuer need not disclose the length of service of a director, supervisor or chief executive;

(c) for rule 17.50(2)(h), an issuer need not disclose any sanction imposed on it by the Exchange; and

(d) for rule 17.50(2)(k), an issuer need not disclose the particulars of any unsatisfied judgments or court orders of continuing effect until the relevant judgment or court order becomes final.

17.50B Directors, supervisors and chief executive(s) of an issuer must procure and/or assist the issuer to comply with rule 17.50(2) and rule 17.50A including, but not limited to, by immediately informing the issuer of the information referred to in paragraphs (a) to (x) of rule 17.50(2) and any change in the information referred to in paragraphs (a) to (w) of rule 17.50(2) which information concerns the director, supervisor or chief executive. In procuring and/or assisting the issuer in the publication of the information (whether in an announcement in accordance with Chapter 16, or in an annual or interim report, as the case may be), the directors, supervisors and chief executive(s) concerned must accept responsibility for the accuracy of the information.

17.50C The issuer must publish the procedures for shareholders to propose a person for election as a director on its website.

Appointments outstanding

17.51 [Repealed 1 July 2025]

(1) [Repealed 1 January 2024]

(2) [Repealed 1 July 2025]

(3) [Repealed 1 July 2025]

Amendments to company information sheet

17.52 An issuer shall submit to the Exchange (in the electronic format specified by the Exchange from time to time) for publication on the Exchange's website a revised company information sheet, in the prescribed form set out in Form G (published in Regulatory Forms) as soon as reasonably practicable after any particulars on the form previously published cease to be accurate.

Inclusion of stock code in documents

17.52A An issuer shall set out its stock code in a prominent position on the cover page or, where there is no cover page, the first page of all announcements, circulars and other documents published by it pursuant to these GEM Listing Rules.

Note: For an issuer's annual report and interim report, the Exchange would consider rule 17.52A to be satisfied if the issuer's stock code is displayed prominently in the corporate or shareholder information section of the report.

Announcements, circulars and other documents

Review of documents

17.53 Subject to rule 17.53A, where an issuer is obliged to publish any announcements, circulars or other documents for the purposes of the GEM Listing Rules, the documents need not be submitted to the Exchange for review before they are issued unless the documents fall within rule 17.53(1) or (2).

(1) The issuer shall submit to the Exchange drafts of the following documents for review before they are issued:

(a) listing document (including prospectus);

(b) circular relating to cancellation or withdrawal of listing of listed securities;

(c) circular relating to transaction or matter required under Chapter 19 of the GEM Listing Rules;

(d) circular relating to connected transaction (including continuing connected transaction) required under Chapter 20 of the GEM Listing Rules;

(e) circular to the issuer's shareholders seeking their approval of:

(i) any transaction or arrangement under rule 17.39, 17.40 or 17.47(7);

(ii) any matter relating to share scheme required under Chapter 23 of the GEM Listing Rules; or

(iii) any warrant proposal under rule 21.07(3); or

(f) circulars or offer documents issued by the issuer in connection with takeovers, mergers or offers.

The issuer shall not issue such documents until the Exchange has confirmed that it has no further comments thereon.

A document should be resubmitted to the Exchange for further comment prior to issue if any material change is made to the document after the Exchange has issued the "no further comment" confirmation (other than changes made to address the comments attached to the "no further comment" confirmation). If there is any doubt as to whether or not a change is material the Exchange must be consulted as soon as possible.

(2) The following transitional provisions apply to announcements set out in this rule and shall cease to have effect on such date as the Exchange may determine and promulgate.

An issuer shall submit to the Exchange drafts of the following announcements for review before they are issued:

(a) announcement for any very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover under rules 19.34 and 19.35;

(b) announcement for any transaction or arrangement under rules 19.88 to 19.90; or

(c) announcement for any matter relating to a cash company under rules 19.82 and 19.83.

The issuer shall not issue such announcements until the Exchange has confirmed that it has no further comments thereon.

Notes: 1 Draft documents should be submitted in sufficient time for review and, if necessary, re-submission prior to dissemination or final printing.

2 [Repealed 5 July 2021]

3 In the case of documents issued in connection with takeovers, mergers or offers covered by the Takeovers Code, the Exchange will pass its comments on the documents directly to the issuer and will at the same time provide a copy of such comments to the Commission.

4 The Exchange reserves the right to require an issuer to issue a further announcement or document and/or take other remedial action if the original document does not comply with the requirements of the GEM Listing Rules.

5 Where an announcement or advertisement of a new or further issue of securities, or a sale or transfer of treasury shares contains a profit forecast, the provisions of paragraph 29(2) of Appendix D1B will apply.

17.53A In addition to the specified requirements set out in rule 17.53, the Exchange has the right to request to review any announcements, circulars or other documents prior to publication in individual cases. In any such case, the Exchange will communicate to the issuer its direction to review the document prior to publication and the reasons for its decision. The issuer shall accordingly submit to the Exchange draft documents for review and shall not issue the document until the Exchange has confirmed that it has no further comments thereon.

17.53B An issuer proposing to publish an announcement, circular or other document pursuant to the GEM Listing Rules shall observe the following provisions:

(1) Where the subject matter of the document may involve a change in or relate to or affect arrangements regarding trading in the issuer's listed securities (including a suspension or resumption of dealings, and a cancellation or withdrawal of listing), the issuer must consult the Exchange before the document is issued. The document must not include any reference to a specific date or specific timetable in respect of such matter which has not been agreed in advance with the Exchange.

(2) If the issuer wishes to:

(a) ascertain whether or to what extent any provisions in the GEM Listing Rules apply to the document, or the transaction or matter to which it relates; or

(b) request a modification or dispensation with any requirements of the GEM Listing Rules in respect of the document, or the transaction or matter to which it relates,

relevant details, including the reasons and circumstances that give rise to the issues concerned, must be submitted to the Exchange in sufficient time for its determination.

17.53C The Exchange shall be authorised by the issuer to file "applications" (as defined in section 2 of the Statutory Rules) and those corporate disclosure materials within the meaning of sections 7(1) and (2) of the Statutory Rules received by the Exchange with the Commission pursuant to sections 5(2) and 7(3) of the Statutory Rules respectively and issuers shall be deemed to have agreed to the above by filing such applications and such corporate disclosure materials with the Exchange. The authorisation aforementioned shall not be altered or revoked in any way unless prior written approval has been obtained from the Exchange and the Exchange shall have the absolute discretion to grant such approval. In addition, the issuer undertakes to execute such documents in favour of the Exchange perfecting the above authorisation as the Exchange may require. Applications and relevant corporate disclosure materials shall be filed with the Exchange in such manner as the Exchange may from time to time prescribe.

17.54 (1) Any listing document, circular or announcement issued by an issuer pursuant to the GEM Listing Rules is required to contain the statement of responsibility and confirmation set out in rule 2.18.

(2) Any listing document, circular, announcement or notice issued by an issuer pursuant to the GEM Listing Rules must contain on its front cover or inside front cover, or as a heading, a prominent and legible disclaimer statement in the form set out in rule 2.19.

(3) Any listing document or circular and every annual report and accounts and interim report issued by an issuer pursuant to the GEM Listing Rules (excluding any Explanatory Statement issued pursuant to rule 13.08) must contain at a prominent position in the document, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.

(4) Any listing document issued by an issuer must contain a statement to the effect that dealings in securities of the issuer may be settled through CCASS and that investors should seek the advice of their stock broker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

17.55 [Repealed 1 March 2019]

Information Gathering

17.55A An issuer must provide to the Exchange or the Commission as soon as possible, or otherwise in accordance with time limits imposed by the Exchange or the Commission:

(1) any information that the Exchange or the Commission reasonably considers appropriate to protect investors or ensure the smooth operation of the market; and

(2) any other information or explanation that the Exchange or the Commission may reasonably require for the purpose of investigating a suspected breach of or verifying compliance with the GEM Listing Rules or the Securities and Futures Ordinance.

17.55B In responding to enquiries or investigations by the Exchange or the Commission, a party subject to the enquiries or investigations must provide to the Exchange or the Commission information or explanation which is accurate, complete and up-to-date.

Presentation of information

17.56 Without prejudice to any specific requirements of the GEM Listing Rules as to content or responsibility for the document in question, any announcement, or corporation communication required pursuant to the GEM Listing Rules must be prepared having regard to the following general principles:—

(1) the information contained in the document must be clearly presented and in the plain language format specified or recommended by the Exchange and/or the Commission from time to time; and

(2) the information contained in the document must be accurate and complete in all material respects and not be misleading or deceptive. In complying with this requirement, the issuer must not, among other things:—

(a) omit material facts of an unfavourable nature or fail to accord them with appropriate significance;

(b) present favourable possibilities as certain or as more probable than is likely to be the case;

(c) present projections without sufficient qualification or explanation; or

(d) present risk factors in a misleading way.

17.56A Any listing document, circular or announcement issued by an issuer pursuant to the GEM Listing Rules must disclose the name of each director as at the date of the relevant listing document, circular or announcement.

Forwarding of documents, circulars, etc.

17.57 An issuer must, upon request by the Exchange, provide a copy of all resolutions of the issuer including resolutions concerning any of the matters in rules 17.39 to 17.41, except resolutions concerning any other routine business at an annual general meeting, within 15 days after they are passed.

Circulars to holders of securities

17.58 In the event of a circular being issued to the holders of any of the issuer's securities, the issuer shall issue a copy or summary of such circular to the holders of all its other securities unless the contents of such circular are of no material concern to such other holders.

17.59 All circulars sent to holders of the issuer's securities must be in the English language and be accompanied by a Chinese translation or be in the Chinese language and be accompanied by an English translation. In respect of overseas members, it shall be sufficient for the issuer to provide an English language version of the circular if it contains a prominent statement in both English and Chinese to the effect that a Chinese language version of the circular is available from the issuer, on request.

17.59A [Repealed 1 January 2009]

Corporate communications to non registered holders of securities

17.60 An issuer shall:—

(1) as soon as practicable following a request to HKSCC, and at the expense of the issuer, send to any non registered holder (by means permitted by the GEM Listing Rules) any corporate communications; and

(2) forward to each participant regardless of whether the participant is a member of the issuer, the corporate communications of the issuer that relate to the relevant Eligible Security, at the same time as they are despatched to the holders of those securities. Whenever practicable, an issuer should provide a participant with such reasonable number of additional copies of these documents as the participant requests in advance and undertakes to forward to its bona fide clients who have beneficial interests in those Eligible Security.

Notes: 1 For the purpose of this rule, the following terms have the following meanings:—

"non registered holder"	*such a person or company whose listed securities are held in CCASS, directly or through a participant, and who has notified the issuer from time to time, through HKSCC, that such person or company wishes to receive corporate communications; and*
"participant"	*a person or company admitted for the time being by HKSCC as a participant.*

2 HKSCC will provide listed issuers with up to date lists of participants.

Increases in authorised capital

17.61 Where an increase in authorised capital is proposed, the directors must state in the explanatory circular or other document accompanying the notice of meeting whether they have any present intention of issuing any part of that capital.

Trading and Settlement

Standard transfer form

17.62 In relation to the transfer of equity securities, an issuer must adopt the standard form of transfer as prescribed by the Exchange from time to time.

Certification of transfers

17.63 An issuer shall:—

(1) certify transfers against certificates or temporary documents and return them by the seventh day after the date of receipt; and

(2) split and return renounceable documents by the third business day after the date of receipt.

Note: Documents of title lodged for registration of probate should be returned with minimum delay, and, if possible, on the next business day following receipt.

Registration services

17.64 An issuer (or its registrar) must provide a standard securities registration service in accordance with rule 17.68. An issuer (or its registrar) may, but shall not be obliged to, provide an optional securities registration service in accordance with rule 17.69 and/or an expedited securities registration service in accordance with rule 17.70. An issuer (or its registrar) must also provide a bulk securities registration service in accordance with rule 17.71 and a certificate replacement service in accordance with rule 17.72. Subject to rule 17.65 below, the issuer shall ensure that where the issuer (or its registrar) charges a fee for registering transfers or cancelling, splitting, consolidating or issuing definitive certificates relating to the issuer's listed securities, such fee must not exceed, in total, the applicable amounts prescribed in rules 17.68 to 17.72.

17.65 An issuer shall ensure that where it (or its registrar) charges a fee for registering other documents relating to or affecting the title to the issuer's listed securities (e.g. probate, letters of administration, certificates of death or marriage, powers of attorney or other instruments or memorandum and articles of association in respect of a new corporate holder) or for marking or noting documents, such fee must not exceed HK$5 per item per register.

Note: "Per item" shall be defined to mean each of such other documents submitted for registration.

17.66 It is the responsibility of an issuer whose registrar is in breach of any of rules 17.63 to 17.74 to report such breach to the Exchange as soon as it becomes aware of the breach and the Exchange reserves the right to communicate such information to the Commission.

17.67 Save as provided in rules 17.64 to 17.66 or rules 17.68 to 17.74, the issuer shall not and shall use all reasonable endeavour to ensure that neither its registrar nor other agents will charge holders or transferees any other fees for any dealings with them in connection with the transfer or transmission of its listed securities.

Issue of certificates, registration and other fees

17.68 (1) Standard securities registration service: An issuer shall (or shall procure that its registrar shall) issue definitive certificates arising out of a registration of transfer or the cancelling, splitting, consolidating or issuing (otherwise than pursuant to rule 17.72) of certificates within:—

(a) 10 business days of the date of expiration of any right of renunciation; or

(b) 10 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(2) The fee for registration pursuant to the standard securities registration service shall not exceed, in total, the higher of the following:—

(a) HK$2.50 multiplied by the number of certificates issued; or

(b) HK$2.50 multiplied by the number of certificates cancelled.

17.69 (1) Optional securities registration service: An issuer (or its registrar) may, but shall not be obliged to, provide an optional securities registration service under which definitive certificates are required to be issued within:—

(a) 6 business days of the date of expiration of any right of renunciation; or

(b) 6 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(2) The fee for registration pursuant to the optional securities registration service shall not exceed, in total, the higher of the following:—

(a) HK$3.00 multiplied by the number of certificates issued; or

(b) HK$3.00 multiplied by the number of certificates cancelled.

(3) If the issuer (or its registrar) fails to effect any registration within the period of 6 business days specified in rule 17.69(1), the fee for such registration shall be that determined in accordance with rule 17.68(2).

17.70 (1) Expedited securities registration service: An issuer (or its registrar) may, but shall not be obliged to, provide an expedited securities registration service under which definitive certificates are required to be issued within:—

(a) 3 business days of the date of expiration of any right of renunciation; or

(b) 3 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(2) The fee for registration pursuant to the expedited securities registration service shall not exceed, in total, the higher of the following:

(a) HK$20.00 multiplied by the number of certificates issued; or

(b) HK$20.00 multiplied by the number of certificates cancelled.

(3) If the issuer (or its registrar) fails to effect any registration within the period of 3 business days specified in rule 17.70(1), the registration shall be performed free of charge.

17.71 (1) Bulk securities registration service: An issuer shall (or shall procure that its registrar shall) provide a bulk securities registration service, for transfers of listed securities representing 2,000 or more board lots of the issuer's listed securities where the securities are being transferred from the name of a single holder into the name of another or the same single holder. Certificates shall be issued pursuant to the bulk securities registration service within 6 business days of the receipt of properly executed transfers or other relevant documents or the relevant certificates.

(2) The fee for registration pursuant to the bulk securities registration service shall not exceed, in total, the higher of the following:—

(a) HK$2.00 multiplied by the number of certificates issued; or

(b) HK$2.00 multiplied by the number of certificates cancelled.

17.72 Certificate replacement service: An issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:

(1) representing securities with a market value of HK$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or

(2) either:

(a) representing securities with a market value of more than HK$200,000 (at the time the request for replacement is made); or

(b) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed HK$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.

17.73 For the purposes of rules 17.68 to 17.72,

(1) the expression "business day" shall exclude Saturdays, Sundays and public holidays in Hong Kong; and

(2) in computing any period of business days, such period shall be inclusive of the business day on which the relevant transfers, certificates or other documents were received (or, if such documents were not received on a business day, the business day next following their receipt) and of the business day on which the relevant certificates were delivered or otherwise made available.

17.74 References in rules 17.64 to 17.72 to the issuer's registrar providing a service, or to the issuer procuring that its registrar shall provide a service, shall not relieve the issuer of any obligations in respect of any acts or omissions of its registrar.

Registration arrangements

17.75 In connection with rules 17.63 to 17.74 if the issuer does not maintain its own registration department, appropriate arrangements must be made with the registrars to ensure compliance with the provisions of such rules.

Trading limits

17.76 Where the market price of the securities of the issuer approaches the extremities of HK$0.01 or HK$9,995.00, the Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

17.76A The issuer must not undertake a subdivision or bonus issue of shares if its share price adjusted for the subdivision or bonus issue is less than HK$1 based on the lowest daily closing price of the shares during the six-month period before the announcement of the subdivision or bonus issue.

Change in board lot size

17.77 In the event of any amendment to the capital structure (such as a consolidation of shares) or any amendment to the board lot size, the Exchange reserves the right to request that adequate arrangements are made to enable resulting odd lot holders either to dispose of their odd lots or to round them up to a board lot. It may be appropriate for the issuer to appoint a broker as its agent to match the sales and purchases of odd lots or for the major shareholder itself or by its agent to stand in the market to buy or sell odd lot securities. The particular circumstances of an issuer may dictate the method by which odd lot holders are to be accommodated and issuers are urged to consult the Exchange at the earliest opportunity to agree on the appropriate trading method.

Closure of books and record date

17.78 (1) (a) An issuer must set a record date for determining the identity of securities holders eligible for attending and voting at the general meeting or receiving entitlements.

(b) An issuer must announce (a) the record date and (b) any closure of its transfer books or register of members in respect of securities listed in Hong Kong. For a rights issue, such announcement must be made at least six business days before the record date (when there is no book closure) or book closure date, or in all other cases, 10 business days before the record date (when there is no book closure) or book closure in other cases. Where there is an alteration of the record date or book-close dates, a further notice shall be given at least five business days before (i) the announced record date (where there is no book closure)/book closure or (ii) the new record date (where there is no book closure)/book closure, whichever is earlier, unless exceptional circumstances render the giving of such notice impossible, in which case, a further notice (by way of an announcement) should be given as soon as practicable, save that no further notice need be given in the circumstances referred to in rules 17.79 to 17.80.

(2) An issuer must ensure that the last day for trading in the securities with entitlements falls at least one business day after the general meeting, if the entitlements require the approval of shareholders in the general meeting or are contingent on a transaction that is subject to the approval of shareholders in the general meeting.

Notes:

1. *For a rights issue, the issuer must provide at least two trading days for trading in the securities with entitlements (i.e. before the ex-dates, as referred to in rules 17.79 and 17.80) after publication of the record date (when there is no book closure) or book closure. If trading on the Exchange is interrupted, the record date (when there is no book closure) or book-close date will be postponed, where necessary, to provide at least two trading days (during neither of which trading is interrupted) for trading of the securities with entitlements during the notice period. In these circumstances the issuer must publish an announcement on the revised timetable.*

2. *For the purposes of rule 17.78(2),*

   – *the record date (when there is no book closure) or the last registration date (when there is a book closure) must be at least three business days after the general meeting; and*

   – *if the issuer fails to publish the result of the poll conducted in the general meeting in the manner prescribed under rule 17.47(5), it must ensure there is at least one trading day for trading in the securities with entitlements after publication of the results of the poll. The issuer must publish an announcement on any revised timetable.*

Emergency share registration arrangement during a No.8 typhoon warning signal or above ("No. 8 signal or above") or "extreme conditions"

17.79 Under the T+2 settlement system, securities trade ex-entitlement for two trading days before the book close date. These two trading days are referred to in this rule and rule 17.80 as the first ex-date and the second ex-date. Where an issuer decides on a record date without book closure, the record date and the second ex-date will fall on the same day. In the event of a No. 8 signal or above or "extreme conditions" occurring on the first ex-date, no change will be made in respect of the first ex-date, the last time for accepting shares for registration or the book-close date. However, a No. 8 signal or above or "extreme conditions" occurring on the second ex-date may affect the ability of the purchaser to effect registration in time. Accordingly, in the event of a No. 8 signal or above or "extreme conditions" occurring on the second ex-date, the following arrangements will apply:—

(1) Where the No. 8 signal or above is hoisted or remains hoisted, and/or "extreme conditions" are announced or remain in force, between 9 am and 12 noon and is/are not lowered or cancelled at or before 12 noon:—

(a) the second ex-date shall be deferred to the next business day, and the last time for accepting shares for registration shall be deferred to the end of normal business hours on such deferred second ex-date; and

(b) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(2) Where the No. 8 signal or above is hoisted, and/or "extreme conditions" are announced, between 12 noon and 3 pm:—

(a) the second ex-date shall be deferred to the next business day, and the last time for accepting shares for registration shall be deferred to the end of normal business hours on such deferred second ex-date; and

(b) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(3) [Repealed 23 September 2024]

(4) Where the No. 8 signal or above is hoisted, and/or "extreme conditions" are announced, between 3 pm and 4 pm but lowered or cancelled at or before 9 am on the next business day:—

(a) the second ex-date shall be deferred to such next business day, and the last time for accepting shares for registration shall be deferred to 12 noon on such deferred second ex-date; and

(b) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(5) Where the No. 8 signal or above is hoisted, and/or "extreme conditions" are announced, between 3 pm and 4 pm but lowered or cancelled after 9 am but at or before 12 noon on the next business day:—

(a) the second ex-date shall be deferred to such next business day, and the last time for accepting shares for registration shall be deferred to 5 pm on such deferred second ex-date; and

(b) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(6) Where the No. 8 signal or above is hoisted, and/or "extreme conditions" are announced, between 3 pm and 4 pm but not lowered or cancelled until after 12 noon on the next business day:—

(a) the second ex-date shall be deferred to the following business day, and the last time for accepting shares for registration shall be deferred to 12 noon on such deferred second ex-date; and

(b) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(7) Where the No. 8 signal or above is lowered and/or "extreme conditions" are cancelled at or before 12 noon, the last time for accepting shares for registration shall be deferred to 5 pm on the same day but no change will automatically be made to the book-close date;

(8) In each of the circumstances referred to in sub-paragraphs (1) to (7) above, listed issuers may alter the stated book-closure period in accordance with any delays made to the book-close date so that the length of book-closure period remains the same;

(9) Listed issuers shall not be required to make any announcements with respect to changes made in accordance with sub-paragraphs (1) to (7) above. All investors and practitioners should be aware of these emergency share registration arrangements as any subsequent announcement given of date changes after a typhoon is not likely to assist them. On the other hand, if the deferments referred to above affect the dividend payment date or the end of the book-closure period, a listed issuer must give notice (by way of an announcement) of the new dividend payment date and any change in the book-closure period as soon as practicable;

(10) Where any of the circumstances referred to in sub-paragraphs (1) to (7) above occurs on any deferred second ex-date or on a postponed book-close date, the same arrangements will apply mutatis mutandis;

(11) Listed issuers are required to ensure that where a book-close date is automatically altered by virtue of these arrangements any reference to such date in a resolution, listing document, announcement or circular to shareholders will include such altered date.

Notes: 1 For clarity, the above arrangements have been summarised in Table 1 set out at the end of this Chapter.

2 For the purposes of this rule and Table 1 set out at the end of this Chapter:—

(a) references to "normal business hours" in respect of a share registrar mean at least 9 am to 4 pm;

(b) [Repealed 23 September 2024]

(c) "Participant" means a person admitted for the time being by HKSCC as a participant;

(d) references to "last time for accepting shares for registration" are subject to the actual operating hours of the share registrar of an issuer; and

(e) where an issuer decides on a record date without book closure, the last day for accepting shares for registration is the record date and accordingly the deferment requirements with respect to the second ex-date apply to the record date.

3 [Repealed 23 September 2024]

Emergency share registration arrangements during a black rainstorm warning

17.80 In the event of a black rainstorm warning occurring on the first ex-date (as defined in rule 17.79), no change will be made in respect of the first ex-date, the last time for accepting shares for registration or the book-close date (as defined in rule 17.79). However, a black rainstorm warning occurring on the second ex-date (as defined in rule 17.79) may affect the ability of the purchaser to effect registration in time. Accordingly, in the event of a black rainstorm warning occurring on the second ex-date, the following arrangements will apply:-

(1) Where a black rainstorm warning is issued before 9 am and remains in effect at 12 noon:—

(a) the second ex-date shall be deferred to the next business day, and the last time for accepting shares for registration shall be deferred to the end of normal business hours on such deferred second ex-date; and

(b) the book-close date shall be automatically postponed to the day following such deferred second ex-date;

(2) Where a black rainstorm warning issued before 9 am is cancelled at or before 12 noon, the last time for accepting shares for registration shall be deferred to 5 pm on the same day but no change will automatically be made to the book-close date;

(3) Where a black rainstorm warning is issued at or after 9 am, no changes shall be made in respect of the last time for accepting shares for registration or the book-close date as the share registrar will be open to the public as normal;

(4) In each of the circumstances referred to in sub-paragraphs (1) to (3) above, listed issuers may alter the stated book-closure period in accordance with any delays made to the book-close date so that the length of book-closure period remains the same;

(5) Listed issuers shall not be required to make any announcements with respect to changes made in accordance with sub-paragraphs (1) to (2) above. All investors and practitioners should be aware of these emergency share registration arrangements as any subsequent announcement given of date changes after a black rainstorm warning is not likely to assist them. On the other hand, if the deferments referred to above affect the dividend payment date or the end of the book-closure period, a listed issuer must give notice (by way of an announcement) of the new dividend payment date and any change in the book-closure period as soon as practicable;

(6) Where any of the circumstances referred to in sub-paragraphs (1) to (3) above occurs on any deferred second ex-date or on a postponed book-close date, the same arrangements will apply mutatis mutandis;

(7) Listed issuers are required to ensure that where a book-close date is automatically altered by virtue of these arrangements any reference to such date in a resolution, listing document, announcement or circular to shareholders will include such altered date.

Notes: 1 For clarity, the above arrangements have been summarised in Table 2 set out in the end of this Chapter.

2 For the purposes of this rule and Table 2 set out at the end of this Chapter:—

(a) references to "normal business hours" in respect of a share registrar mean at least 9 am to 4 pm;

(b) [Repealed 23 September 2024]

(c) "Participant" means a person admitted for the time being by HKSCC as a participant;

(d) references to "last time for accepting shares for registration" are subject to the actual operating hours of the share registrar of an issuer; and

(e) where an issuer decides on a record date without book closure, the last day for accepting shares for registration is the record date and accordingly the deferment requirements with respect to the second ex-date apply to the record date.

Miscellaneous obligations

17.81 [Repealed 1 January 2005]

17.82 [Repealed 1 January 2005]

17.83 [Repealed 1 January 2005]

17.84 [Repealed 1 January 2005]

17.85 [Repealed 1 January 2005]

17.86 [Repealed 1 January 2005]

17.87 [Repealed 1 January 2005]

Equality of treatment

17.88 An issuer shall ensure equality of treatment for all holders of securities of the same class who are in the same position.

Takeovers and share repurchases

17.89 An issuer must comply with the Takeovers Code and the Code on Share Buy-backs.

Note: Where the consideration under an offer includes securities for which listing is being or is to be sought, the offer document(s) will constitute a listing document.

Directors' service contracts

17.90 An issuer shall obtain the prior approval of its shareholders in a general meeting (at which the relevant director and his associates shall not vote on the matter) for any service contract to be granted by the issuer or any of its subsidiaries to any director or proposed director of the issuer or to any director or proposed director of any of its subsidiaries which:–

(a) is for a duration that may exceed 3 years; or

(b) in order to entitle the issuer to terminate the contract, expressly requires the issuer to give a period of notice of more than 1 year or to pay compensation or make other payments equivalent to more than 1 year's remuneration.

The remuneration committee of the issuer (if any and provided that such committee has a majority of independent non-executive directors) or an independent board committee shall form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders who are directors with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the issuer and its shareholders as a whole and advise shareholders on how to vote. An independent non-executive director who has a material interest in any such contracts shall not sit on the independent board committee.

Note: A contract is relevant whether or not reduced to writing. A service contract is relevant whether granted by the issuer or any of its subsidiaries. A service contract not for a fixed period is to be regarded as running at least until the earliest date on which it can lawfully be determined by the employing company without payment of compensation (other than statutory compensation). Where an arrangement exists under which a director can require the issuer or any of its subsidiaries to enter into a further service contract with him, the arrangement will be regarded as a provision for extending the period of his existing service contract and taken into account in determining its duration.

17.91 [Repealed 1 October 2020]

Directors' contact information

17.91A An issuer shall inform the Exchange as soon as practicable of any change(s) in the contact information, including the information set out in rule 5.13A(1), of its directors (and, in the case of a PRC issuer, supervisors).

Independent financial advisers

17.92 An independent financial adviser appointed under rule 17.47(6)(b), rule 20.42 or rule 24.05(6)(a)(ii) must take all reasonable steps to satisfy itself that:

(1) it has a reasonable basis for making the statements required by rule 20.43; and

(2) without limiting the generality of paragraph (1) above, there is no reason to believe any of the following information is not true or omits a material fact:

(a) any information relied on by the independent financial adviser in forming its opinion; or

(b) any information relied on by any third party expert on whose opinion or advice the independent financial adviser relies in forming its opinion.

Notes: 1. For the purposes of this rule, the Exchange expects that the reasonable steps an independent financial adviser will typically perform will include the following:

(a) obtaining all information and documents of the issuer relevant to an assessment of the fairness and reasonableness of the terms of the transaction, for example, if the transaction involves the purchase or sale of products or services, information and documents showing the prices at which the issuer buys and sells such products and services to independent third parties;

(b) researching the relevant market and other conditions and trends relevant to the pricing of the transaction;

(c) reviewing the fairness, reasonableness and completeness of any assumptions or projections relevant to the transaction;

(d) without limiting the generality of paragraph (c) above, in relation to any third party expert providing an opinion or valuation relevant to the transaction:

(i) interviewing the expert including as to its expertise and any current or prior relationships with the issuer, other parties to the transaction, and core connected persons of either the issuer or another party to the transaction;

(ii) reviewing the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the expert's report, opinion or statement); and

(iii) where the independent financial adviser is aware the issuer or another party to the transaction has made formal or informal representations to the expert, assessing whether the representations are in accordance with the independent financial adviser's knowledge; and

(e) if there have been any relevant alternative offers made (for example, offers made recently for the same asset), then reviewing and assessing such alternative offers and the reasons given, if any, by the management for rejecting these offers.

2. The Exchange expects the independent financial adviser will ensure the letter referred to at rule 20.43 takes account of the following principles:

(a) the source for any fact which is material to an argument should be clearly stated, including sufficient detail to enable the significance of the fact to be assessed; however, if the fact has been included in a document recently sent to shareholders, an appropriate cross reference may instead be made;

(b) a quotation (for example, from a newspaper or a stockbroker circular) should not be used out of context and details of the origin should be included. Since quotations will necessarily carry the implication that they are endorsed by the independent financial adviser, quotations should not be used unless the independent financial adviser has corroborated or substantiated them;

(c) pictorial representations, charts, graphs and diagrams should be presented without distortion and, when relevant, should be to scale; and

(d) any comparables referred to in a document must be a fair and representative sample. The bases for compiling such comparables must be clearly stated in the document.

17.93 The issuer must:

(1) afford any independent financial adviser it appoints pursuant to rule 17.47(6)(b) or rule 24.05(6)(a)(ii) full access at all times to all persons, premises and documents relevant to the independent financial adviser's performance of its duties as set out in the GEM Listing Rules. In particular, terms of engagement with experts retained to perform services related to the transaction should contain clauses entitling the independent financial adviser access to:

(a) any such expert;

(b) the expert's reports, draft reports (both written and oral), and terms of engagement;

(c) information provided to or relied on by the expert;

(d) information provided by the expert to the Exchange or Commission; and

(e) all other correspondence exchanged between the issuer or its agents and the expert or between the expert, the issuer and the Exchange or Commission;

Note: The Exchange expects that access to documents for the purposes of this rule would include the right to take copies of the documents without charge.

(2) keep the independent financial adviser it appoints informed of any material change to any information previously given to or accessed by the independent financial adviser pursuant to paragraph (1) above; and

(3) provide to or procure for the independent financial adviser all necessary consents to the provision of the information referred to in paragraphs (1) and (2) above to the independent financial adviser.

17.94 An independent financial adviser must be appropriately licensed by the Commission and must discharge its responsibilities with due care and skill.

17.95 An independent financial adviser must perform its duties with impartiality.

17.96 An independent financial adviser must be independent from any issuer for whom it acts. An independent financial adviser is not independent if any of the following circumstances exist as at the time (1) immediately after the independent financial adviser executes its engagement letter with the issuer; or (2) the independent financial adviser commences work as independent financial adviser to the issuer, whichever is earlier ("**IFA Obligation Commencement Time**"), and up to the end of its engagement:

(1) the IFA group and any director or close associate of a director of the independent financial adviser holds, directly or indirectly, in aggregate more than 5% of the number of issued shares (excluding treasury shares) of the issuer, another party to the transaction, or a close associate or core connected person of the issuer or another party to the transaction;

(1A) in the case of a connected transaction, the independent financial adviser holds more than 5% of the number of issued shares (excluding treasury shares) of an associate of another party to the transaction;

(2) any member of the IFA group or any director or close associate of a director of the independent financial adviser is a close associate or core connected person of the issuer or another party to the transaction;

(2A) in the case of a connected transaction, the independent financial adviser is an associate of another party to the transaction;

(3) any of the following exceeds 10% of the total assets shown in the latest consolidated financial statements of the independent financial adviser's ultimate holding company or, where there is no ultimate holding company, the independent financial adviser:

(a) the aggregate of:

(i) amounts due to the IFA group from:

(A) the issuer;

(B) its subsidiaries;

(C) its controlling shareholder; and

(D) any close associates of its controlling shareholder; and

(ii) all guarantees given by the IFA group on behalf of:

(A) the issuer;

(B) its subsidiaries;

(C) its controlling shareholder; and

(D) any close associates of its controlling shareholder;

(b) the aggregate of:

(i) amounts due from the IFA group to:

(A) the issuer;

(B) its subsidiaries; and

(C) its controlling shareholder; and

(ii) all guarantees given on behalf of the IFA group by:

(A) the issuer;

(B) its subsidiaries; and

(C) its controlling shareholder;

(c) the aggregate of:

(i) amounts due from the IFA group to any of the following (referred to in this rule as "the Other Parties"):

(A) another party to the transaction;

(B) any holding company of another party to the transaction;

(C) any subsidiary of any holding company of another party to the transaction;

(D) any controlling shareholder of:

(1) another party to the transaction; or

(2) any holding company of another party to the transaction; and

(E) any close associate of any controlling shareholder referred to in paragraph (D) above; and

(ii) all guarantees given by any of the Other Parties on behalf of the IFA group; and

(d) the aggregate of:

(i) amounts due to the IFA group from any of the Other Parties; and

(ii) all guarantees given by the IFA group on behalf of any of the Other Parties;

(4) any of the following has a current business relationship with the issuer or another party to the transaction, or a director, subsidiary, holding company or substantial shareholder of the issuer or another party to the transaction, which would be reasonably considered to affect the independent financial adviser's independence in performing its duties as set out in the GEM Listing Rules, or might reasonably give rise to a perception that the independent financial adviser's independence would be so affected, except where that relationship arises under the independent financial adviser's appointment to provide the advice:

(a) any member of the IFA group;

(b) an employee of the independent financial adviser who is directly engaged in providing the advice to the issuer;

(c) a close associate of an employee of the independent financial adviser who is directly engaged in providing the advice to the issuer;

(d) a director of any member of the IFA group; or

(e) a close associate of a director of any member of the IFA group;

(5) within 2 years prior to the IFA Obligation Commencement Time:

(a) a member of the IFA group has served as a financial adviser to:

(i) the issuer or its subsidiaries;

(ii) another party to the transaction or its subsidiaries; or

(iii) a core connected person of the issuer or another party to the transaction; or

(b) without limiting paragraph (a), an employee or a director of the independent financial adviser who is directly engaged in providing the subject advice to the issuer:

(i) was employed by or was a director of another firm that served as a financial adviser to any of the entities referred to at paragraphs (a)(i) to (a)(iii) above; and

(ii) in that capacity, was directly engaged in the provision of financial advice to the issuer or another party to the transaction;

(6) the independent financial adviser or a member of the IFA group is the issuer's auditor or reporting accountant.

Notes: 1. In addition to it being a breach of the GEM Listing Rules, if it comes to the Exchange's attention that an independent financial adviser is not independent, the Exchange will not accept documents produced by that independent financial adviser for any purpose required under the GEM Listing Rules in relation to the subject transaction.

2. In calculating the percentage figure of shares that it holds or will hold for the purposes of sub-paragraphs (1), (2) and (4), an entity is not required to include an interest:

(a) held by an investment entity on behalf of its discretionary clients;

(b) held by a fund manager on a non-discretionary basis such as a managed account or managed fund;

(c) held in a market-making capacity;

(d) held in a custodial capacity;

(e) in shares that would be disregarded for the purposes of Divisions 2 to 4 of Part XV of the Securities and Futures Ordinance under section 323 of that Ordinance; or

(f) in shares held by a member of the entity's group that is an investment manager whose interest would not be aggregated with its holding company under section 316(2) of the Securities and Futures Ordinance by reason of the operation of section 316(5) of that Ordinance.

For these purposes "investment manager" has the meaning given to it in section 316(7) of the Securities and Futures Ordinance.

3. For the purposes of this rule, ultimate holding company means a holding company that itself does not have a holding company.

17.97 An independent financial adviser must:

(1) [Repealed 31 December 2023]

(2) (a) comply with the GEM Listing Rules; and

(b) co-operate in any investigation conducted by the Listing Division and/or the GEM Listing Committee of the Exchange, including answering promptly and openly any questions addressed to the independent financial adviser, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the independent financial adviser is requested to appear.

Note: An independent financial adviser's obligations under rule 17.97(2) shall, in relation to its appointment as an independent financial adviser by an issuer, commence at the IFA Obligation Commencement Time.

17.98 Where an independent financial adviser or issuer becomes aware of a change that would affect the independence of the independent financial adviser during the period the independent financial adviser is engaged by the issuer, the independent financial adviser or issuer must notify the Exchange as soon as possible upon that change occurring.

17.99 Insofar as the GEM Listing Rules impose a higher standard of conduct on independent financial advisers than that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct, the Takeovers Code, the Share Buy-backs Code and all other relevant codes and guidelines applicable to them, the GEM Listing Rules will prevail.

Note: The Exchange also reminds independent financial advisers of their other statutory obligations including but not limited to those under the Securities and Futures Ordinance.

Financial advisers appointed in relation to extreme transactions

17.99A A financial adviser appointed by a listed issuer under rule 19.53A(2) in relation to an extreme transaction must conduct reasonable due diligence on the assets acquired and/or to be acquired under the extreme transaction to put itself in a position to be able to discharge such obligations as set out in Appendix E2. The extent of its work and scope of due diligence shall be referenced to Practice Note 2 to the GEM Listing Rules.

17.99B The financial adviser must be a person licensed or registered under the SFO for Type 6 regulated activity and permitted under its license or certificate of registration to undertake the work of a sponsor. The financial adviser must:

(a) comply with the GEM Listing Rules; and

(b) co-operate in any investigation conducted by the Listing Division and/or the GEM Listing Committee of the Exchange, including answering promptly and openly any questions addressed to the financial adviser, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the financial adviser is requested to appear.

17.99C The issuer must assist the financial adviser to perform its duties. The requirements under rule 17.93 shall apply mutatis mutandis as if all references to "independent financial adviser" were references to "financial adviser".

Appointment and removal of auditor prior to expiration of his term of office

17.100 The issuer must at each annual general meeting appoint an auditor to hold office from the conclusion of that meeting until the next annual general meeting. The issuer must not remove its auditor before the end of the auditor's term of office without first obtaining shareholders' approval at a general meeting. An issuer must send a circular proposing the removal of the auditor to shareholders with any written representations from the auditor, not less than 10 business days before the general meeting. An issuer must allow the auditor to attend the general meeting and make written and/or verbal representations to shareholders at the general meeting.

Corporate Governance Code

17.101 (1) The Corporate Governance Code in Appendix C1 sets out (a) the mandatory requirements for disclosure in an issuer's Corporate Governance Report, and (b) the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices. Issuers are encouraged to adopt the recommended best practices on a voluntary basis.

(2) Issuers must state whether they have complied with the code provisions set out in Part 2 of Appendix C1 for the relevant accounting period in their interim reports (and summary interim reports, if any) and annual reports (and summary financial reports, if any).

Note: For the requirements governing preliminary results announcements, see rules 18.50 and 18.78.

(3) An issuer may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:

(a) in the Corporate Governance Report in the annual reports (and summary financial reports, if any) the Considered Reasons and Explanation. The explanation should provide a clear rationale for the alternative actions and steps taken by the issuer and their impacts and outcome; and

(b) in the interim reports (and summary interim reports, if any), either:

(i) the Considered Reasons and Explanation in respect of the deviation; or

(ii) to the extent reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes for any deviation not reported in that annual report with Considered Reasons and Explanation. The references must be clear and unambiguous, and the interim report (or summary interim report) must not contain only a cross-reference without any discussion of the matter.

(4) For the recommended best practices, issuers are encouraged to state whether they have complied with them and give considered reasons for any deviation.

Publication of issuers' constitutional documents

17.102 An issuer must publish on its own website and on the Exchange's website, an up to date consolidated version of its memorandum and articles of association or equivalent constitutional document.

Environmental and Social Matters

17.103 (1) The Environmental, Social and Governance ("ESG") Reporting Code in Appendix C2 comprises two levels of disclosure obligations: (a) mandatory disclosure requirements; and (b) "comply or explain" provisions.

(2) An issuer's ESG report must comply with the provisions set out in Appendix C2 in relation to ESG reports.

(3) [Repealed 1 January 2025]

(4) Issuers must publish their ESG reports on an annual basis and regarding the same period covered in their annual reports. An ESG report may be presented as information in the issuer's annual report or in a separate report. Regardless of the format adopted, the ESG report must be published on the Exchange's website and the issuer's website.

(5) Where the ESG report does not form part of the issuer's annual report:

(a) To the extent permitted under all applicable laws and regulations, an issuer must provide the ESG report to its shareholders using electronic means in accordance with and subject to the provisions set out in rule 16.04A.

(b) [Repealed 31 December 2023]

(c) [Repealed 31 December 2023]

(d) The issuer shall publish the ESG report at the same time as the publication of the annual report.

17.104 (1) The issuer must have a policy(ies) concerning the diversity of its board members and the diversity of its workforce (including senior management), and must disclose such policy(ies) or a summary of the policy(ies) in the corporate governance report.

(2) Board diversity differs according to the circumstances of each issuer. While diversity of board members can be achieved through consideration of a number of factors (including but not limited to gender, age, cultural and educational background, or professional experience), the Exchange will not consider diversity to be achieved for a single gender board. If the issuer is unable at any time to meet the requirement to have directors of different genders on the board, it must immediately publish an announcement containing the relevant details and reasons. The issuer must use all reasonable endeavours to appoint appropriate member(s) to the board to meet such requirement on a timely basis, and in any case within three months after being unable to meet such requirement.

TABLE 1 (CHAPTER 17)
EMERGENCY SHARE REGISTRATION ARRANGEMENTS
DURING A NO. 8 SIGNAL OR ABOVE OR "EXTREME CONDITIONS"

Event	Issue/cancellation of a typhoon warning signal or "extreme conditions" on the second ex-date		Second ex-date	Registrar	Book-Close Date	Closed Period for Transfer Books or Register of Members	Announcements Required
	Time	Status		Last Time for Accepting Shares for Registration *(see Note 2(d) to rule 17.79)*			
(1)	9 am - 12 noon	No. 8 signal or above is hoisted or remains hoisted and is not lowered at or before 12 noon; and/or "Extreme conditions" are announced or remain in force and are not cancelled at or before 12 noon	Deferred to the next business day	Deferred to the end of normal business hours on such deferred second ex-date	Automatically postponed to the day following such deferred second ex-date	The book-closure period may be extended in accordance with the delay to the book-close date so that the length of book-closure period remains the same	No announcement required unless:– (i) the dividend payment date is also deferred, in which case an announcement of the new payment date must be made by the listed issuer; or (ii) the end of the book-closure period is deferred. In both cases the listed issuer must publish a notice of such changes as soon as practicable.
(2)	12 noon - 3 pm	No. 8 signal or above is hoisted during this period; and/or "Extreme conditions" are announced during this period					
(3)	[Repealed 23 September 2024]						

Event	Issue/cancellation of a typhoon warning signal or "extreme conditions" on the second ex-date		Second ex-date	Registrar	Book-Close Date	Closed Period for Transfer Books or Register of Members	Announcements Required
	Time	Status		Last Time for Accepting Shares for Registration *(see Note 2(d) to rule 17.79)*			
(4)	3 pm - 4 pm	No. 8 signal or above is hoisted but lowered at or before 9 am on the next business day; and/or "Extreme conditions" are announced but cancelled at or before 9 am on the next business day	Deferred to such next business day	Deferred to 12 noon on such deferred second ex-date	Automatically postponed to the day following such deferred second ex-date	The book-closure period may be extended in accordance with the delay to the book-close date so that the length of book-closure period remains the same	No announcement required unless:– (i) the dividend payment date is also deferred, in which case an announcement of the new payment date must be made by the listed issuer; or (ii) the end of the book-closure period is deferred. In both cases the listed issuer must publish a notice of such changes as soon as practicable.
(5)	3 pm - 4 pm	No. 8 signal or above is hoisted but lowered after 9 am but at or before 12 noon on the next business day; and/or "Extreme conditions" are announced but cancelled after 9 am but at or before 12 noon on the next business day	Deferred to such next business day	Deferred to 5 pm on such deferred second ex-date	Book-close date automatically postponed to the day following such deferred second ex-date		
(6)	3 pm - 4 pm	No. 8 signal or above is hoisted but not lowered until after 12 noon on the next business day; and/or "Extreme conditions" are announced but not cancelled until after 12 noon on the next business day	Deferred to the following business day	Deferred to 12 noon on such deferred second ex-date	Automatically postponed to the day following such deferred second ex-date		
(7)	At or before 12 noon	No. 8 signal or above is lowered and/or "extreme conditions" are cancelled	No change	Deferred to 5 pm on the same day	No change	No change	No announcement required

N.B.: Where any of the above events happens on a deferred second ex-date or on a postponed book-close date, the relevant arrangements set out above will apply mutatis mutandis.

TABLE 2 (CHAPTER 17)
EMERGENCY SHARE REGISTRATION ARRANGEMENTS DURING A BLACK RAINSTORM WARNING

Event	Issue/cancellation of a black rainstorm warning on the second ex-date		Second ex-date	Registrar	Book-Close Date	Closed Period for Transfer Books or Register of Members	Announcements Required
	Time	Status		Last Time for Accepting Shares for Registration *(see Note 2(d) to rule 17.80)*			
(1)	Before 9 am	A black rainstorm warning is issued and remains in effect at 12 noon	Deferred to the next business day	Deferred to the end of normal business hours on such deferred second ex-date	Automatically postponed to the day following such deferred second ex-date	The book-closure period may be extended in accordance with the delay to the book-close date so that the length of book-closure period remains the same	No announcements required unless:– (i) the dividend payment date is also deferred, in which case an announcement of the new payment date must be made by the listed issuer, or (ii) the end of the book-closure period is deferred. In both cases the listed issuer must publish a notice of such changes as soon as practicable.
(2)	Before 9 am	A black rainstorm warning is issued before 9 am but cancelled at or prior to 12 noon	No change	Deferred to 5 pm on the same day	No change	No change	No announcement required
(3)	At or after 9 am	A black rainstorm warning is issued at or after 9 am	No change	No change	No change	No change	No announcement required

N.B.: Where any of the above events happens on a deferred second ex-date or on a postponed book-close date, the relevant arrangements set out above will apply mutatis mutandis.

Chapter 18

EQUITY SECURITIES

FINANCIAL INFORMATION

Introduction

18.01 This Chapter sets out the continuing obligations of a listed issuer with regard to the disclosure of routine financial information on an annual and half-yearly basis. It also sets out certain recommended disclosure items on discussion and analysis (see rule 18.83) that listed issuers are encouraged to include in their interim and annual reports. These recommended disclosure items are not obligatory, but merely items relating to good practice which are recommended for disclosure. Additional requirements, relating to non-routine financial disclosure, are set out in the following Chapters:

Chapter 7	—	Accountants' Reports and Pro Forma Financial Information
Chapter 14	—	Listing Documents
Chapter 19	—	Notifiable Transactions
Chapter 20	—	Connected Transactions

Additional disclosure requirements in respect of routine financial information are set out in the following Chapters, in so far as they relate to the following issuers:—

Chapter 24	—	Overseas issuers
Chapter 25	—	PRC issuers
Chapter 31	—	Issuers of debt securities

Note: In circumstances where the disclosure requirements of Chapters 24 or 25, as appropriate, are inconsistent with the requirements of this Chapter, the requirements of Chapters 24 or 25, as appropriate, shall prevail.

18.02 A listed issuer is required to prepare annual financial statements and interim reports. The contents, timing and publication requirements for each such financial statements or reports are set out in this Chapter.

Annual reports

Distribution

18.03 The listed issuer must send to:—

(1) every member of the listed issuer; and

(2) every other holder of its listed securities,

a copy of either (i) the directors' report and its annual financial statements and, where the listed issuer prepares consolidated financial statements, the consolidated financial statements,

together with a copy of the auditors' report thereon or (ii) its summary financial report, not less than 21 days before the date of the listed issuer's annual general meeting and not more than four months after the date upon which the financial period ended. The issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and financial statements, provided that it complies with rule 18.81 and the relevant provisions set out in sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports) Regulation or, in the case of overseas issuers, with provisions no less onerous than the above provisions for listed issuers incorporated in Hong Kong.

Nothing in this rule shall require the listed issuer to send any of the documents referred to therein to:—

(a) a person of whose address the listed issuer is unaware; or

(b) more than one of the joint holders of any of its listed securities.

Notes: 1 "Consolidated financial statements", for the purposes of a Hong Kong listed issuer, has the meaning ascribed to it under section 379(2) of the Companies Ordinance.

2 The directors' report, auditors' report, annual financial statements (including consolidated financial statements) and, where applicable, summary financial report must be in the English language and must be accompanied by a Chinese translation or be in the Chinese language accompanied by an English translation. In respect of overseas members, it shall be sufficient for the listed issuer to provide an English language version of either (i) its directors' report, auditors' report and annual financial statements or (ii) its summary financial report if such documents contain a prominent statement in both English and Chinese to the effect that a Chinese translation is available from the listed issuer, on request.

3 Sections 429 and 431 of the Companies Ordinance require the directors of a Hong Kong issuer to lay the issuer's annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate. An overseas issuer (including for such purposes, a PRC issuer) should comply with the same requirement as a Hong Kong issuer.

4 The Exchange may at its discretion suspend dealings in or cancel the listing of the securities of the listed issuer if it falls into arrears in the issue of its directors' report and financial statements. If the listed issuer has significant interests outside Hong Kong it may apply for an extension of the 6 month period. However, the attention of a Hong Kong issuer is drawn to section 431 of the Companies Ordinance which requires any extension of the time limit to be approved by the Court of First Instance.

5 [Repealed 1 January 2011]

6 Newly listed issuers will be required to prepare and publish the relevant annual report or summary financial report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the four-month deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 18.03 are not applicable to the reporting period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

(a) the financial information required under Chapter 18 in relation to annual reports, in respect of such reporting period;

(b) a statement as to whether it complies with the code provisions in Part 2 of Appendix C1 and, if not, the Considered Reasons and Explanation in respect of the deviation; and

(c) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not distributing such annual reports and accounts.

Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 18.03 that the relevant financial information has been included in its listing document. The newly listed issuer must still comply with the requirements under rule 17.103(5).

Accounting standards

18.04 Annual financial statements of a listed issuer are required, subject to rule 18.06, to conform with HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

Note: The issuer must apply one of these bodies of standards consistently and shall not normally change from one body of standards to the other unless there are reasonable grounds to justify such change. All reasons for any such change must be disclosed in the annual financial statements.

18.05 [Repealed 1 January 2022]

18.06 The Exchange may allow the annual financial statements of any overseas issuer to be drawn up otherwise than in conformity with financial reporting standards referred to in rule 18.04 (see the requirements set out in rule 24.18A).

Auditors' report

18.06A Where the preparation of an auditors' report constitutes a PIE Engagement under the AFRCO, the issuer must appoint a firm of practising accountants which is a PIE Auditor under the AFRCO.

Note: Qualification requirements for auditors in the case of overseas issuers and PRC issuers are set out in rules 24.13 and 25.25.

Information to accompany directors' report and annual financial statements

18.07 The listed issuer shall include the disclosures required under the relevant accounting standards adopted and the information set out in rules 18.07A to 18.47 in its directors' report and annual financial statements. Unless stated to the contrary the financial information specified in these rules may be included outside the financial statements and will therefore be outside the scope of the auditors' report on the financial statements. The statement of profit or loss and other comprehensive income and statement of financial position set out in the financial statements must include at least the information set out in rule 18.50B. Banking companies (meaning banks, restricted licence banks and deposit-taking companies as defined in the Banking Ordinance) shall, in addition, comply with the Guideline on the Application of the Banking (Disclosure) Rules as issued by the Hong Kong Monetary Authority.

Notes: 1 The Exchange may authorise the omission from an annual report of specified items of information if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the listed issuer. The Exchange will only authorise such omission provided it is satisfied that the omission is not likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question. The listed issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for such exemption is based.

2 The annual report and financial statements must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.

3 If an accounting estimate reported in prior interim period of the current financial year is changed during the subsequent interim period of the same financial year and has a material effect in that subsequent interim period, the nature and amount of a change in an accounting estimate that has a material effect in the current financial year or which is expected to have a material effect in subsequent periods should be disclosed. If it is impracticable to quantify the amount, this fact should be disclosed.

4 An annual report shall contain the following information required under other parts of the GEM Listing Rules:

(a) advance to an entity under rule 17.22;

(b) pledging of shares by the controlling shareholder under rule 17.23;

(c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;

(d) breach of loan agreement by an issuer under rule 17.23;

(e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24;

(f) provision of information in respect of and by directors, supervisors and chief executives under rule 17.50A(1);

(g) for an issuer involving in mining activities, continuing disclosure obligations arise under rules 18A.14 to 18A.17, where appropriate;

(h) information required under rule 19.36B and/or rule 20.61 about any guarantee regarding the financial performance of a company or business acquired;

(i) share schemes under rules 23.07and 23.09;

(j) provision of information in respect of code provisions E.1.5 (remuneration payable to members of senior management by band) and A.1.2 (discussion and analysis of group's performance) in Part 2 of Appendix C1 or provide the Considered Reasons and Explanation in respect of any deviation; and

(k) a monthly breakdown of purchases of shares under rule 13.13(2) and a monthly breakdown of sales of treasury shares on the Exchange or any other stock exchange on which the issuer is listed under rule 13.14B(3).

5 Issuers must publish ESG reports in accordance with Rule 17.103 and the ESG Reporting Code contained in Appendix C2.

18.07A In addition, a listed issuer shall include disclosures required under the following provisions of the Companies Ordinance and subsidiary legislation:–

(1) in financial statements

(a) Section 383 – Notes to financial statements to contain information on directors' emoluments etc.;

(b) Schedule 4 – Accounting Disclosures relating to:

(i) Part 1(1) Aggregate amount of authorized loans;

(ii) Part 1(2) Statement of financial position to be contained in notes to annual consolidated financial statements;

(iii) Part 1(3) Subsidiary's financial statements must contain particulars of ultimate parent undertaking;

(iv) Part 2(1) Remuneration of auditor; and

(c) Companies (Disclosure of Information about Benefits of Directors) Regulation; and

(2) in directors' report

(a) Section 390 – Contents of directors' report: general;

(b) Section 470 – Permitted indemnity provision to be disclosed in directors' report;

(c) Section 543 – Disclosure of management contract;

(d) Schedule 5 – Content of Directors' Report: Business Review; and

(e) Companies (Directors' Report) Regulation.

Notes: 1 Directors must prepare the directors' report which complies with section 388 of the Companies Ordinance and the directors' report must be approved and signed, which complies with section 391 of the Companies Ordinance.

2 Section 390(3)(b) of the Companies Ordinance requires a company to disclose the name(s) of the director(s) of its subsidiaries. Notwithstanding the disclosure provisions in sub-paragraph 2(a) above, a listed issuer not incorporated in Hong Kong is not required to disclose the name(s) of its subsidiaries' director(s).

18.08 [Repealed 31 December 2015]

18.08A In each annual report and interim report published during at least the first 2 full financial years after listing, a statement by the directors must be included as to the issuer's achievement of its business objectives as stated in its listing document at the time of listing under rule 14.19. The discussion in the statement should include a balanced and concise analysis of the level of achievement of the business objectives in terms of both qualitative and quantitative financial and non-financial information. There should be a description of the principal risks and uncertainties facing the company and a commentary on the directors' approach to them, together with an explanation of any material differences between the disclosure in the listing document and actual business progress in the relevant period (including as to the use of proceeds as indicated in the listing document).

Notes:

1 For general guidance, issuers may include information such as:

(a) significant developments by key business segments;

(b) trends, internal and external environmental and industry factors affecting performance or achievement of the objectives;

(c) the principal risks and uncertainties facing the issuer or its group, including strategic, operational and financial risks; and

(d) the key performance indicators used by the directors to measure performance in achieving the issuer's objectives.

2 Key performance indicators are factors by reference to which the development, performance or position of the business can be measured effectively. For the purposes of rule 18.08A these rules issuers should determine and disclose their own key performance indicators which should be of a quantitative nature so that the level of achievement of objectives can be quantified. Such quantitative standards may include, for example:

(a) customer retention and satisfaction

(b) capital adequacy and expenditure

(c) store portfolio changes

(d) reserve replacement costs

(e) equipment utilisation and capacity

(f) loan loss

(g) asset quality

(h) expected return on sales

(i) sales volume per square foot of store space, etc.

3 The issuer should use, where appropriate, a tabular format of presentation with a recitation of the business objectives (as stated in its listing document) on one side and the directors' comments about level of achievement on the other.

18.08B An issuer shall include in its annual report the information relating to its public float and other details required to be included in annual reports under rule 17.37D.

18.09 (1) In relation to connected transactions (including continuing connected transactions) that are not exempt from annual reporting requirement in Chapter 20, particulars of the transactions pursuant to rule 20.69.

(2) Where a listed issuer includes in its annual report particulars of a related party transaction or continuing related party transaction (as the case may be) in accordance with applicable accounting standards adopted for the preparation of its annual financial statements, a statement as to whether or not the transaction falls under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 20. The listed issuer must also confirm whether or not it has complied with the disclosure requirements in accordance with Chapter 20.

18.10 A statement showing:—

(1) the name of every subsidiary, its principal country of operation, its country of incorporation or other establishment and the kind of legal entity it is registered as (for the purposes of the relevant jurisdiction);

(2) particulars of the issued share capital and debt securities of every subsidiary; and

(3) the nature of the business of every subsidiary,

provided that if, in the opinion of the directors of the listed issuer, the number of them is such that compliance with this rule would result in particulars of excessive length being given, compliance with this rule shall not be required except in the case of subsidiaries carrying on a business the results of the carrying on of which, in the opinion of the directors, materially affected the amount of the profit or loss of the group or the amount of the assets of the group.

18.11 Details of the classes and numbers of any convertible securities, options, warrants or similar rights issued or granted by the listed issuer or any of its subsidiaries during the financial year, together with the consideration received by the listed issuer or any of its subsidiaries therefor.

18.12 Particulars of any exercise made during the financial year of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the listed issuer or any of its subsidiaries.

18.13 Particulars of any redemption or purchase or cancellation by the listed issuer or any of its subsidiaries of its redeemable securities and the amount of such securities outstanding after any such redemption or purchase or cancellation has been made.

18.14 Particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities (including sale of treasury shares) during the financial year (analysed on a monthly basis), or an appropriate negative statement. Such statement must include the aggregate price paid or received by the listed issuer for such purchases, sales or redemptions and should distinguish between those securities purchased or sold:

(1) on the Exchange;

(2) on another stock exchange;

(3) by private arrangement; and

(4) by way of a general offer; and

any such statement must also distinguish between those listed securities which are purchased by the listed issuer (separately distinguishing those shares which are cancelled and those which are held as treasury shares, if applicable) and those which are purchased by a subsidiary of the listed issuer. The directors' report shall contain references to the purchases made during the year and the directors' reasons for making such purchases (see rule 13.13(2)). The listed issuer should also disclose the number of treasury shares (if any) held by the issuer as at the year end date and their intended use.

18.15 (1) Subject to rule 18.15(2), a statement as at the end of the relevant financial year showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

(a) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance; or

(b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in rule 5.46 (which for purposes of this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or

(c) if there is no such interests or short positions, a statement of that fact,

provided that the Exchange may agree, in its sole discretion, that compliance with this sub-paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under Part XV of the Securities and Futures Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length.

(2) The information required to be included by virtue of rule 18.15(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:

(a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or

(b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.

18.16 A statement as at the end of the relevant financial year, showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

Notes: 1 For the purposes of rules 18.15 and 18.16, particulars should be given of the extent of any duplication which occurs.

2 In the case of a PRC issuer, references to director or chief executive in rules 18.15 and 18.16 inclusive shall also mean and include supervisors.

18.17 Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporation should be disclosed.

18.17A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

(1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);

(b) interests in debentures; and

(c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives;

(iii) other equity derivatives.

Notes:

(1) In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer or associated corporation.

(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:

(i) has a right to take the underlying shares;

(ii) is under an obligation to take the underlying shares;

(iii) has a right to receive money if the price of the underlying shares increases; or

(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

(3) For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1)(b) of the GEM Listing Rules.

(2) aggregate short position in shares and (in respect of positions held pursuant to, equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives; and

(iii) other equity derivatives.

Notes:

(1) In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer or associated corporation.

(2) A short position arises:

(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;

(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —

(a) has a right to require another person to take the underlying shares of the equity derivatives;

(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;

(c) has a right to receive from another person money if the price of the underlying shares declines; or

(d) has a right to avoid a loss if the price of the underlying shares declines.

18.17B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

(1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and

(b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer.

(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:

(i) has a right to take the underlying shares;

(ii) is under an obligation to take the underlying shares;

(iii) has a right to receive money if the price of the underlying shares increases; or

(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

(3) For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1)(b) of the GEM Listing Rules.

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer.

(2) A short position arises:

(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;

(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —

(a) has a right to require another person to take the underlying shares of the equity derivatives;

(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;

(c) has a right to receive from another person money if the price of the underlying shares declines; or

(d) has a right to avoid a loss if the price of the underlying shares declines.

18.17C For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.17B, except that note (3) to Rule 18.17B(1) does not apply.

18.18 In the event of trading results shown by the financial statements for the period under review differing materially from any published forecast made by the listed issuer, an explanation for the difference.

18.19 A statement in the accounting policies section of the financial statements indicating which accounting body's generally accepted accounting principles and standards have been followed in the preparation of the financial statements.

18.20 A statement as to the reasons for any significant departure from accounting standards adopted by the listed issuer for the preparation of its annual financial statements.

Note: In this regard, refer to rules 18.04 to 18.06.

18.21 Except where the listed issuer is a banking company, a statement as at the end of the financial year showing, firstly, bank loans and overdrafts and, secondly, other borrowings of the group, the aggregate amounts repayable:—

(1) on demand or within a period not exceeding 1 year;

(2) within a period of more than 1 year but not exceeding 2 years;

(3) within a period of more than 2 years but not exceeding 5 years; and

(4) within a period of more than 5 years.

18.22 [Repealed 31 December 2015]

18.23 Where any of the percentage ratios (as defined under rule 19.04(9)) of any properties held for development and/or sale or for investment purposes held by the group exceeds 5%, the following information:

(1) in the case of property held for development and/or sale:—

(a) an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;

(b) if in the course of construction, the stage of completion as at the date of the annual report and financial statements;

(c) if in the course of construction, the expected completion date;

(d) the existing use (e.g. shops, offices, factories, residential, etc.);

(e) the site and gross floor area of the property; and

(f) the percentage interest in the property.

(2) in the case of property held for investment:—

(a) an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;

(b) the existing use (e.g. shops, offices, factories, residential, etc.); and

(c) whether the property is held on short lease, medium term lease or long lease or, if situated outside Hong Kong, is freehold; and

(3) such other details as may be prescribed or requested from time to time by the Exchange, provided that if, in the opinion of the directors of the listed issuer, the number of the properties is such that compliance with this rule would result in particulars of excessive length being given, compliance with this rule shall not be required except in the case of properties which in the opinion of the directors are material.

18.24 Statements as to:—

(1) the unexpired period of any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), of any director proposed for re-election at the forthcoming annual general meeting or, if there are no such service contracts, a statement of that fact; and

Note: In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.

(2) the length of the term of appointment of every non-executive director.

18.24A [Repealed 1 October 2020]

18.25 Particulars (nature and extent) of any transaction, arrangement or contract of significance subsisting during or at the end of the financial year in which a director of the listed issuer or an entity connected with a director is or was materially interested, either directly or indirectly, or, if there has been no such transaction, arrangement or contract, a statement of that fact.

Notes: 1 In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.

2 A "transaction, arrangement or contract of significance" is one where any of the percentage ratios (as defined under 19.04(9)) of the transaction is 1% or more.

3 An interest in a transaction, arrangement or contract is material for the purposes of disclosure in the financial statements if the omission of information relating to that transaction, arrangement or contract could have changed or influenced the judgement or decision of a person relying on the relevant information.

4 A reference to an entity connected with a director has the meaning given by section 486 of the Companies Ordinance.

18.26 Particulars of any contract of significance between the listed issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries.

Note: For the purposes of this rule and rule 18.27, the words "controlling shareholder" mean any shareholder entitled to exercise, or control the exercise of, 30 per cent (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the listed issuer or one which is in a position to control the composition of a majority of the board of directors of the listed issuer.

18.27 Particulars of any contract of significance for the provision of services to the listed issuer or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

Note: See Note 2 to rule 18.25 and the Note to rule 18.26.

18.28 Information concerning the emoluments, pension and any compensation arrangements for the directors and past directors of the listed issuer. The information provided pursuant to this rule must include details of directors' and past directors' emoluments, by name as follows:–

(1) the directors' fees for such financial year;

(2) the directors' basic salaries, housing allowances, other allowances and benefits in kind;

(3) the contributions to pension schemes for directors or past directors for such financial year;

(4) the bonuses paid or receivable by directors which are discretionary or are based on the listed issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (5) and (6) below) for such financial year;

(5) the amounts paid during such financial year or receivable by directors as an inducement to join or upon joining the listed issuer;

(6) the compensation paid during such financial year or receivable by directors or past directors for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (2) to (5) above); and

(7) information on share options held by directors as required under rule 23.07.

Notes: 1 In the case of a PRC issuer, references to directors or past directors in this rule shall also mean and include past and present supervisors (as appropriate).

2 Sub-paragraphs (2) to (6) of this rule require an analysis of the amounts to be disclosed in the issuer's financial statements under the provisions of section 383(1) (a) to (c) inclusive of the Companies Ordinance.

3 Where a director is contractually entitled to bonus payments which are fixed in amount such payments are more in the nature of basic salary and accordingly must be disclosed under sub-paragraph (2) of this rule.

4 In addition to discretionary bonus payments, all bonus payments to which a director is contractually entitled and which are not fixed in amount, together with the basis upon which they are determined, must be disclosed under sub-paragraph (4) of this rule.

5 Where the information provided under sub-paragraphs (1) to (5) of this rule does not disclose the full compensation of a director for the financial year, any outstanding element of compensation must also be disclosed.

6 References to "director" in this rule include a chief executive who is not a director.

18.29 A listed issuer shall include particulars of any arrangement under which a director has waived or agreed to waive any emoluments.

Note: Where a director has agreed to waive future emoluments, particulars of such waiver must be given together with those relating to emoluments which accrued during the past financial year. This applies in respect to emoluments from the listed issuer or any of its subsidiaries or other person.

18.29A The following information in respect of the group's emolument policy:

(1) a general description of the emolument policy and any long-term incentive schemes of the group; and

(2) the basis of determining the emolument payable to its directors.

18.30 Additional information in respect of those 5 individuals whose emoluments (excluding amounts paid or payable by way of commissions on sales generated by the individual) were the highest in the listed issuer or the group for the year and details of the increase of each of their emoluments. Where all 5 of these individuals are directors and the information required by this rule has been disclosed in the emoluments of directors, this must be stated and no additional disclosure is required. Where the details of one or more of the individuals whose emoluments were the highest have not been included in the emoluments of directors, the following information must be disclosed:—

(1) the aggregate of basic salaries, housing allowances, other allowances and benefits in kind for such financial year;

(2) the aggregate of contributions to pension schemes for the financial year;

(3) the aggregate of bonuses paid or receivable which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (4) and (5) below) for the financial year;

(4) the aggregate of amounts paid during the financial year or receivable as an inducement to join or upon joining the issuer or the group;

(5) the aggregate of compensation paid during such financial year or receivable for the loss of any office in connection with the management of the affairs of any member of the group distinguishing between contractual payments and other payments (excluding amounts disclosed in (1) to (3) above); and

(6) an analysis showing the number of individuals whose remuneration (being amounts paid under (1) to (5) above) fell within bands from HK$nil up to HK$1,000,000 or into higher bands (where the higher limit of the band is an exact multiple of HK$500,000 and the range of the band is HK$499,999).

Notes: 1 It is not necessary to disclose the identity of the highest paid individuals, unless any of them are directors of the issuer.

2 The purpose of these disclosures is to provide shareholders with an indication of the fixed management costs of groups and accordingly employees who are higher paid by virtue of sales commissions are to be omitted from this disclosure.

18.31 Particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends.

Note: Where a shareholder has agreed to waive future dividends, particulars of such waiver(s) must be given together with those relating to dividends which were payable during the past financial year. Waivers of dividends of minor amount may be disregarded provided that some payment has been made on each share during the relevant calendar year.

18.32 In the case of any issue of equity securities (including securities convertible into equity securities) or sale of treasury shares for cash (other than under a share scheme that complies with Chapter 23):

(1) the reasons for making the issue or sale;

(2) the classes of equity securities issued or treasury shares sold;

(3) as regards each class of equity securities, the number issued and their aggregate nominal value, if any, and/or the number of treasury shares sold;

(4) the issue price or selling price of each security, or the highest and lowest prices received, where relevant;

(5) the net price to the listed issuer of each security;

(6) the names of the allottees (or transferees), if less than 6 in number, and, in the case of 6 or more allottees (or transferees), details of such allottees (or transferees) in accordance with rule 10.12(4);

(7) the market price of the securities concerned on a named date, being the date on which the terms of the issue or sale were fixed; and

(8) the total funds raised from the issue or sale and details of the use of proceeds including:

(a) a detailed breakdown and description of the proceeds for each issue or sale and the purposes for which they are used during the financial year;

(b) if there is any amount not yet utilized, a detailed breakdown and description of the intended use of the proceeds for each issue or sale and the purposes for which they are used and the expected timeline; and

(c) whether the proceeds were used, or are proposed to be used, according to the intentions previously disclosed by the issuer, and the reasons for any material change or delay in the use of proceeds.

Notes: 1 Issuers are recommended to present the above information in tabular format to show separately the amounts used and the purposes for which they are used, and compare each of the actual or intended uses against the intention and expected timeframe previously disclosed by the issuer.

2 In the case of any sale of treasury shares on GEM or any other stock exchange on which the issuer is listed, the issuer may disclose the information required in this rule on a monthly basis. The information required in sub-paragraphs (5), (6) and (7) may be omitted.

18.32A To the extent that there are proceeds brought forward from any issue of equity securities (including securities convertible into equity securities) or sale of treasury shares made in previous financial year(s) (other than under a share scheme that complies with Chapter 23), the listed issuer shall disclose the amount of proceeds brought forward and details of the use of such proceeds as set out in rule 18.32.

18.33 A summary, in the form of a comparative table, of the published results and of the assets and liabilities of the group for the last 5 financial years. Where the published results and statement of assets and liabilities have not been prepared on a consistent basis this must be explained in the summary.

18.34 An issuer shall include the following information in addition to the information required under the relevant accounting standard in respect of pension schemes:

(1) a brief outline of how contributions are calculated or benefits funded;

(2) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the date of statement of financial position for such use; and

(3) in the case of defined benefit plans, an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the date to which the listed issuer's financial statements are drawn up) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of:—

(a) the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions;

(b) the market value of the scheme assets at the date of their valuation or review (unless the assets are administered by an independent trustee in which case this information may be omitted);

(c) the level of funding expressed in percentage terms; and

(d) comments on any material surplus or deficiency (including quantification of the deficiency) indicated by (c) above.

18.35 If the issuer has caused any property interests to be valued (under Chapter 8) or has caused any valuation to be made of any other tangible assets and included such a valuation in the prospectus relating to the initial public offer of shares in the issuer and those assets are not stated at such valuation (or at subsequent valuation) in its first annual financial statements published after listing, then the issuer is required to disclose the following additional information in its first annual report published after listing:–

(1) the amount of such valuation of those properties or other tangible assets as included in the prospectus; and

(2) the additional depreciation (if any) that would be charged against the statement of profit or loss and other comprehensive income had those assets been stated at such valuation (or subsequent valuation).

18.36 [Repealed 31 December 2015]

18.37 A statement of the reserves available for distribution to shareholders by the listed issuer (as calculated under the provisions of sections 291, 297 and 299 of the Companies Ordinance) as at the date of its statement of financial position.

18.37A [Repealed 31 December 2015]

18.37B [Repealed 31 December 2015]

18.38 [Repealed 31 December 2015]

18.39 Brief biographical details in respect of the directors and senior managers of the listed issuer. Such details will include name, age, positions held with the listed issuer and other members of the listed issuer's group, length of service with the listed issuer and the group and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons (which would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities). Where a director has any former name or alias, such information should also be disclosed. Where any of the directors or senior managers are related, having with any other director or senior manager any one of the relationships set out below, that fact should be stated. The relationships are spouse; any person cohabiting with the director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law. Where any director of the listed issuer is a director or employee of a company which has an interest in the share capital of the listed issuer which would fall to be disclosed to the listed issuer under the provisions in Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated.

It is the responsibility of the directors of the listed issuer to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries; heads of divisions, departments or other operating units within the group as, in the opinion of the listed issuer's directors, is appropriate.

Note: In the case of a PRC issuer, references to directors and senior managers in this paragraph shall also mean and include supervisors.

18.39A In relation to an independent non-executive director appointed by a listed issuer during the financial year, the listed issuer shall disclose the reasons why such an independent non-executive director was and is considered to be independent if he has failed to meet any of the independence guidelines set out in rule 5.09.

18.39B A listed issuer must confirm whether it still considers the independent non-executive directors to be independent.

18.40 Additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:

(1) a statement of the percentage of purchases attributable to the group's largest supplier;

(2) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;

(3) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's largest customer;

(4) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

(5) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors own more than 5% of the number of issued shares (excluding treasury shares) of the listed issuer) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;

(6) in the event that the percentage which would fall to be disclosed under (2) above is less than 30, a statement of that fact shall be given and the information required in (1), (2) and (5) (in respect of suppliers) may be omitted; and

(7) in the event that the percentage which would fall to be disclosed under (4) above is less than 30, a statement of that fact shall be given and the information required in (3), (4) and (5) (in respect of customers) may be omitted.

Notes: 1 Rule 18.40 applies to all listed issuers whose businesses comprise, in whole or in part, the supply of goods or services of whatever nature, and in the case of service references to customers includes the clients of such listed issuers.

2 In relation to consumer goods, references to customers are to the ultimate wholesaler or retailer, except when the listed issuer's business incorporates the wholesaling or retailing operation. In all other cases references to customers are to ultimate customer.

3 References to suppliers are primarily to those who provide goods or services which are specific to a listed issuer's business and which are required on a regular basis to enable the listed issuer to continue to supply or service its customers. Suppliers of goods and services which are freely available from a range of suppliers at similar prices or which are otherwise freely available (such as utilities) are excluded. In particular, it is recognised that an obligation on listed issuers who are providers of financial services (such as banks and insurance companies) to give information about suppliers would be of limited or no value, and there is therefore no disclosure requirement in respect of suppliers to such listed issuers.

4 The Exchange must be consulted if there is any doubt about the application of rule 18.40.

18.41 A discussion and analysis of the group's performance during the year and the material factors underlying its results and financial position. It should emphasise trends and identify significant events or transactions during the year under review. As a minimum the directors of the listed issuer should comment on the following:—

(1) the group's liquidity and financial resources. This may include comments on the level of borrowings at the end of the period under review, the seasonality of borrowing requirements, and the maturity profile of borrowings and committed borrowing facilities. Reference may also be made to the funding requirements for capital expenditure commitments and authorisations;

(2) the capital structure of the group in terms of maturity profile of debt, type of capital instruments used, currency and interest rate structure. The discussion may cover funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled; the currencies in which borrowings are made and in which cash and cash equivalents are held; the extent to which borrowings are at fixed interest rates; the use of financial instruments for hedging purposes; and the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments;

(3) the state of the group's order book (where applicable) and prospects for new business including new products and services introduced or announced;

(4) significant investments held, their performance during the year and their future prospects;

(4A) a breakdown of its significant investments (including any investment in an investee company with a value of 5 per cent. or more of the issuer's total assets as at the year end date):

(a) details of each investment, including the name and principal businesses of the underlying company, the number and percentage of shares held and the investment costs;

(b) the fair value of each investment as at the year end date and its size relative to the issuer's total assets;

(c) the performance of each investment during the year, including any realised and unrealised gain or loss and any dividends received; and

(d) a discussion of the issuer's investment strategy for these significant investments;

(5) details of material acquisitions and disposals of subsidiaries, associates and joint ventures in the course of the year;

(6) comments on segmental information. This may cover changes in the industry segment, developments within the segment and their effect on the results of that segment. It may also include changes in the market conditions, new products and services introduced or announced and their impact on the group's performance and changes in revenue and margins;

(7) where applicable, details of the number and remuneration of employees, remuneration policies, bonus and share schemes and training schemes;

(8) details of charges on group assets;

(9) details of future plans for material investments or capital assets and their expected sources of funding in the coming year;

(10) gearing ratio;

(11) exposure to fluctuations in exchange rates and any related hedges; and

(12) details of contingent liabilities, if any.

Notes: 1 It is the responsibility of the directors of the listed issuer to determine what investment or capital asset is material in the context of the listed issuer's business, operations and financial performance. The materiality of investment or capital asset varies from one listed issuer to another according to its financial performance, assets and capitalisation, the nature of its operations and other factors. An event that is "material" in the context of a smaller listed issuer's business and affairs is often not material to a larger listed issuer. The directors of the listed issuer are in the best position to determine materiality. The Exchange recognises that decisions on disclosure require careful subjective judgements, and encourages listed issuers to consult the Exchange when in doubt as to whether disclosure should be made.

2 The basis on which the gearing ratio is computed should be disclosed.

3 If the above information required in this rule has been disclosed in a business review in the directors' report as set out in rule 18.07A, no additional disclosure is required.

18.42 A statement of any change in auditors of the listed issuer in any of the preceding 3 years.

18.43 [Repealed 1 July 2008]

18.44 The following information in respect of an issuer:-

(1) the full name and professional qualifications (if any) of:-

(a) the company secretary of the issuer; and

(b) [Repealed 1 January 2024]

(2) a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under Part 1 of Appendix C1 regarding the accounting period covered by the annual report. To the extent reasonable and appropriate, the issuer may incorporate by reference information in its annual report into the Corporate Governance Report. The references must be clear and unambiguous, and the Corporate Governance Report must not contain only a cross-reference without any discussion of the matter.

18.45 Information as to the interests (if any) of all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.

18.46 In respect of PRC properties where long term title certificates are not obtained by the issuer, any property revaluation surplus arising from those PRC properties must be excluded from the issuer's annual financial statements.

18.47 If the relevant annual financial statements do not give a true and fair view of the state of affairs and profit or loss and cash flow of the listed issuer or group, more detailed and/or additional information must be provided.

Note: If listed issuers are in doubt as to what more detailed and/or additional information should be provided, they should seek guidance from the Exchange. As a minimum, the listed issuer shall provide the following information:

(1) details of the modifications and their actual or potential impact on the listed issuer's financial position;

(2) management's position and basis on major judgmental areas (such as basis for impairment or valuation of assets), and how management's view is different from that of the auditors;

(3) the audit committee's view towards the modifications, and whether the audit committee reviewed and agreed with management's position concerning major judgmental areas; and

(4) the listed issuer's proposed plans to address the modifications.

18.48 [Repealed 31 December 2015]

Obligation to publish

18.48A A listed issuer must publish (in accordance with the requirements of Chapter 16) its annual report, in respect of each financial year of the listed issuer, not later than four months after the date upon which the financial year ended.

Preliminary announcement of results for the financial year

Preliminary

18.49 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the financial year, which has been agreed with its auditors, on the Exchange's website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of its results. The issuer must publish such results not later than 3 months after the date upon which the financial year ended.

Notes: 1 The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.

2 Newly listed issuers will be required to prepare and publish the relevant annual results (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 3-month deadline for publishing the results falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 18.49 are not applicable to the reporting period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

(a) the financial information required under Chapter 18 in relation to annual results announcements, in respect of such reporting period; and

(b) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not publishing such annual results announcements.

Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 18.49 that the relevant financial information has been included in its listing document.

Content of preliminary announcement

18.50 The preliminary announcement of results for the financial year must contain at least the following information in respect of the group:

(1) the information in respect of the statement of financial position and the statement of profit or loss and other comprehensive income as set out in rule 18.50B comprising a statement of profit or loss and other comprehensive income for the financial year, with comparative figures for the immediately preceding financial year, and statement of financial position as at the end of the financial year, with comparative figures as at the end of the immediately preceding financial year. The listed issuer must include the notes relating to revenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the year. Directors of the listed issuer must ensure that the information contained in the preliminary announcement of results is consistent with the information that will be contained in the annual reports (see rule 18.50A);

Note: [Repealed 31 December 2015]

(2) a commentary covering the following:

(a) a fair review of the development of the business of the listed issuer and its subsidiaries during the financial year and of their financial position at the end of the year;

(b) details of important events affecting the listed issuer and its subsidiaries which have occurred since the end of the financial year; and

(c) an indication of likely future developments in the business of the listed issuer and its subsidiaries;

(3) [Repealed 31 December 2015]

(4) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries, of its listed securities during the financial year, or an appropriate negative statement;

(5) any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant year;

(6) a statement as to whether the listed issuer meets the code provisions set out in Part 2 of Appendix C1. The listed issuer must also disclose any deviations from the code provisions with Considered Reasons and Explanation. To the extent reasonable and appropriate, such information may be given by reference to the preceding interim report or to the Corporate Governance Report in the preceding annual report, and summarising any changes since that report. The references must be clear and unambiguous;

(7) a statement as to whether the annual results have been reviewed by the audit committee of the listed issuer;

(8) where the auditors are likely to issue a modified report on the listed issuer's annual financial statements, details of the modification;

(9) where there are any significant changes in accounting policies, a statement of that fact must be made; and

Note: A listed issuer should apply the accounting policies consistently except where the change in accounting policy is required by an accounting standard which came into effect during the financial year.

(10) where there are prior period adjustments due to correction of material errors, a statement of that fact must be made.

Note: The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.

18.50A Where, in exceptional circumstances, it becomes necessary to revise the information contained in the listed issuer's preliminary announcement of results in the light of developments arising between the date of publication of the announcement and the completion of the audit, the listed issuer must immediately notify the Exchange and publish an announcement to inform the public. The announcement must provide details of the changes made to the published preliminary announcement of results including any impact on the published financial information of the listed issuer and the reasons for such changes.

Note: The Exchange does not expect there to be any material or substantial difference between the information contained in the listed issuer's preliminary announcement of results and that contained in its audited results.

18.50B The preliminary announcements of results for the half-year, preliminary announcements of results for the financial year, interim reports and annual reports of a listed issuer must include the disclosures required under the relevant accounting standards adopted and contain the information set out below in respect of the group. This information may be included in the notes to the financial statements. In the case of banking companies, the information on results and financial position set out in the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in rules 18.50B(1) and 18.50B(2).

(1) Statement of profit or loss and other comprehensive income

(a) profit (or loss) on sale of properties;

(2) Statement of financial position, if applicable:

(a) ageing analysis of accounts receivable; and

(b) ageing analysis of accounts payable;

Note: The ageing analysis should normally be presented on the basis of the date of the relevant invoice or demand note and categorised into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position. The basis on which the ageing analysis is presented should be disclosed.

(3) Dividends

Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement).

Notes: 1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adaptations should be made. Where the requirements of this rule are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.

2 The Exchange may authorise the omission from the preliminary announcement of any information if it considers:—

(a) such omission to be necessary or appropriate; or

(b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,

provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

3 The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.

18.50C [Repealed 10 February 2025]

18.51 [Repealed 1 March 2019]

18.52 [Repealed 31 December 2015]

Interim reports

Obligation to prepare and publish

18.53 The listed issuer shall prepare, in respect of each of the first 6 months of each financial year of the listed issuer, either (i) an interim report, or (ii) a summary interim report containing at least the information required by rules 18.55 and 18.82, respectively and publish the same (in accordance with the requirements of Chapter 16) not later than three months after the end of such period. The listed issuer may send a copy of its summary interim report to a member and a holder of its listed securities in place of a copy of its interim report, provided that such summary interim report complies with the relevant provisions of the Companies (Summary Financial Reports) Regulation governing summary financial reports.

Notes: 1 Newly listed issuers will be required to prepare and publish the relevant interim report or summary interim report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the three-month deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rules 18.53 and 18.54 are not applicable to the interim period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

(a) the financial information required under Chapter 18 in relation to interim reports, in respect of such six-month period (with comparative figures for the corresponding six-month period of the immediately preceding financial year);

(b) a statement as to whether it complies with the code provisions in Part 2 of Appendix C1 and, if not, the Considered Reasons and Explanation in respect of the deviation; and

(c) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not distributing such interim reports.

Such a newly listed issuer should publish an announcement no later than the time prescribed in rules 18.53 and 18.54 that the relevant financial information has been included in its listing document.

2 The figures in each interim report and summary interim report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual financial statements. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the interim reports or summary interim reports.

18.54 As soon as reasonably practicable after publishing any interim report and, where applicable, summary interim report, the listed issuer must send a copy of it to the persons specified in rule 18.03.

Note: [Repealed 1 January 2011]

Content of interim reports

18.55 Each interim report shall contain the disclosures required under the relevant accounting standards adopted and the information set out below:

(1) [Repealed 31 December 2015]

(2) [Repealed 31 December 2015]

(3) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries, of its listed securities during the relevant period, or an appropriate negative statement;

(4) a statement in relation to the accounting period covered by the interim report on whether the listed issuer meets the code provisions set out in Part 2 of Appendix C1. An issuer may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:

(a) the Considered Reasons and Explanation in respect of the deviation; or

(b) to the extent reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes for any deviation not reported in that annual report with Considered Reasons and Explanation. The references must be clear and unambiguous, and the interim report must not only contain a cross-reference without any discussion of the matter;

(5) in respect of the required standard of dealings set out in rules 5.48 to 5.67, a statement in relation to the accounting period covered by the interim report as to:

(a) whether the listed issuer has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings;

(b) having made specific enquiry of all directors, whether its directors have complied with, or whether there has been any non-compliance with, the required standard of dealings and its code of conduct regarding directors' securities transactions; and

(c) in the event of any non-compliance with the required standard of dealings, details of such non-compliance and an explanation of the remedial steps taken by the listed issuer to address such non-compliance;

(6) details of non-compliance (if any) with rules 5.05(1) and 5.05(2) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise, respectively; and

(7) details of non-compliance with rule 5.28 (if any) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to establishment of an audit committee;

(8) the information set out in rule 18.50B; and

(9) the further information set out in rules 18.56 to 18.64.

Notes: 1 An issuer should comply with the relevant standard on interim reporting in respect of its interim reports in accordance with the requirements under HKFRS, IFRS, CASBE or the alternative overseas financial reporting standard acceptable to the Exchange referred to in rules 18.04 and 18.06 which is adopted for the preparation of its annual financial statements.

2 Each interim report must be reviewed by the issuer's audit committee. In the event that the audit committee disagreed with an accounting treatment which had been adopted in the preparation of the group's interim report, full details of such disagreement should be disclosed together with a quantification of the financial effect arising from the disagreement. Where it is not possible to quantify the effect of the disagreement, or the effect is not significant, a statement to this effect should be made.

3 If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the interim reports.

4 [Repealed 31 December 2015]

5 A listed issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements except where the change in accounting policy is required by an accounting standard which came into effect during the interim period. Accounting policies which have been consistently applied and which were disclosed in the listed issuer's most recent published audited financial statements or for a newly listed issuer in its recent prospectus may be omitted from the interim reports. Any significant changes in the accounting policies, including those required by an accounting standard, should be disclosed together with the reason for changing in the accounting policy.

6 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adaptations should be made. Where the requirements of this rule are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.

7 The Exchange may authorise the omission from an interim report of specified items of information if it considers:—

(a) such omission to be necessary or appropriate; or

(b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,

provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

8 The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 7 above is based.

9 Each interim report must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.

10 An interim report shall contain the following information required under other parts of the Listing Rules:

(a) advance to an entity under rule 17.22;

(b) pledging of shares by the controlling shareholder under rule 17.23;

(c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;

(d) breach of loan agreement by an issuer under rule 17.23;

(e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24;

(f) provision of information in respect of and by directors, supervisors and chief executives under rule 17.50A(1);

(g) for a Mineral Company, continuing disclosure obligation arises under rule 18A.14; and

(h) share schemes under rules 23.07.

18.55A A listed issuer shall include in its interim report the information in relation to any issue of equity securities (including securities convertible into equity securities) or sale of treasury shares for cash (other than under a share scheme that complies with Chapter 23) during the interim period as set out in rule 18.32, and where applicable, the information required under rule 18.32A.

18.56 (1) Subject to rule 18.56(2), a statement as at the end of the relevant period showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

(a) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance; or

(b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 (which for purposes of this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or

(c) if there is no such interests and short positions, a statement of that fact,

provided that the Exchange may agree, in its sole discretion, that compliance with this sub-paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under Part XV of the Securities and Futures Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length.

(2) The information required to be included by virtue of rule 18.56(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:

(a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or

(b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.

18.57 A statement as at the end of the relevant period showing the interests and short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

Notes: 1 For the purposes of rules 18.56 and 18.57, particulars should be given of the extent of any duplication which occurs.

2 In the case of a PRC issuer, references to director or chief executive in rules 18.56 and 18.57 inclusive shall also mean and include supervisors.

18.58 Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed.

18.58A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

(1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);

(b) interests in debentures; and

(c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives;

(iii) other equity derivatives.

Notes:

(1) In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer or associated corporation.

(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:

(i) has a right to take the underlying shares;

(ii) is under an obligation to take the underlying shares;

(iii) has a right to receive money if the price of the underlying shares increases; or

(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

(3) For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives; and

(iii) other equity derivatives.

Notes:

(1) In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer or associated corporation.

(2) A short position arises:

(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;

(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —

(a) has a right to require another person to take the underlying shares of the equity derivatives;

(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;

(c) has a right to receive from another person money if the price of the underlying shares declines; or

(d) has a right to avoid a loss if the price of the underlying shares declines.

18.58B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

(1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and

(b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer.

(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:

(i) has a right to take the underlying shares;

(ii) is under an obligation to take the underlying shares;

(iii) has a right to receive money if the price of the underlying shares increases; or

(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

(3) For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer.

(2) A short position arises:

(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;

(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —

(a) has a right to require another person to take the underlying shares of the equity derivatives;

(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;

(c) has a right to receive from another person money if the price of the underlying shares declines; or

(d) has a right to avoid a loss if the price of the underlying shares declines.

18.58C For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.58B, except that note (3) to Rule 18.58B(1) does not apply.

18.59 The listed issuer should include a discussion and analysis of its performance covering all those matters set out in rule 18.41. The discussion should include any significant information needed for investors to make an informed assessment of the trend of its activities and profit (or loss). It should identify and explain any special factors which has influenced its activities and its profit (or loss) during the relevant period. It should provide a comparison with the corresponding period of the preceding financial year and must also, as far as possible, give an indication of the listed issuer's prospects for the current financial year. Such discussion may focus only on the significant changes in the group's performance since the most recent published annual report. Where the current information in relation to those matters set out in rule 18.41 has not changed materially from the information disclosed in the most recent published annual report, a statement to this effect may be made and no additional disclosure is required.

18.60 [Repealed 31 December 2015]

18.61 Any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant period.

18.62 [Repealed 1 July 2008]

18.63 Information as to the interests (if any) of all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.

18.64 Each interim report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) is a modified report, details of such modification must be set out in the interim report.

18.65 [Repealed 31 December 2015]

18.66 [Repealed 1 January 2024]

18.67 [Repealed 1 January 2024]

18.68 [Repealed 1 January 2024]

18.69 [Repealed 1 January 2024]

18.70 [Repealed 1 January 2024]

18.71 [Repealed 1 January 2024]

18.71A [Repealed 1 January 2024]

18.71B [Repealed 1 January 2024]

18.71C [Repealed 1 January 2024]

18.72 [Repealed 1 January 2024]

18.73 [Repealed 31 December 2015]

18.74 [Repealed 1 January 2024]

18.75 [Repealed 1 January 2024]

18.76 [Repealed 1 January 2024]

18.77 [Repealed 31 December 2015]

Preliminary announcement of results for each of the first 6 months of each financial year

18.78 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the first 6 months of each financial year, containing at least the information set out below, on the Exchange's website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of the results. The issuer must publish such results not later than two months after the end of such period:

(1) the information in respect of the statement of profit or loss and other comprehensive income and the statement of financial position as set out in rule 18.50B comprising statement of profit or loss and other comprehensive income for the current interim period, with comparative figures for the comparable period of the immediately preceding financial year, and statement of financial position as at the end of the interim period, with comparative figures as at the end of the immediately preceding financial year. The listed issuer must include the notes relating to revenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the financial period. The statement of profit or loss and other comprehensive income and statement of financial position shall be as they appear in the listed issuer's full interim report;

Note: [Repealed 31 December 2015]

(2) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries of its listed securities during the relevant period as required by rule 18.55(3), or an appropriate negative statement;

(3) a commentary covering the following:

(a) a fair review of the development of the business of the listed issuer and its subsidiaries during the financial period and of their financial position at the end of the period;

(b) details of important events affecting the listed issuer and its subsidiaries which have occurred since the end of the financial period; and

(c) an indication of likely future developments in the business of the listed issuer and its subsidiaries, including the listed issuer's prospects for the current financial year; or

where there are no material changes in respect of such matters since the publication of the latest annual report, an appropriate negative statement in that regard;

(4) a statement as to whether the listed issuer meets the code provisions set out in Part 2 of Appendix C1. The listed issuer must also disclose any deviations from the code provisions with Considered Reasons and Explanation. To the extent reasonable and appropriate, such information may be given by reference to the Corporate Governance Report in the preceding annual report, and summarising any changes since that annual report. The references must be clear and unambiguous;

(5) the information required by rules 18.61 and, if applicable, rules 18.63 and 18.64;

(6) a statement as to whether or not the interim results have been reviewed by external auditors or the audit committee of the listed issuer;

(7) full details of any disagreement by the auditors or the audit committee with the accounting treatment adopted by the listed issuer;

(8) where there are any significant changes in accounting policies, a statement of that fact must be made; and

Note: A listed issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements, except where the change in accounting policy is required by an accounting standard which came into effect during the interim period.

(9) where there are prior period adjustments due to correction of material errors, a statement of that fact must be made.

Note: Newly listed issuers will be required to prepare and publish the relevant interim results (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the two-month deadline for publishing the results falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 18.78 are not applicable to the interim period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

(a) the financial information required under Chapter 18 in relation to interim results announcements, in respect of such six-month period (with comparative figures for the corresponding six-month period of the immediately preceding financial year); and

(b) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not publishing such interim results announcements.

Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 18.78 that the relevant financial information has been included in its listing document.

18.79 [Repealed 1 January 2024]

18.80 [Repealed 31 December 2015]

Summary financial reports

18.81 Summary financial reports of issuers must comply with the disclosure requirements set out in the Companies (Summary Financial Reports) Regulation. An issuer must also disclose the following information in its summary financial report:

(1) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year or an appropriate negative statement; and

(2) a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under Part 1 of Appendix C1 regarding the accounting period covered by the annual report. To the extent reasonable and appropriate, this Corporate Governance Report may be a summary of the Corporate Governance Report contained in the annual report, and may also incorporate information by reference to its annual report. The references must be clear and unambiguous, and the summary must not contain only a cross-reference without any discussion of the matter. The summary must contain, as a minimum, a narrative statement indicating overall compliance with and highlighting any deviation from the code provisions in part 2 of Appendix C1.

Summary interim reports

18.82 Summary interim reports shall include, as a minimum, the following information in respect of the listed issuer:—

(1) information as set out in rules 18.78(1) to (9);

(2) details of non-compliance (if any) with rules 5.05(1) and 5.05(2) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise, respectively;

(3) details of non-compliance with rule 5.28 (if any) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to establishment of an audit committee;

(4) where the accounting information contained in a summary interim report has been audited by the listed issuer's auditors, an opinion from the auditors as to whether the summary interim report is consistent with the full interim report from which it is derived;

(5) names of the director(s) who have signed the full interim report on behalf of the board of directors of the listed issuer;

(6) a statement to the effect that the summary interim report only gives a summary of the information and particulars contained in the listed issuer's full interim report;

(7) a statement as to how an entitled person may obtain free of charge a copy of the listed issuer's full interim report from which the summary interim report is derived; and

(8) a statement as to the manner in which an entitled person may in future notify the listed issuer of his wishes to receive a copy of a summary interim report in place of a copy of the full interim report from which it is derived.

Note: "Entitled person" is a person who is entitled to be sent copies of the reporting documents for the financial year under section 430 of the Companies Ordinance.

Recommended additional disclosure

18.83 Issuers are encouraged to disclose the following additional commentary on discussion and analysis in their interim and annual reports:

(1) efficiency indicators (e.g. return on equity, working capital ratios) for the last 5 financial years indicating the bases of computation;

(2) industry specific ratios, if any, for the last 5 financial years indicating the bases of computation;

(3) a discussion of the listed issuer's purpose, corporate strategy and principal drivers of performance;

(4) an overview of trends in the listed issuer's industry and business;

(5) a discussion on the listed issuer's policies and performance on community, social, ethical and reputational issues; and

(6) receipts from, and returns to, shareholders.

Note: Issuers should also note the disclosures set out in recommended best practices F.1.5 in Part 2 of Appendix C1.

18.84 [Repealed 1 January 2016]

Chapter 18A

EQUITY SECURITIES

MINERAL COMPANIES

Scope

This Chapter sets out additional listing conditions, disclosure requirements and continuing obligations for Mineral Companies. The additional disclosure requirements and continuing obligations will apply to a listed issuer which becomes a Mineral Company by undertaking a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets. Certain continuing obligations will apply to listed issuers that publish details of Resources and/or Reserves.

The main headings are:

18A.01	Definitions and interpretation
18A.02-18A.04	Conditions for listing of new applicant Mineral Companies
18A.05-18A.08	Contents of listing documents for new applicants
18A.09-18A.13	Relevant Notifiable Transactions involving the acquisition or disposal of Mineral or Petroleum Assets
18A.14-18A.17	Continuing obligations
18A.18-18A.27	Statements on Resources and/or Reserves
18A.28-18A.34	Reporting Standard

DEFINITIONS AND INTERPRETATION

18A.01 For the purposes of this Chapter unless otherwise stated or the context otherwise requires:–

(1) terms signifying the singular include the plural and vice versa;

(2) the term mineral includes solid fuels; and

(3) the following terms have the meanings set out below:-

"CIMVAL"	Standards and Guidelines for Valuation of Mineral Properties endorsed by the Canadian Institute of Mining, Metallurgy and Petroleum, February 2003 (final version) as amended from time to time.
"Competent Evaluator"	a Competent Person undertaking valuations that satisfies rule 18A.23.
"Competent Person"	a person that satisfies rules 18A.21 and 18A.22.

"Competent Person's Report"	the public report prepared by a Competent Person on Resources and/or Reserves, in compliance with this Chapter (rules 18A.18 to 18A.33) and the applicable Reporting Standard, as modified by this Chapter.
"Contingent Resources"	those quantities of Petroleum estimated, at a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.
"Feasibility Study"	a comprehensive design and costing study of the selected option for the development of a mineral project in which appropriate assessments have been made of realistically assumed geological, mining, metallurgical, economic, marketing, legal, environmental, social, governmental, engineering, operational and all other relevant factors, which are considered in enough detail to demonstrate at the time of reporting that extraction is reasonably justified and the factors reasonably serve as the basis for a final decision by a financial institution to finance the development of the project.
"Indicated Resource"	that part of a mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence.
"Inferred Resource"	that part of a mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence, sampling and assumed but not verified geological and/or grade continuity.
"IOSCO Multilateral MOU"	the International Organisation of Securities Commissions Multilateral Memorandum of Understanding Concerning Consultation and Co-operation and the Exchange of Information dated May 2002 as amended from time to time.
"JORC Code"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition), as published by the Joint Ore Reserves Committee, as amended from time to time.
"Major Activity"	an activity of an issuer and/or its subsidiaries which represents 25% or more of the total assets, revenue or operating expenses of the issuer and its subsidiaries. Reference should be made to the issuer's latest audited consolidated financial statements.

"Measured Resource"	that part of a mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence.
"Mineral or Petroleum Assets"	mineral assets and/or Petroleum assets or the equivalent as defined in either CIMVAL, the SAMVAL Code, or the VALMIN Code.
"Mineral Company"	a new applicant whose Major Activity (whether directly or through its subsidiaries) is the exploration for and/or extraction of Natural Resources, or a listed issuer that completes a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets.
"Natural Resources"	mineral and/or Petroleum.
"NPVs"	net present values.
"NI 43-101"	also referred to as National Instrument 43-101, the (Canadian) Standards of Disclosure for Mineral Projects, including Companion Policy 43-101, as amended from time to time.
"Petroleum"	a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid or solid phase, as further defined in PRMS.
"Possible Reserves"	those quantities of Petroleum which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves.
"Pre-feasibility Study"	a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, for underground mining, or the pit configuration, for an open pit, has been established and an effective method of mineral processing has been determined. It includes a financial analysis based on realistically assumed or reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are enough for a Competent Person, acting reasonably, to determine if all or part of the mineral Resource may be classified as a mineral Reserve.
"PRMS"	the Petroleum Resources Management System published by the Society of Petroleum Engineers, American Association of Petroleum Geologists, World Petroleum Council, and Society of Petroleum Evaluation Engineers in March 2007, as amended from time to time.

"Probable Reserves"	(1) with regard to minerals, the economically mineable part of an Indicated, and in some circumstances, a Measured Resource. (2) with regard to Petroleum, those quantities of Petroleum which analysis of geoscience and engineering data show are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.
"Prospective Resources"	those quantities of Petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
"Proved Reserves"	(1) with regard to minerals, the economically mineable part of a Measured Resource. (2) with regard to Petroleum, those quantities of Petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.
"Recognised Professional Organisation"	a self-regulatory organisation of professional individuals in the mining or Petroleum industry which admits individuals on the basis of their academic qualifications and experience, requires compliance with professional standards of competence and ethics established by the organisation and has disciplinary powers including the power to suspend or expel a member.
"Relevant Notifiable Transaction"	a transaction that constitutes a major transaction, very substantial disposal, very substantial acquisition, extreme transaction and reverse takeover.
"Reporting Standard"	a recognised standard acceptable to the Exchange, including: (1) the JORC Code, NI 43-101, and the SAMREC Code, with regard to mineral Resources and Reserves; (2) PRMS with regard to Petroleum Resources and Reserves; and (3) CIMVAL, the SAMVAL Code, and the VALMIN Code, with regard to valuations.

"Reserve"

(1) with regard to minerals, the economically mineable part of a Measured, and/or Indicated Resource, taking into account diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments to a minimum of a Pre-feasibilty Study must have been carried out. Mineral Reserves are sub-divided in order of increasing confidence into Probable Reserves and Proved Reserves.

Note: Although the term mineral Reserve is used throughout this Chapter it is recognised that the term ore reserve is used in the JORC Code.

(2) with regard to Petroleum, those quantities of Petroleum anticipated to be commercially recoverable by the application of development projects to known accumulations from a given date forward under defined conditions.

"Resource"

(1) with regard to minerals, a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for their eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured Resources, as defined in the JORC Code.

(2) with regard to Petroleum, Contingent Resources and/or Prospective Resources.

"SAMREC Code"

the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2007 edition), as amended from time to time.

"SAMVAL Code"

the South African Code for the Reporting of Mineral Asset Valuation (2008 edition), as amended from time to time.

"Scoping Study"

a preliminary evaluation of a mineral project, including an assessment of the economic viability of mineral Resources. Scoping Studies should include forecast production schedules and cost estimates based on data under which the Resources are identified.

"VALMIN Code"	the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (2005 edition) as prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Mineral Industry Consultants Association, as amended from time to time.
"Valuation Report"	the public valuation report prepared by a Competent Evaluator on Mineral or Petroleum Assets in compliance with this Chapter (rule 18A.34) and the applicable Reporting Standard, as modified by this Chapter. It may form part of a Competent Person's Report.

CONDITIONS FOR LISTING OF NEW APPLICANT MINERAL COMPANIES

18A.02 In addition to satisfying the requirements of Chapter 11, a Mineral Company which has applied for listing must also satisfy the requirements of this Chapter.

18A.03 A Mineral Company must:-

(1) establish that it has the right to participate actively in the exploration for and/or extraction of Natural Resources, either:–

(a) through control over a majority (by value) of the assets in which it has invested together with adequate rights over the exploration for and/or extraction of Natural Resources; or

Note: 'control over a majority' means an interest greater than 50%.

(b) through adequate rights (arising under arrangements acceptable to the Exchange), which give it sufficient influence in decisions over the exploration for and/or extraction of the Natural Resources;

(2) establish that it has at least a portfolio of:–

(a) Indicated Resources; or

(b) Contingent Resources,

identifiable under a Reporting Standard and substantiated in a Competent Person's Report. This portfolio must be meaningful and of sufficient substance to justify a listing;

(3) if it has commenced production, provide an estimate of cash operating costs including the costs associated with:–

(a) workforce employment;

(b) consumables;

(c) fuel, electricity, water and other services;

(d) on and off-site administration;

(e) environmental protection and monitoring;

(f) transportation of workforce;

(g) product marketing and transport;

(h) non-income taxes, royalties and other governmental charges; and

(i) contingency allowances;

Note: A Mineral Company must:

- *set out the components of cash operating costs separately by category;*
- *explain the reason for any departure from the list of items to be included under cash operating costs; and*
- *discuss any material cost items that should be highlighted to investors.*

(4) demonstrate that it has available working capital for 125% of the group's present requirements, that is for at least the next 12 months, which must include:–

(a) general, administrative and operating costs;

(b) property holding costs; and

(c) the cost of any proposed exploration and/or development; and

Note: Capital expenditures do not need to be included in working capital requirements. Where they are financed out of borrowings, relevant interest and loan repayments must be included.

(5) ensure that its working capital statement made under Appendix D1A (paragraph 36) states it has available sufficient working capital for 125% of the group's present requirements, that is for at least 12 months from the date of its listing document.

18A.04 The Exchange may accept a trading record period of less than two financial years for rule 11.12A(1) (and an accountants' report covering a shorter period than that specified in rule 11.10) for a new applicant Mineral Company provided that its directors and senior managers, taken together, have sufficient experience relevant to the exploration and/or extraction activity that the Mineral Company is pursuing. Individuals relied on must have a minimum of five years relevant industry experience. Details of the relevant experience must be disclosed in the listing document of the new applicant.

Note 1: Where the Exchange accepts a trading record of less than two financial years, a new applicant must still meet the cash flow requirement of HK$30 million for that shorter trading record period, in accordance with rule 11.14.

Note 2: A Mineral Company relying on this rule must demonstrate that its primary activity is the exploration for and/or extraction of Natural Resources.

18A.05 In addition to the information set out in Appendix D1A, a Mineral Company must include in its listing document:–

(1) a Competent Person's Report;

(2) a statement that no material changes have occurred since the effective date of the Competent Person's Report. Where there are material changes, these must be prominently disclosed;

(3) the nature and extent of its prospecting, exploration, exploitation, land use and mining rights and a description of the properties to which those rights attach, including the duration and other principal terms and conditions of the concessions and any necessary licences and consents. Details of material rights to be obtained must also be disclosed;

(4) a statement of any legal claims or proceedings that may have an influence on its rights to explore or mine;

(5) disclosure of specific risks and general risks. Companies should have regard to Practice Note 4 on suggested risk analysis; and

(6) if relevant and material to the Mineral Company's business operations, information on the following:–

(a) project risks arising from environmental, social, and health and safety issues;

(b) any non-governmental organisation impact on sustainability of mineral and/or exploration projects;

(c) compliance with host country laws, regulations and permits, and payments made to host country governments in respect of tax, royalties and other significant payments on a country by country basis;

(d) sufficient funding plans for remediation, rehabilitation and, closure and removal of facilities in a sustainable manner;

(e) environmental liabilities of its projects or properties;

(f) its historical experience of dealing with host country laws and practices, including management of differences between national and local practice;

(g) its historical experience of dealing with concerns of local governments and communities on the sites of its mines, exploration properties, and relevant management arrangements; and

(h) any claims that may exist over the land on which exploration or mining activity is being carried out, including any ancestral or native claims.

Additional disclosure requirements that apply to certain new applicant Mineral Companies

18A.06 If a Mineral Company has begun production, it must disclose an estimate of the operating cash cost per appropriate unit for the minerals and/or Petroleum produced.

18A.07 If a Mineral Company has not yet begun production, it must disclose its plans to proceed to production with indicative dates and costs. These plans must be supported by at least a Scoping Study, substantiated by the opinion of a Competent Person. If exploration rights or rights to extract Resources and/or Reserves have not yet been obtained, relevant risks to obtaining these rights must be prominently disclosed.

18A.08 If a Mineral Company is involved in the exploration for or extraction of Resources, it must prominently disclose to investors that its Resources may not ultimately be extracted at a profit.

RELEVANT NOTIFIABLE TRANSACTIONS INVOLVING THE ACQUISITION OR DISPOSAL OF MINERAL OR PETROLEUM ASSETS

18A.09 A Mineral Company proposing to acquire or dispose of assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must:-

(1) comply with Chapter 19 and Chapter 20, if relevant;

(2) produce a Competent Person's Report, which must form part of the relevant circular, on the Resources and/or Reserves being acquired or disposed of as part of the Relevant Notifiable Transaction;

Note: The Exchange may dispense with the requirement for a Competent Person's Report on disposals where shareholders have sufficient information on the assets being disposed of.

(3) in the case of a major (or above) acquisition, produce a Valuation Report, which must form part of the relevant circular, on the Mineral or Petroleum Assets being acquired as part of the Relevant Notifiable Transaction; and

(4) comply with the requirements of rules 18A.05(2) to 18A.05(6) in respect of the assets being acquired.

Note: Material liabilities that remain with the issuer on a disposal must also be discussed.

Requirements that apply to listed issuers

18A.10 A listed issuer proposing to acquire assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction must comply with rule 18A.09.

18A.11 On completion of a Relevant Notifiable Transaction involving the acquisition of Mineral or Petroleum Assets, unless the Exchange decides otherwise, a listed issuer will be treated as a Mineral Company.

Requirements that apply to Mineral Companies and listed issuers

18A.12 The Exchange may dispense with the requirement to produce a new Competent Person's Report or a Valuation Report under rules 18A.05(1), 18A.09(2) or 18A.09(3), if the issuer has available a previously published Competent Person's Report or Valuation Report (or equivalent) which complies with rules 18A.18 to 18A.34 (where applicable), provided the report is no more than six

months old. The issuer must provide this document and a no material change statement in the listing document or circular for the Relevant Notifiable Transaction.

18A.13 An issuer must obtain the prior written consent of a Competent Person(s) or Competent Evaluator for their material to be included in the form and context in which it appears in a listing document or circular for the Relevant Notifiable Transaction, whether or not such person or firm is retained by the listing applicant or the issuer.

CONTINUING OBLIGATIONS

Disclosure in reports

18A.14 A Mineral Company must include in its interim (half-yearly) and annual reports details of its exploration, development and mining production activities and a summary of expenditure incurred on these activities during the period under review. If there has been no exploration, development or production activity, that fact must be stated.

Publication of Resources and Reserves

18A.15 A listed issuer that publicly discloses details of Resources and/or Reserves must give an update of those Resources and/or Reserves once a year in its annual report, in accordance with the reporting standard under which they were previously disclosed or a Reporting Standard.

18A.16 A Mineral Company must include an update of its Resources and/or Reserves in its annual report in accordance with the Reporting Standard under which they were previously disclosed.

18A.17 Annual updates of Resources and/or Reserves must comply with rule 18A.18.

Note: Annual updates are not required to be supported by a Competent Person's Report and may take the form of a no material change statement.

STATEMENTS ON RESOURCES AND/OR RESERVES

Presentation of data

18A.18 Any data presented on Resources and/or Reserves by a Mineral Company in a listing document, Competent Person's Report, Valuation Report or annual report, must be presented in tables in a manner readily understandable to a non-technical person. All assumptions must be clearly disclosed and statements should include an estimate of volume, tonnage and grades.

Basis of evidence

18A.19 All statements referring to Resources and/or Reserves:–

(1) in any new applicant listing document or circular relating to a Relevant Notifiable Transaction, must be substantiated in a Competent Person's Report which must form part of the document; and

(2) in all other cases, must at least be substantiated by the issuer's internal experts.

Petroleum Competent Persons' Reports

18A.20 A Competent Person's Report for Mineral Companies involved in the exploration for and/or extraction of Petroleum Resources and Reserves must include the information set out in Appendix D2.

Competent Person

18A.21 A Competent Person must:–

(1) have a minimum of five years experience relevant to the style of mineralization and type of deposit under consideration or to the type of Petroleum exploration, reserve estimate (as appropriate), and to the activity which the Mineral Company is undertaking;

(2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the Commission for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and

(3) take overall responsibility for the Competent Person's Report.

18A.22 A Competent Person must be independent of the issuer, its directors, senior management and advisers. Specifically the Competent Person retained must:-

(1) have no economic or beneficial interest (present or contingent) in any of the assets being reported on;

(2) not be remunerated with a fee dependent on the findings of the Competent Person's Report;

(3) in the case of an individual, not be an officer, employee or proposed officer of the issuer or any group, holding or associated company of the issuer; and

(4) in the case of a firm, not be a group, holding or associated company of the issuer. Any of the firm's partners or officers must not be officers or proposed officers of any group, holding or associated company of the issuer.

Additional requirements of Competent Evaluators

18A.23 In addition to the requirements set out in rules 18A.21(2) and 18A.22, a Competent Evaluator must:–

(1) have at least ten years relevant and recent general mining or Petroleum experience (as appropriate);

(2) have at least five years relevant and recent experience in the assessment and/or valuation of Mineral or Petroleum Assets or securities (as appropriate); and

(3) hold all necessary licences.

Note: A Competent Person's Report and Valuation Report may be performed by the same Competent Person provided he or she is also a Competent Evaluator.

Scope of Competent Persons' Reports and Valuation Reports

18A.24 A Competent Person's Report or Valuation Report must comply with a Reporting Standard as modified by this Chapter, and must:-

(1) be addressed to the Mineral Company or listed issuer;

(2) have an effective date (being the date when the contents of the Competent Person's Report or Valuation Report are valid) less than six months before the date of publishing the listing document or circular relating to a Relevant Notifiable Transaction required under the Listing Rules; and

(3) set out what Reporting Standard has been used in preparing the Competent Person's Report or Valuation Report, and explain any departure from the relevant Reporting Standard.

Disclaimers and Indemnities

18A.25 A Competent Person's Report or Valuation Report may contain disclaimers of sections or topics outside their scope of expertise in which the Competent Person or Competent Evaluator relied upon other experts' opinions, but must not contain any disclaimers of the report in its entirety.

18A.26 The Competent Person or Competent Evaluator must prominently disclose in the Competent Person's Report or Valuation Report the nature and details of all indemnities provided by the issuer. Indemnities for reliance placed on information provided by issuers and third party experts (for information outside the Competent Person's or Competent Evaluator's expertise) are generally acceptable. Indemnities for fraud and gross negligence are generally unacceptable.

Obligations of sponsor

18A.27 Any sponsor appointed to or by a new applicant Mineral Company under Chapter 6A must ensure that any Competent Person or Competent Evaluator meets the requirements of this Chapter.

REPORTING STANDARD

Mineral reporting standard

18A.28 In addition to satisfying the requirements of Chapter 17 (as modified by this Chapter), a Mineral Company exploring for and/or extracting mineral Resources and Reserves must also satisfy rules 18A.29 and 18A.30.

18A.29 A Mineral Company must disclose information on mineral Resources, Reserves and/or exploration results either:–

(1) under:

(a) the JORC Code;

(b) NI 43-101; or

(c) the SAMREC Code,

as modified by this Chapter; or

(2) under other codes acceptable to the Exchange as communicated to the market from time to time, provided the Exchange is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.

Note: The Exchange may allow presentation of Reserves under other reporting standards provided reconciliation to a Reporting Standard is provided. A Reporting Standard applied to specific assets must be used consistently.

18A.30 A Mineral Company must ensure that:-

(1) any estimates of mineral Reserves disclosed are supported, at a minimum, by a Pre-feasibility Study;

(2) estimates of mineral Reserves and mineral Resources are disclosed separately;

(3) Indicated Resources and Measured Resources are only included in economic analyses if the basis on which they are considered to be economically extractable is explained and they are appropriately discounted for the probabilities of their conversion to mineral Reserves. All assumptions must be clearly disclosed. Valuations for Inferred Resources are not permitted;

(4) for commodity prices used in Pre-feasibility Studies, Feasibility Studies and valuations of Indicated Resources, Measured Resources and Reserves:-

(a) the methods to determine those commodity prices, all material assumptions, and the basis on which those prices represent reasonable views of future prices are explained clearly; and

(b) if a contract for future prices of mineral Reserves exists, the contract price is used; and

(5) for forecast valuations of Reserves and profit forecasts, sensitivity analyses to higher and lower prices are supplied. All assumptions must be clearly disclosed.

Petroleum reporting standard

18A.31 In addition to satisfying the requirements of Chapter 17 (as modified by this Chapter), a Mineral Company exploring for and/or extracting Petroleum Resources and Reserves must also satisfy rules 18A.32 and 18A.33.

18A.32 A Mineral Company must disclose information on Petroleum Resources and Reserves either:–

(1) under PRMS as modified by this Chapter; or

(2) under other codes acceptable to the Exchange if it is satisfied that they give a comparable standard of disclosure and sufficient assessment of the underlying assets.

Note: A Reporting Standard applied to specific assets must be used consistently.

18A.33 A Mineral Company must ensure that:–

(1) where estimates of Reserves are disclosed, the method and reason for choice of estimation are disclosed (i.e. deterministic or probabilistic methods, as defined in PRMS). Where the probabilistic method is used, the underlying confidence levels applied must be stated;

(2) if the NPVs attributable to Proved Reserves and Proved plus Probable Reserves are disclosed, they are presented on a post-tax basis at varying discount rates (including a reflection of the weighted average cost of capital or minimum acceptable rate of return that applies to the entity at the time of evaluation) or a fixed discount rate of 10%;

(3) Proved Reserves and Proved plus Probable Reserves are analysed separately and principal assumptions (including prices, costs, exchange rates and effective date) and the basis of the methodology are clearly stated;

(4) if the NPVs attributable to Reserves are disclosed, they are presented using a forecast price as a base case or using a constant price as a base case. The bases for the forecast case must be disclosed. The constant price is defined as the unweighted arithmetic average of the closing price on the first day of each month within the 12 months before the end of the reporting period, unless prices are defined by contractual arrangements. The basis on which the forecast price is considered reasonable must be disclosed and Mineral Companies must comply with rule 18A.30(5);

Note: In the forecast case under PRMS, the economic evaluation underlying the investment decision is based on the entity's reasonable forecast of future conditions, including costs and prices, which will exist during the life of the project.

(5) if estimated volumes of Contingent Resources or Prospective Resources are disclosed, relevant risk factors are clearly stated;

Note: Under PRMS, wherever the volume of a Contingent Resource is stated, risk is expressed as the chance that the accumulation will be commercially developed and graduate to the reserves class. Wherever the volume of a Prospective Resource is stated, risk is expressed as the chance that a potential accumulation will result in a significant discovery of Petroleum.

(6) economic values are not attached to Possible Reserves, Contingent Resources or Prospective Resources; and

(7) where an estimate of future net revenue is disclosed, whether calculated without discount or using a discount rate, it is prominently disclosed that the estimated values disclosed do not represent fair market value.

Mineral or Petroleum Asset Valuation Reports

18A.34 A Mineral Company must ensure that:–

(1) any valuation of its Mineral or Petroleum Assets is prepared under the VALMIN Code, SAMVAL Code, CIMVAL or such other code approved by the Exchange from time to time;

(2) the Competent Evaluator states clearly the basis of valuation, relevant assumptions and the reason why a particular method of valuation is considered most appropriate, having regard to the nature of the valuation and the development status of the Mineral or Petroleum Asset;

(3) if more than one valuation method is used and, different valuations result, the Competent Evaluator comments on how the valuations compare and on the reason for selecting the value adopted; and

(4) in preparing any valuation a Competent Evaluator meets the requirements set out in rule 18A.23.

Chapter 19

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

Preliminary

19.01 This Chapter deals with certain transactions, principally acquisitions and disposals, by a listed issuer. It describes how they are classified, the details that are required to be disclosed in respect of them and whether a circular and shareholders' approval are required. It also sets out provisions to deter circumvention of new listing requirements and additional requirements in respect of takeovers and mergers.

19.02 If any transaction for the purposes of this Chapter is also a connected transaction for the purposes of Chapter 20, the listed issuer will, in addition to complying with the provisions of this Chapter, have to comply with the provisions of Chapter 20.

19.03 [Repealed 1 January 2009]

Definitions

19.04 For the purposes of this Chapter:—

(1) any reference to a "transaction" by a listed issuer:

(a) includes the acquisition or disposal of assets, including deemed disposals as referred to in rule 19.29;

(b) includes any transaction involving a listed issuer writing, accepting, transferring, exercising or terminating (in the manner described in rule 19.73) an option (as defined in rule 19.72) to acquire or dispose of assets or to subscribe for securities;

(c) includes entering into or terminating finance leases where the financial effects of such leases have an impact on the balance sheet and/or profit and loss account of the listed issuer;

(d) includes entering into or terminating operating leases which, by virtue of their size, nature or number, have a significant impact on the operations of the listed issuer. The Exchange will normally consider an operating lease or a transaction involving multiple operating leases to have a "significant impact" if such lease(s), by virtue of its/their total monetary value or the number of leases involved, represent(s) a 200% or more increase in the scale of the listed issuer's existing operations conducted through lease arrangements of such kind;

(e) includes granting an indemnity or a guarantee or providing financial assistance by a listed issuer, other than by a listed issuer which:

(i) is a banking company (as defined in rule 20.06(3)) and provides the financial assistance (as defined in rule 20.06(17)) in its ordinary and usual course of business (as referred to in rule 19.04(8));

(ii) grants an indemnity or a guarantee, or provides financial assistance to its subsidiaries; or

(iii) is a securities house and provides the financial assistance (as defined in rule 20.06(17)) in its ordinary and usual course of business (as referred to in rule 19.04(8)) and upon normal commercial terms, either:

(A) by way of securities margin financing (which means providing a financial accommodation in order to facilitate:

(aa) the acquisition of securities listed on any stock market, whether a recognized stock market (as defined in Schedule 1 to the Securities and Futures Ordinance) or any other stock market outside Hong Kong; and

(bb) (where applicable) the continued holding of those securities,

whether or not those or other securities are pledged as security for the accommodation); or

(B) for the purpose of a proposed acquisition of securities in accordance with the terms of a prospectus which is registered in Hong Kong and issued in respect of an initial public offering of equity securities to be listed in Hong Kong.

Note: Such a transaction may nevertheless in some cases constitute a connected transaction under Chapter 20. In such cases, the listed issuer will have to comply with the provisions of Chapter 20.

(f) includes entering into any arrangement or agreement involving the formation of a joint venture entity in any form, such as a partnership or a company, or any other form of joint arrangement, other than a joint venture where:

(i) the joint venture is engaging in a single purpose project/transaction which is of a revenue nature in the ordinary and usual course of business of the issuer (see rule 19.04(1)(g));

(ii) the joint venture arrangement is on an arm's length basis and on normal commercial terms; and

(iii) the joint venture agreement contains clause(s) to the effect that the joint venture may not, without its partners' unanimous consent:

(A) change the nature or scope of its business; or

(B) enter into any transactions which are not on an arm's length basis; and

(g) to the extent not expressly provided in rules 19.04(1)(a) to (f), excludes any transaction of a revenue nature in the ordinary and usual course of business (as referred to in rule 19.04(8)) of the listed issuer;

Notes: 1 To the extent not expressly provided in rules 19.04(1)(a) to (f), any transaction of a revenue nature in the ordinary and usual course of business of a listed issuer will be exempt from the requirements of this Chapter.

2 (a) Any transaction involving the acquisition or disposal of properties will generally not be considered to be of a revenue nature unless such transaction is carried out as one of the principal activities and in the ordinary and usual course of business of the listed issuer.

(b) Any transaction involving the acquisition or disposal of securities will generally not be considered to be of a revenue nature unless it is carried out in the ordinary and usual course of business by a member of the listed issuer's group that is:

(i) a banking company (as defined in rule 20.86);

(ii) an insurance company; or

(iii) a securities house that is mainly engaged in regulated activities under the SFO. It should be noted that proprietary securities trading and/or investment is not a regulated activity under the SFO and accordingly, this exemption is not available where proprietary securities trading and/or investment constitutes a significant part of the business of the securities house.

3 Where a listed issuer, for the financial reporting purpose, has transferred an asset from the fixed asset account to the current asset account, a subsequent disposal of the asset by the listed issuer will not be exempt under rule 19.04(1)(g).

4 In considering whether or not a transaction is of a revenue nature, a listed issuer must take into account the following factors:

(a) whether previous transactions or recurring transactions that were of the same nature were treated as notifiable transactions;

(b) the historical accounting treatment of its previous transactions that were of the same nature;

(c) whether the accounting treatment is in accordance with generally acceptable accounting standards; and

(d) whether the transaction is a revenue or capital transaction for tax purposes.

These factors are included for guidance only and are not intended to be exhaustive. The Exchange may take into account other factors relevant to a particular transaction in assessing whether or not it is of a revenue nature. In cases of doubt, the listed issuer must consult the Exchange at an early stage.

(h) excludes a disposal or deemed disposal of interests in a principal subsidiary as a result of the grant of share options or share awards under a share scheme of the subsidiary that complies with Chapter 23.

(2) "accounts" means:—

(a) in respect of a listed issuer, and for the purpose of determining its total assets, profits or revenue figures pursuant to rule 19.07, the listed issuer's latest published audited accounts or, where consolidated accounts have been prepared, the listed issuer's latest published audited consolidated accounts; and

(b) in the case of any other company, legal person, partnership, trust or business unit, its latest audited accounts or, where consolidated accounts have been prepared, its latest audited consolidated accounts or, where no audited accounts have been prepared, such other accounts as may be permitted by the Exchange in its discretion;

(2A) "acquisition targets" in rules 19.06B, 19.06C, 19.53A, 19.54 and 19.57A mean the assets to be acquired, or in the context of a series of transactions and/or arrangements, the assets acquired and/or to be acquired. In other words, a series of transactions and/or arrangements may include completed acquisition(s);

(3) an "aircraft company" means a company or other entity whose non-cash assets consist solely or mainly of aircraft or interests in aircraft or interests in companies or entities whose non-cash assets consist solely or mainly of aircraft and whose income is mainly derived from those aircraft;

(4) "assets" means both tangible and intangible assets and includes businesses, companies and securities, whether listed or not (unless otherwise stated);

(5) "de minimis ratio" means the ratio determined in accordance with rules 20.74, 20.85(2) and 20.85(3) (as the case may be);

(5A) an "insurance company" means a company which is authorized to carry out insurance business under the Insurance Ordinance or appropriate overseas legislation or authority. For the avoidance of doubt, an "insurance company" does not include an insurance broker or insurance agent;

(6) a "listed issuer" means a company or other legal person whose securities are already listed on GEM and, unless the context otherwise requires, includes its subsidiaries;

(7) a "notifiable transaction" means a transaction classified as a share transaction, discloseable transaction, major transaction, very substantial disposal or very substantial acquisition under rule 19.06 or a transaction classified as a reverse takeover or extreme transaction under rule 19.06B or 19.06C;

(8) "ordinary and usual course of business" of an entity means the existing principal activities of the entity or an activity wholly necessary for the principal activities of the entity. In the context of financial assistance provided in the ordinary and usual course of business, this means financial assistance provided by a banking company only or by a securities house pursuant to rule 19.04(1)(e)(iii) only and, in the context of financial assistance not provided in the ordinary and usual course of business, it means financial assistance not provided by a banking company or by a securities house under rule 19.04(1)(e)(iii);

(9) "percentage ratios" means the percentage ratios set out in rule 19.07, and "assets ratio", "profits ratio", "revenue ratio", "consideration ratio" and "equity capital ratio" shall bear the respective meanings set out in rule 19.07;

(10) a "property company" means a company or other entity whose non-cash assets consist solely or mainly of properties or interests in properties or interests in companies or entities whose non-cash assets consist solely or mainly of properties and whose income is mainly derived from those properties;

(10A) [Repealed 1 February 2011]

(10B) "Qualified Issuer" means an issuer actively engaged in property development as a principal business activity. For determining whether property development is a principal activity of an issuer, consideration will be given to the following factors:

(a) clear disclosure of property development activity as a current and continuing principal business activity in the Directors' Report of its latest published annual financial statements;

(b) property development activity is reported as a separate and continuing segment (if not the only segment) in its latest published financial statements; and

(c) its format for reporting segmental information and its latest published annual financial statements have fully complied with the requirements of relevant accounting standards adopted for the preparation of its annual financial statements on reporting of segment revenue and segment expense.

(10C) "Qualified Property Acquisition" means an acquisition of land or property development project in Hong Kong from Government or Government-controlled entities through a public auction or tender; or an acquisition of governmental land in the Mainland from a PRC Governmental Body (as defined in rule 25.04) through a tender (招標), auction (拍賣), or listing-for-sale (掛牌) governed by the PRC law (as defined in rule 25.04);

Note: The Exchange may relax this requirement to accept land acquired in other jurisdictions from governmental bodies through public auctions or tenders. Factors which the Exchange will consider include:

(i) whether the government land is acquired through a competitive bidding process regulated by legislation and/or requirements in the relevant jurisdiction;

(ii) whether the bidding process is fairly structured and established, and bidders have no discretion to change pre-established terms;

(iii) whether acquiring government land through a bidding process is a common practice in that jurisdiction; and

(iv) the problems faced by the issuer in complying with the notifiable transaction Rules for the land acquisition.

(10D) "Qualified Aircraft Leasing Activity" means:

(a) an acquisition of aircraft;

(b) a finance lease in respect of the leasing of aircraft to an aircraft operator (i.e. an entity which carries on a business of operating aircraft as an owner or charterer for providing services for the carriage by air of passengers, cargo or mail), including financing arrangements in a sale and leaseback transaction;

(c) an operating lease in respect of leasing of aircraft to an aircraft operator; or

(d) a disposal of aircraft.

For the purpose of this rule and rule 19.04(10E), "aircraft leasing with an aircraft operator" include leases of aircraft to the aircraft operator directly or indirectly through an intermediate lessor related to the aircraft operator.

(10E) "Qualified Aircraft Lessor" means a listed issuer actively engaged in aircraft leasing with aircraft operators (as defined in rule 19.04(10D)) as a principal business in its ordinary and usual course of business. In making this determination, consideration will also be given to the following factors:

(a) there is clear disclosure of aircraft leasing as a current and continuing principal business activity in the issuer's latest published annual report and financial statements (or in the case of a newly listed issuer, its listing document);

(b) aircraft leasing is reported as a separate and continuing segment (if not the only segment) in the issuer's latest published financial statements. The format for reporting segmental information and its latest published annual financial statements have fully complied with the relevant accounting standards adopted for the preparation of its annual financial statements; and

(c) the lessor's directors and senior management, taken together, have sufficient experience relevant to the aircraft leasing industry. Individuals relied on must have a minimum of five years' relevant industry experience.

(11) a "securities house" means a corporation which is licensed or registered under the Securities and Futures Ordinance for Type 1 (dealing in securities) or Type 8 (securities margin financing) regulated activity;

(11A) a "shipping company" means a company or other entity whose non-cash assets consist solely or mainly of vessels or interests in vessels or interests in companies or entities whose non-cash assets consist solely or mainly of vessels and whose income is mainly derived from those vessels; and

(12) "total assets" means:—

(a) in respect of a listed issuer, the total fixed assets, including intangible assets, plus the total current and non-current assets, as shown in its accounts or latest published interim report (whichever is more recent), subject to any adjustments or modifications arising by virtue of the provisions of rules 19.16, 19.18 and 19.19; and

(b) in the case of any other company, legal person, partnership, trust or business unit, the total fixed assets, including intangible assets, plus the total current and non-current assets, as shown in its accounts, subject to any adjustments or modifications arising from any significant changes to its assets subsequent to the date of the balance sheet in the accounts.

Note: Listed issuers must demonstrate that any such adjustments or modifications to the accounts of the relevant company, legal person, partnership, trust or business unit are necessary and appropriate in order to reflect its latest financial position.

Classification

19.05 A listed issuer considering a transaction must, at an early stage, consider whether the transaction falls into one of the classifications set out in rule 19.06, 19.06B or 19.06C. In this regard, the listed issuer must determine whether or not to consult with its Compliance Adviser and/or its financial, legal or other professional advisers. Listed issuers, Compliance Advisers or other advisers which are in any doubt as to the application of the requirements in this Chapter should consult the Exchange at an early stage.

Note: Refer to rule 6A.23 regarding when a listed issuer is required to consult with and, if necessary, seek advice from its Compliance Adviser.

19.06 The transaction classification is made by using the percentage ratios set out in rule 19.07. The classifications are:

(1) share transaction — an acquisition of assets (excluding cash) by a listed issuer where the consideration includes securities for which listing will be sought and/or treasury shares to be transferred and where all percentage ratios are less than 5%;

(2) discloseable transaction — a transaction or a series of transactions (aggregated under rules 19.22 and 19.23) by a listed issuer where any percentage ratio is 5% or more, but less than 25%;

(3) major transaction — a transaction or a series of transactions (aggregated under rules 19.22 and 19.23) by a listed issuer where any percentage ratio is 25% or more, but less than 100% for an acquisition or 75% for a disposal;

(4) very substantial disposal — a disposal or a series of disposals (aggregated under rules 19.22 and 19.23) of assets (including deemed disposals referred to in rule 19.29) by a listed issuer where any percentage ratio is 75% or more;

(5) very substantial acquisition — an acquisition or a series of acquisitions (aggregated under rules 19.22 and 19.23) of assets by a listed issuer where any percentage ratio is 100% or more.

Provisions to deter circumvention of new listing requirements

19.06A The Exchange may impose additional requirements where it considers the arrangements of a listed issuer represent an attempt to circumvent the new listing requirements under the GEM Listing Rules. These arrangements include circumstances set out below:

Reverse takeovers

19.06B A reverse takeover is an acquisition or a series of acquisitions of assets by a listed issuer which, in the opinion of the Exchange, constitutes, or is part of a transaction and/or arrangement or series of transactions and/or arrangements which constitute, an attempt to achieve a listing of the acquisition targets (as defined in rule 19.04(2A)) and a means to circumvent the requirements for new applicants as set out in Chapter 11.

Notes:

1. *Rule 19.06B is aimed at preventing acquisitions that represent an attempt to circumvent the new listing requirements. In applying this principle based test, the Exchange will normally take into account the following factors:*

   (a) *the size of the acquisition or series of acquisitions relative to the size of the issuer;*

   (b) *a fundamental change in the issuer's principal business;*

   (c) *the nature and scale of the issuer's business before the acquisition or series of acquisitions;*

   (d) *the quality of the acquisition targets;*

   (e) *a change in control (as defined in the Takeovers Code) or de facto control of the listed issuer (other than at the level of its subsidiaries);*

   In assessing whether there has been a change in control or de facto control of the issuer, the Exchange will consider (i) any change in the controlling shareholder of the issuer; or (ii) any change in the single largest substantial shareholder who is able to exercise effective control over the issuer, as indicated by factors such as a substantial change to its board of directors and/or senior management.

   In circumstances involving an issue of convertible securities with a conversion restriction mechanism to avoid triggering a change in control under the Takeovers Code (i.e. restricted convertible securities) to a vendor as the consideration for an acquisition, the Exchange will consider whether the issuance is a means to allow the vendor to effectively control the issuer;

   (f) *other transactions or arrangements which, together with the acquisition or series of acquisitions, form a series of transactions or arrangements to list the acquisition targets.*

   These transactions or arrangements may include changes in control/de facto control, acquisitions and/or disposals. The Exchange may regard acquisitions and other transactions or arrangements as a series if they take place in a reasonable proximity to each other (which normally refers to a period of 36 months or less) or are otherwise related.

The Exchange will consider whether, taking the factors together, an issuer's acquisition or series of acquisitions constitute an attempt to list the acquisition targets and circumvent the new listing requirements.

2. *Without limiting the generality of rule 19.06B, the following transactions are normally reverse takeovers (the bright line tests):*

   (a) an acquisition or a series of acquisitions (aggregated under rules 19.22 and 19.23) of assets constituting a very substantial acquisition where there is or which will result in a change in control (as defined in the Takeovers Code) of the listed issuer (other than at the level of its subsidiaries); or

   (b) acquisition(s) of assets from a person or a group of persons or any of his/their associates pursuant to an agreement, arrangement or understanding entered into by the listed issuer within 36 months of such person or group of persons gaining control (as defined in the Takeovers Code) of the listed issuer (other than at the level of its subsidiaries), where such gaining of control had not been regarded as a reverse takeover, which individually or together constitute(s) a very substantial acquisition. For the purpose of determining whether the acquisition(s) constitute(s) a very substantial acquisition, the lower of:

      (A) the latest published figures of the asset value, revenue and profits as shown in the listed issuer's accounts and the market value of the listed issuer at the time of the change in control, which must be adjusted in the manner set out in rules 19.16, 19.17, 19.18 and 19.19, as applicable, up to the time of the change in control; and

      (B) the latest published figures of the asset value, revenue and profits as shown in the listed issuer's accounts and the market value of the listed issuer at the time of the acquisition(s), which must be adjusted in the manner set out in rules 19.16, 19.17, 19.18 and 19.19, as applicable,

   is to be used as the denominator of the percentage ratios.

Rule 19.06B will apply irrespective of whether any general offer obligations under the Takeovers Code have been waived.

Extreme transactions

19.06C An "extreme transaction" is an acquisition or a series of acquisitions of assets by a listed issuer, which individually or together with other transactions or arrangements, may, by reference to the factors set out in Note 1 to rule 19.06B, have the effect of achieving a listing of the acquisition targets, but where the issuer can demonstrate that it is not an attempt to circumvent the requirements for new applicants set out in Chapter 11 of the GEM Listing Rules and that:

(1) (a) the issuer (other than at the level of its subsidiaries) has been under the control or de facto control (by reference to the factors set out in Note 1(e) to rule 19.06B) of a person or group of persons for a long period (normally not less than 36 months), and the transaction would not result in a change in control or de facto control of the issuer; or

(b) the issuer has been operating a principal business of a substantial size, which will continue after the transaction; and

(2) the acquisition targets meet the requirements of rule 11.06 and rule 11.12A (or rule 11.14) and the enlarged group meets all the new listing requirements in Chapter 11 of the GEM Listing Rules (except rule 11.12A).

Note: Where the extreme transaction involves a series of transactions and/or arrangements and the acquisition targets cannot meet rules 11.12A(2) and/or (3) or 11.12A(4)(b) and/or (c) (as the case may be) due to a change in their ownership and management solely as a result of the acquisition by the issuer, the Exchange may grant a waiver from strict compliance with these rules based on the facts and circumstances of the case. In considering a waiver of rule 11.12A(3) or 11.12A(4)(c), the Exchange will consider, among others, whether the issuer has the expertise and experience in the relevant business/industry of the acquisition targets to ensure the effective management and operation of the acquisition targets.

Large scale issue of securities

19.06D Where a listed issuer proposes a large scale issue of new securities (including any shares, warrants, options or convertible securities) for cash to acquire and/or develop a new business, which, in the opinion of the Exchange, is a means to circumvent the new listing requirements and to achieve a listing of that new business, the Exchange may refuse to grant listing approval for the shares to be issued.

Note: This rule is an anti-avoidance provision to prevent circumvention of the new listing requirements. It is intended to apply to a large scale issue of securities for cash proposed by a listed issuer where there is, or which will result in, a change in control or de facto control of the issuer (by reference to the factors set out in Note 1(e) to rule 19.06B), and the proceeds are to be used to acquire and/or develop a new business that is expected to be substantially larger than the issuer's existing principal business. The effect of the proposal is to achieve a listing of the new business that would not have otherwise met the new listing requirements.

Restriction on disposals

19.06E (1) A listed issuer may not carry out a disposal or distribution in specie (or a series of disposals and/or distributions in specie) of all or a material part of its existing business:-

(a) where there is a proposed change in control (as defined in the Takeovers Code) of the listed issuer (other than at the level of its subsidiaries); or

(b) for a period of 36 months from a change in control (as defined in the Takeovers Code),

unless the remaining group, or the assets acquired from the person or group of persons gaining such control or his/their associates and any other assets acquired by the listed issuer after such change in control, can meet the requirements of rule 11.12A (or rule 11.14).

(2) A disposal or distribution in specie (or a series of disposals and/or distributions in specie) by a listed issuer which does not meet the above requirement will result in the listed issuer being treated as a new listing applicant.

Note: The Exchange may apply this rule to a disposal or distribution in specie (or a series of disposals and/or distributions in specie) by a listed issuer of all or a material part of its existing business where (a) there is a proposed change in de facto control of the issuer (by reference to the factors set out in Note 1(e) to rule 19.06B); or (b) for a period of 36 months from such change, if the Exchange considers that the disposal(s) and/or distribution(s) in specie may form part of a series of arrangements to circumvent the new listing requirements.

Percentage ratios

19.07 The percentage ratios are the figures, expressed as percentages resulting from each of the following calculations:

(1) Assets ratio — the total assets which are the subject of the transaction divided by the total assets of the listed issuer (see in particular rules 19.09 to 19.12, 19.16, 19.18 and 19.19);

(2) Profits ratio — the profits attributable to the assets which are the subject of the transaction divided by the profits of the listed issuer (see in particular rules 19.13 and 19.17);

(3) Revenue ratio — the revenue attributable to the assets which are the subject of the transaction divided by the revenue of the listed issuer (see in particular rules 19.14 and 19.17);

(4) Consideration ratio — the consideration divided by the total market capitalisation of the listed issuer. The total market capitalisation is the average closing price of the listed issuer's securities as stated in the Exchange's daily quotations sheets for the five business days immediately preceding the date of the transaction (see in particular rule 19.15); and

(5) Equity capital ratio — the number of shares to be issued and/or treasury shares to be transferred by the listed issuer as consideration divided by the total number of the listed issuer's issued shares (excluding treasury shares) immediately before the transaction.

Notes: 1. The numerator includes shares that may be issued or transferred out of treasury upon conversion or exercise of any convertible securities or subscription rights to be issued or granted by the listed issuer as consideration.

2. The listed issuer's debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.

Listed issuers must consider all the percentage ratios to the extent applicable for classifying a transaction. In the case of an acquisition where the target entity uses accounting standards different from those of the listed issuer, the listed issuer must, where applicable, perform an appropriate and meaningful reconciliation of the relevant figures for the purpose of calculating the percentage ratios.

19.08 The table below summarises the classification and percentage ratios resulting from the calculations set out in rule 19.07. However, listed issuers should refer to the relevant rules for the specific requirements.

Transaction type	**Consideration Assets ratio**	**ratio**	**Equity Profits ratio**	**Revenue ratio**	**capital ratio**
Share transaction	less than 5%	less than 5%	less than 5%	less than 5%	less than 5%
Discloseable transaction	5% or more but less than 25%	5% or more but less than 25%	5% or more but less than 25%	5% or more but less than 25%	5% or more but less than 25%
Major transaction – disposal	25% or more but less than 75%	25% or more but less than 75%	25% or more but less than 75%	25% or more but less than 75%	Not applicable
Major transaction – acquisition	25% or more but less than 100%	25% or more but less than 100%	25% or more but less than 100%	25% or more but less than 100%	25% or more but less than 100%
Very substantial disposal	75% or more	75% or more	75% or more	75% or more	Not applicable
Very substantial acquisition	100% or more	100% or more	100% or more	100% or more	100% or more

Note: The equity capital ratio relates only to an acquisition (and not a disposal) by a listed issuer issuing new equity capital and/or transferring treasury shares.

Assets

19.09 Where the asset being acquired or disposed of constitutes equity capital, the listed issuer must take into account the matters referred to in rules 19.25 to 19.32 when calculating the amount of total assets which are the subject of the transaction.

19.10 Where the equity capital to be acquired or disposed of by the listed issuer is listed on the Main Board or GEM, the total assets which are the subject of the transaction must be adjusted in the manner set out in rules 19.16, 19.18 and 19.19.

19.11 Where a listed issuer which is a property company, shipping company or aircraft company acquires or disposes of properties, vessels or aircraft respectively, the aggregate value (on an unencumbered basis) of the properties, vessels or aircraft (as the case may be) being acquired or realised will be compared with the total assets of the listed issuer which must be adjusted in the manner set out in rules 19.16, 19.18 and 19.19 or the latest published valuation (on an unencumbered basis) of the properties, vessels or aircraft (as the case may be) if such valuation is published after the issue of accounts of the listed issuer, where appropriate.

19.12 Where the transaction involves granting an indemnity or a guarantee or providing financial assistance by a listed issuer, the assets ratio will be modified such that the total value of the indemnity, guarantee or financial assistance plus in each case any monetary advantage accruing to the entity benefiting from the transaction shall form the numerator of the assets ratio. The "monetary advantage" includes the difference between the actual value of consideration paid by the entity benefiting from the transaction and the fair value of consideration that would be paid by the entity if the indemnity, guarantee or financial assistance were provided by entities other than the listed issuer.

Profits

19.13 Profits mean net profits after deducting all charges except taxation and before non-controlling interests (See also rule 19.17). In the case of an acquisition or disposal of assets (other than equity capital) through a non wholly-owned subsidiary, the profits attributable to the assets acquired or disposed of (and not the listed issuer's proportionate interest in such profits) will form the numerator for the purpose of the profits ratio.

Revenue

19.14 "Revenue" normally means revenue arising from the principal activities of a company and does not include those items of revenue and gains that arise incidentally. In the case of any acquisition or disposal of assets (other than equity capital) through a non wholly-owned subsidiary, the revenue attributable to the assets being acquired or realised (and not the listed issuer's proportionate interest in such revenue) will form the numerator for the purpose of the revenue ratio (See also rule 19.17).

Consideration

19.15 When calculating the consideration ratio:—

(1) the value of the consideration shall be the fair value of the consideration determined at the date of the agreement of the transaction in accordance with applicable accounting standards adopted for the preparation of the listed issuer's annual financial statements. Normally, the fair value of the consideration should be the same as the fair value of the asset which is the subject of the transaction. Where there is a significant disparity between the fair value of the consideration and the fair value of the asset, the listed issuer must use the higher of the fair value of the consideration and the fair value of the asset as the numerator of the consideration ratio;

(2) where a transaction involves establishing a joint venture entity or other form of joint arrangement, the Exchange will aggregate:—

(a) the listed issuer's total capital commitment (whether equity, loan or otherwise), including any contractual commitment to subscribe for capital; and

(b) any guarantee or indemnity provided in connection with its establishment;

Note: Where a joint venture entity or other form of joint arrangement is established for a future purpose, for example to develop a property, and the total capital commitment cannot be calculated at the outset, the Exchange will require the listed issuer to recalculate the relevant percentage ratios at the time when that purpose is carried out. The Exchange will look at the purpose of setting up the arrangement in terms of the initial transaction only. For example, the purpose could be the development of the property for which the arrangement was established. The Exchange will not look at subsequent transactions entered into under the arrangement for the purpose of calculating the total capital commitment in relation to the establishment of the arrangement.

(3) a listed issuer shall add any liabilities of the vendors, whether actual or contingent, to be discharged or assumed by the purchaser under the terms of the transactions, to the consideration. The Exchange may require that further amounts be included as it considers appropriate;

(4) if the listed issuer may pay or receive consideration in the future, the consideration is the maximum total consideration payable or receivable under the agreement; and

(5) in the case of any acquisition or disposal through a non wholly-owned subsidiary, the consideration (and not, for the avoidance of doubt, the listed issuer's proportionate interest in such consideration) will form the numerator for the purpose of the consideration ratio.

Figures used in total assets, profits and revenue calculations

19.16 A listed issuer must refer to the total assets shown in its accounts or latest published interim report (whichever is more recent) and adjust the figures by:

(1) the amount of any dividend proposed by the listed issuer in such accounts and any dividend declared by the listed issuer since the publication of such accounts or interim report; and

(2) where appropriate, the latest published valuation of assets (excluding businesses and intangible assets) of the listed issuer if such valuation is published after the issue of such accounts.

Note: Rule 19.16(2) will normally apply to a valuation of assets such as properties, vessels and aircraft.

19.17 The profits (see rule 19.13) and revenue (see rule 19.14) figures to be used by a listed issuer for the basis of the profits ratio and revenue ratio must be the figures shown in its accounts. Where a listed issuer has discontinued one or more of its operating activities during the previous financial year and has separately disclosed the profits and revenue from the discontinued operations in its accounts in accordance with applicable accounting standards adopted for the preparation of its annual financial statements, the Exchange may be prepared to accept the exclusion of such profits and revenue for the purpose of the profits ratio and revenue ratio respectively.

19.18 The value of transactions, issues of securities, or sales or transfers of treasury shares by the listed issuer in respect of which adequate information has already been published and made available to shareholders in accordance with the GEM Listing Rules and which have been completed must be included in the total assets of the listed issuer.

19.19 In calculating total assets, the Exchange may require the inclusion of further amounts where contingent assets are involved.

Note: Contingent assets normally refer to assets that will have to be acquired by a listed issuer pursuant to an agreement upon occurrence or non-occurrence of certain event(s) after the listed issuer has entered into the agreement. Such event(s) is/are normally beyond the control of the listed issuer and the parties to the transaction. Contingent assets must be determined in accordance with applicable accounting standards adopted for the preparation of the listed issuer's annual financial statements.

Exceptions to the classification rules

19.20 Where any calculation of the percentage ratio produces an anomalous result or is inappropriate to the sphere of activity of the listed issuer, the listed issuer may apply to the Exchange to disregard the calculation and/or apply other relevant indicators of size, including industry specific tests. The listed issuer must seek prior consent of the Exchange if it wishes to apply this rule and must provide alternative test(s) which it considers appropriate to the Exchange for consideration. The Exchange may also require the listed issuer to apply other size test(s) that the Exchange considers appropriate.

Change in percentage ratios

19.21 If any of the percentage ratios changes to the extent that the classification of the transaction is altered between the time that any transaction is first discussed with the Exchange (if applicable) and the time of its announcement, the listed issuer must inform the Exchange. The listed issuer must comply with the relevant requirements applicable to the transaction at the time of the announcement.

Aggregation of transactions

19.22 In addition to the aggregation of transactions under rules 19.06B, 19.06C and 19.06E, the Exchange may require listed issuers to aggregate a series of transactions and treat them as if they were one transaction if they are all completed within a 12 month period or are otherwise related. In such cases, the listed issuer must comply with the requirements for the relevant classification of the transaction when aggregated and the figures to be used for determining the percentage ratios are those as shown in its accounts or latest published interim report (whichever is more recent), subject to any adjustments or modifications arising by virtue of the provisions of rules 19.16, 19.18 and 19.19.

19.23 Factors which the Exchange will take into account in determining whether transactions will be aggregated include whether the transactions:—

(1) are entered into by the listed issuer with the same party or with parties connected or otherwise associated with one another;

(2) involve the acquisition or disposal of securities or an interest in one particular company or group of companies;

(3) involve the acquisition or disposal of parts of one asset; or

(4) together lead to substantial involvement by the listed issuer in a business activity which did not previously form part of the listed issuer's principal business activities.

19.23A Where an asset is being constructed, developed or refurbished by or on behalf of a listed issuer for its own use in its ordinary and usual course of business (as referred to in rule 19.04(8)), the Exchange will not normally aggregate a series of transactions carried out by the listed issuer in the course of the construction, development or refurbishment of such asset as if they were one transaction where the sole basis for aggregation is rule 19.23(3). In cases of doubt, the listed issuer should consult the Exchange at an early stage.

19.23B For the purposes of aggregating transactions under note 2 to rule 19.06B and/or rule 19.22, a listed issuer must consult the Exchange before it enters into any proposed transaction(s) if

(1) any circumstances described in rule 19.23 exist in respect of such proposed transaction(s) and any other transaction(s) entered into by the listed issuer in the preceding 12-month period (except for the situation described in rule 19.23A); or

(2) the proposed transaction(s) and any other transaction(s) entered into by the listed issuer involve acquisitions of assets from a person or group of persons or any of his/their associates within 36 months of such person or group of persons gaining control (as defined in the Takeovers Code) of the listed issuer (other than at the level of its subsidiaries).

The listed issuer must provide details of the transactions to the Exchange to enable it to determine whether the transactions will be aggregated.

Note: This rule serves to set out certain specific circumstances where the listed issuer must seek guidance from the Exchange before it enters into any proposed transaction(s). The Exchange may nevertheless aggregate transactions pursuant to rule 19.22 and/or note 2 to rule 19.06B where no prior consultation was made by the listed issuer under rule 19.23B.

Transaction involving an acquisition and a disposal

19.24 In the case of a transaction involving both an acquisition and a disposal, the Exchange will apply the percentage ratios to both the acquisition and the disposal. The transaction will be classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to that classification. Where a circular is required, each of the acquisition and the disposal will be subject to the content requirements applicable to their respective transaction classification.

Interpretation of the classification rules in circumstances where the listed issuer or a subsidiary acquires or realises equity capital

19.25 In circumstances where acquisitions or disposals of equity capital are made by a listed issuer, the provisions set out in rules 19.26 to 19.28 shall be applied in determining the classification of the transaction for the purposes of rule 19.06.

19.26 In an acquisition or disposal of equity capital, the numerators for the purposes of the (a) assets ratio, (b) profits ratio and (c) revenue ratio are to be calculated by reference to the value of the total assets, the profits attributable to such capital and the revenue attributable to such capital, respectively.

19.27 For the purpose of rule 19.26:

(1) the value of an entity's total assets is the higher of:

(a) the book value of the entity's total assets attributable to the entity's capital as disclosed in its accounts; and

(b) the book value referred to in rule 19.27(1)(a) adjusted for the latest published valuation of the entity's assets if such valuation is published after the issue of its accounts; and

Note: This will normally apply to a valuation of assets such as properties, vessels and aircraft.

(2) the value of an entity's profits and revenue is the profits and revenue attributable to the entity's capital as disclosed in its accounts.

19.28 The value of the entity's total assets, profits and revenue, calculated in accordance with rule 19.27, is to be multiplied by the percentage of the equity interest being acquired or disposed of by the listed issuer. However, 100% of the entity's total assets, profits and revenue will be taken as the value of the total assets, profits and revenue, irrespective of the size of the interest being acquired or disposed of, if:

(1) the acquisition will result in consolidation of the assets of the entity in the accounts of the listed issuer; or

(2) the disposal will result in the assets of the entity no longer being consolidated in the accounts of the listed issuer.

Note: For example:—

— *if a listed issuer (or subsidiary, whether wholly-owned or not) acquires 10% of the equity capital of an entity and has no prior holding in that entity, the relevant numerator will be 10%;*

— *if a listed issuer (or subsidiary, whether wholly-owned or not) acquires a further 10% interest in a subsidiary which is already consolidated in the listed issuer's accounts, the relevant numerator will be 10%; and*

— *if a listed issuer (or subsidiary, whether wholly-owned or not) acquires a 10% interest in an entity which will result in that entity being consolidated in the accounts of the listed issuer, the relevant numerator will be 100%.*

Deemed disposals

19.29 Allotments of share capital by a subsidiary of a listed issuer, whether or not such subsidiary is consolidated in the accounts of the listed issuer, may result in a reduction of the percentage equity interest of the listed issuer in such subsidiary. Such allotments give rise to deemed disposals. Profits or losses may be recorded on such transactions and such transactions may also fall to be treated as very substantial disposals, major or discloseable or connected transactions. Rules 19.30 to 19.32 set out how the percentage ratios are applied to such transactions.

19.30 Where a subsidiary of the listed issuer (whether or not consolidated in the accounts of the listed issuer, whether or not wholly-owned and whether held directly or indirectly):

(1) allots shares; and

(2) after the allotment, the subsidiary will continue to be a subsidiary,

the percentage by which the interest is reduced will be multiplied by the subsidiary's total assets, profit and revenue as disclosed in the accounts of the subsidiary allotting shares and that shall be taken as the respective numerators for the purpose of the assets ratio, profits ratio, revenue ratio and de minimis ratio.

Note: For example, if the interest is reduced from 90% to 80%, then 10% of the subsidiary's total assets, profits and revenue will form the respective numerators for the assets ratio, profits ratio, revenue ratio and de minimis ratio.

19.31 Where a subsidiary of the listed issuer (whether or not consolidated in the accounts of the listed issuer, whether or not wholly-owned and whether held directly or indirectly) allots shares such that, after the allotment, the subsidiary will cease to be a subsidiary, 100% of the subsidiary's total assets, profits and revenue will form the respective numerators for the assets ratio, profits ratio, revenue ratio and de minimis ratio.

Note: For example, if the interest is reduced from 60% to 40% and the subsidiary ceases to be a subsidiary, then 100% of the entity's total assets, profits and revenue will form the respective numerators for the assets ratio, profits ratio, revenue ratio and de minimis ratio.

19.32 Where a subsidiary of the listed issuer (whether or not consolidated in the accounts of the listed issuer, whether or not wholly-owned and whether held directly or indirectly) allots shares, it is necessary to calculate a value for the purpose of the consideration ratio. This is taken as the value of the shares issued to allottees (that are not part of the listed group) and is restricted to only those shares issued which are in excess of those necessary to maintain the allottees' relative percentage interest in the subsidiary.

Share schemes of subsidiaries

19.32A This rule applies to the disposal (or deemed disposal) of a listed issuer's interests in a subsidiary from the grant of new or existing shares of the subsidiary or options over any such shares under a share scheme (other than a share scheme of a principal subsidiary set out in rule 19.04(1)(h)).

(1) When a subsidiary of a listed issuer adopts a share scheme (whether involving new shares issued by the subsidiary and/or existing shares of the subsidiary held by or for the issuer), the issuer must consider whether the disposal of interests in the subsidiary constitutes a notifiable transaction. The percentage ratios for the transaction classification are to be calculated based on the size of the scheme mandate (being the maximum number of shares of the subsidiary which may be issued or transferred in respect of awards and/or options to be granted under such mandate). If the subsidiary has more than one share scheme, the issuer shall aggregate the number of shares available for future grants under the scheme and other existing schemes for the purpose of calculating the percentage ratios.

Note: If the validity period of the scheme mandate is less than 12 months, the issuer shall aggregate the scheme mandate with any other awards and options granted by the subsidiary within a 12-month period for the purpose of calculating the percentage ratios.

(2) The announcement, circular and shareholders' approval requirements under this Chapter apply to the disposal according to the transaction classification. In addition, the circular (or the announcement if a circular is not required) must contain the major terms of the share scheme.

(3) Rules 19.32A(1) and (2) also apply if the subsidiary proposes to increase or refresh the scheme mandate or to effect a material change to the terms of the scheme.

Note: Rules 19.72 to 19.77 do not apply to options granted under a subsidiary's share scheme if the issuer has complied with the requirements of this rule.

Notification, publication and shareholders' approval requirements

19.33 The table below summarises the notification, publication and shareholders' approval requirements which will generally apply to each category of notifiable transaction. However, listed issuers should refer to the relevant rules for the specific requirements.

	Notification to Exchange	**Publication of an announcement on Exchange's website**	**Circular to shareholders**	**Shareholders' approval**	**Accountants' report**
Share transaction	Yes	Yes	No	No[1]	No
Discloseable transaction	Yes	Yes	No	No	No
Major transaction	Yes	Yes	Yes	Yes[2]	Yes[3]
Very substantial disposal	Yes	Yes	Yes	Yes[2]	No[5]
Very substantial acquisition	Yes	Yes	Yes	Yes[2]	Yes[4]
Reverse takeover	Yes	Yes	Yes	Yes[2, 6]	Yes[4]

Notes: 1 No shareholder approval is necessary if the consideration shares are issued or transferred out of treasury under a general mandate. However, if the shares are not issued or transferred out of treasury under a general mandate, the listed issuer is required, pursuant to rule 17.39, to obtain shareholders' approval in general meeting prior to the issue of new shares or transfer of treasury shares as consideration shares.

2 Any shareholder and his close associates must abstain from voting if such shareholder has a material interest in the transaction.

3 An accountants' report on the business, company or companies being acquired is required (see also rules 7.05 and 19.67(6)).

4 An accountants' report on any business, company or companies being acquired is required (see also rules 7.05 and 19.69(4)).

5 A listed issuer may at its option include an accountants' report (see note 1 to rule 19.68(2)(a)(i)).

6 Approval of the Exchange is necessary.

Exemptions for Qualified Property Acquisitions
which constitute major transactions or very substantial acquisitions

19.33A A Qualified Property Acquisition which constitutes a major transaction or very substantial acquisition is exempt from shareholders' approval if:

(1) it is undertaken on a sole basis by a Qualified Issuer in its ordinary and usual course of business; or

(2) it is undertaken by a Qualified Issuer and other party or parties on a joint basis and:

(a) the project will be single purpose, relating to the acquisition and/or development of a specific property and consistent with the purpose specified in the auction or tender document;

(b) each joint venture arrangement must be on an arm's length basis and on normal commercial terms;

(c) the joint venture agreement contains clause(s) to the effect that the joint venture may not, without its partners' unanimous consent:

(i) change the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in the auction or tender document; or

(ii) enter into any transactions which are not on an arm's length basis; and

(d) the Qualified Issuer's board has confirmed that the Qualified Property Acquisition is in the Qualified Issuer's ordinary and usual course of business; and that the Qualified Property Acquisition and the joint venture, including its financing and profit distribution arrangements, are on normal commercial terms, fair and reasonable and in the interests of the Qualified Issuer and its shareholders as a whole.

19.33B (1) The Qualified Issuer must publish an announcement as soon as possible after notification of the success of a bid by it or the joint venture for a Qualified Property Acquisition falling under rule 19.33A and send a circular to its shareholders.

(2) The announcement and circular must contain:

(a) details of the acquisition;

(b) details of the joint venture, if any, including

(i) the joint venture's terms and status;

(ii) its dividend and distribution policy; and

(iii) the joint venture's financial and capital commitment and the Qualified Issuer's share in it; and

(c) information to demonstrate that the conditions in rule 19.33A(1) or (2) were met.

Note: If any of these details are not available when the issuer publishes the initial announcement, it must publish subsequent announcement(s) to disclose the details as soon as possible after they have been agreed or finalised,

(3) The announcement and circular requirements under chapter 19 apply to the acquisition and the joint venture, if any, according to the transaction classification, except that the information circular need not contain a valuation report on the property under the Qualified Property Acquisition.

Exemptions for Qualified Aircraft Leasing Activities which constitute notifiable transactions

19.33C A Qualified Aircraft Leasing Activity is exempt from the announcement, circular and/or shareholders' approval requirements for notifiable transactions provided that:

(1) it is undertaken by a Qualified Aircraft Lessor in its ordinary and usual course of business;

(2) the Qualified Aircraft Lessor's board has confirmed that:

(a) the transaction is entered into by the lessor in its ordinary and usual course of business and on normal commercial terms; and

(b) the terms of transaction are fair and reasonable and in the interests of the lessor and its shareholders as a whole; and

(3) the Qualified Aircraft Lessor complies with the disclosure requirements under rule 19.33D.

19.33D Where a Qualified Aircraft Leasing Activity is exempt from the announcement, circular and/or shareholders' approval requirements for notifiable transactions under rule 19.33C:

(1) the Qualified Aircraft Lessor must publish an announcement as soon as possible after the terms of the transaction have been finalised. The announcement must contain:

(a) the date of the transaction;

(b) the identities and a description of the principal business activities of the parties to the transaction. The lessor must also confirm that the parties to the transaction and their ultimate beneficial owners are third parties independent of the lessor and its connected persons;

(c) a description of the transaction and the aircraft which is the subject of the transaction (including the expected year of delivery of the aircraft in the case of an acquisition); and

(d) a confirmation by the lessor's board of directors that the lessor has fulfilled (i) the criteria set out in rule 19.04(10E) and (ii) the conditions set out in rule 19.33C(2); and

(2) the Qualified Aircraft Lessor must also disclose the following information in its next interim report (where applicable) and annual report:

(a) the aggregate number of aircraft owned by the lessor as at the end of the reporting period with a breakdown by aircraft model, and the aggregate net book value of the aircraft;

(b) the aggregate number of aircraft committed to purchase as at the end of the reporting period with a breakdown by aircraft model, and the commitment amounts for future commitments;

(c) the aggregate number of aircraft sold for the reporting period;

(d) the aggregate net book value and the aggregate net gain or loss on disposal of aircraft for the reporting period; and

(e) the average lease rental yield of each of (i) the operating lease business and (ii) the finance lease business in relation to aircraft leasing for the reporting period.

Requirements for all transactions

Notification and announcement

19.34 As soon as possible after the terms of a share transaction, discloseable transaction, major transaction, very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover have been finalised, the listed issuer must in each case:—

(1) [Repealed 1 March 2019]

(2) submit an announcement to the Exchange to be published on the Exchange's website as soon as possible. See also rule 19.37.

19.35 For a share transaction, the announcement must contain the information set out in rules 19.58 and 19.59. For a discloseable transaction, major transaction, very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover, the announcement must contain at least the information set out in rules 19.58 and 19.60. In all cases, listed issuers must also include any additional information requested by the Exchange.

19.36 Where a transaction previously announced pursuant to this Chapter is terminated or there is any material variation of its terms or material delay in the completion of the agreement, the listed issuer must as soon as practicable announce this fact by means of an announcement. This requirement is without prejudice to the generality of any other provisions of the GEM Listing Rules and the listed issuer must, where applicable, also comply with such provisions.

19.36A Where there is expected to be delay in despatch of the circular by the date previously announced under rule 19.60(7) or this rule, the listed issuer must as soon as practicable disclose this fact by way of an announcement stating the reason for the delay and the new expected date of despatch of the circular.

Guaranteed profits or net assets

19.36B This rule applies to any notifiable transaction where the listed issuer acquires a company or business from a person and that person guarantees the profits or net assets or other matters regarding the financial performance of the company or business.

(1) The listed issuer must disclose by way of an announcement any subsequent change to the terms of the guarantee and the reason therefor, and whether the issuer's board of directors considers that such change is fair and reasonable and in the interests of the shareholders as a whole.

(2) If the actual performance fails to meet the guarantee (or where applicable, the guarantee as amended), the listed issuer must disclose the following by way of an announcement:

(a) the shortfall, and any adjustment in the consideration for the transaction or other consequence under the guarantee;

(b) whether the person has fulfilled its obligations under the guarantee;

(c) whether the listed issuer has exercised any option to sell the company or business back to the person or other rights it held under the terms of the guarantee, and the reasons for its decision; and

(d) the board of directors' opinion on:

(i) whether the person has fulfilled its obligations; and

(ii) whether the decision of the listed issuer to exercise or not to exercise any options or rights set out in rule 19.36B(2)(c) is fair and reasonable and in the interests of the shareholders as a whole.

(3) The listed issuer must disclose whether the actual performance of the company or business acquired meets the guarantee in its next annual report.

Trading halt and suspension of dealings

19.37 (1) [Repealed 1 August 2018]

(2) [Repealed 1 August 2018]

(3) An issuer that has finalised the major terms of an agreement in respect of a notifiable transaction which it reasonably believes would require disclosure under the Inside Information Provisions must ensure confidentiality of the relevant information until making the required announcement. Where the issuer considers that the necessary degree of security cannot be maintained or that the security may have been breached, it must make an announcement or immediately apply for a trading halt or a trading suspension pending the announcement.

(4) Directors of issuers must, under rule 17.07A, maintain confidentiality of information that is likely to be inside information, until it is announced.

(5) In the case of a reverse takeover, suspension of dealings in the issuer's securities must continue until the issuer has announced sufficient information. Whether the amount of information disclosed in the announcement is sufficient or not is determined on a case-by-case basis.

Additional requirements for major transactions

Circular

19.38 In addition to the requirements for all transactions set out in rule 19.34 to 19.37, a listed issuer which has entered into a major transaction must send a circular to its shareholders and the Exchange and arrange for its publication in accordance with the provisions of Chapter 16.

19.39 [Repealed 1 January 2009]

Shareholders' approval

19.40 A major transaction must be made conditional on approval by shareholders.

19.41 The circular must be despatched to the shareholders of the listed issuer:

(a) if the transaction is approved or is to be approved by way of written shareholders' approval from a shareholder or a closely allied group of shareholders under rule 19.44, within 15 business days after publication of the announcement; or

(b) if the transaction is to be approved by shareholders at a general meeting, at the same time as or before the listed issuer gives notice of the general meeting to approve the transaction.

The circular shall contain information required under rules 19.63, 19.66, 19.67 (for an acquisition only) and 19.70 (for a disposal only).

19.42 A listed issuer shall despatch to its shareholders any revised or supplementary circular and/or provide any material information that has come to the attention of the directors after the issue of the circular (by way of announcement) on the transaction to be considered at a general meeting not less than 10 business days before the date of the relevant general meeting.

Note: The listed issuer must assess the scale of revisions or updating required and materiality of the new information, revisions or updating required that has come to its attention after publication of the circular, when deciding whether to issue a revised or supplementary circular or publish an announcement. Where the revisions or updating required are significant, the listed issuer must consider carefully whether it would be better to publish a revised or supplementary circular rather than provide particulars of the changes in an announcement. The listed issuer should not overwhelm or confuse investors with lengthy announcements describing changes to information contained in the original circular.

19.43 The meeting must be adjourned before considering the relevant resolution to ensure compliance with the 10 business day requirement under rule 19.42 by the chairman or, if that is not permitted by the listed issuer's constitutional documents, by resolution to that effect (see also rule 17.47B).

Methods of approval

19.44 Shareholders' approval for a major transaction shall be given by a majority vote at a general meeting of the shareholders of the issuer unless all the following conditions are met, in which case written shareholders' approval may, subject to rule 19.86, be accepted in lieu of holding a general meeting *(Note 1)*:

(1) no shareholder is required to abstain from voting if the issuer were to convene a general meeting for the approval of the transaction; and

(2) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights at that general meeting *(Note 2)* to approve the transaction. Where a listed issuer discloses inside information to any shareholder in confidence to solicit the written shareholders' approval, the listed issuer must be satisfied that such shareholder is aware that he must not deal in the listed issuer's securities before such information has been made available to the public.

Notes:

1. References to shareholder(s) in this rule shall mean shareholder(s) other than a holder of treasury shares.

2. Voting rights attaching to treasury shares are excluded.

19.45 To determine whether a group of shareholders constitutes a "closely allied group of shareholders", the Exchange will take into account the following factors:—

(1) the number of persons in the group;

(2) the nature of their relationship including any past or present business association between two or more of them;

(3) the length of time each of them has been a shareholder;

(4) whether they would together be regarded as "acting in concert" for the purposes of the Takeovers Code; and

(5) the way in which they have voted in the past on shareholders' resolutions other than routine resolutions at an annual general meeting.

It is the listed issuer's responsibility to provide sufficient information to the Exchange to demonstrate that the group of shareholders is a "closely allied group" of shareholders.

19.46 The Exchange will require any shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such shareholder has a material interest in the transaction and will not accept written approval for the transaction.

19.47 [Repealed 1 January 2009]

Additional requirements for very substantial disposals and very substantial acquisitions

19.48 In the case of a very substantial disposal or a very substantial acquisition, the listed issuer must comply with the requirements for all transactions and for major transactions set out in rules 19.34 to 19.38 and 19.41.

19.49 A very substantial disposal and a very substantial acquisition must be made conditional on approval by shareholders in general meeting. No written shareholders' approval will be accepted in lieu of holding a general meeting. The Exchange will require any shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such shareholder has a material interest in the transaction.

19.50 [Repealed 1 January 2009]

19.51 The circular must be despatched to the shareholders of the listed issuer at the same time as or before the listed issuer gives notice of the general meeting to approve the transaction referred to in the circular. The circular must contain the information required under rules 19.63, 19.68 (for a very substantial disposal) and 19.69 (for a very substantial acquisition).

19.52 A listed issuer shall despatch to its shareholders any revised or supplementary circular and/or provide any material information that has come to the attention of the directors after the issue of the circular (by way of announcement) on the transaction to be considered at a general meeting not less than 10 business days before the date of the relevant general meeting.

Note: The listed issuer must assess the scale of revisions or updating required and materiality of the new information, revisions or updating required that has come to its attention after publication of the circular, when deciding whether to issue a revised or supplementary circular or publish an announcement. Where the revisions or updating required are significant, the listed issuer must consider carefully whether it would be better to publish a revised or supplementary circular rather than provide particulars of the changes in an announcement. The listed issuer should not overwhelm or confuse investors with lengthy announcements describing changes to information contained in the original circular.

19.53 The meeting must be adjourned before considering the relevant resolution to ensure compliance with the 10 business day requirement under rule 19.52 by the chairman or, if that is not permitted by the listed issuer's constitutional documents, by resolution to that effect (see also rule 17.47B).

Additional requirements for extreme transactions

19.53A In the case of an extreme transaction, the listed issuer must:

(1) comply with the requirements for very substantial acquisitions set out in rules 19.48 to 19.53. The circular must contain the information required under rules 19.63 and 19.69; and

Note: See also rule 19.57A if the extreme transaction involves a series of transactions and/or arrangements.

(2) appoint a financial adviser to perform due diligence on the acquisition targets to put itself in a position to be able to discharge its obligations set out in Appendix E2.

Note: See also rules 17.99A to 17.99C for the requirements relating to financial advisers.

Additional requirements for reverse takeovers

19.54 The Exchange will treat a listed issuer proposing a reverse takeover as if it were a new listing applicant.

(1) The acquisition targets must meet the requirements of rule 11.06 and rule 11.12A (or rule 11.14). In addition, the enlarged group must meet all the new listing requirements set out in Chapter 11 of the GEM Listing Rules (except rule 11.12A).

(2) Where the reverse takeover is proposed by a listed issuer that has failed to comply with rule 17.26, the acquisition targets must also meet the requirement of rule 11.22A (in addition to the requirements for the acquisition targets and the enlarged group set out in rule 19.54(1)).

(3) The listed issuer must comply with the requirements for all transactions set out in rules 19.34 to 19.37.

Notes:

1. For the purposes of (1) and (2) above, if the Exchange is aware of information suggesting that the reverse takeover is to avoid any new listing requirement, the listed issuer must demonstrate that the acquisition targets meet all the new listing requirements set out in Chapter 11 of the GEM Listing Rules.

2. See also rule 19.57A if the reverse takeover involves a series of transactions and/or arrangements.

3. Where the reverse takeover involves a series of transactions and/or arrangements and the acquisition targets cannot meet rule 11.12A(2) and/or (3) or 11.12A(4)(b) and/or (c) (as the case may be) due to a change in their ownership and management solely as a result of the acquisition by the issuer, the Exchange may grant a waiver from strict compliance with these rules based on the facts and circumstances of the case. In considering a waiver of rule 11.12A(3) or 11.12A(4)(c), the Exchange will consider, among others, whether the issuer has the expertise and experience in the relevant business/industry of the acquisition targets to ensure the effective management and operation of the acquisition targets.

19.55 A reverse takeover must be made conditional on approval by shareholders in general meeting. No written shareholders' approval will be accepted in lieu of holding a general meeting. The Exchange will require any shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such shareholder has a material interest in the transaction. Furthermore, where there is a change in control of the listed issuer as referred to in rule 19.06(B) and any person or group of persons will cease to be a controlling shareholder (the "outgoing controlling shareholder") by virtue of a disposal of his shares to the person or group of persons gaining control (the "incoming controlling shareholder"), any of the incoming controlling shareholder's close associates or an independent third party, the outgoing controlling shareholder and his close associates may not vote in favour of any resolution approving an injection of assets by the incoming controlling shareholder or his close associates at the time of the change in control.

Note: The prohibition against the outgoing controlling shareholder and his close associates voting in favour of a resolution approving an injection of assets does not apply where the decrease in the outgoing controlling shareholder's shareholding is solely the result of a dilution through the issue of new shares to the incoming controlling shareholder rather than any disposal of shares by the outgoing controlling shareholder.

19.56 [Repealed 1 January 2009]

19.57 A listed issuer proposing a reverse takeover must comply with the procedures and requirements from new listing applications as set out in Chapter 12. The listed issuer will be required, among other things, to issue a listing document and pay the non-refundable initial listing fee. A listing document relating to a reverse takeover must contain the information required under rules 19.63 and 19.69. The listing document must be despatched to the shareholders of the listed issuer at the same time as or before the listed issuer gives notice of the general meeting to approve the transaction. The listed issuer must state in the announcement on the reverse takeover when it expects the listing document to be issued.

Additional requirements for extreme transactions and reverse takeovers

19.57A Where an extreme transaction or reverse takeover involves a series of transactions and/or arrangements:—

(1) the track record period of the acquisition targets normally covers the two financial years immediately prior to the issue of the circular or listing document for the latest proposed transaction of the series; and

(2) the listed issuer must provide sufficient information to the Exchange to demonstrate that the acquisition targets can meet the requirements under rule 11.12A (or rule 11.14) (see rule 19.06C(2) or 19.54).

Contents of announcements

All transactions

19.58 The announcement of a share transaction, discloseable transaction, major transaction, very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover must contain at least the following information:

(1) a prominent and legible disclaimer at the top of the announcement in the form set out in rule 2.19;

(2) a statement of responsibility and confirmation on the part of the directors in the form set out in rule 2.18;

(3) a description of the principal business activities carried on by the listed issuer and the identity and a description of the principal business activities of the counterparty;

(4) the date of the transaction. The listed issuer must also confirm that, to the best of the directors' knowledge, information and belief having made all reasonable enquiry, the counterparty and the ultimate beneficial owner of the counterparty are third parties independent of the listed issuer and connected persons of the listed issuer;

(5) the aggregate value of the consideration, how it is being or is to be satisfied and details of the terms of any arrangements for payment on a deferred basis. If the consideration includes securities for which listing will be sought and/or treasury shares, the listed issuer must also include the amounts and details of the securities being issued and/or transferred out of treasury;

Note: Where the transaction involves an acquisition of aircraft from an aircraft manufacturer by a listed issuer principally engaged in airline operations and the acquisition is in the issuer's ordinary and usual course of business, the Exchange may waive the

requirement of disclosing the aggregate value of the consideration if there are contractual confidentiality restrictions from disclosing the actual consideration for the aircraft. In this case, the issuer must disclose:

(a) the reasons for its waiver application and provide alternative disclosure (including the list price of the aircraft, a description of any price concession received, whether the price concession received is comparable to that obtained in previous purchases and whether the concession has any material impact on the issuer's future operating costs as a whole) in the announcement and, where applicable, the circular for the transaction; and

(b) the following information in its next interim report (where applicable) and annual report:

(i) the aggregate number of aircraft owned as at the end of the reporting period with a breakdown by aircraft model, and the aggregate net book value of the aircraft; and

(ii) the aggregate number of aircraft committed to purchase as at the end of the reporting period with a breakdown by aircraft model, and the commitment amounts for future commitments.

(6) the basis upon which the consideration was determined;

(7) the value (book value and valuation, if any) of the assets which are the subject of the transaction;

(8) where applicable, the net profits (both before and after taxation) attributable to the assets which are the subject of the transaction for the two financial years immediately preceding the transaction;

(9) the reasons for entering into the transaction, the benefits which are expected to accrue to the listed issuer as a result of the transaction and a statement that the directors believe that the terms of the transaction are fair and reasonable and in the interests of the shareholders as a whole; and

(10) where appropriate, details of any guarantee and/or other security given or required as part of or in connection with the transaction.

Share transaction announcements

19.59 In addition to the information set out in rule 19.58, the announcement for a share transaction must contain at least the following information:

(1) the amount and details of the securities being issued and/or transferred out of treasury including details of any restrictions which apply to the subsequent sale of such securities;

(2) brief details of the asset(s) being acquired, including the name of any company or business or the actual assets or properties where relevant and, if the assets include securities, the name and general description of the activities of the company in which the securities are or were held;

(3) if the transaction involves an issue of securities of a subsidiary of the listed issuer, a declaration as to whether the subsidiary will continue to be a subsidiary of the listed issuer following the transaction;

(4) a statement that the announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities; and

(5) in the case where securities will be issued, a statement that application has been or will be made to the Exchange for the listing of and permission to deal in the securities.

Discloseable transaction, major transaction, very substantial disposal, very substantial acquisition, extreme transaction and reverse takeover announcements

19.60 In addition to the information set out in rule 19.58, the announcement of a discloseable transaction, major transaction, very substantial disposal, very substantial acquisition, extreme transaction or reverse takeover must contain at least brief details of the following:

(1) the general nature of the transaction including, where the transaction involves securities, details of any restrictions which apply to the subsequent sale of such securities;

(2) brief details of the asset(s) being acquired or disposed of, including the name of any company or business or the actual assets or properties where relevant and, if the assets include securities, the name and general description of the activities of the company in which the securities are or were held;

(3) in the case of a disposal:—

(a) details of the gain or loss expected to accrue to the listed issuer and the basis for calculating this gain or loss. Where the listed issuer expects to recognise in its income statement a gain or loss different from the disclosed gain or loss, the reason for the difference must be explained. The gain or loss is to be calculated by reference to the carrying value of the assets in the accounts; and

(b) the intended application of the sale proceeds;

(4) if the transaction involves an issue of securities for which listing will be sought or a transfer of treasury shares, the announcement must also include:

(a) a statement that the announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities; and

(b) in the case where securities will be issued, a statement that application has been or will be made to the Exchange for the listing of and permission to deal in the securities;

(5) where the transaction is a major transaction approved or to be approved by way of written shareholders' approval from a shareholder or a closely allied group of shareholders pursuant to rule 19.44, details of the shareholder or the closely allied group of shareholders (as the case may be), including the name of the shareholder(s), the number of securities held by each such shareholder and the relationship between the shareholders;

(6) if the transaction involves a disposal of an interest in a subsidiary by a listed issuer, a declaration as to whether the subsidiary will continue to be a subsidiary of the listed issuer following the transaction; and

(7) in the case of a major transaction, a very substantial disposal, a very substantial acquisition or a reverse takeover, the expected date of despatch of the circular and if this is more than 15 business days after the publication of the announcement, the reasons why this is so.

Note: If there is expected to be delay in despatch of the circular, the listed issuer must as soon as practicable publish a further announcement in accordance with rule 19.36A.

Profit forecast in an announcement

19.60A In addition to the information set out in rule 19.60, where the announcement for a notifiable transaction contains a profit forecast in respect of the issuer or a company which is, or is proposed to become, one of its subsidiaries, the announcement must contain the following information or, for a share transaction or a discloseable transaction, the issuer must publish a further announcement containing the following information within 15 business days after the publication of the announcement:

(1) details of the principal assumptions, including commercial assumptions, upon which the forecast is based;

(2) a letter from the issuer's auditors or reporting accountants confirming that they have reviewed the accounting policies and calculations for the forecast and containing their report;

(3) a report from the issuer's financial advisers confirming that they are satisfied that the forecast has been made by the directors after due and careful enquiry. If no financial advisers have been appointed in connection with the transaction, a letter from the board of directors confirming they have made the forecast after due and careful enquiry; and

(4) information regarding the expert statements contained in the announcement, which is specified in paragraph 5 of Appendix D1B.

19.61 A "profit forecast" means any forecast of profits or losses, however worded, and includes any statement which explicitly or implicitly quantifies the anticipated level of future profits or losses, either expressly or by reference to previous profits or losses or any other benchmark or point of reference. It also includes any profit estimate, being any estimate of profits or losses for a financial period which has expired but for which the results have not yet been published. Any valuation of assets (except for property interests (as defined in rule 8.01(3)) or businesses acquired by an issuer based on discounted cash flows or projections of profits, earnings or cash flows is regarded as a profit forecast.

19.62 [Repealed 31 December 2023]

Contents of circulars

General principles

19.63 A circular of a major transaction, very substantial disposal, very substantial acquisition or extreme transaction and a listing document for a reverse takeover sent by a listed issuer to holders of its listed securities must:—

(1) provide a clear, concise and adequate explanation of its subject matter having regard to the provisions of rule 17.56; and

(2) if voting or shareholders' approval is required:

(a) contain all information necessary to allow the holders of the securities to make a properly informed decision;

(b) contain a heading emphasising the importance of the document and advising holders of securities, who are in any doubt as to what action to take, to consult appropriate independent advisers;

(c) contain a recommendation from the directors as to the voting action that shareholders should take, indicating whether or not the proposed transaction described in the circular is, in the opinion of the directors, fair and reasonable and in the interests of the shareholders as a whole; and

(d) contain a statement that any shareholder with a material interest in a proposed transaction and his close associates will abstain from voting on resolution(s) approving that transaction; and

(3) a confirmation that, to the best of the directors' knowledge, information and belief having made all reasonable enquiry, the counterparty and the ultimate beneficial owner of the counterparty are third parties independent of the listed issuer and connected persons of the listed issuer.

19.64 [Repealed 1 January 2009]

19.65 [Repealed 1 January 2009]

Major transaction circulars

19.66 A circular relating to a major transaction must contain the following:—

(1) a prominent and legible disclaimer on the front cover or inside front cover of the circular in the form set out in rule 2.19;

(2) a statement, at a prominent position in the document, and in bold type, about the characteristics of GEM, in the form set out in rule 2.20;

(3) the information regarding the listed issuer specified in the following paragraphs of Appendix D1B:—

1-	name
2-	directors' responsibility
5-	expert statements
29(2)-	requirements if there is a profit forecast
33-	litigation statement
35-	details of secretary and other officers
36-	address of registered office and head office;

(4) information regarding interests of directors and chief executive in the listed issuer required under paragraphs 34, 38 and 38A of Appendix D1B;

(5) information which is required to be included in the announcement under rule 19.60;

(6) information concerning the effect of the transaction on the earnings and assets and liabilities of the listed issuer;

(7) where a company either becomes a subsidiary or ceases to be a subsidiary of the listed issuer:—

(a) the percentage of the company's issued shares (if any) held by the listed issuer after the acquisition or disposal; and

(b) in the case of a disposal, a statement whether the remaining shares are to be sold or retained;

(8) details of any existing or proposed service contracts of directors and proposed directors of the listed issuer, or an appropriate negative statement;

Note: Details of contracts to expire or which may be terminated by the employer within a year without payment of any compensation (other than statutory compensation) need not be included.

(9) information as to the competing interests (if any) of each of the directors and any proposed director of the issuer (excluding its subsidiaries) and his/her respective close associates (as if each of them were treated as a controlling shareholder under rule 11.04);

(10) any additional information requested by the Exchange;

(11) the information regarding the listed issuer specified in the following paragraphs of Appendix D1B:—

28-	indebtedness
29(1)(b)-	financial and trading prospects
30-	sufficiency of working capital, which must take into account the effect of the transaction
40-	directors' and experts' interests in group assets
41-	material contracts
42(2)(c), (3) and (4)-	documents on display;

(12) where required by Chapter 8, information under that Chapter on the property interest being acquired or disposed of by the listed issuer;

(13) where the circular contains a statement as to the sufficiency of working capital, the Exchange will require a letter from the listed issuer's financial advisers or auditors confirming that:—

(a) the statement has been made by the directors after due and careful enquiry; and

(b) the persons or institutions providing finance have confirmed in writing that such facilities exist; and

(14) where applicable, the information required under rule 2.28.

19.67 In addition to the requirements set out in rule 19.66, a circular issued in relation to an acquisition constituting a major transaction must contain:

(1) the information required under paragraphs 9 and 10 of Appendix D1B, if the acquisition involves securities for which listing will be sought;

(2) the information required under paragraph 22(1) of Appendix D1B, if shares are to be issued or transferred out of treasury as consideration;

(3) where the consideration for a transaction includes the listed issuer's shares or securities that are convertible into the listed issuer's shares, a statement whether the transaction will result in a change of control of the listed issuer;

(4) the information regarding the listed issuer required under paragraphs 31 (financial information) and 32 (no material adverse change) of Appendix D1B;

(5) the information required under paragraph 34 of Appendix D1B, in relation to each new director and member of senior management joining the listed issuer in connection with the transaction;

Note: The fact that any director or proposed director is a director or employee of a company which has an interest or short position in the shares or underlying shares of the listed issuer which would fall to be disclosed to the listed issuer under the provisions in Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance need not be stated.

(6) (a) on an acquisition of any business, company or companies:

(i) an accountants' report on the business, company or companies being acquired in accordance with Chapter 7 provided that, where any company in question has not or will not become a subsidiary of the listed issuer, the Exchange may be prepared to relax this requirement. The accounts on which the report is based must relate to a financial period ended 6 months or less before the circular is issued. The financial information on the business, company or companies being acquired as contained in the accountants' report must be prepared using accounting policies which should be materially consistent with those of the listed issuer; and

Note: Where the accountants can only give a modified opinion in the accountants' report in respect of the acquisition of the business, company or companies, for example because the records of stock or work-in-progress are inadequate, the Exchange will not accept a written shareholders' approval for the transaction, but will require a general meeting to be held to consider the transaction (See rule 19.86). In these circumstances, listed issuers are urged to contact the Exchange as soon as possible.

(ii) a pro forma statement of the assets and liabilities of the listed issuer's group combined with the assets and liabilities of the business, company or companies being acquired on the same accounting basis. The pro forma financial information must comply with Chapter 7; and

(b) on an acquisition of any revenue-generating assets (other than a business or company) with an identifiable income stream or assets valuation:

(i) a profit and loss statement and valuation (where available) for the 3 preceding financial years (or less, where the asset has been held by the vendor for a shorter period) on the identifiable net income stream and valuation in relation to such assets which must be reviewed by the auditors or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. The financial information on which the profit and loss statement is based must relate to a financial period ended 6 months or less before the circular is issued. The financial information on the assets being acquired as contained in the circular must be prepared using accounting policies which should be materially consistent with those of the listed issuer; and

(ii) a pro forma statement of the assets and liabilities of the listed issuer's group combined with the assets being acquired on the same accounting basis. The pro forma financial information must comply with Chapter 7; and

(7) a discussion and analysis of results of the business, company or companies being acquired covering all those matters set out in rule 18.41 for the period reported on in the accountants' report.

Inability to access information to compile circulars for major transactions or very substantial acquisitions

19.67A (1) Where a listed issuer has acquired and/or agreed to acquire equity capital in a company and the transaction constitutes a major transaction or a very substantial acquisition, and the listed issuer does not have access or only has limited access to the non-public information on the target company that would be required for the purpose of complying with the disclosure requirements in respect of the target company and the enlarged group under rules 19.66 and 19.67 (for a major transaction) or rule 19.69 (for a very substantial acquisition), then the listed issuer may defer complying with certain of the disclosure requirements in the manner set out in paragraphs (2) and (3) below, provided that the following conditions are demonstrated:

(a) the unavailability of non-public information is caused by the lack of co-operation of the board of directors in the target company (such as in the case of a hostile takeover) and/or legal or regulatory restrictions in providing non-public information to the listed issuer;

(b) the target company is listed on a regulated, regularly operating, open stock exchange recognised by the Exchange (including the Main Board or GEM); and

(c) the target company will become a subsidiary of the listed issuer.

(2) Subject to the conditions in paragraphs (1)(a), (b) and (c) being satisfied, the listed issuer may defer complying with the disclosure requirements for certain non-public information relating to the target company and/or the enlarged group. In such circumstances, the listed issuer must despatch an initial circular in partial compliance with rules 19.66 and 19.67 or rule 19.69 within the time frames stipulated in rules 19.41 and 19.42 or rules 19.48 and 19.52. The initial circular shall include, as a minimum, the following:

(a) material public information (and other available information of which the listed issuer is aware and is free to disclose) of the target company to enable shareholders to make an informed voting decision with respect to the proposed acquisition. This would include:

(i) published audited financial information of the target company for the preceding three years (and the latest published unaudited interim accounts) together with a qualitative explanation of the principal differences, if any, between the target company's accounting standards and those of the listed issuer's which may have a material impact on the financial statements of the target company; and

(ii) other information of the target company and its group of companies in the public domain or made available by the target company and which the listed issuer is aware and free to disclose;

(b) where information required for the enlarged group is not available, to include the following information regarding the issuer:

(i) statement of indebtedness (see rule 19.66(11), paragraph 28 and Note 2 to Appendix D1B);

(ii) statement of sufficiency of working capital (see rule 19.66(11), paragraph 30 and Note 2 to Appendix D1B);

(iii) [Repealed 1 January 2012];

(iv) discussion and analysis of results (this is applicable only to very substantial acquisitions, see rule 19.69(8));

(v) statement as to the financial and trading prospects (see rule 19.66(11), paragraph 29(1)(b) and Note 2 to Appendix D1B);

(vi) particulars of any litigation or claims of material importance (see rule 19.66(3), paragraph 33 and Note 2 to Appendix D1B);

(vii) particulars of directors' or experts' interests in group assets (see rule 19.66(11), paragraph 40 and Note 2 to Appendix D1B);

(viii) material contracts and documents on display (see rule 19.66(11), paragraphs 41, 42 and Note 2 to Appendix D1B); and

(c) the reasons why access to books and records of the target company has not been granted to the listed issuer.

(3) Where an initial circular has been despatched by a listed issuer under paragraph (2) above, the listed issuer must despatch a supplemental circular at a later date which contains: (i) all the prescribed information under rules 19.66 and 19.67 or rule 19.69 which has not been previously disclosed in the initial circular; and (ii) any material changes to the information previously disclosed in the initial circular. The supplemental circular must be despatched to shareholders within 45 days of the earlier of: the listed issuer being able to gain access to the target company's books and records for the purpose of complying with the disclosure requirements in respect of the target company and the enlarged group under rules 19.66 and 19.67 or rule 19.69; and the listed issuer being able to exercise control over the target company.

Very substantial disposal circulars

19.68 A circular issued in relation to a very substantial disposal must contain:—

(1) the information required under rules 19.66 and 19.70;

(2) (a) on a disposal of a business, company or companies:

(i) financial information of either:

(A) the business, company or companies being disposed of; or

(B) the listed issuer's group with the business, company or companies being disposed of shown separately as (a) disposal group(s) or (a) discontinuing operation(s),

for the relevant period (as defined in the note to rule 7.05(1)(a)). The financial information must be prepared by the directors of the listed issuer using accounting policies of the listed issuer and must contain at least the income statement, balance sheet, cash flow statement and statement of changes in equity.

The financial information must be reviewed by the listed issuer's auditors or reporting accountants according to the relevant standards published by the Hong Kong Institute of Certified Public Accountants or the International Auditing and Assurance Standards Board of the International Federation of Accountants or the China Auditing Standards Board of the China Ministry of Finance. The circular must contain a statement that the financial information has been reviewed by the issuer's auditors or reporting accountants and details of any modifications in the review report; and

Notes: 1. The listed issuer may include an accountants' report instead of a review by its auditors or reporting accountants. In that case, the accountants' report must comply with Chapter 7.

2. The Exchange may be prepared to relax the requirements in this rule if the assets of the company or companies being disposed of are not consolidated in the issuer's accounts before the disposal.

(ii) pro forma income statement, balance sheet and cash flow statement of the remaining group on the same accounting basis. The pro forma financial information must comply with Chapter 7;

(b) on a disposal of any revenue-generating assets (other than a business or company) with an identifiable income stream or assets valuation:

(i) a profit and loss statement and valuation (where available) for the 3 preceding financial years (or less, where the asset has been held by the listed issuer for a shorter period) on the identifiable net income stream and valuation in relation to such assets which must be reviewed by the auditors or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. The financial information on which the profit and loss statement is based must relate to a financial period ended 6 months or less before the circular is issued; and

(ii) a pro forma profit and loss statement and net assets statement on the remaining group on the same accounting basis. The pro forma financial information must comply with Chapter 7;

(3) the information required under rule 18.41 on the remaining group; and

(4) the information regarding the listed issuer required under paragraph 32 (no material adverse change) of Appendix D1B.

Very substantial acquisition circulars, extreme transaction circulars and reverse takeover listing documents

19.69 A circular issued for a very substantial acquisition or an extreme transaction or a listing document issued for a reverse takeover must contain:—

(1) for a reverse takeover or an extreme transaction:

(a) the information required under rule 19.66 (except for the information required under rules 19.66(3), 19.66(4), 19.66(11) and 19.66(12)) and rule 19.67(3);

(b) the information required under Appendix D1A, if it applies, except paragraphs 8 and 15(3) (in respect of the 12 months before the issue of the circular or listing document) and 20(1). For paragraph 36, the statement on sufficiency of working capital must take into account the effect of the transaction; and

(c) [Repealed 1 January 2009]

(d) (i) for a reverse takeover, information on the enlarged group's property interests under rules 8.01A and 8.01B; and

(ii) for an extreme transaction, the information required under Chapter 8 on the property interests acquired and/or to be acquired by the issuer;

(2) for a very substantial acquisition, the information required under rules 19.66 to 19.67 (except for the information required under rule19.67(6)) and rule 2.28;

(3) [Repealed 1 January 2012];

(4) (a) on an acquisition of any business, company or companies:

(i) an accountants' report on the business, company or companies being acquired in accordance with Chapter 7. The accounts on which the report is based must relate to a financial period ended 6 months or less before the listing document or circular is issued. The financial information on the business, company or companies being acquired as contained in the accountants' report must be prepared using accounting policies which should be materially consistent with those of the listed issuer; and

(ii) pro forma income statement, balance sheet and cash flow statement of the enlarged group on the same accounting basis. The pro forma financial information must comply with Chapter 7;

(b) on an acquisition of any revenue-generating assets (other than a business or a company) with an identifiable income stream or assets valuation:

(i) a profit and loss statement and valuation (where available) for the 3 preceding financial years (or less, where, other than in the case of a reverse takeover, the asset has been held by the vendor for a shorter period) on the identifiable net income stream and valuation in relation to such assets which must be reviewed by the auditors or reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records. The financial information on which the profit and loss statement is based must relate to a financial period ended 6 months or less before the listing document or circular is issued. The financial information on the assets being acquired as contained in the listing document or circular must be prepared using accounting policies which should be materially consistent with those of the listed issuer; and

(ii) a pro forma profit and loss statement and net assets statement on the enlarged group on the same accounting basis. The pro forma financial information must comply with Chapter 7;

(5) where the transaction also involves a disposal by the listed issuer, the information required under rule 19.70(2);

(6) general information on the trend of the business of the group since the date to which the accounts of the listed issuer were made up and a statement as to the financial and trading prospects of the group for at least the current financial year (together with any material information which may be relevant);

(7) in the case of a listing document issued in relation to a reverse takeover, a statement of business objectives (in respect of the current financial year and the 2 financial years thereafter) (see rules 14.19 to 14.21); and

(8) in respect of a circular issued in relation to a very substantial acquisition a separate discussion and analysis of the performance of each of the existing group and any business or company acquired or to be acquired for the relevant period referred to in rule 7.05(1)(a), in both cases covering all those matters set out in rule 18.41.

Additional requirements for circulars in respect of disposals

19.70 In addition to the requirements set out in rule 19.66, a circular issued in relation to a disposal constituting a major transaction must contain:—

(1) the intended application of the sale proceeds (including whether such proceeds will be used to invest in any assets) and, if the sale proceeds include securities, whether they are to be listed or not; and

(2) the excess or deficit of the consideration over or under the net book value of the asset(s).

Circulars for specific types of companies

19.71 Where a major transaction, very substantial acquisition, very substantial disposal, extreme transaction or reverse takeover involves acquiring or disposing of an interest in an infrastructure project or an infrastructure or project company, the listed issuer shall incorporate in the circular or listing document a business valuation report on the business or company being acquired or disposed of and/or traffic study report in respect of the infrastructure project or an infrastructure or project company. Such report(s) must clearly set out:

(1) all fundamental underlying assumptions including discount rate or growth rate used; and

(2) a sensitivity analysis based on the various discount rates and growth rates.

Where any business valuation is based on a profit forecast, the accounting policies and calculations for the underlying forecasts must be examined and reported on by the auditors or reporting accountants. Any financial adviser mentioned in the circular or listing document must also report on the underlying forecasts.

Note: On profit forecasts, see also rules 19.61 and paragraph 29(2) of Appendix D1B.

19.71A Where a discloseable transaction, major transaction or very substantial acquisition involves a Qualified Property Acquisition described in Note to rule 20.99, the Qualified Issuer shall comply with additional announcement and reporting requirements with details as described in chapter 20.

Options

Definitions

19.72 In this Chapter and Chapter 20:—

(1) "option" means the right, but not the obligation, to buy or sell something;

Notes: The term "option" for the purposes of this Chapter and Chapter 20 does not refer to:—

1. options, warrants and similar rights to subscribe for or purchase equity securities of a listed issuer under Chapter 21;

2. convertible equity securities under Chapter 22;

3. options granted pursuant to a share option scheme under Chapter 23;

4. options, warrants and similar rights to subscribe for or purchase debt securities of a listed issuer under Chapter 33;

5. convertible debt securities under Chapter 34; or

6. Options Contracts traded through the Options System as defined in the Options Trading Rules of the Exchange and the Options Clearing Rules of The SEHK Options Clearing House Limited.

(2) "exercise price" means the price at which the option holder is entitled to buy or sell the subject matter of the option;

(3) "premium" is the price paid and/or payable by an option holder to acquire an option; and

(4) "expiration" is the time at which the option can no longer be exercised.

19.73 The grant, acquisition, transfer or exercise of an option by a listed issuer will be treated as a transaction and classified by reference to the percentage ratios. The termination of an option by a listed issuer will be treated as a transaction and classified by reference to the percentage ratio, unless the termination is in accordance with the terms of the original agreement entered into by the listed issuer and does not involve payment of any amounts by way of penalty, damages or other compensation. The listed issuer must comply with the requirements of the relevant classification and other specific requirements of rules 19.74 to 19.77.

19.74 The following apply to an option involving a listed issuer, the exercise of which is not at the listed issuer's discretion:—

(1) on the grant of the option, the transaction will be classified as if the option had been exercised. For the purpose of the percentage ratios, the consideration includes the premium and the exercise price of the option; and

(2) on the exercise or transfer of such option, such exercise or transfer must be announced pursuant to the requirements of Chapter 16 as soon as reasonably practicable if the grant of the option has previously been announced pursuant to the requirements of this Chapter.

19.75 The following apply to an option involving a listed issuer, the exercise of which is at the listed issuer's discretion:—

(1) on the acquisition by, or grant of the option to, the listed issuer, only the premium will be taken into consideration for the purpose of classification of notifiable transactions. Where the premium represents 10% or more of the sum of the premium and the exercise price, the value of the underlying assets, the profits and revenue attributable to such assets, and the sum of the premium and the exercise price will be used for the purpose of the percentage ratios;

(2) on the exercise of such option by the listed issuer, the exercise price, the value of the underlying assets and the profits and revenue attributable to such assets will be used for the purpose of the percentage ratios. Where an option is exercised in stages, the Exchange may at any stage as the Exchange may consider appropriate require the listed issuer to aggregate each partial exercise of the option and treat them as if they were one transaction (see rules 19.22 and 19.23).

19.76 (1) For the purpose of rules 19.74(1) and 19.75(1), where, on the grant of the option, the actual monetary value of each of the premium, the exercise price, the value of the underlying assets and the profits and revenue attributable to such assets has not been determined, the listed issuer must demonstrate the highest possible monetary value, which value will then be used for the purpose of classification of notifiable transaction. Failure to do so will result in the transaction being classified as at least a major transaction. The listed issuer must inform the Exchange of the actual monetary value of each of the premium, the exercise price, the value of the underlying assets and the profits and revenue attributable to such assets as soon as it has been determined. If the actual monetary value results in the transaction falling within a higher classification of notifiable transaction, the listed issuer must announce this fact in accordance with the requirements of Chapter 16 as soon as reasonably practicable and comply with the additional requirements of such higher classification.

(2) The listed issuer may, at the time of entering into the option, seek any shareholders' approval necessary for the exercise of the option (in addition to seeking any shareholders' approval necessary for the entering into of the option). Such approval, if obtained, will be sufficient for satisfying the shareholders' approval requirement of this Chapter, provided that the actual monetary value of the total consideration payable upon exercise and all other relevant information are known and disclosed to the shareholders at the time such approval is obtained and there has been no change in any relevant facts at the time of exercise.

19.77 If the grant or acquisition of an option has previously been announced pursuant to the requirements of this Chapter, the listed issuer must, as soon as reasonably practicable, upon:—

(1) the expiry of the option;

(2) the option holder notifying the grantor that the option will not be exercised; or

(3) the transfer by the option holder of the option to a third party

(whichever is the earliest) announce such fact in accordance with the requirements of Chapter 16. If the listed issuer is the option holder, the transfer of the option will also be treated as a transaction and classified for the purpose of the percentage ratios. The consideration for the transfer of the option will be used for the purpose of classification.

Takeovers and mergers

Takeovers Code

19.78 Listed issuers and their directors must comply with the Takeovers Code. Any breach of the Takeovers Code will be deemed to be a breach of the GEM Listing Rules. The Exchange may penalise the listed issuer and/or its directors for breaches in accordance with the disciplinary powers contained in Chapter 3.

19.79 [Repealed 1 January 2011]

Listing document

19.80 If the consideration under the takeover offer includes securities for which listing is being or is to be sought, the offer document(s) will constitute a listing document. Provided that the offer document complies with the Takeovers Code, it need not comply with rule 14.09, save for the provisions of 14.09(1) and (3).

Contents of offer document

19.81 The offer document must normally contain:

(1) a statement whether or not the offeror intends to continue the listing of the listed issuer;

(2) details of any agreement reached with the Exchange to ensure that the basic condition for listing set out in rule 11.23 will be complied with in respect of the listed issuer;

(3) a prominent and legible statement in the following form:

"The Stock Exchange of Hong Kong Limited (the "Exchange") has stated that:

(a) if, at the close of the offer, the Exchange believes that:

— a false market exists or may exist in the trading of the shares; or

— an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the shares; and

(b) if, at the close of the offer, the listed issuer has a Significant Public Float Shortfall (as defined in rule 17.37F), then:—

— the Exchange will add a designated marker to the stock name of the listed shares; and

— the Exchange will cancel the listing of the issuer's shares if the issuer fails to re-comply with rule 17.37B for a continuous period of 12 months from the commencement of the Significant Public Float Shortfall.

[[*The Offeror*] intends [*the listed issuer*] to remain listed on the Exchange. The directors of [*the Offeror*] and the new directors to be appointed to the Board of [*the listed issuer*] will jointly and severally undertake to the Exchange that if, at the close of the offer, [*the listed issuer*] fails to comply with the requirement of rule 17.37B, they will take appropriate steps to ensure the issuer's compliance with rule 17.37B at the earliest possible moment.]"

(4) any other requirements imposed by the Exchange which are not inconsistent with the Takeovers Code.

Cash companies

19.82 Where for any reason (including immediately after completion of a notifiable transaction or connected transaction) the assets of a listed issuer consist wholly or substantially of cash and/or short-term investments, it will not be regarded as suitable for listing and trading in its securities will be suspended.

Notes:

1. *Rule 19.82 is intended to apply to issuers that hold a very high level of cash and short-term investments. In assessing whether an issuer is a cash company, the Exchange will apply a principle based approach and normally take into account the value of the issuer's cash and short-term investments relative to its total assets, its level of operations and financial position, and the nature of the issuer's business and its cash needs in the ordinary and usual course of business.*

2. *Short-term investments include securities that are held by the issuer for investment or trading purposes and are readily realisable or convertible into cash. Examples of short-term investments include (a) bonds, bills or notes which have less than one year to maturity; (b) listed securities (whether on the Exchange or otherwise) that are held for investment or trading purposes; and (c) investments in other financial instruments that are readily realisable or convertible into cash.*

19.83 Cash and short-term investments held by a member of an issuer's group that is a banking company (as defined in rule 20.86), an insurance company or a securities house will normally not be taken into account when applying rule 19.82.

Note: This exemption will not apply to an issuer that operates a securities house where the Exchange has concerns that the issuer is holding cash and short-term investments through a member to circumvent rule 19.82. For example, an issuer holding excessive cash and/or securities investments cannot circumvent the rule by holding such assets through a member that is a licensed broker with minimal brokerage operations. The Exchange will apply a principle based approach and consider, among others, the cash and/or short-term investments in light of the member's operating model and its cash needs for the purpose of its regulated activities, which should be substantiated by its historical track record.

19.84 The listed issuer may apply to the Exchange to lift the suspension once it has a business suitable for listing. The Exchange will treat its application for lifting of the suspension as if it were an application for listing from a new applicant. The listed issuer will be required, among other things, to appoint a Sponsor and issue a listing document containing the specific information required by Appendix D1A and pay the non-refundable initial listing fee. The Exchange reserves the right to cancel the listing if such suspension continues for more than 6 months or in any other case where it considers it necessary. It is therefore advisable to consult the Exchange at the earliest possible opportunity in each case.

General

19.85 Listed issuers must complete and submit any checklist(s) in such form as may be prescribed by the Exchange from time to time in respect of any notifiable transaction.

19.86 Shareholders' approval is required for an acquisition that requires an accountants' report under this Chapter where the reporting accountants can only give a modified opinion in the accountants' report in respect of the acquisition of the businesses or companies, for example, because of the absence of adequate records in relation to stock and work-in-progress. In such cases, the Exchange will not accept a written shareholders' approval for the transaction, but will require a general meeting to be held to consider the transaction.

19.87 A listed issuer may send to any shareholder the English language version only or the Chinese language version only of any circular required under this Chapter subject to compliance with rule 16.04B.

Material changes

19.88 A listed issuer shall not, during the period of 12 months from the date on which dealings in its securities commenced on GEM, enter into any acquisition, disposal or other transaction or arrangement, or a series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in the principal business activities of the listed issuer as described in the listing document issued when it first applied for listing.

Note: For this purpose, transactions subsequent to the listing will be aggregated as prescribed in rules 19.22 and 19.23.

19.89 The Exchange may grant a listed issuer a waiver of the requirements of rule 19.88:—

(1) if it is satisfied that the circumstances surrounding the proposed fundamental change are exceptional; and

(2) subject to the acquisition, disposal or other transaction or arrangement, or series of acquisitions, disposals or other transactions or arrangements, being approved by shareholders in general meeting by a resolution on which any controlling shareholder (or, where there are no controlling shareholders, any chief executive or directors (excluding independent non-executive directors) of the listed issuer) and their respective associates shall abstain from voting in favour. Any shareholders with a material interest in the transaction and their associates shall abstain from voting on resolution(s) approving such transaction at a general meeting called for the purpose of this rule. The listed issuer must disclose the information required under rule 2.28 in the circular to shareholders.

19.90 In respect of the shareholders' approval required under rule 19.89(2):

(1) the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolutions at the general meeting:

(a) any parties who were controlling shareholders at the time the decision for the transaction or arrangement was made or approved by the board, and their associates; or

(b) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the listed issuer at the time the decision for the transaction or arrangement was made or approved by the board, and their respective associates.

The listed issuer must disclose the information required under rule 2.28 in the circular to shareholders; and

(2) the listed issuer must comply with rules 17.47(6) and (7) and rules 17.47A, 17.47B and 17.47C.

19.91 [Repealed 1 October 2019]

19.92 [Repealed 1 October 2019]

Distribution in specie to shareholders

19.93 Where a listed issuer proposes a distribution in specie (other than securities listed on the Main Board or GEM) and the size of the assets to be distributed would amount to a very substantial disposal based on the percentage ratio calculations:

(1) The issuer must obtain prior approval of the distribution by independent shareholders in a general meeting. The issuer's controlling shareholders (or if there is no controlling shareholder, the directors (other than independent non-executive directors) and chief executive of the issuer) and their respective associates must abstain from voting in favour of the resolution. Further, the shareholders' approval for the distribution must be given by at least 75% of the votes attaching to any class of listed securities held by holders voting either in person or by proxy at the meeting, and the number of votes cast against the resolution is not more than 10% of the votes attaching to any class of listed securities held by holders permitted to vote in person or by proxy at the meeting.

(2) The issuer's shareholders (other than the directors (excluding independent non-executive directors), chief executive and controlling shareholders) should be offered a reasonable cash alternative or other reasonable alternative for the distributed assets.

Note: Where the assets proposed to be distributed are securities listed in other jurisdictions, the Exchange may waive the requirements in rule 19.93(2) if the issuer can demonstrate that there is a liquid market for the securities, the shareholders may readily dispose of those securities, and where appropriate, the issuer will make arrangements to facilitate the shareholders to hold or dispose of those securities.

Chapter 20

EQUITY SECURITIES

CONNECTED TRANSACTIONS

Introduction

20.01 This Chapter applies to connected transactions entered into by a listed issuer or its subsidiaries. The connected transaction rules ensure that the interests of shareholders as a whole are taken into account by the listed issuer when the listed issuer's group enters into a connected transaction.

20.02 Connected transactions include both capital and revenue nature transactions. They may be one-off transactions or continuing transactions.

20.03 The general requirements for connected transactions include disclosures in announcements, circulars and annual reports, and shareholders' approval. Persons with material interests cannot vote on the resolution approving the transaction. Continuing connected transactions also require annual reviews by independent non-executive directors and the auditors.

20.04 To reduce listed issuers' compliance burden, exemptions and waivers from all or some of the connected transaction requirements are available for specific categories of connected transactions. These apply to connected transactions that are immaterial to the listed issuer's group, or specific circumstances where the risk of abuse by connected persons is low.

20.05 The rules in this Chapter are illustrated with diagrams. If there is any conflict between the rules and the diagrams, the rules prevail.

Definitions

20.06 In this Chapter, the following definitions apply:

(1) a "***30%-controlled company***" means a company held by a person who can:

(a) exercise or control the exercise of 30% (or an amount for triggering a mandatory general offer under the Takeovers Code, or for PRC issuers only, an amount for triggering a mandatory general offer or establishing legal or management control over a business enterprise under the PRC law) or more of the voting power at general meetings; or

(b) control the composition of a majority of the board of directors;

(2) an "***associate***" has the meaning in rules 20.10 to 20.13;

(3) a "***banking company***" has the meaning in rule 20.86;

(4) a "***cap***" has the meaning in rule 20.51;

(5) a "***closely allied group of shareholders***" has the meaning in rule 19.45;

(6) a "***commonly held entity***" has the meaning in rule 20.25;

(7) a "***connected person***" has the meaning in rules 20.07 to 20.09;

(8) a "***connected person at the issuer level***" includes:

(a) a director, chief executive or substantial shareholder of a listed issuer;

(b) a supervisor of a PRC issuer;

(c) a person who was a director of the listed issuer in the last 12 months; and

(d) an associate of any of the above persons;

(9) a "***connected person at the subsidiary level***" means a person who is a connected person only because of the person's connection with the listed issuer's subsidiary or subsidiaries;

(10) a "***connected subsidiary***" has the meaning in rule 20.14;

(11) a "***connected transaction***" has the meaning in rules 20.21 to 20.28;

(12) a "***continuing connected transaction***" has the meaning in rule 20.29;

(13) a "***controller***" has the meaning in rule 20.26(1);

(14) a "***deemed disposal***" has the meaning in rule 19.29;

(15) a company "***directly held***" by an individual or an entity means that the individual or the entity has a direct ownership interest in the company;

(16) a "***family member***" has the meaning in rule 20.10(2)(a);

(17) "***financial assistance***" has the meaning in rule 20.22(4);

(18) an "***immediate family member***" has the meaning in rule 20.10(1)(a);

(19) a company "***indirectly held***" by an individual or an entity means that the individual or the entity has an indirect ownership interest in the company through (in the case of an individual) his majority controlled company or companies or (in the case of an entity) its subsidiary or subsidiaries;

(20) an "***insignificant subsidiary***" or "***insignificant subsidiaries***" has the meaning in rule 20.08;

(21) a "***listed issuer***" means a company or other legal person whose securities are listed;

(22) a "***listed issuer's group***" means a listed issuer and its subsidiaries, or any of them;

(23) a "***majority-controlled company***" means a company held by a person who can exercise or control the exercise of more than 50% of the voting power at general meetings, or control the composition of a majority of the board of directors;

(24) "***material interest***" in a transaction has the meaning in rules 2.26 and 2.27;

(25) a "***monetary advantage***" has the meaning in rule 19.12;

(26) "***normal commercial terms or better***" are terms which a party could obtain if the transaction were on an arm's length basis or terms no less favourable to the listed issuer's group than terms available to or from independent third parties;

(27) an "***option***" and terms related to it (including "***exercise price"***, "***premium***" and "***expiration***") have the meaning in rule 19.72;

(28) "***ordinary and usual course of business***" of an entity means the entity's existing principal activities or an activity wholly necessary for its principal activities;

(29) a "***passive investor***" has the meaning in rule 20.98;

(30) "***percentage ratios***" has the meaning in rule 19.04(9);

(31) a "***PRC Governmental Body***" has the meaning in rule 25.04(2);

(32) a "***profit forecast***" has the meaning in rule 19.61;

(33) a "***qualified connected person***" means a connected person of the qualified issuer solely because he or it is a substantial shareholder (or its associate) in one or more of the qualified issuer's non wholly-owned subsidiaries formed to participate in property projects, each of which is single purpose and project specific. This person may or may not have representation on the board of the subsidiary or subsidiaries;

(34) a "***qualified issuer***" has the meaning in rule 19.04(10B);

(35) a "***qualified property acquisition***" has the meaning in rule 19.04(10C);

(36) a "***recognised stock exchange***" means a regulated, regularly operating, open stock market recognised for this purpose by the Exchange;

(37) a "***relative***" has the meaning in rule 20.19(1)(a);

(38) a "***transaction***" has the meaning in rule 20.22; and

(39) "***trustees***" has the meaning in rule 20.10(1)(b) or 20.11(2).

Definition of connected person

20.07 A "connected person" is:

(1) a director, chief executive or substantial shareholder of the listed issuer or any of its subsidiaries;

(2) a person who was a director of the listed issuer or any of its subsidiaries in the last 12 months;

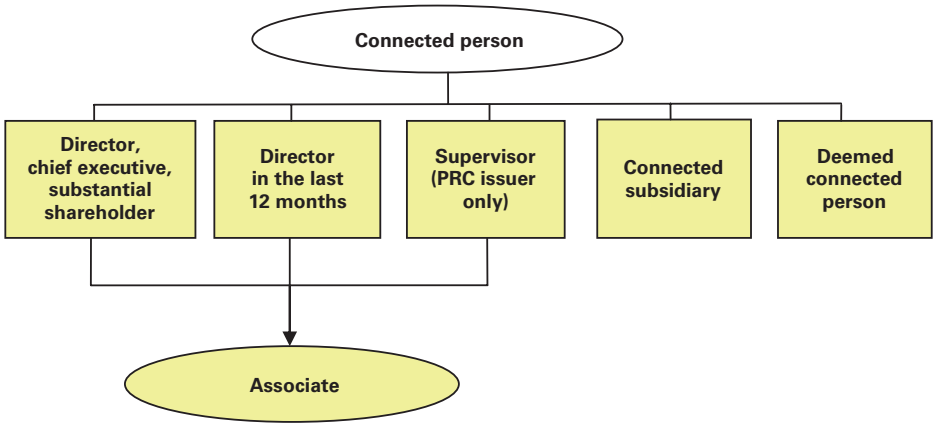
(3) a supervisor of a PRC issuer or any of its subsidiaries;

(4) an associate of any of the above persons;

(5) a connected subsidiary; or

(6) a person deemed to be connected by the Exchange.

Diagram 1



Exceptions

Persons connected with insignificant subsidiaries

20.08 Rules 20.07(1) to (3) do not include a director, chief executive, substantial shareholder or supervisor of the listed issuer's insignificant subsidiary or subsidiaries. For this purpose:

(1) an "insignificant subsidiary" is a subsidiary whose total assets, profits and revenue compared to that of the listed issuer's group are less than:

(a) 10% under the percentage ratios for each of the latest three financial years (or if less, the period since the incorporation or establishment of the subsidiary); or

(b) 5% under the percentage ratios for the latest financial year;

(2) if the person is connected with two or more subsidiaries of the listed issuer, the Exchange will aggregate the subsidiaries' total assets, profits and revenue to determine whether they are together "insignificant subsidiaries" of the listed issuer; and

(3) when calculating the percentage ratios, 100% of the subsidiary's total assets, profits and revenue will be used. If a percentage ratio produces an anomalous result, the Exchange may disregard the calculation and consider alternative test(s) provided by the listed issuer.

PRC Governmental Body

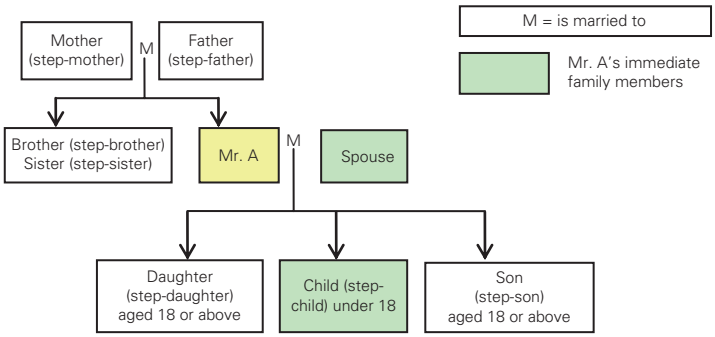
20.09 The Exchange will not normally treat a PRC Governmental Body as a connected person. The Exchange may request a listed issuer to explain its relationship with a PRC Governmental Body and why it should not be treated as a connected person. If the Exchange decides to treat the PRC Governmental Body as a connected person, the listed issuer must comply with any additional requirements requested by the Exchange.

Definition of associate

20.10 An "associate" of a connected person described in rule 20.07(1), (2) or (3) who is an individual includes:

(1) (a) his spouse; his (or his spouse's) child or step-child, natural or adopted, under the age of 18 years (each an "immediate family member");

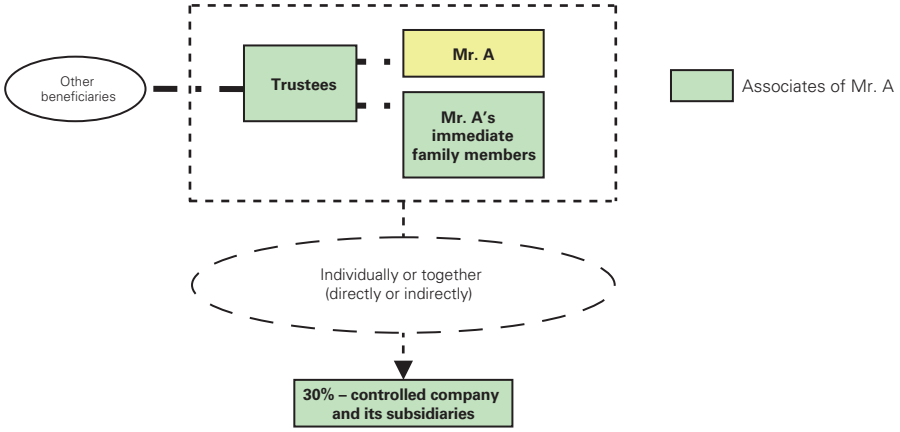
Diagram 2



(b) the trustees, acting in their capacity as trustees of any trust of which the individual or his immediate family member is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object (other than a trust which is an employees' share scheme or occupational pension scheme established for a wide scope of participants and the connected persons' aggregate interests in the scheme are less than 30%) (the "trustees"); or

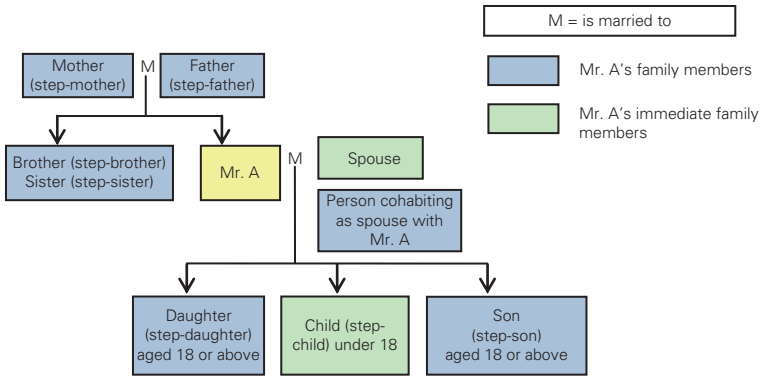
(c) a 30%-controlled company held, directly or indirectly, by the individual, his immediate family members and/or the trustees (individually or together), or any of its subsidiaries; or

Diagram 3



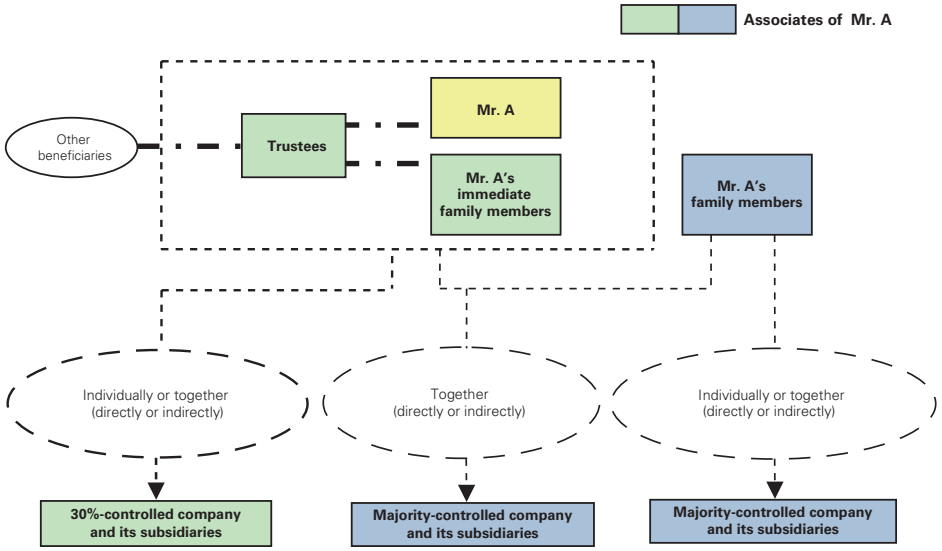
(2) (a) a person cohabiting with him as a spouse, or his child, step-child, parent, step-parent, brother, step-brother, sister or step-sister (each a "family member"); or

Diagram 4



(b) a majority-controlled company held, directly or indirectly, by the family members (individually or together), or held by the family members together with the individual, his immediate family members and/or the trustees, or any of its subsidiaries.

Diagram 5



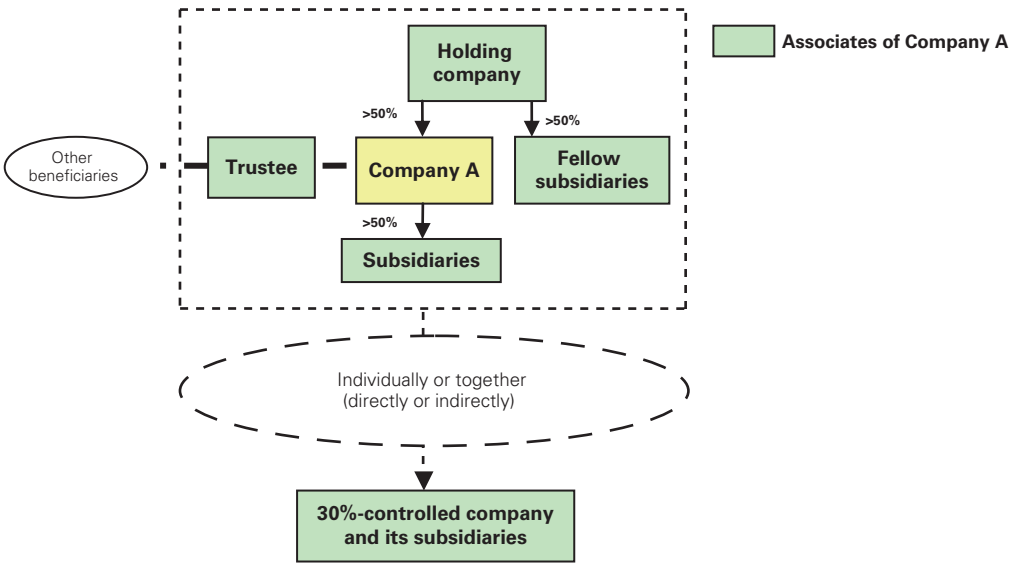
20.11 An "associate" of a connected person described in rule 20.07(1), (2) or (3) which is a company includes:

(1) its subsidiary or holding company, or a fellow subsidiary of the holding company;

(2) the trustees, acting in their capacity as trustees of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to its knowledge) a discretionary object (the "trustees"); or

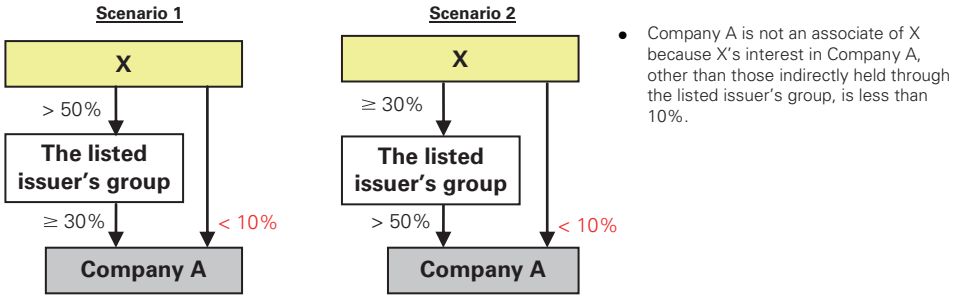
(3) a 30%-controlled company held, directly or indirectly, by the company, the companies referred to in (1) above, and/or the trustees (individually or together), or any of its subsidiaries.

Diagram 6



20.12 A 30%-controlled company held by a person will not be regarded as his or its associate if the person's and his or its associates' interests in the company, other than those indirectly held through the listed issuer's group, are together less than 10%.

Diagram 7



20.13 For PRC issuers only, a person's associates include any joint venture partner of a cooperative or contractual joint venture (whether or not it is a separate legal entity) where:

(1) the person (being an individual), his immediate family members and/or the trustees; or

(2) the person (being a company), any company which is its subsidiary or holding company or a fellow subsidiary of the holding company, and/or the trustees,

together directly or indirectly hold 30% (or an amount that would trigger a mandatory general offer or establish legal or management control over a business enterprise under the PRC law) or more in the joint venture's capital or assets contributions, or the contractual share of its profits or other income.

Diagram 8

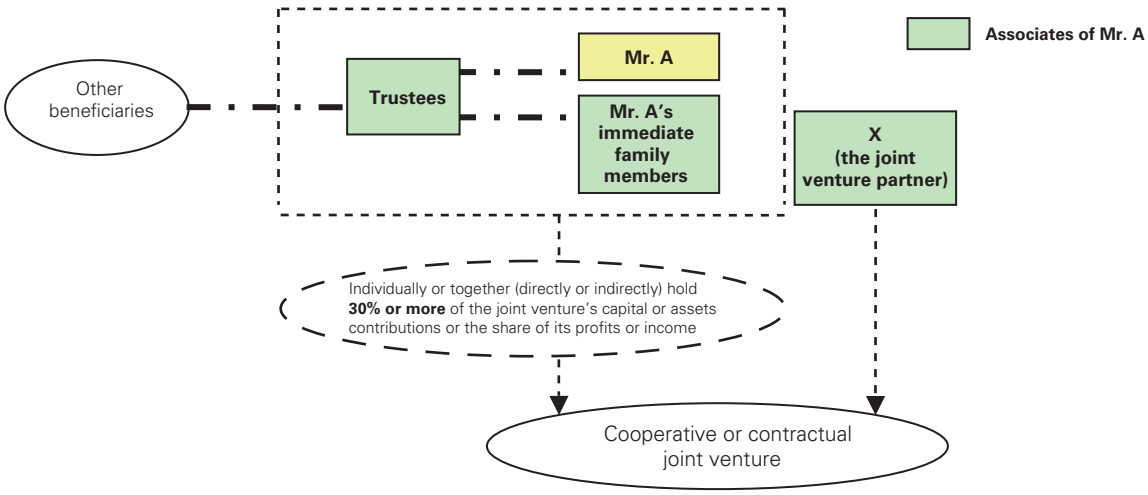
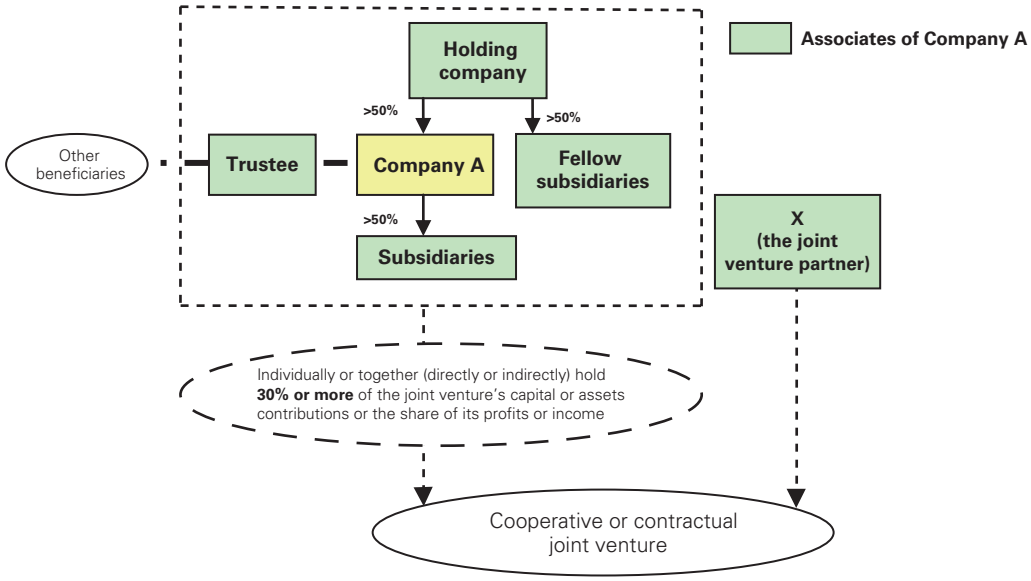


Diagram 9



Definition of connected subsidiary

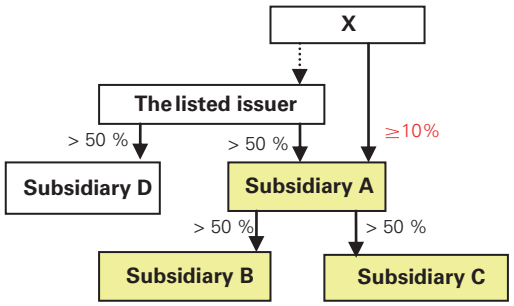
20.14 A "connected subsidiary" is:

(1) a non wholly-owned subsidiary of the listed issuer where any connected person(s) at the issuer level, individually or together, can exercise or control the exercise of 10% or more of the voting power at the subsidiary's general meeting. This 10% excludes any indirect interest in the subsidiary which is held by the connected person(s) through the listed issuer; or

(2) any subsidiary of a non wholly-owned subsidiary referred to in (1) above.

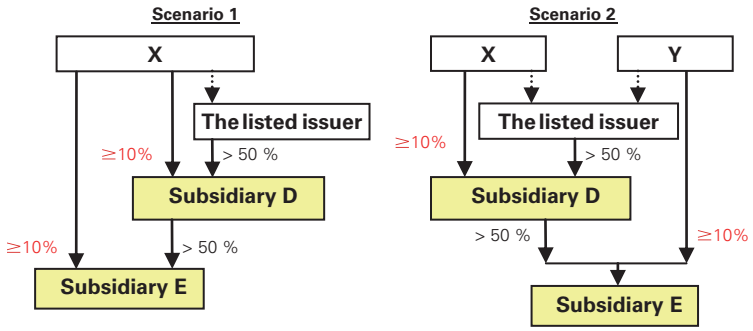
20.15 If a listed issuer's subsidiaries are connected persons only because they are the subsidiaries of a connected subsidiary, transactions between these subsidiaries will not be treated as connected transactions.

Diagram 10



- X is a connected person at the issuer level, and he or it has a 10% (or more) shareholding in Subsidiary A.
  → Subsidiary A is a connected subsidiary. (See rule 20.14(1))
- Subsidiaries B and C are subsidiaries of Subsidiary A.
  → Subsidiaries B and C are also connected subsidiaries. (See rule 20.14(2))
- Transactions between the listed issuer or Subsidiary D with Subsidiary A/B/C are connected transactions.
- Transactions between any of Subsidiaries A, B and C are not connected transactions if Subsidiaries B and C are connected solely because of their relationship with Subsidiary A. (See rule 20.15)

Diagram 11

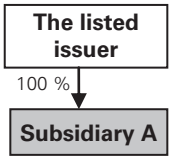


- X and Y are connected persons at the issuer level.
  → Subsidiaries D and E are connected subsidiaries.
- Subsidiary E is a subsidiary of Subsidiary D. However, the exemption in rule 20.15 does not apply to transactions between them because Subsidiary E is a connected subsidiary not only because of its relationship with Subsidiary D but also its relationship with X or Y.

20.16 A subsidiary of the listed issuer is not a connected person if:

(1) it is directly or indirectly wholly-owned by the listed issuer; or

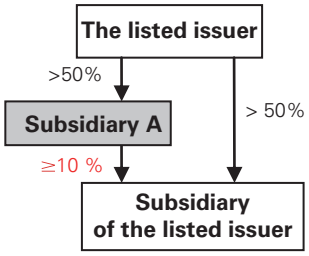
Diagram 12



(2) it falls under the definition of connected person only because it is:

(a) a substantial shareholder of another subsidiary of the listed issuer; or

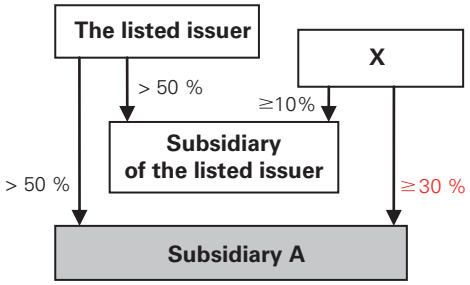
Diagram 13



- Subsidiary A is a substantial shareholder of another subsidiary of the listed issuer. However, this relationship will not make Subsidiary A a connected person of the listed issuer.

(b) an associate of a director (or a person who was in the past 12 months a director), a chief executive, a substantial shareholder or a supervisor of any subsidiary of the listed issuer.

Diagram 14



- X is a substantial shareholder of a subsidiary of the listed issuer.
- X holds 30% (or more) shareholding in Subsidiary A.

→ Subsidiary A is an associate of X. However, this relationship will not make Subsidiary A a connected person of the listed issuer because X is only a connected person at the subsidiary level.

Deemed connected persons

20.17 The Exchange has the power to deem any person to be a connected person.

20.18 A deemed connected person includes a person:

(1) who has entered, or proposes to enter, into:

(a) a transaction with the listed issuer's group; and

(b) an agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person described in rule 20.07(1), (2) or (3) with respect to the transaction; and

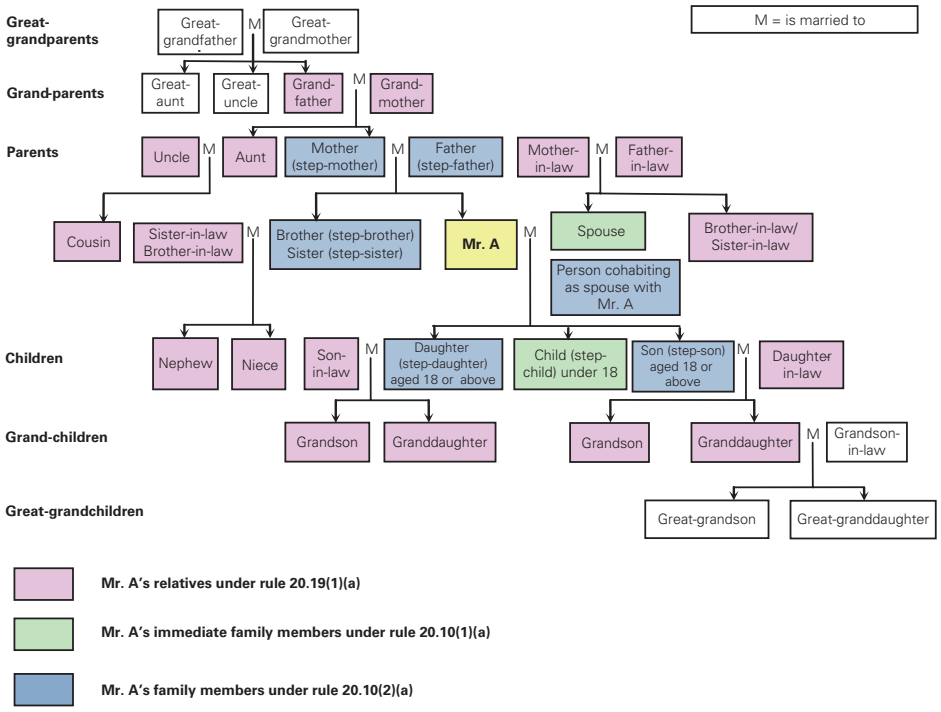
(2) who, in the Exchange's opinion, should be considered as a connected person.

20.19 A deemed connected person also includes a person:

(1) who is:

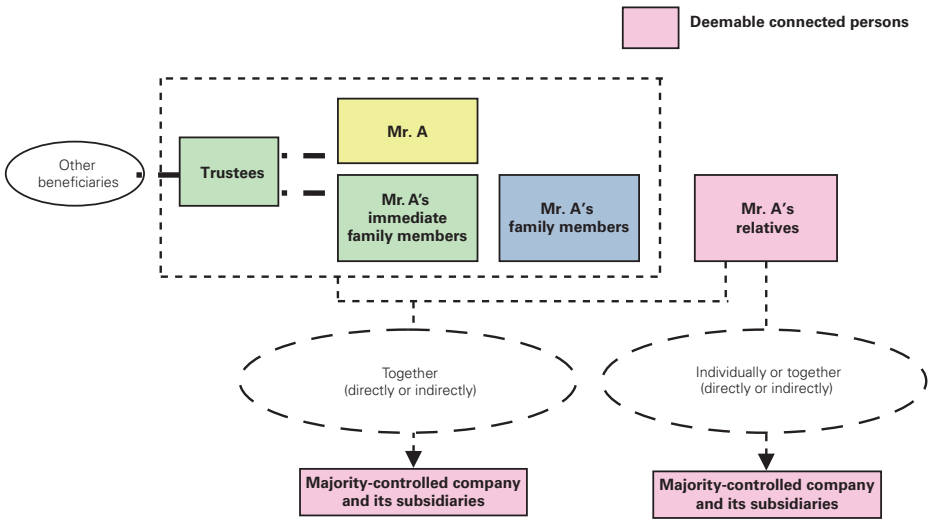
(a) a father in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, grandchild, uncle, aunt, cousin, nephew or niece (each a "relative") of a connected person described in rule 20.07(1), (2) or (3); or

Diagram 15



(b) a majority-controlled company held, directly or indirectly, by the relatives (individually or together) or held by the relatives together with the connected person as described in rule 20.07(1), (2) or (3), the trustees, his immediate family members and/or family members, or any subsidiary of that majority-controlled company; and

Diagram 16



(2) whose association with the connected person is such that, in the Exchange's opinion, the proposed transaction should be subject to the connected transaction requirements.

20.20 The listed issuer must inform the Exchange of any proposed transaction with the person described in rule 20.18(1) or 20.19(1) unless it is exempt from all of the connected transaction requirements. It must provide information to the Exchange to demonstrate whether or not the transaction should be subject to connected transaction requirements.

What are connected transactions

20.21 Connected transactions are transactions with connected persons, and specified categories of transactions with third parties that may confer benefits on connected persons through their interests in the entities involved in the transactions. They may be one-off transactions or continuing transactions.

20.22 "Transactions" include both capital and revenue nature transactions, whether or not conducted in the ordinary and usual course of business of the listed issuer's group. This includes the following types of transactions:

(1) any acquisition or disposal of assets by a listed issuer's group including a deemed disposal;

(2) (a) a listed issuer's group granting, accepting, exercising, transferring or terminating an option to acquire or dispose of assets or to subscribe for securities; or

Note: Terminating an option is not a transaction if it is made under the terms of the original agreement and the listed issuer's group has no discretion over the termination.

(b) a listed issuer's group deciding not to exercise an option to acquire or dispose of assets or to subscribe for securities;

(3) entering into or terminating finance leases or operating leases or sub-leases;

(4) granting an indemnity or providing or receiving financial assistance. "Financial assistance" includes granting credit, lending money, or providing an indemnity against obligations under a loan, or guaranteeing or providing security for a loan;

(5) entering into an agreement or arrangement to set up a joint venture in any form (e.g. a partnership or a company), or any other form of joint arrangement;

(6) issuing new securities, or selling or transferring treasury shares, of the listed issuer or its subsidiaries, including underwriting or sub-underwriting an issue of securities or a sale or transfer of treasury shares;

(7) providing, receiving or sharing services; or

(8) acquiring or providing raw materials, intermediate products and/or finished goods.

Transactions with connected persons

20.23 Any transaction between a listed issuer's group and a connected person is a connected transaction.

Transactions with third parties

Financial assistance to or from commonly held entities

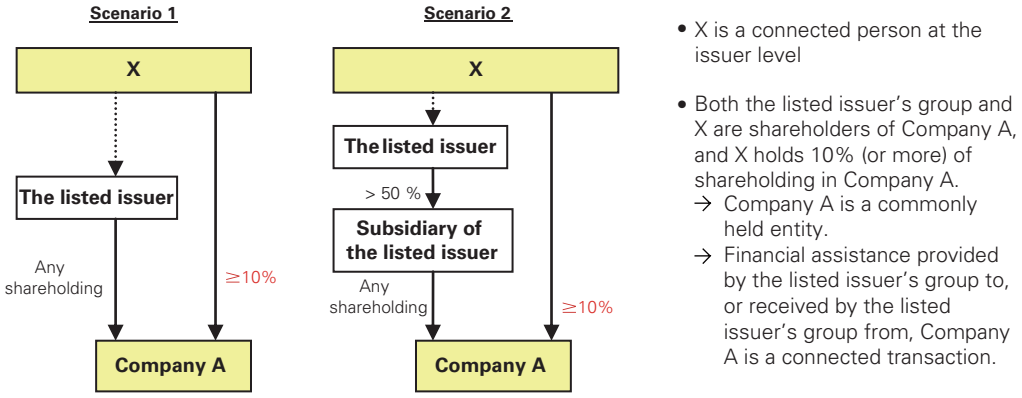
20.24 Financial assistance provided by a listed issuer's group to, or received by a listed issuer's group from, a commonly held entity is a connected transaction.

20.25 A "commonly held entity" is a company whose shareholders include:

(1) a member of the listed issuer's group; and

(2) any connected person(s) at the issuer level who, individually or together, can exercise or control the exercise of 10% or more of the voting power at the company's general meeting. This 10% excludes any indirect interest held by the person(s) through the listed issuer.

Diagram 17



- X is a connected person at the issuer level
- Both the listed issuer's group and X are shareholders of Company A, and X holds 10% (or more) of shareholding in Company A.
  → Company A is a commonly held entity.
  → Financial assistance provided by the listed issuer's group to, or received by the listed issuer's group from, Company A is a connected transaction.

Other transactions with third parties

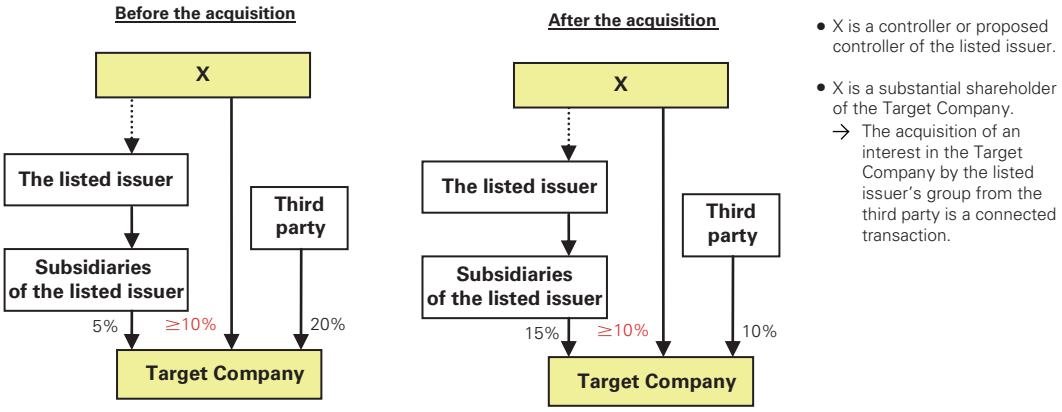
20.26 A listed issuer's group acquiring an interest in a company (the "target company") from a person who is not a connected person is a connected transaction if the target company's substantial shareholder:

(1) is, or is proposed to be, a controller. A "controller" is a director, chief executive or controlling shareholder of the listed issuer; or

(2) is, or will, as a result of the transaction, become, an associate of a controller or proposed controller.

Note: Acquiring the target company's assets is also a connected transaction if these assets account for 90% or more of the target company's net assets or total assets.

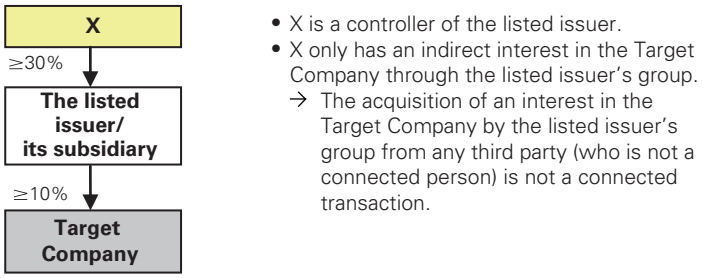
Diagram 18



20.27 The Exchange may aggregate the interests of the controller and his or its associates in the target company to decide whether they together are the target company's substantial shareholder.

20.28 Rule 20.26 does not apply to a listed issuer's proposed acquisition if the controller or his or its associate(s) is or are together the target company's substantial shareholders only because of their indirect shareholdings in the target company held through the listed issuer's group.

Diagram 19



Definition of continuing connected transaction

20.29 Continuing connected transactions are connected transactions involving the provision of goods or services or financial assistance, which are carried out on a continuing or recurring basis and are expected to extend over a period of time. They are usually transactions in the ordinary and usual course of business of the listed issuer's group.

Requirements for connected transactions

20.30 This section sets out the requirements for connected transactions.

20.31 Exemptions or waivers from all or some of the requirements are available for specified categories of connected transactions. See rules 20.71 to 20.103.

Written agreement

20.32 The listed issuer's group must enter into a written agreement for a connected transaction.

Announcement

20.33 The listed issuer must announce the connected transaction as soon as practicable after its terms have been agreed. See rule 20.66 for the content requirements.

Note: If the connected transaction is subsequently terminated or there is any material variation of its terms or material delay in the completion, the listed issuer must announce this fact as soon as practicable. The listed issuer must also comply with all other applicable provisions under the Rules.

Shareholders' approval

20.34 The connected transaction must be conditional on shareholders' approval at a general meeting held by the listed issuer. Any shareholder who has a material interest in the transaction must abstain from voting on the resolution.

20.35 The Exchange may waive the general meeting requirement and accept a written shareholders' approval, subject to the conditions that *(Note 1)*:

(1) no shareholder of the listed issuer is required to abstain from voting if a general meeting is held to approve the transaction; and

(2) the approval is given by a shareholder or a closely allied group of shareholders who (together) hold more than 50% of the voting rights in the general meeting *(Note 2)*.

Notes:

1. References to shareholder(s) in this rule shall mean shareholder(s) other than a holder of treasury shares.

2. Voting rights attaching to treasury shares are excluded.

20.36 If the listed issuer discloses inside information to any shareholder in confidence to solicit the written approval, it must ensure that the shareholder is aware that he must not deal in the securities before the information has been made available to the public.

20.37 If the connected transaction requires shareholders' approval, the listed issuer must (1) set up an independent board committee; and (2) appoint an independent financial adviser.

Independent board committee

20.38 The independent board committee must, taking into account the recommendation of an independent financial adviser, advise the listed issuer's shareholders:

(1) whether the terms of the connected transaction are fair and reasonable;

(2) whether the connected transaction is on normal commercial terms or better and in the ordinary and usual course of business of the listed issuer's group;

(3) whether the connected transaction is in the interests of the listed issuer and its shareholders as a whole; and

(4) how to vote on the connected transaction.

20.39 The independent board committee must consist only of independent non-executive directors who do not have a material interest in the transaction.

20.40 If all the independent non-executive directors have a material interest in the transaction, an independent board committee will not be formed.

20.41 If an independent board committee is formed, the circular must include a letter from the independent board committee containing its opinion on the matters in rule 20.38 and its recommendation.

Independent financial adviser

20.42 The listed issuer must appoint an independent financial adviser acceptable to the Exchange to make recommendations to the independent board committee and shareholders on the matters in rules 20.43(1) to (4). The independent financial adviser will give its opinion based on the written agreement for the transaction.

20.43 The circular must include a letter from the independent financial adviser containing its opinion and recommendation. The independent financial adviser's letter must also set out the reasons for its opinion, the key assumptions made, the factors that it has taken into consideration in forming the opinion, and a statement whether:

(1) the terms of the connected transaction are fair and reasonable;

(2) the connected transaction is on normal commercial terms or better and in the ordinary and usual course of business of the listed issuer's group;

(3) the connected transaction is in the interests of the listed issuer and its shareholders as a whole; and

(4) the shareholders should vote in favour of the connected transaction.

Circular

20.44 The listed issuer must send a circular to its shareholders:

(1) at the same time or before the listed issuer gives notice of the general meeting if the connected transaction is to be approved by shareholders in a general meeting; or

(2) if no general meeting is to be held, within 15 business days after publication of the announcement. The listed issuer may apply for a waiver from this requirement if it requires additional time to prepare the circular.

Note: See rules 20.67 and 20.68 for the content requirements.

20.45 If the listed issuer expects a delay in distribution of the circular by the date previously announced (see rule 20.66(11)), it must announce this fact, the reason for the delay and the new expected date of distribution of the circular as soon as practicable and in any event before the original despatch date.

Supplementary circular or announcement

20.46 If the listed issuer is aware of any material information relating to the connected transaction after it has issued the circular, it must publish this information in a supplementary circular or announcement at least 10 business days before the date of the general meeting to consider the transaction. The meeting must be adjourned by the chairman or, if that is not permitted by the listed issuer's constitutional documents, by resolution to that effect if it is necessary for the compliance with the 10 business day requirement. (See rule 17.46(2) for the factors that the listed issuer should consider when deciding whether to issue a supplementary circular or announcement.)

Annual reporting

20.47 The listed issuer must disclose its connected transactions conducted during the financial year in its annual report. See rules 20.69 and 20.70 for the content requirements.

Requirements for continuing connected transactions

20.48 The following additional requirements apply to a continuing connected transaction.

Terms of an agreement

20.49 A written agreement for a continuing connected transaction must contain the basis for calculating the payments to be made. Examples include sharing of costs incurred by the parties, unit prices for goods or services provided, annual rental for leasing a property, or management fees based on a percentage of the total construction cost.

20.50 The period for the agreement must be fixed and reflect normal commercial terms or better. It must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. In this case, the listed issuer must appoint an independent financial adviser to explain why the agreement requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

Annual cap

20.51 The listed issuer must set an annual cap (the "cap") for the continuing connected transaction. The cap must be:

(1) expressed in monetary terms;

(2) determined by reference to previous transactions and figures in the published information of the listed issuer's group. If there were no previous transactions, the cap must be set based on reasonable assumptions; and

(3) approved by shareholders if the transaction requires shareholders' approval.

Changes to cap or terms of agreement

20.52 The listed issuer must re-comply with the announcement and shareholders' approval requirements before:

(1) the cap is exceeded; or

(2) it proposes to renew the agreement or to effect a material change to its terms.

Note: The revised or new cap(s) will be used to calculate the percentage ratios for classifying the continuing connected transaction.

Annual review by independent non-executive directors and auditors

20.53 The listed issuer's independent non-executive directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:

(1) in the ordinary and usual course of business of the listed issuer's group;

(2) on normal commercial terms or better; and

(3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the listed issuer's shareholders as a whole.

20.54 The listed issuer must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the listed issuer's board of directors confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:

(1) have not been approved by the listed issuer's board of directors;

(2) were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group;

(3) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(4) have exceeded the cap.

20.55 [Repealed 31 December 2023]

20.56 The listed issuer must allow, and ensure that the counterparties to the continuing connected transactions allow, the auditors sufficient access to their records for the purpose of reporting on the transactions.

20.57 The listed issuer must promptly notify the Exchange and publish an announcement if the independent non-executive directors and/or the auditors cannot confirm the matters as required. The Exchange may require the listed issuer to re-comply with the announcement and shareholders' approval requirements and may impose additional conditions.

When a continuing transaction subsequently becomes connected

20.58 If the listed issuer's group has entered into an agreement for a fixed period with fixed terms for:

(1) a continuing transaction, and the transaction subsequently becomes a continuing connected transaction, or

Note: This includes a continuing transaction between the listed issuer's group and a connected person exempt under the "insignificant subsidiary exemption" (see rule 20.08), and the connected person subsequently cannot meet the conditions for the exemption.

(2) a continuing connected transaction exempt under the "passive investor exemption" (see rules 20.97 and 20.98), and the transaction subsequently cannot meet the conditions for the exemption,

the listed issuer must:

(a) as soon as practicable after becoming aware of this fact, comply with the annual review and disclosure requirements including publishing an announcement and annual reporting if the listed issuer's group continues to conduct the transaction under the agreement; and

(b) when the agreement is renewed or its terms are varied, comply with all connected transaction requirements.

Other requirements relating to connected transactions

Options

20.59 If the listed issuer's group grants an option to a connected person and the listed issuer's group does not have discretion to exercise the option, the transaction is classified as if the option has been exercised (see rule 20.77(1)). In addition, the listed issuer must announce the following subsequent events as soon as practicable:

(1) any exercise or transfer of the option by the option holder; and/or

(2) (if the option is not, or is not to be, exercised in full), the option holder notifying the listed issuer's group that it will not exercise the option, or the expiry of the option, whichever is earlier.

Guaranteed profits or net assets

20.60 The following apply if the listed issuer's group acquires a company or business from a connected person, and the connected person guarantees the profits or net assets or other matters regarding the financial performance of the company or business.

20.61 (1) The listed issuer must disclose by way of an announcement any subsequent change to the terms of the guarantee and the reason therefor, and whether the issuer's independent non-executive directors consider that such change is fair and reasonable and in the interests of the shareholders as a whole.

(2) If the actual performance fails to meet the guarantee (or where applicable, the guarantee as amended), the listed issuer must disclose the following by way of an announcement:

(a) the shortfall, and any adjustment in the consideration for the transaction or other consequence under the guarantee;

(b) whether the connected person has fulfilled its obligations under the guarantee;

(c) whether the listed issuer's group has exercised any option to sell the company or business back to the connected person or other rights it held under the terms of the guarantee, and the reasons for its decision; and

(d) the independent non-executive directors' opinion on:

(i) whether the connected person has fulfilled its obligations; and

(ii) whether the decision of the listed issuer's group to exercise or not to exercise any options or rights set out in rule 20.61(2)(c) is fair and reasonable and in the interests of the shareholders as a whole.

(3) The listed issuer must disclose whether the actual performance of the company or business acquired meets the guarantee in its next annual report.

When a proposed transaction becomes connected

20.62 If a connected transaction is also a notifiable transaction, the listed issuer must also comply with the requirements in Chapter 19.

20.63 If a listed issuer has entered into an agreement for a proposed transaction which is conditional on shareholders' approval in general meeting and the proposed transaction becomes a connected transaction before the shareholders' approval, the listed issuer must comply with the connected transaction requirements. Where a notice of meeting to approve the proposed transaction has been sent to shareholders, the listed issuer must issue a further announcement and a supplementary circular (see rule 20.46) to disclose that the transaction has become a connected transaction and the parties that are required to abstain from voting. The circular must also contain information required for a connected transaction circular.

Checklists

20.64 The listed issuer must complete and submit any checklists for connected transactions prescribed by the Exchange from time to time.

Content Requirements

20.65 This section sets out the information that a listed issuer must disclose in its announcements, circulars and annual reports.

Announcements

20.66 An announcement of a connected transaction must contain at least:

(1) the information set out in rules 19.58 to 19.60 (contents of announcements for notifiable transactions);

(1A) the identities and a description of the principal business activities of the parties to the transaction and of their ultimate beneficial owner(s);

(2) the connected relationship between the parties to the transaction, and the connected person's interests in the transaction;

(3) the independent non-executive directors' views on the matters set out in rules 20.38(1) to (3) if no shareholders' approval is required;

(4) if the transaction is a continuing connected transaction, the basis for calculating the payments to be made (see rule 20.49) and the amount of its cap. If a circular is not required, the listed issuer must also disclose how it determines and calculates the cap, including the assumptions and the amounts of previous transactions which form the basis of the cap;

(5) if the transaction involves the listed issuer's group acquiring assets from a connected person, the original acquisition cost of the assets to the connected person;

(6) if the transaction involves the listed issuer's group disposing of assets which it has held for 12 months or less, the original acquisition cost of the assets to the listed issuer's group;

(7) if the announcement contains a profit forecast of the listed issuer's group or a company which is, or will become, the listed issuer's subsidiary, the information set out in paragraph 29(2) of Appendix D1B;

(8) if no circular is required, a statement whether any directors of the listed issuer have a material interest in the transaction and, if so, whether they have abstained from voting on the board resolution;

(9) a statement that the transaction is subject to shareholders' approval, if applicable;

(10) if the transaction is, or will be, approved by way of shareholders' written approval, details of the shareholders giving the approval (including their names and shareholdings in the listed issuer) and the relationship between the shareholders; and

(11) if a circular is required, the expected date of distribution of the circular, and, if this is more than 15 business days after the publication of the announcement, the reasons why this is so.

20.67 A circular for a connected transaction must:

(1) provide a clear and adequate explanation of its subject matter and demonstrate the advantages and disadvantages of the transaction for the listed issuer's group;

(2) where practicable, include a numerical evaluation;

(3) contain all information necessary to allow the listed issuer's shareholders to make a properly informed decision; and

(4) contain a heading drawing attention to the importance of the document and advising shareholders who are in any doubt to consult appropriate independent advisers on the appropriate course of action.

20.68 The circular must contain at least:

(1) the Exchange's disclaimer statement (see rule 2.19) on its front cover or inside front cover;

(2) the information required to be disclosed in the announcement for the transaction;

(3) the identities and a description of the principal business activities of the parties to the transaction and of their ultimate beneficial owner(s);

(4) the name of the connected person concerned, his or its relationship with any controller and the name and office held by that controller;

(5) if the transaction is a continuing connected transaction, how the listed issuer determines and calculates the cap, including the assumptions and the amounts of previous transactions which form the basis of the cap;

(6) a letter from each of the independent financial adviser and, if applicable, the independent board committee containing its opinion and recommendation on the transaction (see rules 20.41 and 20.43);

(7) if the transaction involves the acquisition or disposal of any property interests or a company whose assets consist solely or mainly of property, a valuation and information on the property if required under rule 8.03;

(8) if the primary significance of the asset (other than property interests) being acquired or disposed of is its capital value, an independent valuation of the asset;

(9) if the transaction involves an acquisition or disposal of a company or business engaging in an infrastructure project, a business valuation report on that company or business and/or traffic study report on the project. The report(s) must clearly set out:

(a) all significant underlying assumptions including the discount rate or growth rate used; and

(b) a sensitivity analysis based on different discount rates and growth rates.

If the business valuation is based on a profit forecast, the accounting policies and calculations for the underlying forecasts must be examined and reported on by the auditors or reporting accountants. Any financial adviser mentioned in the circular must also report on the underlying forecasts.

(10) if the transaction involves the listed issuer's group acquiring a company or business from a connected person, details of:

(a) any guarantee of the profits or net tangible assets or other matters regarding the financial performance of the company or business provided by the connected person, and a statement by the listed issuer that it will comply with the disclosure requirements (see rule 20.61) if the actual performance fails to meet the guarantee; and

(b) any option granted to the listed issuer's group to sell the company or business back to the connected person and/or other rights given to the listed issuer's group;

(11) a statement whether any directors of the listed issuer have a material interest in the transaction and, if so, whether they have abstained from voting on the board resolution;

(12) a statement that any shareholder with a material interest in the transaction will not vote and the information required in rule 2.28;

(13) the information set out in the following paragraphs of Appendix D1B:

1 — listed issuer's name
2 — directors' responsibility
5 — expert statements
10 — securities to be issued (if applicable)
29(2) — requirements if there is a profit forecast
32 — no material adverse change
39 — directors' service contracts
40 — directors' interests in assets
42(2)(c) — documents on display;

(14) information regarding directors' and chief executive's interests in the listed issuer described in paragraphs 34, 38 and 38A of Appendix D1B;

(15) information regarding the competing interests (if any) of each of the directors and any proposed director of the listed issuer and his respective close associates as would be required to be disclosed under rule 11.04 as if each of them was a controlling shareholder; and

(16) any additional information requested by the Exchange.

Annual reports

20.69 The listed issuer's annual report must contain the following information on the connected transactions conducted in that financial year (including continuing connected transactions under agreements signed in previous years):

(1) the transaction date;

(2) the parties to the transaction and a description of their connected relationship;

(3) a brief description of the transaction and its purpose;

(4) the total consideration and terms;

(5) the nature of the connected person's interest in the transaction; and

(6) for continuing connected transactions,

(a) a confirmation from the listed issuer's independent non-executive directors on the matters set out in rule 20.53; and

(b) a statement from the listed issuer's board of directors whether the auditors have confirmed the matters set out in rule 20.54.

20.70 When the listed issuer discloses in its annual report information of any related party transaction under the accounting standards for preparing its financial statements, it must specify whether the transaction is a connected transaction under this Chapter and whether it has complied with the requirements in this Chapter.

Exemptions

20.71 Exemptions from the connected transaction requirements are available for the following types of transactions:

(1) de minimis transactions (rule 20.74);

(2) financial assistance (rules 20.85 to 20.89);

(3) issues of new securities, or sales or transfers of treasury shares by the listed issuer or its subsidiary (rules 20.90 and 20.90B);

(4) dealings in securities on stock exchanges (rule 20.91);

(5) repurchases of securities by the listed issuer or its subsidiary (rule 20.92);

(6) directors' service contracts and insurance (rules 20.93 and 20.94);

(7) buying or selling of consumer goods or services (rule 20.95);

(8) sharing of administrative services (rule 20.96);

(9) transactions with associates of passive investors (rules 20.97 and 20.98); and

(10) transactions with connected persons at the subsidiary level (rule 20.99).

20.72 The exemptions are broadly divided into two categories: (1) fully exempt from shareholders' approval, annual review and all disclosure requirements; and (2) exempt from shareholders' approval requirement.

20.73 The Exchange has the power to specify that an exemption will not apply to a particular transaction.

De minimis transactions

20.74 This exemption applies to a connected transaction (other than an issue of new securities, or a sale or transfer of treasury shares by the listed issuer) conducted on normal commercial terms or better as follows:

(1) The transaction is fully exempt if all the percentage ratios (other than the profits ratio) are:

(a) less than 0.1%;

(b) less than 1% and the transaction is a connected transaction only because it involves connected person(s) at the subsidiary level; or

(c) less than 5% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is less than HK$3,000,000.

(2) The transaction is exempt from the circular (including independent financial advice) and shareholders' approval requirements if all the percentage ratios (other than the profits ratio) are:

(a) less than 5%; or

(b) less than 25% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is less than HK$10,000,000.

Percentage ratio calculations

20.75 The methods of percentage ratio calculations set out in Chapter 19 (notifiable transactions) also apply to connected transactions in this Chapter subject to the modifications described in rules 20.76 to 20.77.

20.76 For continuing connected transactions, the listed issuer must calculate the assets ratio, revenue ratio and consideration ratio using the cap as the numerator. If the agreement for the transaction covers over one year, the transaction will be classified based on the largest cap during the term of the agreement.

20.77 The following applies when calculating percentage ratios for connected transactions involving options:

(1) if the listed issuer's group grants an option to a connected person and the listed issuer's group does not have discretion to exercise the option, it is classified as if the option has been exercised. The percentage ratios are calculated based on the consideration for the transaction (which includes the premium and the exercise price of the option), the value of the underlying assets, and the revenue attributable to the assets (See rule 20.59 for the disclosure requirement when the option holder exercises or transfers the option, or when the option expires);

(2) if the listed issuer's group acquires or accepts an option granted by a connected person where the listed issuer's group has discretion to exercise the option, it is classified based on the amount of the premium payable by the listed issuer's group. However, if the premium represents 10% or more of the sum of the premium and the exercise price, the transaction will be classified as if the option has been exercised (see rule 20.77(1));

(3) if the listed issuer's group exercises an option granted by a connected person, it is classified based on the exercise price, the value of the underlying assets, and the revenue attributable to the assets. If the option is exercised in stages, the Exchange may require aggregation of the transactions;

(4) if the listed issuer's group transfers an option granted by a connected person to a third party, terminates the option or decides not to exercise the option:

(a) the listed issuer must classify the transaction as if the option has been exercised. The percentage ratios are calculated based on the exercise price, the value of the underlying assets, and the revenue attributable to the assets, and (if applicable) the consideration for transferring the option, or the amount receivable or payable by the listed issuer's group for terminating the option; or

(b) the Exchange may allow the listed issuer to disregard the percentage ratios calculated under paragraph (a) above and to classify the transaction using the asset and consideration ratios calculated based on the higher of:

(i) (for a put option held by the listed issuer's group) the exercise price over the value of the assets subject to the option, or (for a call option held by the listed issuer's group) the value of the assets subject to the option over the exercise price; and

(ii) the consideration or amount payable or receivable by the listed issuer's group.

These alternative tests would be allowed only if the assets' valuation is provided by an independent expert using generally acceptable methodologies, and the listed issuer's independent non-executive directors and an independent financial adviser have confirmed that the transfer, termination or non-exercise of the option is fair and reasonable and in the interests of the listed issuer and its shareholders as a whole. The listed issuer must announce the transfer, termination or non-exercise of the option with the views of the independent non-executive directors and the independent financial adviser; and

(5) if the actual monetary value of the premium, the exercise price, the value of the underlying assets and the revenue attributable to the assets have not been determined when the listed issuer's group grants or acquires or accepts the option:

(a) the listed issuer must demonstrate the highest possible monetary value for calculating the percentage ratios and classifying the transaction. If the listed issuer is unable to do so, it may be required to comply with all the connected transaction requirements for the transaction; and

(b) the listed issuer must inform the Exchange when the actual monetary value has been determined. If the transaction falls under a higher classification based on the actual monetary value, the listed issuer must as soon as reasonably practicable announce this fact and comply with the requirements applicable to the higher classification.

Note: The requirements in this rule are the same as the requirements applicable to options under Chapter 19 (notifiable transactions), except that

1. Under Chapter 19, the listed issuer may, at the time of the listed issuer's group acquiring or accepting an option granted by a third party, seek shareholders' approval for its exercise of the option in the future. This is not allowed under this Chapter.

2. Under Chapter 19, transfer or termination of an option by the listed issuer's group is a transaction which is classified based on the consideration for transferring the option or the amount receivable or payable by the listed issuer's group for terminating the option. Under this Chapter, the transfer or termination is classified as if the option is exercised or based on the alternative tests set out in rule 20.77(4)(b).

3. Under Chapter 19, non-exercise of an option is not a transaction. Under this Chapter, the non-exercise is classified as if the option is exercised or based on the alternative tests set out in rule 20.77(4)(b).

Exception to percentage ratio calculations

20.78 If any calculation of the percentage ratio produces an anomalous result or is inappropriate to the sphere of activity of the listed issuer, the listed issuer may apply to the Exchange to disregard the calculation and/or apply other relevant indicators of size, including industry specific tests. The listed issuer must seek prior consent of the Exchange if it wishes to apply this rule and must provide alternative test(s) which it considers appropriate to the Exchange for consideration. The Exchange may also require the listed issuer to apply other size test(s) that the Exchange considers appropriate.

Aggregation of transactions

20.79 The Exchange will aggregate a series of connected transactions and treat them as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. The listed issuer must comply with the applicable connected transaction requirements based on the classification of the connected transactions when aggregated. The aggregation period will cover 24 months if the connected transactions are a series of acquisitions of assets being aggregated which may constitute a reverse takeover.

20.80 Factors that the Exchange will consider for aggregation of a series of connected transactions include whether:

(1) they are entered into by the listed issuer's group with the same party, or parties who are connected with one another;

(2) they involve the acquisition or disposal of parts of one asset, or securities or interests in a company or group of companies; or

(3) they together lead to substantial involvement by the listed issuer's group in a new business activity.

20.81 The Exchange may aggregate all continuing connected transactions with a connected person.

20.82 A listed issuer must consult the Exchange before the listed issuer's group enters into any connected transaction if:

(1) the transaction and any other connected transactions entered into or completed by the listed issuer's group in the last 12 months fall under any of the circumstances described in rule 20.80; or

(2) the transaction and any other transactions entered into by the listed issuer's group involve the acquisition of assets from a person or group of persons or any of their associates within 24 months after the person(s) gain control (as defined in the Takeovers Code) of the listed issuer.

20.83 The listed issuer must provide information to the Exchange on whether it should aggregate the transactions.

20.84 The Exchange may aggregate a listed issuer's connected transactions even if the listed issuer has not consulted the Exchange.

Financial assistance

Financial assistance provided by the listed issuer's group

20.85 For any financial assistance provided by a banking company in its ordinary and usual course of business to a connected person or commonly held entity:

(1) the transaction is fully exempt if it is conducted on normal commercial terms or better;

(2) the transaction is fully exempt if it is not conducted on normal commercial terms or better but all the percentage ratios (other than the profits ratio) are:

(a) less than 0.1%;

(b) less than 1% and the transaction is a connected transaction only because it involves connected person(s) at the subsidiary level; or

(c) less than 5% and the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity is less than HK$3,000,000; or

(3) the transaction is exempt from the circular, independent financial advice and shareholders' approval requirements if it is not conducted on normal commercial terms or better but all the percentage ratios (other than the profits ratio) are:

(a) less than 5%; or

(b) less than 25% and the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity is less than HK$10,000,000.

20.86 A "banking company" is a listed issuer or its subsidiary which is a bank, a restricted licence bank or a deposit taking company as defined in the Banking Ordinance, or a bank constituted under appropriate overseas legislation or authority.

20.87 Financial assistance provided by a listed issuer's group to a connected person or commonly held entity is fully exempt if it is conducted:

(1) on normal commercial terms or better; and

(2) in proportion to the equity interest directly held by the listed issuer or its subsidiary in the connected person or the commonly held entity. Any guarantee given by the listed issuer's group must be on a several (and not a joint and several) basis.

Financial assistance received by the listed issuer's group

20.88 Financial assistance received by a listed issuer's group from a connected person or commonly held entity is fully exempt if:

(1) it is conducted on normal commercial terms or better; and

(2) it is not secured by the assets of the listed issuer's group.

The listed issuer's group providing an indemnity for a director

20.89 Providing an indemnity for a director of the listed issuer or its subsidiaries is fully exempt if:

(1) the indemnity is for liabilities that may be incurred in the course of the director performing his duties; and

(2) the indemnity is in a form permitted under the laws of Hong Kong and where the company providing the indemnity is incorporated outside Hong Kong, the laws of the company's place of incorporation.

Issues of new securities, or sales or transfers of treasury shares by the listed issuer or its subsidiary

20.90 An issue of new securities by a listed issuer or its subsidiary to a connected person is fully exempt if:

(1) the connected person receives a pro rata entitlement to the issue as a shareholder;

(2) the connected person subscribes for the securities in a rights issue or open offer:

(a) through excess application (see rule 10.31(1) or 10.42(1)); or

(b) [Repealed 3 July 2018]

(3) the securities are issued to the connected person under:

(a) a share scheme that complies with Chapter 23; or

(b) a share scheme adopted by the listed issuer before its securities first start dealing on the Exchange, and where the Exchange has approved the listing of the securities to be issued under the scheme; or

(4) the securities are issued under a "top-up placing and subscription" that meets the following conditions:

(a) the new securities are issued to the connected person:

(i) after it has reduced its holding in the same class of securities by placing them to third parties who are not its associates under a placing agreement; and

(ii) within 14 days from the date of the placing agreement;

(b) the number of new securities issued to the connected person does not exceed the number of securities placed by it; and

(c) the new securities are issued at a price not less than the placing price. The placing price may be adjusted for the expenses of the placing.

Note: An issue of new securities by a subsidiary of the listed issuer may be exempt as a de minimis transaction.

20.90A References in rule 20.90 to an issue, offer, placing or subscription of securities shall include a sale or transfer of treasury shares.

20.90B A sale of treasury shares by a listed issuer to a connected person is fully exempt if it is made on GEM or any other stock exchange on which the issuer is listed, except where the connected person knowingly purchases the treasury shares from the listed issuer.

Dealings in securities on stock exchanges

20.91 Dealing in securities of a target company (i.e. a connected transaction described in rule 20.26) by the listed issuer's group is fully exempt if it meets the following conditions:

(1) the dealing in the securities is conducted as part of the ordinary and usual course of business of the listed issuer's group;

(2) the securities are listed on the Exchange or a recognised stock exchange;

(3) the dealing is carried out on the Exchange or a recognised stock exchange, or if not, no consideration passes to or from a connected person; and

(4) the transaction is not made for the purpose of conferring a direct or indirect benefit upon any connected person who is a substantial shareholder of the target company.

Repurchases of securities by the listed issuer or its subsidiary

20.92 Repurchases of own securities by a listed issuer or its subsidiary from a connected person is fully exempt if it is made:

(1) on the Exchange or a recognised stock exchange, except where the connected person knowingly sells the securities to the listed issuer's group; or

(2) in a general offer made under the Code on Share Buy-backs.

Directors' service contracts and insurance

20.93 A director entering into a service contract with the listed issuer or its subsidiary is fully exempt.

20.94 Purchase and maintenance of insurance for a director of the listed issuer or its subsidiaries against liabilities to third parties that may be incurred in the course of performing his duties are fully exempt if it is in the form permitted under the laws of Hong Kong and where the company purchasing the insurance is incorporated outside Hong Kong, the laws of the company's place of incorporation.

Buying or selling of consumer goods or services

20.95 A listed issuer's group buying consumer goods or services as a customer from, or selling consumer goods or services to, a connected person on normal commercial terms or better in its ordinary and usual course of business is fully exempt if it meets the following conditions:

(1) the goods or services must be of a type ordinarily supplied for private use or consumption;

(2) they must be for the buyer's own consumption or use, and not be:

(a) processed into the buyer's products, or for resale; or

(b) used by the buyer for any of its businesses or contemplated businesses. This condition does not apply if the listed issuer's group is the buyer and there is an open market and transparency in the pricing of the goods or services;

(3) they must be consumed or used by the buyer in the same state as when they were bought; and

(4) the transaction must be made on no more favourable terms to the connected person, or no less favourable terms to the listed issuer's group, than those available from independent third parties.

Note: Examples of consumer goods and services are:

(1) Meals consumed by a director at a restaurant owned by the listed issuer's group.

(2) A director buying groceries for his own use at a retail store operated by the listed issuer's group.

(3) Utilities provided by the listed issuer's group to a director's apartment.

(4) Utilities provided by a connected person to the listed issuer's group where the prices are published or publicly quoted and apply to other independent consumers.

Sharing of administrative services

20.96 Administrative services shared between the listed issuer's group and a connected person on a cost basis are fully exempt, provided that the costs are identifiable and are allocated to the parties involved on a fair and equitable basis.

Note: Examples of shared administrative services are shared secretarial, legal and staff training services.

Transactions with associates of passive investors

20.97 A connected transaction conducted between the listed issuer's group and an associate of a passive investor is fully exempt if it meets the following conditions:

(1) the passive investor is a connected person only because it is a substantial shareholder of the listed issuer and/or any of its subsidiaries;

(2) the passive investor

(a) is not a controlling shareholder of the listed issuer or its subsidiaries;

(b) does not have any representative on the board of directors of the listed issuer or its subsidiaries, and is not involved in the management of the listed issuer's group (including having any influence over the management of the listed issuer's group through negative control (e.g. its veto rights) on material matters of the listed issuer's group);

(c) is independent of the directors, chief executive, controlling shareholder(s) and any other substantial shareholder(s) of the listed issuer or its subsidiaries; and

(3) the transaction is of a revenue nature in the ordinary and usual course of business of the listed issuer's group, and conducted on normal commercial terms or better.

20.98 A "passive investor" is a substantial shareholder of the listed issuer and/or any of its subsidiaries that:

(1) is a sovereign fund, or a unit trust or mutual fund authorised by the Securities and Futures Commission or an appropriate overseas authority; and

(2) has a wide spread of investments other than the securities of the listed issuer's group and the associate that enters into the transaction with the listed issuer's group.

Transactions with connected persons at the subsidiary level

20.99 A connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if:

(1) the listed issuer's board of directors have approved the transactions; and

(2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

Note: In the case of formation of a joint venture by a qualified issuer and a qualified connected person to make a qualified property acquisition, the qualified issuer must announce the transaction as soon as practicable after receiving notification of the success of the bid by the joint venture. If any details of the acquisitions or the joint venture required to be disclosed are not available when the qualified issuer publishes the initial announcement, it must publish subsequent announcement(s) to disclose the details as soon as practicable after they have been agreed or finalized.

Waivers

20.100 The Exchange may waive any requirements under this Chapter in individual cases, subject to any conditions that it may impose.

Transactions relating to non-executive directors

20.101 The Exchange may waive all or some of the connected transaction requirements for a connected transaction with a non-executive director of the listed issuer or its subsidiaries if:

(1) the transaction is connected only because of the interest of a non-executive director; and

(2) the director does not control the listed issuer's group, and his principal business interest is not the listed issuer's group.

Where a waiver is granted from the shareholders' approval requirement under this rule, the Exchange may require the listed issuer's auditor or an acceptable financial adviser to give the opinion that the transaction is fair and reasonable to the shareholders as a whole.

Provision of guarantees to connected subsidiaries or commonly held entities for public sector contracts awarded by tender

20.102 The Exchange may waive all or some of the connected transaction requirements for a joint and several guarantee or indemnity provided by the listed issuer's group to a third party creditor for the obligations of a connected subsidiary or a commonly held entity if:

(1) the guarantee or indemnity is required for a government or public sector contract awarded by tender;

(2) each of the other shareholders of the connected subsidiary or commonly held entity has given a similar joint and several guarantee or indemnity to the third party creditor; and

(3) each of the other shareholders of the connected subsidiary or commonly held entity has agreed to indemnify the listed issuer's group for the liability guaranteed, or indemnified at least in proportion to its equity interest in the subsidiary or entity. The listed issuer must demonstrate that such shareholder indemnity is sufficient.

Continuing connected transactions of new applicants

20.103 The Exchange may waive the announcement, circular and shareholders' approval requirements for continuing connected transactions entered into by a new applicant or its subsidiaries. The new applicant must disclose in the listing document its sponsor's opinion on whether the transactions are in the ordinary and usual course of business of the listed issuer's group, on normal commercial terms or better, are fair and reasonable and in the interests of the shareholders as a whole.

Chapter 21

EQUITY SECURITIES

OPTIONS, WARRANTS AND SIMILAR RIGHTS

21.01 This Chapter applies both to options, warrants and similar rights to subscribe or purchase equity securities of an issuer which are issued or granted by that issuer or by any of its subsidiaries ("warrants") and to warrants which are attached to other securities but does not apply to any options which are granted under a share option scheme which complies with Chapter 23. Warrants which are attached to other securities but which are non-detachable are convertible securities and are also subject to the provisions of Chapters 22 (convertible equity securities) or 34 (convertible debt securities), as appropriate.

21.02 All warrants must, prior to the issue or grant thereof, be approved by the Exchange, and in addition, where they are warrants to subscribe for equity securities (including treasury shares), by the shareholders in general meeting (unless they are issued by the directors under the authority of a general mandate granted to them by shareholders in accordance with rule 17.41(2)). In the absence of exceptional circumstances which would include, by way of example, a rescue reorganisation, the Exchange will only grant approval to the issue or grant of warrants to subscribe securities (including treasury shares) if the following requirements are complied with:

(1) the securities to be issued or transferred out of treasury by the issuer on exercise of the warrants must not, when aggregated with all other equity securities which remain to be issued or transferred out of treasury by the issuer on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20 per cent of the number of issued shares (excluding treasury shares) of the issuer at the time such warrants are issued. Options granted under share option schemes which comply with Chapter 23 are excluded for the purpose of this limit.

The following are also excluded for the purpose of this limit:—

(a) convertible preference shares (and any equity securities into which the same convert); and

(b) convertible bonds (and any equity securities into which the same convert);

(2) such warrants must expire not less than 1 and not more than 5 years from the date of issue or grant and must not be convertible into further rights to subscribe securities which expire less than 1 year or more than 5 years after the date of issue or grant of the original warrants; and

(3) the circular must also contain a statement by the directors that the issuer has received a legal opinion from a lawyer of the relevant jurisdiction that the warrant proposal complies with the relevant provisions of the issuer's constitutive documents and the terms of the existing warrant instrument.

21.03 The circular or notice to be sent to shareholders convening the requisite meeting under rule 21.02 must include at least the following information:

(1) the maximum number of securities which could be issued or transferred out of treasury on exercise of the warrants;

(2) the period during which the warrants may be exercised and the date when this right commences;

(3) the amount payable on the exercise of the warrants;

(4) the arrangements for transfer or transmission of the warrants;

(5) the rights of the holders on the liquidation of the issuer;

(6) the arrangements for the variation in the subscription or purchase price or number of securities to take account of alterations to the share capital of the issuer;

(7) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer; and

(8) a summary of any other material terms of the warrants.

21.04 Where application is made for the listing of warrants, the Exchange will normally apply the same requirements as would apply to the underlying securities to be subscribed or purchased. However, where such an application is contemplated, the Exchange should be consulted at the earliest opportunity as to the requirements which will apply.

21.05 Warrants may be listed only if the underlying securities to be subscribed or purchased are (or will become at the same time) a class of equity securities listed on GEM.

However, the Exchange may list warrants in other circumstances if it is satisfied that holders have the necessary information available to form an opinion concerning the value of the underlying securities to which such warrants relate.

Issue of new warrants to existing warrantholders and/or altering the terms of existing warrants

21.06 Any alterations to the terms of warrants after issue or grant must be approved by the Exchange, except where the alterations take effect automatically under the terms of such warrants. In particular the Exchange should be consulted at the earliest opportunity where the issuer proposes to alter the exercise period or the exercise price.

21.07 Without prejudice to the generality of rule 21.06, where an issuer proposes to issue new warrants to existing warrantholders and/or alter the exercise period or the exercise price of existing warrants (save for any alterations that take effect automatically under the terms of such existing warrants) (defined for the purposes of this rule as the "warrant proposal"), the Exchange will not approve the warrant proposal unless the following requirements, in addition to those set out in rule 21.02(2) are met:—

(1) the existing warrants must have a positive intrinsic value;

(2) the number of new warrants offered to the holders of the existing warrants must not normally be larger than the number of existing warrants held by them;

(3) the warrant proposal must be subject to the approval of shareholders and warrantholders in accordance with the provisions of the issuer's constitutive documents and terms of the relevant warrant instrument respectively, and must be approved at such meetings by special resolution. The Exchange reserves the right to require that any connected person of the issuer who holds more than 10% of the outstanding existing warrants shall abstain from voting on the matter;

(4) the approval of shareholders and warrantholders pursuant to sub-paragraph 3 above must be obtained more than 6 months prior to the expiry of the existing warrants;

(5) the relevant circulars to shareholders and warrantholders must both contain the information set out in rule 21.03 concerning the warrants forming the subject matter of the warrant proposal and details of any dealings by the issuer, and, where relevant, the manager of the issue of the new warrants, or any of their respective close associates and any dealings by any core connected persons of the issuer (so far as is known to the issuer or any director of the issuer after making reasonable enquiries) in the existing warrants and the underlying securities to which the warrants relate, during the period commencing 3 months prior to the announcement of the warrant proposal and ending on the date of the relevant circular. If such disclosure reveals that any such persons have been actually dealing in either the warrants or the underlying securities, the Exchange reserves the right not to approve the issue of the new warrants or the proposed alteration to the terms of the existing warrants;

(6) the relevant circular to shareholders must contain an opinion by an independent financial adviser acceptable to the Exchange as to whether the warrant proposal is fair and reasonable so far as the shareholders of the issuer are concerned;

(7) the relevant circular to shareholders must contain a statement by the directors that the issuer has obtained a legal opinion from a lawyer of the relevant jurisdiction, that the warrant proposal complies with the relevant provisions of the issuer's constitutive documents and the terms of the existing warrant instrument; and

(8) the warrant proposal may not be announced unless the issuer can fulfil all of the above conditions, subject only to obtaining the approval of shareholders, warrantholders and the Exchange. Such announcement should be made as soon as possible after the Exchange has confirmed to the issuer that it is satisfied that the relevant requirements have been met.

Chapter 22

EQUITY SECURITIES

CONVERTIBLE EQUITY SECURITIES

22.01 All convertible equity securities which are issued or granted by an issuer or any of its subsidiaries and which are convertible into new equity securities or outstanding equity securities of the issuer or a company in the same group as the issuer including convertible preference shares (but excluding convertible bonds, to which the provisions of Chapter 34 apply) must, prior to the issue thereof, be approved by the Exchange. The Exchange should be consulted at the earliest opportunity as to the requirements which will apply.

22.02 Convertible equity securities may be listed only if the underlying securities are (or will become at the same time) a class of equity securities listed on GEM.

However, the Exchange may list convertible equity securities in other circumstances if it is satisfied that holders have the necessary information available to form an opinion concerning the value of the underlying shares to which such convertible equity securities relate.

22.03 Any alterations in the terms of convertible equity securities after issue must be approved by the Exchange, except where the alterations take effect automatically under the existing terms of such convertible equity securities.

22.04 Paragraph 19 of Appendix D1A and paragraph 21 of Appendix D1B set out additional requirements for the contents of listing documents relating to convertible equity securities.

Chapter 23

EQUITY SECURITIES

SHARE SCHEMES

Application of Chapter 23

23.01 (1) This Chapter deals with:

(a) share schemes involving the grant by a listed issuer of (i) new shares of the listed issuer; or (ii) options over new shares of the listed issuer, to, or for the benefit of, specified participants of such schemes (which includes a grant of any such shares or options to a trust or similar arrangement for the benefit of a specified participant (see rules 23.02 to 23.11);

(b) share schemes of a listed issuer that are funded by existing shares of the issuer (see rule 23.12);

(c) share schemes of a principal subsidiary of a listed issuer (see rules 23.13 to 23.15).

(2) Any arrangement involving the grant of shares or other securities of a listed issuer or a principal subsidiary of the issuer (including options over any such shares or securities) which, in the opinion of the Exchange, is analogous to a share scheme as described in this rule 23.01 must comply with the requirements of this Chapter.

(3) Where the shares or other securities of the listed issuer or the principal subsidiary concerned are also listed on another stock exchange or the Main Board, the more onerous requirements shall prevail and be applied in the event of a conflict or inconsistency between the requirements of this Chapter and the requirements of the other stock exchange or the Main Board.

(4) In this Chapter 23, references to new shares or new securities include treasury shares, and references to the issue of shares or securities include the transfer of treasury shares.

Definitions

23.01A In this Chapter, the following definitions apply:

"1% individual limit"	has the meaning in rule 23.03D(1)
"award"	refers to shares granted or to be granted under a share award scheme
"eligible participant"	includes an employee participant, a service provider and a related entity participant
"employee participant"	has the meaning in rule 23.03A(1)
"grant"	includes "offer", "issue" and any other term used by a share scheme to describe the grant of shares or options under the scheme
"principal subsidiary"	has the meaning in rule 23.14

"purchase price"	refers to the price payable by a grantee to purchase shares under a share award scheme
"related entity participant"	has the meaning in rule 23.03A(1)
"scheme mandate limit"	has the meaning in rule 23.03(3)
"senior manager"	refers to a senior manager disclosed in the issuer's annual report as required under rule 18.39
"service provider"	has the meaning in rule 23.03A(1)
"service provider sublimit"	has the meaning in rule 23.03(3)
"schemes" or "share schemes"	include share option schemes and share award schemes
"share award scheme"	refers to a scheme involving the grant of shares by a listed issuer or its principal subsidiary (as the case may be)
"share option scheme"	refers to a scheme involving the grant of options over shares of a listed issuer or a principal subsidiary of the issuer (as the case may be)

Share schemes involving issue of new shares by listed issuers

Adoption of a new scheme

23.02 (1) (a) The scheme of a listed issuer must be approved by shareholders of the listed issuer in general meeting. The listed issuer must publish an announcement on the outcome of the shareholders' meeting for the adoption of the scheme in the manner as set out in rule 17.47(5).

(b) A scheme adopted by a new applicant prior to its listing does not need to be approved by its shareholders after listing. However, all material terms of the scheme must be clearly set out in the prospectus. Where the scheme does not comply with the provisions of this Chapter, options and awards granted to, or for the benefit of, specified participants before listing may continue to be valid after listing (subject to the Exchange granting approval for listing of the new applicant's shares to be issued in respect of such options and awards) but no further options or awards may be granted under the scheme after listing. The new applicant must also disclose in the prospectus full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards.

Notes: 1 The Exchange reserves the right to review and consider these matters on a case-by-case basis.

2 Where the new applicant is a principal subsidiary of a listed issuer, the scheme must comply with rules 23.13 to 23.15.

(2) The scheme document itself does not need to be circulated to shareholders of the listed issuer. However, if the scheme document is not so circulated, it must be published on the Exchange's website and the issuer's own website for a period of not less than 14 days before the date of the general meeting and made available for inspection at the general meeting and the terms of the shareholders' resolution must approve the scheme as described in the circular to the shareholders of the listed issuer. The circular must include the following information:

(a) the provisions described in rule 23.03;

(b) an explanation as to how the terms of the scheme, in particular, how the provisions described in rules 23.03(2), (6), (7), (9) and (19), will align with the purpose of the scheme as set out in the scheme document;

(c) information relating to any directors of the listed issuer who are trustees of the scheme or have a direct or indirect interest in the trustees;

(d) a statement in the form set out in paragraph 2 of Appendix D1B;

(e) a statement of the issuer's intention to use treasury shares for the scheme, where applicable; and

(f) any additional information requested by the Exchange.

Note: Where the scheme includes service providers and/or related entity participants as eligible participants, the Exchange may require the circular to include the views of the independent non-executive directors of the issuer on whether the inclusion of these participants aligns with the purpose of the scheme and the long term interests of the issuer and its shareholders. As general guidance, this will include the views of the independent non-executive directors as to whether the proposed categories of service providers/related entity participants are in line with the issuer's business needs or the industry norm and whether the criteria for the selection of eligible participants and the terms of the grants (such as vesting requirements and performance targets, if any) align with the purpose of the scheme. The Exchange may apply this requirement having regard to, for example, the nature of the operations of the issuer and its relationship with the service providers and related entity participants, the history of grants by the issuer to the service providers and related entity participants, or other circumstances that suggest the scheme may allow for substantial grants of options or awards to non-employee participants.

(3) The listed issuer must provide a summary of the terms of the scheme to all participants on joining the scheme (and a copy of the scheme document to any participant who requests such a copy). The listed issuer must provide to all participants all details relating to changes in the terms of the scheme during the life of the scheme immediately upon such changes taking effect.

Terms of the scheme

23.03 The scheme document must include the following provisions and/or provisions as to the following (as the case may be):

(1) the purpose of the scheme;

(2) the participants of the scheme and the basis of determining the eligibility of participants;

Notes: (1) Listed issuers are reminded to seek legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, particularly where participation in the scheme is not restricted to executives and employees.

(2) See rule 23.03A for the requirements relating to participants of share schemes.

(3) the total number of shares which may be issued in respect of all options and awards to be granted under the scheme and any other schemes (the **scheme mandate limit**), together with the percentage of the issued shares (excluding treasury shares) that it represents at the date of approval of the scheme; and, where the participants of the scheme include service providers, the sublimit on the total number of shares that may be issued in respect of all options and awards to be granted to service providers (the **service provider sublimit**) within the scheme mandate limit;

Note: See rules 23.03B and 23.03C for the requirements relating to the scheme mandate limit and the service provider sublimit.

(4) the maximum entitlement of each participant under the scheme;

Note: See rule 23.03D for the limit on grants to individual participants.

(5) the period within which an option may be exercised by the grantee under the scheme, which must not be more than 10 years from the date of grant of the option;

(6) the vesting period of options or awards to be granted under the scheme;

Notes: See rule 23.03F for the requirements on the vesting period.

(7) a description (which may be qualitative) of the performance targets, if any, attached to options or awards to be granted under the scheme or, if none, a negative statement to that effect. Such description may include a general description of the target levels and performance related measures and the method for assessing how they are satisfied;

(8) the amount, if any, payable on application or acceptance of the option or award and the period within which payments or calls must or may be made or loans for such purposes must be repaid;

(9) the basis of determination of the exercise price of options or the purchase price of shares awarded, if any;

Note: See rule 23.03E for the requirements on the exercise price of options.

(10) the voting, dividend, transfer and other rights, including those arising on a liquidation of the listed issuer, attaching to the shares and (if appropriate) any such rights attaching to the options or awards themselves;

(11) the life of the scheme, which must not be more than 10 years;

(12) the circumstances under which options or awards will automatically lapse;

(13) a provision for adjustment of the exercise or purchase price and/or the number of shares subject to options or awards granted under the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital;

Note: Any adjustments required under rule 23.03(13) must give a participant the same proportion of the equity capital, rounded to the nearest whole share, as that to which that person was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value (if any). The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the listed issuer's auditors must confirm to the directors in writing that the adjustments satisfy the requirements set out in this note.

(14) a provision for the cancellation of options or awards granted;

Note: Where a listed issuer cancels options or awards granted to a participant, and makes a new grant to the same participant, such new grant may only be made under a scheme with available scheme mandate limit approved by shareholders as referred to in rule 23.03B or rule 23.03C. The options or awards cancelled will be regarded as utilised for the purpose of calculating the scheme mandate limit (and the service provider sublimit).

(15) the shares subject to the scheme must be separately designated unless they are identical with other shares of the issuer in issue;

(16) where there is a provision for termination of the operation of the scheme before the end of its life, a provision for the treatment of options or awards granted under the scheme but not yet exercised or in respect of which shares are not yet issued to the participants at the time of termination;

Note: Details of the options or awards granted (including options exercised or outstanding, or shares issued and to be issued in respect of the awards granted) under the scheme and (if applicable) options or awards that become void or non-exercisable as a result of the termination must be disclosed in the circular to shareholders seeking approval of the first new scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.

(17) transferability of options or awards;

Note: Options or awards granted under the scheme must be personal to the respective grantee. No options or awards may be transferred or assigned. The Exchange may consider granting a waiver to allow a transfer to a vehicle (such as a trust or a private company) for the benefit of the participant and any family members of such participant (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the scheme and comply with other requirements of this Chapter. Where such waiver is granted, the Exchange shall require the issuer to disclose the beneficiaries of the trust or the ultimate beneficial owners of the transferee vehicle.

(18) the specific terms of the scheme that can be changed by directors or scheme administrators without the approval of shareholders of the listed issuer in general meeting; and

Notes: 1 Any alterations to the terms and conditions of a share scheme which are of a material nature or any alterations to the provisions relating to the matters set out in this rule 23.03 to the advantage of participants must be approved by shareholders of the listed issuer in general meeting.

2 Any change to the terms of options or awards granted to a participant must be approved by the board, the remuneration committee, the independent non-executive directors and/or the shareholders of the listed issuer (as the case may be) if the initial grant of the options or awards was approved by the board, the remuneration committee, the independent non-executive directors and/or the shareholders of the listed issuer (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the scheme.

3 The amended terms of the scheme or the options or awards must still comply with the relevant requirements of this Chapter 23.

4 Any change to the authority of the directors or scheme administrators to alter the terms of the scheme must be approved by shareholders of the listed issuer in general meeting.

(19) where the listed issuer has established a clawback mechanism to recover or withhold the remuneration (which may include any options or awards granted) to any participants in the event of serious misconduct, a material misstatement in the issuer's financial statements or other circumstances, a description of the clawback mechanism or, if none, a negative statement to that effect.

Participants of the scheme

23.03A (1) Participants of a scheme shall comprise one or more of the following:

(a) directors and employees of the issuer or any of its subsidiaries (including persons who are granted options or awards under the scheme as inducement to enter into employment contracts with these companies) (**employee participants**);

(b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the issuer (**related entities participants**); and

(c) persons who provide services to the issuer group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the issuer group (**service providers**).

Note: Service providers may include, for example, persons who work for the issuer as independent contractors where the continuity and frequency of their services are akin to those of employees. For the avoidance of doubt, service providers should exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions. They should also exclude professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

(2) The scheme document must clearly identify each category of service providers and the criteria for determining a person's eligibility under each category.

Scheme mandate limit and service provider sublimit

23.03B (1) The scheme mandate limit must not exceed 10% of the relevant class of shares of the listed issuer in issue (excluding treasury shares) as at the date of approval of the scheme (alternatively, in respect of a scheme of a new applicant that will become effective only upon its separate listing, the 10% limit may be calculated by reference to the relevant class of shares of the applicant in issue (excluding treasury shares) as at the date of its listing).

(2) Where the participants of the scheme include service providers, the service provider sublimit must be set within the scheme mandate limit and separately approved by shareholders of the issuer in general meeting. The circular must contain the basis for determining the service provider sublimit and an explanation as to why the service provider sublimit is appropriate and reasonable.

Notes: 1 Options or awards lapsed in accordance with the terms of the scheme will not be regarded as utilised for the purpose of calculating the scheme mandate limit (and the service provider sublimit, if any).

2 If the listed issuer conducts a share consolidation or subdivision after the scheme mandate limit or the service provider sublimit has been approved in general meeting, the maximum number of shares that may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate limit or the service provider sublimit as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

23.03C (1) (a) The listed issuer may seek approval by its shareholders in general meeting for "refreshing" the scheme mandate limit (and the service provider sublimit, if any) under the scheme after three years from the date of shareholders' approval for the last refreshment (or the adoption of the scheme).

(b) Any "refreshment" within any three year period must be approved by shareholders of the issuer subject to the following provisions:

(i) any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and

(ii) the issuer must comply with the requirements under rules 17.47(6) and 17.47(7) and rules 17.47A, 17.47B and 17.47C.

(c) The requirements under paragraphs (i) and (ii) of rule 23.03C(1)(b) do not apply if the refreshment is made immediately after an issue of securities by the issuer to its shareholders on a pro rata basis as set out in rule 17.41(1) such that the unused part of the scheme mandate (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole share.

(2) The total number of shares which may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate as "refreshed" must not exceed 10% of the relevant class of shares in issue (excluding treasury shares) as at the date of approval of the refreshed scheme mandate. The listed issuer must send a circular to its shareholders containing the number of options and awards that were already granted under the existing scheme mandate limit and the existing service provider sublimit (if any), and the reason for the "refreshment".

(3) A listed issuer may seek separate approval by its shareholders in general meeting for granting options or awards beyond the scheme mandate limit provided the options or awards in excess of the limit are granted only to participants specifically identified by the listed issuer before such approval is sought. The listed issuer must send a circular to the shareholders containing the name of each specified participant who may be granted such options or awards, the number and terms of the options or awards to be granted to each participant, and the purpose of granting options or awards to the specified participants with an explanation as to how the terms of the options or awards serve such purpose. The number and terms of options or awards to be granted to such participant must be fixed before shareholders' approval. In respect of any options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the exercise price under rule 23.03E.

Limit on granting options or awards to individual participants

23.03D (1) Where any grant of options or awards to a participant would result in the shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of shares of the listed issuer in issue (excluding treasury shares) (the 1% **individual limit**), such grant must be separately approved by shareholders of the listed issuer in general meeting with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting. The listed issuer must send a circular to the shareholders.

(2) The circular must disclose the identity of the participant, the number and terms of the options or awards to be granted (and those previously granted to such participant in the 12-month period), the purpose of granting options or awards to the participant and an explanation as to how the terms of the options or awards serve such purpose. The number and terms of the options or awards to be granted to such participant must be fixed before shareholders' approval. In respect of any options to be granted, the date of the board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under rule 23.03E.

Exercise price of options

23.03E The exercise price of options must be at least the higher of: (i) the closing price of the shares as stated in the Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the shares as stated in the Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. For the purpose of calculating the exercise price where an issuer has been listed for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

Note: Rule 23.03E does not apply to a share award scheme.

Vesting period

23.03F The vesting period for options or awards shall not be less than 12 months. Options or awards granted to employee participants may be subject to a shorter vesting period under specific circumstances as set out in the scheme document. Any such specific circumstances and an explanation by the issuer's board of directors (or the remuneration committee where the arrangements relate to grants of options or awards to the issuer's directors and/or senior managers) as to why the arrangements are appropriate and how the grants align with the purpose of the scheme must be clearly disclosed in the circular for the adoption of the scheme.

Granting options or awards to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates

23.04 (1) Any grant of options or awards to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, under a scheme of the listed issuer must be approved by the independent non-executive directors of the listed issuer (excluding any independent non-executive director who is the grantee of the options or awards).

(2) Where any grant of awards (excluding grant of options) to a director (other than an independent non-executive director) or chief executive of the issuer, or any of their associates would result in the shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of shares in issue (excluding treasury shares), such further grant of awards must be approved by shareholders of the listed issuer in general meeting in the manner set out in rule 23.04(4).

(3) Where any grant of options or awards to an independent non-executive director or a substantial shareholder of the listed issuer, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of shares in issue (excluding treasury shares), such further grant of options or awards must be approved by shareholders of the listed issuer in general meeting in the manner set out in rule 23.04(4).

Note: See also the recommended practice relating to the grant of options or awards to independent non-executive directors under E.1.9 of the Corporate Governance Code in Appendix C1 to the Rules.

(4) In the circumstances described in rule 23.04(2) or (3), the listed issuer must send a circular to the shareholders. The grantee, his/her associates and all core connected persons of the listed issuer must abstain from voting in favour at such general meeting. The listed issuer must comply with the requirements set out in rules 17.47A, 17.47B and 17.47C.

(5) The circular must contain:

(a) details of the number and terms of the options or awards to be granted to each participant, which must be fixed before the shareholders' meeting. In respect of any options to be granted, the date of the board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price under rule 23.03E;

Note: The description of the terms of the options or awards must include the information required under rules 23.03(5) to 23.03(10) and rule 23.03(19).

(b) the views of the independent non-executive directors of the listed issuer (excluding any independent non-executive director who is the grantee of the options or awards) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the issuer and its shareholders as a whole, and their recommendation to the independent shareholders as to voting;

(c) the information required under rule 23.02(2)(c); and

(d) the information required under rule 2.28.

Notes: 1 Any change in the terms of options or awards granted to a participant who is a director, chief executive or substantial shareholder of the listed issuer, or any of their respective associates, must be approved by shareholders of the issuer in the manner as set out in rule 23.04(4) if the initial grant of the options or awards requires such approval (except where the changes take effect automatically under the existing terms of the scheme).

2 The requirements for the grant to a director or chief executive of a listed issuer set out in this rule 23.04 do not apply where the participant is only a proposed director or chief executive of the listed issuer.

Restriction on the time of grant of options or awards

23.05 An issuer may not grant any options or awards after inside information has come to its knowledge until (and including) the trading day after it has announced the information. In particular, it may not grant any options or awards during the period commencing 30 days immediately before the earlier of:

(1) the date of the board meeting (as such date is first notified to the Exchange under rule 17.48) for approving the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and

(2) the deadline for the issuer to announce its results for any year or half-year under rule 18.49 or 18.78, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement.

Note: No option or awards may be granted during any period of delay in publishing a results announcement.

Voting of unvested shares

23.05A The trustee holding unvested shares of a share scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the GEM Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

Despatch of circular

23.06 Any circular required under this Chapter should be despatched to the shareholders no later than the date on which the listed issuer gives notice of the general meeting to approve the scheme or other matter as required under this Chapter.

Announcement on grant of options or awards

23.06A (1) As soon as possible upon the granting by the listed issuer of any options or awards under the scheme, the listed issuer must publish an announcement setting out the details in rule 23.06B.

(2) The disclosure must be made, on an individual basis, if the grantee is:

(a) a director, chief executive or substantial shareholder of the listed issuer, or an associate of any of them;

(b) a participant with options and awards granted and to be granted exceeding the 1% individual limit; or

(c) a related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue (excluding treasury shares).

(3) Information relating to grants of options or awards to other grantees may be disclosed by category. The Exchange may require the issuer to submit a list of the grantees in the format it prescribed for the time being.

23.06B The announcement must set out the following details in a tabular format:

(1) the date of grant;

(2) (a) where disclosure on an individual basis is required, the name of the grantee (and where the grantee is not a natural person, the name of its ultimate beneficial owner) and the relationship between the grantee and the issuer. Where the grantee is a related entity participant or service provider, the nature of services provided to the issuer; or

(b) where disclosure on an individual basis is not required, a description of each of the categories of grantees;

(3) the number of options or awards granted;

(4) the exercise price of options or purchase price of awards granted;

(5) the market price of the shares on the date of grant;

(6) the exercise period of the options;

(7) the vesting period of the options or awards. In the case of grants of options or awards to employee participants with a shorter vesting period as set out in rule 23.03F, the relevant circumstances that are specifically permitted by the scheme. Where the options or awards are granted to the issuer's directors and/or senior managers, the remuneration committee's views on why a shorter vesting period is appropriate;

(8) a description (which may be qualitative) of the performance targets attached to the options or awards granted, if any, and the clawback mechanism for the issuer to recover or withhold any awards or options granted, if any. Where options or awards are granted to the issuer's directors and/or senior managers without performance targets and/or clawback mechanism, the views of the remuneration committee on why performance targets and/or a clawback mechanism is/are not necessary and how the grants align with the purpose of the scheme;

(9) where options or awards are granted to a service provider or a related entity participant, the reasons for the grant and the views of the board how the grant aligns with the purpose of the scheme; and

(10) arrangements, if any, for the issuer or any of its subsidiaries to provide financial assistance to the grantee(s) to facilitate the purchase of shares under the scheme.

Note: The issuer must comply with Chapter 20 for providing financial assistance to any grantee who is a connected person.

23.06C The announcement must also disclose the number of shares available for future grant under the scheme mandate and the service provider sublimit (if applicable).

Disclosure in annual report and interim report

23.07 The listed issuer must disclose in its annual report and interim report the following information in relation to options and awards granted and to be granted under its share scheme(s) to: (i) each of the directors, chief executive or substantial shareholders of the listed issuer, or their respective associates; (ii) each participant with options and awards granted and to be granted in excess of the 1% individual limit; (iii) each related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue (excluding treasury shares); and (iv) other employee participants, related entity participants and service providers by category:

(1) a table showing the following details of awards and options granted to each participant or category of participants:

(a) name of the grantee or a description of each of the categories of grantees;

(b) particulars of the outstanding options and unvested awards at the beginning and at the end of the financial year/period, including the number of options and unvested awards, date of grant, vesting period, exercise period and exercise/purchase price;

(c) particulars of the options and awards granted during the financial year/period, including (i) the number of options and awards, (ii) the date of grant, (iii) the vesting period, exercise period, exercise/purchase price and performance targets (if any), (iv) (where the shares are listed) the closing price of the shares immediately before the date on which the options or awards were granted, and (v) the fair value of options and awards at the date of grant and the accounting standard and policy adopted;

Note: The listed issuer should calculate the fair value of options and awards in accordance with the accounting standards and policies adopted for preparing its financial statements and disclose the methodology and assumptions used, including but not limited to:

(1) In the case of options, a description of the option pricing model and details of the significant assumptions and inputs used in that pricing model such as the expected volatility, expected dividends and the risk-free interest rate. The issuer should include an explanation of how these significant assumptions and inputs were determined.

(2) In the case of awards, a description of the basis for fair value measurement and information on whether and how the features of the awards (for example, the expected dividends) are incorporated into the measurement of fair value.

(d) the number of options exercised and awards vested during the financial year/period with the exercise/purchase price and (where the shares are listed) the weighted average closing price of the shares immediately before the date on which the options or awards were exercised or vested;

(e) the number of options and awards cancelled during the financial year/period together with the exercise/purchase price of the cancelled options and awards; and

(f) the number of options and awards which lapsed in accordance with the terms of the scheme during the financial year/period.

(2) the number of options and awards available for grant under the scheme mandate and the service provider sublimit (if applicable) at the beginning and the end of the financial year/period; and

(3) the number of shares that may be issued in respect of options and awards granted under all schemes of the issuer during the financial year/period divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the year/period.

23.07A The listed issuer must disclose in its remuneration report or corporate governance report a summary of material matters relating to share schemes that were reviewed and/or approved by the remuneration committee during the financial year. For matters relating to any grants of options or awards to the issuer's directors and senior managers as set out in rule 23.03(F) and rules 23.06B(7) and (8), the remuneration committee must explain why it was appropriate to approve those matters, the factors that it took into account and how the grants align with the purpose of the scheme (including how the grants align the grantees' interests with those of the issuer and its shareholders).

23.08 [Repealed 1 January 2023]

23.09 The listed issuer must include in its annual report a summary of each share scheme setting out:

(1) the purpose of the scheme;

(2) the participants of the scheme;

(3) the total number of shares available for issue under the scheme together with the percentage of the issued shares (excluding treasury shares) that it represents as at the date of the annual report;

(4) the maximum entitlement of each participant under the scheme;

(5) the period within which the option may be exercised by the grantee under the scheme;

(6) the vesting period of options or awards granted under the scheme;

(7) the amount, if any, payable on application or acceptance of the option or award and the period within which payments or calls must or may be made or loans for such purposes must be repaid;

(8) the basis of determining the exercise price of options granted or the purchase price of shares awarded, if any; and

(9) the remaining life of the scheme.

Other requirements

23.10 [Repealed 1 October 2020]

23.11 Listed issuers must comply with the terms of their share schemes in addition to the requirements of this Chapter 23. A breach of any such terms or requirements will constitute a breach of the GEM Listing Rules.

Share schemes involving existing shares of listed issuers

23.12 In respect of share scheme(s) of a listed issuer involving its existing shares:

(1) The issuer must disclose in its annual report:

(a) the information set out in rule 23.07(1) relating to grants of options and awards to (i) each director of the issuer; (ii) the five highest paid individuals during the financial year in aggregate; and (iii) other grantees in aggregate; and

(b) a summary of each share scheme as required under rule 23.09.

(2) Rule 23.05A applies to unvested shares held by the trustee of the scheme.

Share schemes involving new or existing shares of a principal subsidiary of a listed issuer

23.13 Rules 23.02 to 23.04 and rules 23.06 to 23.09, with appropriate modifications, apply to share schemes of a principal subsidiary of a listed issuer (whether they involve new shares issued by the subsidiary or existing shares of the subsidiary held by or for the issuer) as if they were share schemes of the issuer as described in rule 23.01(1).

23.14 A "principal subsidiary" refers to a subsidiary whose revenue, profits or total assets accounted for 75% (or more) of that of the issuer under the percentage ratios in any of the latest three financial years.

23.15 The following modifications apply:

(1) The scheme mandate limit, the service provider sublimit, the 1% individual limit, the limits on grants to the issuer's directors, chief executive and substantial shareholders (and their respective associates) under rule 23.04 and the limit on grants to service providers and related entity participants under rule 23.06A(1)(c) are to be calculated with reference to the total issued shares of the subsidiary.

(2) Rule 23.03E does not apply to share option schemes of the subsidiary if the subsidiary's shares are not listed on the Exchange. However, the scheme must provide that the exercise price of options granted after the listed issuer has resolved to seek a separate listing of such subsidiary on the Exchange, the Main Board or an overseas stock exchange and up to the listing date of the subsidiary must be not lower than the new issue price (if any). In particular, any options granted during the period commencing six months before the lodgement of Form 5A (or its equivalent for listing on the Main Board or the overseas stock exchange) up to the listing date of the subsidiary are subject to this requirement. The scheme must therefore provide for any necessary adjustment of the exercise price of options granted during such period to not lower than the new issue price.

Chapter 24

EQUITY SECURITIES

OVERSEAS ISSUERS

Preliminary

24.01 [Repealed 1 January 2022]

24.02 The GEM Listing Rules apply as much to overseas issuers as they do to Hong Kong issuers. This Chapter sets out the additional requirements, modifications or exemptions that apply to an overseas issuer listed or to be listed on GEM. This includes an overseas issuer that has a dual listing. Overseas issuers are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the relevant requirements.

24.03 The Exchange may exercise its power under rule 2.07 to waive, modify or not require compliance with a GEM Listing Rule for issuers with, or seeking, a listing under this chapter, on a case by case basis.

24.04 Any references in the GEM Listing Rules to directors of the issuer shall be construed as references to members of the overseas issuer's governing body.

Chapter 11 – Qualifications for Listing

24.05 The following requirements apply in addition to those set out in Chapter 11:—

(1) the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an overseas issuer if it believes that it is not in the public interest to list them;

(a) [Repealed 1 January 2022]

(b) [Repealed 1 January 2022]

(2) the overseas issuer must appoint, and maintain throughout the period the overseas issuer's securities are listed on GEM the appointment of, a person authorised to accept service of process and notices on its behalf in Hong Kong, and must notify the Exchange of his appointment and any termination of his appointment and details of:—

(a) his address for service of process and notices;

(b) if different, his place of business or, if he does not maintain a place of business, his residential address;

(c) his business, residential and mobile telephone numbers;

(d) his facsimile number and electronic mail address, if any; and

(e) any change in the above particulars;

Note: The person appointed under this rule may also be the person authorised to accept service required to be appointed under Part 16 of the Companies Ordinance, if applicable.

(3) provision must be made for a register of holders to be maintained in Hong Kong, or such other place as the Exchange may agree, and for transfers to be registered locally. The Exchange may, however, consider an alternative proposal for registering transfers for Hong Kong holders in exceptional circumstances;

(4) unless the Exchange otherwise agrees only securities registered on the Hong Kong register may be traded on GEM;

(5) where two or more share registers are maintained it will not be necessary for the Hong Kong register to contain particulars of the shares registered on any other register;

(6) where an overseas issuer wishes to obtain its listing on GEM by way of an introduction in the circumstances set out in rule 10.18(3):—

(a) it must,

(i) [Repealed 1 January 2022]

(ii) if requested to do so by the Exchange, appoint an independent financial adviser acceptable to the Exchange to confirm that the proposals are in the interests of the holders of the securities of the existing listed company or companies.

(b) [Repealed 1 January 2022]

(c) [Repealed 1 January 2022]

Chapter 12- Application Procedures and Requirements

24.06 [Repealed 31 December 2023]

(1) [Repealed 1 October 2013]

(2) [Repealed 31 December 2023]

Chapter 13 – Restrictions on Purchase

24.07 An overseas issuer may purchase its own shares (as defined in rule 13.06) on GEM and hold them as treasury shares in accordance with rules 13.03 to 13.14.

24.08 The Exchange may be prepared to permit the omission from the listing document of information where it considers it appropriate. In considering requests for any such omissions, the Exchange will have regard to:—

(1) whether the overseas issuer is or is to be listed on a regulated, regularly operating, open stock market recognised for this purpose by the Exchange and conducts its business and makes disclosure according to the accepted standards in Hong Kong; and

(2) the nature and extent of the regulatory standards and controls to which the overseas issuer is subject in its country of incorporation or other establishment.

Overseas issuers who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

24.09 The following modifications and additional requirements apply:—

(1) some of the items of information specified in Appendices D1A and D1B may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given;

(2) the listing document must contain a summary of all provisions of the constitutive documents of the overseas issuer in so far as they may affect shareholders' rights and protections and directors' powers (using, and covering at the least, the same subject headings as required under the attachment to Appendix D1A);

(3) the listing document must contain a summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established in a form to be agreed upon by the Exchange on a case by case basis and in the Exchange's absolute discretion;

(4) if the overseas issuer does not have a board of directors, the statement of responsibility required under paragraph 2 of Appendices D1A and D1B must be made by all the members of the overseas issuer's equivalent governing body and the listing document should be modified appropriately;

(5) for an introduction in the circumstances in rule 10.18(3), the following modifications, exceptions and additional requirements apply:—

(a) the following may be published on the Exchange's website and the issuer's own website rather than set out in the listing document:

(i) (without in any way limiting the scope of the summary required by rule 24.09(2)) a comparison between the provisions of the listed Hong Kong issuer's existing articles of association and the proposed content of the constitutive documents of the overseas issuer;

Notes:

1. *In such cases the details of the articles of association or equivalent document required to be set out in the listing document by paragraph 7 of Appendix D1A may be limited to a summary of the changes, if any, between the Hong Kong issuer's articles of association and the overseas issuer's proposed constitutive documents, in respect of each of the areas set out in that paragraph, provided that the summary also includes details of any differences or additional provisions in the proposed new constitutive documents which confer on directors of the overseas issuer any special powers, the exercise of which would affect the rights or interests of the shareholders.*

2. *[Repealed 1 August 2023]*

(ii) a summary of the provisions of the constitutive documents of the overseas issuer, which is required by rule 24.09(2); and

(iii) a summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established which is required by rule 24.09(3) together with a copy of all relevant statutes and/or regulations;

(b) the details of the rights of shareholders required by paragraph 25 of Appendix D1A may be limited to a summary of any changes which will occur, if any, as a result of the exchange of securities;

(c) the particulars of any alterations in the capital of any member of the group which is required to be included by paragraph 26 of Appendix D1A may be limited to particulars of any alterations since the date to which the latest published audited accounts of the Hong Kong listed issuer were made up;

(d) where the consolidated assets and liabilities of the issuer are substantially the same as those of the issuer or issuers whose securities have been exchanged, the requirement for a valuation and other information on all the issuer's property interests (see paragraph 50A of Appendix D1A and Chapter 8) will normally only be required by the Exchange if:—

(i) the Hong Kong listed issuer does not have a policy of revaluing its properties (or a large part of its property portfolio) on an annual basis;

(ii) the Hong Kong listed issuer has not published a revaluation of its property interests in the last 12 months; and

(iii) the overseas issuer is unwilling to revalue its property interests in its next annual report and accounts.

In determining whether property valuations are required in such cases the Exchange will have regard to the following factors:—

(A) the percentage of the book value of the total assets of the Hong Kong listed issuer (as disclosed in the latest published audited accounts or consolidated accounts, as appropriate) represented by the properties;

(B) the date on which the properties were last valued; and

(C) whether the properties are held for the Hong Kong listed issuer's own use or purely for investment purposes; and

(e) any valuations required to be included by paragraph 50A of Appendix D1A and Chapter 8 (as modified by rule 24.09(5)(d)) need only be summarised in the listing document, if a copy of the full valuation report is published on the Exchange's website and the issuer's own website;

(6) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 52 of Appendix D1A and paragraph 42 of Appendix D1B. Where any of such documents are not in English or Chinese, a certified English or Chinese translation thereof must be published on the Exchange's website and the issuer's own website. In addition, where rule 24.09(3) applies, the overseas issuer must publish on the Exchange's website and the issuer's own website a copy of any statutes or regulations which are relevant to the summary of the regulatory provisions of the jurisdiction in which the overseas issuer is incorporated or otherwise established. In particular cases, the Exchange may require other additional documents to be published on the Exchange's website and the issuer's own website; and

Note: The Exchange may consider an application for a waiver from strict compliance with the requirement to publish on the Exchange's website and the issuer's own website the relevant statutes or regulations under rule 24.09(6) for issuers having a dual listing, subject to the conditions that the website addresses of the relevant statutes and regulations applicable to the issuer are disclosed in the listing document; and these websites are easily accessible to the public free of charge.

(7) overseas issuers which are subject to public reporting and filing obligations in their country of incorporation or other establishment (or listing, if different) may be permitted to incorporate in listing documents relevant documents so published. Such documents must be accompanied, as necessary, by a certified English translation and a certified Chinese translation. The Exchange should be consulted in any such case.

24.09A Rules 24.09(2) and (3) do not apply to listing documents issued by listed issuers unless they are issued in connection with an introduction or a deemed new listing under the GEM Listing Rules.

Chapters 17 and 18 – Continuing Obligations and Financial Information

24.10 [Repealed 1 January 2022]

24.11 [Repealed 1 January 2022]

Annual report and accounts and auditors' report

24.12 The following modifications and additional requirements apply to Chapter 18 and to the extent such modifications and additional requirements conflict with the provisions of Chapter 18, the following provisions shall apply.

24.13 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the International Federation of Accountants and must be:-

(1) a Registered PIE Auditor under the AFRCO; or

(2) an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the AFRCO.

Note: In relation to an application for the recognition of an overseas firm of practising accountants under the AFRCO, on a request made by an overseas issuer, the Exchange may provide a statement of no objection to that issuer for appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the AFRCO (see note 2 to rule 7.02(1)).

24.14 The annual accounts must be audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.

24.15 The report of the auditors must be annexed to all copies of the annual accounts required to be sent by the overseas issuer and indicate whether in the opinion of the auditors the accounts give a true and fair view:

(1) in the case of the issuer's balance sheet, of the state of its affairs at the end of the financial year and in the case of the issuer's profit and loss account, of the profit or loss and cash flows for the financial year; and

(2) in the case where consolidated accounts are prepared, of the state of affairs and profit or loss of the issuer and cash flows of the group.

24.16 The report of the auditors must indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.

24.17 If an overseas issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange. If an overseas issuer is in doubt as to what more detailed and, or additional information should be provided, it should contact the Exchange for guidance.

24.18 An auditors' report in a different form may be applicable in the case of banking and insurance companies. The wording of such an auditors' report should make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.

24.18A The annual accounts are required to conform with financial reporting standards acceptable to the Exchange, which are normally HKFRS or IFRS. Where the Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Exchange. In such cases the Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

Notes:

1. The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.

2. A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.

3. An overseas issuer is also required to include a reconciliation statement in its interim report. The reconciliation statement contained in the annual accounts or interim report must be reviewed by its auditor.

4. An overseas issuer with a dual listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its annual accounts must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual and interim financial statements that fall due under the GEM Listing Rules, and are published, after the first anniversary of the date of its de-listing.

Information to accompany annual report and accounts

24.19 An overseas issuer shall include in its directors' report and accounts the information necessary to enable holders of its securities to obtain any relief from taxation to which they are entitled by reason of their holding of such securities.

24.20 An overseas issuer shall include in its directors' report and accounts those additional disclosures required of Hong Kong incorporated companies under the provisions of the Companies Ordinance and subsidiary legislations set out in rule 18.07A.

24.21 The statement of reserves available for distribution to shareholders required pursuant to rule 18.37 shall be calculated in accordance with any statutory provisions applicable in the overseas issuer's place of incorporation or, in the absence of such provisions, with generally accepted accounting principles.

Interim reports

24.22 If the overseas issuer publishes an interim report in its country of incorporation or other establishment, the Exchange may authorise it to publish that report (as necessary, translated into English and Chinese) instead of the interim report provided for in Chapter 18, provided that the information given is equivalent to that which would otherwise have been required.

General

24.23 All documents furnished by an overseas issuer to the Exchange, including accounts, which are in a language other than English or Chinese must be accompanied by a certified English or Chinese translation. If the Exchange so requires, an additional translation must be prepared in Hong Kong at the overseas issuer's expense by such person or persons as the Exchange shall specify.

24.24 Information to be supplied by overseas issuers in a listing document or accounts notwithstanding any obligation in the GEM Listing Rules, the Statutory Rules or any obligation imposed by the laws of Hong Kong shall not be less than that required to be supplied by the overseas issuer in its place of incorporation or other establishment.

Common Waivers

24.25 The Exchange will consider applications for waivers from issuers with, or seeking, a dual listing under this chapter, based on the underlying principle that the issuer can demonstrate that strict compliance with both the relevant GEM Listing Rules and the overseas regulations would be unduly burdensome or unnecessary (including where the requirements under the GEM Listing Rules contradict the applicable overseas laws or regulations and strict compliance with the GEM Listing Rules would result in a breach of applicable overseas laws or regulations) and that the granting of such waivers by the Exchange will not prejudice the interest of the investing public. In particular, the Exchange will consider applications for waivers from strict compliance with rules 12.11, 14.08, 16.18(3)(a), 24.09(6) and paragraph 15(3)(c) of Appendix D1A from overseas issuers with, or seeking, a dual listing under this chapter. The Exchange will consider these applications on individual merit based on all relevant facts and circumstances, including compliance with the prescribed conditions as set out in the relevant rules.

24.26 An overseas issuer may apply for waivers from the requirements of other rules which the Exchange will consider on a case by case basis, based on the general principles set out in Chapter 2 and rule 24.25.

Company Information Sheet

24.27 An overseas issuer with a listing under this chapter (including a dual listing) that meets any of the following criteria should publish a Company Information Sheet on the relevant information as soon as possible on the Exchange's website and the overseas issuer's website:

(1) there are novel waiver(s) granted to the issuer (for example, where an overseas issuer is allowed to take alternative measures to meet any core shareholder protection standards set out in Appendix A1 without providing such standards in its constitutional documents);

(2) the laws and regulations in its home jurisdiction and primary market are materially different from those required by Hong Kong laws regarding:

(a) the rights of holders of its securities and how they can exercise their rights;

(b) directors' powers and investor protection; and

(c) the circumstances under which its minority shareholders may be bought out or may be required to be bought out after a successful takeover or share repurchase; or

(3) it is subject to any withholding tax on distributable entitlements or any other tax that is payable by shareholders (e.g. capital gains tax, inheritance or gift taxes).

The Exchange may also at its own discretion require an issuer to publish a Company Information Sheet if it is of the view it will be informative to investors.

Notes:

1. The purpose of the Company Information Sheet is to enable investors to easily locate specific information on the differences between the overseas requirements to which an overseas issuer is subject and the Hong Kong requirements.

2. The relevant information to be disclosed under GEM Rule 24.27(3) includes details of the relevant tax(es) and whether Hong Kong investors have any tax reporting obligations.

24.28 An overseas issuer that is required to publish a Company Information Sheet must update it from time to time to reflect any material change to the information disclosed within it as soon as practicable after such a change occurs.

Chapter 25

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

Preliminary

25.01 [Repealed 1 August 2023]

25.01A The GEM Listing Rules apply as much to PRC issuers as they do to Hong Kong issuers. This Chapter sets out the additional requirements, modifications or exemptions which apply to PRC issuers listed or to be listed on GEM. Rules 24.01 to 24.28 (inclusive) do not apply in the case of such PRC issuers.

25.02 [Repealed 1 August 2023]

25.02A The Exchange may exercise its power under rule 2.07 to waive, modify or not require compliance with a GEM Listing Rule for a PRC issuer with, or seeking, a listing under this chapter on a case by case basis. For PRC issuers with, or seeking, a dual listing under this chapter, the Exchange will consider applications for waivers from strict compliance with a GEM Listing Rule based on the underlying principle that the issuer can demonstrate that strict compliance with both the relevant GEM Listing Rule and the regulations of the other exchange of primary listing would be unduly burdensome or unnecessary (including where the requirements under the GEM Listing Rules contradict the applicable overseas laws or regulations and strict compliance with the GEM Listing Rules would result in a breach of applicable overseas laws or regulations) and that the granting of such waivers by the Exchange will not prejudice the interest of the investing public.

25.03 [Repealed 1 August 2023]

Definitions

25.04 In this Chapter

(1) the term "close associate" means:—

(a) in relation to an individual means:—

(i) his spouse;

(ii) any child or step-child, natural or adopted, under the age of 18 years of the individual or of his spouse (together with (a)(i) above, the "family interests");

(iii) the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object;

(iv) [Repealed 3 June 2010]

(v) any company (including an equity joint venture established under PRC law) in the equity capital of which he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or any amount specified in applicable PRC law as the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this company; and

(vi) any company with which or individual with whom he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested in a cooperative or contractual joint venture (whether or not constituting a separate legal person) under PRC law where he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together directly or indirectly have 30% (or any amount specified in applicable PRC law as the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more interest either in the capital and/or assets contributions to such joint venture or in the contractual share of profits or other income from such joint venture; and

(b) in relation to a company means:—

(i) its subsidiary or holding company or a fellow subsidiary of its holding company;

(ii) the trustees, acting in their capacity as trustees, of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to the company's knowledge) a discretionary object;

(iii) [Repealed 3 June 2010]

(iv) any other company (including an equity joint venture established under PRC law) in the equity capital of which the company, its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or any amount specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this other company; and

(v) any other company with which or any individual with whom the company, its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested in a cooperative or contractual joint venture (whether or not constituting a separate legal person) under PRC law where it, its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together directly or indirectly have 30% (or any amount specified in applicable PRC law as the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more interest either in the capital and/or assets contributions to such joint venture or in the contractual share of profits or other income from such joint venture,

(2) the term "PRC Governmental Body" means:—

(a) PRC Central Government, including the State Council of the PRC (中國國務院), State Ministries and Commissions (國家部委), Bureaus and Administrations directly under the State Council (國務院直屬機構), State Council Offices and Institutions (國務院辦事機構及直屬國務院事業單位), Bureaus supervised by State Ministries and Commissions (國家部委代管局);

(b) PRC Provincial-level Governments, including Provincial Governments (省政府), Municipalities directly under the Central Government (直轄市) and Autonomous Regions (自治區), together with their respective administrative arms, agencies and institutions; or

(c) PRC Local Governments immediately under the PRC Provincial-level Governments, including prefectures (區), municipalities (市) and counties (縣), together with their respective administrative arms, agencies and institutions that is not engaging in commercial business or operating another commercial entity,

Note: For clarity, entities under the PRC Government that are engaging in commercial business or operating another commercial entity will be excluded from this definition.

(3) for a PRC issuer,

(a) the term "A shares" means shares of a PRC issuer that are listed on a PRC stock exchange;

(b) the term "other listed shares" means shares of a PRC issuer in the class to which H shares belong that are listed on other regulated market(s), such as A shares; and

(c) the term "unlisted shares" means shares of a PRC issuer in the class to which H shares belong that are not listed on any regulated market.

Chapter 5 – Directors, Company Secretary, Board Committees, Authorised Representatives and Corporate Governance Matters

25.04A In the case of a PRC issuer, the requirements of rules 5.02A and 5.13A also apply to supervisors of the issuer with the term "directors" replaced by "supervisors".

25.04B In addition to the requirements under rule 5.02B, every director of a PRC issuer must also, in the exercise of his powers and duties as a director of the PRC issuer:

(1) comply to the best of his ability with all applicable laws, rules, regulations and normative statements (規範聲明) from time to time in force in the PRC relating to the governing, operation, conduct or regulation of public companies in the PRC or elsewhere;

(2) comply to the best of his ability with the provisions of the PRC issuer's articles of association (including all provisions regarding the duties of directors) and use his best endeavours to procure the PRC issuer to act at all times in accordance with its articles of association;

(3) inform the Exchange forthwith and in writing, at any time while he is a director of the PRC issuer (or within 12 months of his ceasing to be a director of the PRC issuer), of any administrative or governmental notice or proceeding alleging a breach by the PRC issuer or any of its subsidiaries or directors of any applicable laws, rules, regulations or normative statements (規範聲明) in force in the PRC relating to the governing, operation, conduct or regulation of public companies; and

(4) use his best endeavours to procure any alternate of his to comply with the provisions set out in rule 25.04B (1) to (3) and rule 5.02B (1), (2) and (4).

25.04C Every supervisor of a PRC issuer must, in the exercise of his powers and duties as a supervisor of the PRC issuer:

(1) comply to the best of his ability with all applicable laws, rules, regulations and normative statements (規範聲明) from time to time in force in the PRC relating to the responsibilities, duties and obligations of a supervisor in connection with the governing, operation, conduct or regulation of public companies in the PRC or elsewhere;

(2) comply to the best of his ability with the provisions of the PRC issuer's articles of association (including all provisions regarding the duties of supervisors) and use his best endeavours to procure the PRC issuer and its directors to act at all times in accordance with its articles of association;

(3) use his best endeavours to procure the PRC issuer and its directors to comply with the GEM Listing Rules, the Takeovers Code, the Share Buy-backs Code and all other relevant securities laws and regulations from time to time in force in Hong Kong;

(4) inform the Exchange forthwith and in writing, at any time while he is a supervisor of the PRC issuer, of the initiation by the PRC issuer's supervisory committee of legal proceedings against any director of the PRC issuer;

(5) comply to the best of his ability, as if the same applied to supervisors to the same extent as it does to directors, with Parts XIVA and XV of the Securities and Futures Ordinance, rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors, the Takeovers Code, the Share Buy-backs Code, and all other relevant securities laws and regulations from time to time in force in Hong Kong; and

(6) use his best endeavours to procure that any alternate of his to comply with the provisions set out in (1) to (5) above.

25.04D The requirements under rules 5.02A, 5.02C and 5.13A shall apply to every supervisor of a PRC issuer with the term "director" being replaced by "supervisor".

Chapter 6A – Sponsors

25.05 [Repealed 1 October 2013]

Chapter 9 – Suspension and Resumption of Trading, Cancellation and Withdrawal of Listing

25.06 The references in rules 9.19, 9.20 and 9.23 to "shareholders" shall be construed to mean "holders of H shares".

Chapter 11 – Qualifications for Listing

25.07 The following modifications and additional requirements apply:—

(1) the Exchange reserves the right, in its discretion, to refuse a listing of securities of a PRC issuer if it believes that it is not in the interest of the public in Hong Kong to list them;

(2) the PRC issuer must appoint, and maintain throughout the period its securities are listed on GEM the appointment of, a person authorised to accept service of process and notices on its behalf in Hong Kong, and must notify the Exchange of his appointment and any termination of his appointment and details of:—

(a) his address for service of process and notices;

(b) if different, his place of business or, if he does not maintain a place of business, his residential address;

(c) his business, residential and mobile telephone number;

(d) his facsimile number and electronic mail address, if any; and

(e) any change in the above particulars;

Note: The person appointed under this rule may also be the person authorised to accept service required to be appointed under Part 16 of the Companies Ordinance, if applicable.

(3) provision must be made for a register of holders to be maintained in Hong Kong, or such other place as the Exchange may agree, and for transfers to be registered locally. The Exchange may, however, consider an alternative proposal for registering transfers for Hong Kong holders in exceptional circumstances;

(4) unless the Exchange otherwise agrees, only securities registered on the Hong Kong register may be traded on GEM;

(5) where two or more registers or branch registers of securities are maintained by a PRC issuer, it will not be necessary for the Hong Kong register to contain particulars of the shares registered on any other register or branch register; and

(6) rules 11.23(7), 11.23A and note 9 to rule 11.23 are amended and replaced by rules 25.07A, 25.07B and 25.07C, respectively, in their entirety, when applied to PRC issuers.

Open market requirements

25.07A There must be an open market in the securities for which listing is sought.

PRC issuers with no other listed shares

(1) Where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that, at least a minimum prescribed percentage of shares in the class to which H shares belong must be H shares held by the public at the time of listing, determined by reference to the following table:—

Expected market value of the class of shares to which H shares belong at the time of listing	**Minimum number of H shares held by the public at the time of listing as a percentage of the total number of shares in the class to which H shares belong**
Not exceeding HK$6,000,000,000	25%
Over HK$6,000,000,000 but not exceeding HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of H shares held by the public to be HK$1,500,000,000 at the time of listing; and (ii) 15%
Over HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of H shares held by the public to be HK$4,500,000,000 at the time of listing; and (ii) 10%

Note: For the purpose of determining the expected market value and the denominator for the minimum percentage in this rule, only issued shares in the class to which H shares belong at the time of listing (excluding treasury shares) shall be counted.

(1A) [Repealed 1 January 2026]

PRC issuers with other listed shares

(2) Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must:

(a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or

(b) have an expected market value of not less than HK$3,000,000,000.

Note: For the purpose of this sub-paragraph (2), only shares in the class to which H shares belong that are in issue at the time of listing (excluding treasury shares) shall be counted.

(2A) [Repealed 1 January 2026]

Free float

25.07B There must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing.

PRC issuers with no other listed shares

(1) Where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$15,000,000; or

(b) have an expected market value at the time of listing of not less than HK$600,000,000.

PRC issuers with other listed shares

(2) Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$15,000,000; or

(b) have an expected market value at the time of listing of not less than HK$600,000,000.

Notes:

1. *While certain PRC issuers may have H shares that are not subject to any disposal restrictions, such H shares may otherwise not be available for trading at the time of listing. H shares held by trustees for the benefit of specified participants in respect of awards or options granted to them* under a share scheme (as defined in rule 23.01A) must be excluded from the calculation of free float in this rule, regardless of whether they are considered as being "in public hands" (see note 3 to rule 11.23).

2. *For the purpose of the calculation of free float in this rule, only H shares (for which listing is sought) that are in issue at the time of listing (excluding treasury shares) shall be counted.*

Market value requirements

25.07C Where a new applicant is a PRC issuer and has shares apart from the H shares, for the purpose of calculating its expected market capitalisation at the time of listing, the expected issue price of the H shares shall be used as a basis for determining the market value of the other shares of the new applicant that are unlisted.

Note: The Exchange may publish guidance on the Exchange's website, as amended from time to time, as to the calculation of the expected market capitalisation of a new applicant which has shares listed on other regulated market(s).

25.08 [Repealed 1 July 2008]

25.09 [Repealed 1 July 2008]

25.10 Under rule 11.04, the Exchange requires a new applicant to make disclosure where it has a director, or controlling shareholder and, in relation only to the initial listing document, substantial shareholder (including the respective close associates of each) with a business or interest which competes or may compete with the business of the group. In this connection, in the case of a new applicant which is a PRC issuer, "controlling shareholder" means any shareholder or other person or group of persons together entitled to exercise, or control the exercise of 30% (or such other amount as may from time to time be specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more of the voting power at general meetings of the new applicant *(Note)* or who is in a position to control the composition of the majority of the board of directors of the new applicant. For the purposes of this rule, the Exchange will normally not consider a PRC Governmental Body (as defined in rule 25.04) as a controlling shareholder of a PRC issuer.

Note: Voting rights attaching to treasury shares are excluded.

25.11 [Repealed 1 January 2012]

25.12 Rules 11.02, 11.30 and 17.28 only apply to H shares of a PRC issuer.

25.13 (1) In addition to the requirements of Chapter 5, the independent non-executive directors of a PRC issuer must also be able to demonstrate an acceptable standard of competence and adequate commercial or professional experience to ensure that the interests of the general body of shareholders will be adequately represented.

(2) Supervisors of a PRC issuer must have the character, experience and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors. The Exchange may request further information regarding the background, experience, other business interests or character of any supervisor or proposed supervisor.

25.14 [Repealed 1 August 2023]

Chapter 12 – Application Procedures and Requirements

25.15 (1) [Repealed 1 October 2013]

(2) [Repealed 31 December 2023]

25.16 [Repealed 1 October 2013]

25.17 [Repealed 1 October 2013]

25.17A [Repealed 1 August 2023]

Chapter 13 – Restrictions on Purchase, Disposal and Subscription

25.18 A PRC issuer may purchase its own shares on GEM and hold them as treasury shares in accordance with the provisions of this rule and rules 13.03 to 13.14. Although such provisions normally apply to a PRC issuer's equity securities which are listed on GEM and which are or are proposed to be purchased on GEM, when seeking shareholders' approval to make purchases of such securities on GEM or when reporting such purchases, a PRC issuer should provide information on the proposed or actual purchases of any or all of its equity securities, whether or not listed or traded on GEM. Therefore, in the case of a PRC issuer, rule 13.06 is amended and restated in its entirety to read as follows:

"For the purposes of rules 13.03 to 13.14, "shares" shall mean shares of all classes listed on GEM and securities listed on GEM which carry a right to subscribe or purchase shares of the PRC issuer, provided that references to "shares" in rules 13.08, 13.13 and 13.14B shall also include shares of all classes listed on any stock exchange and securities that are listed on any stock exchange which carry a right to subscribe or purchase shares of such PRC issuer, and provided further that the Exchange may waive the requirements of those rules in respect of any fixed participation shares which are, in the opinion of the Exchange, more analogous to debt securities than equity securities. References to purchases of shares include purchases by agents or nominees on behalf of the PRC issuer or subsidiary of the PRC issuer, as the case may be."

25.19 (1) [Repealed 1 August 2023]

(2) For a PRC issuer, rule 13.08(7) is restated in its entirety as follows:—

"a statement as to the consequences of any purchases which shall arise under either or both of the Takeovers Code and/or any similar applicable law of which the directors are aware, if any."

(3) For a PRC issuer, the reference to "10 per cent of the number of issued shares (excluding treasury shares) of the issuer" in rule 13.09(1) shall mean "10 per cent of the total number of issued H shares (excluding treasury shares) of the PRC issuer".

Chapter 14 – Listing Documents

25.20 The following modifications and additional requirements apply to the contents of listing documents:

(1) some of the items of information specified in Appendices D1A and D1B may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given;

(2) the listing document must contain a summary of all provisions of the constitutional documents of the PRC issuer in so far as they may affect shareholders' rights and protection and directors' powers (using, and covering at the least, the same subject headings as required under the attachment to Appendix D1A);

(3) the listing document must contain a summary of the relevant PRC law; and

Note: In general, the relevant PRC law to be summarised normally would be expected to cover matters such as taxation on the PRC issuer's income and capital, tax (if any) deducted on distributions to shareholders, foreign exchange controls or restrictions, company law, securities regulations or other relevant laws or regulations, and any PRC law which regulates or limits the PRC issuer's major business(es) or the industry in which it mainly operates.

(4) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 52 of Appendix D1A and paragraph 42 of Appendix D1B, and where any such documents are not in English or Chinese, a certified English or Chinese translation thereof must be published on the Exchange's website and the issuer's own website. In addition, where rule 25.20(3) applies, the PRC issuer must publish on the Exchange's website and the issuer's own website a copy of any statutes or regulations which are relevant to the summary of relevant PRC law. In particular cases, the Exchange may require other additional documents to be published on the Exchange's website and the issuer's own website.

25.20A Rules 25.20(2) and (3) do not apply to listing documents issued by listed issuers unless they are issued in connection with an introduction or a deemed new listing under the GEM Listing Rules.

Chapters 17 and 18 – Continuing Obligations and Financial Information

25.20B Rules 17.37A to 17.37G are amended and replaced by rules 25.21A to 25.21G in their entirety, respectively, when applied to PRC issuers.

25.21 [Repealed 1 August 2023]

Public float

Definitions and determination of percentage and market value of public float

25.21A For the purpose of rules 25.21B to 25.21G, save where the context otherwise requires:

(1) the following terms shall have the following meanings:

"Alternative Threshold"	in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 25.21B(1)(b)
"Initial Prescribed Threshold"	in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 25.21B(1)(a)
"Significant Public Float Shortfall"	has the meaning given to it in rule 25.21F(1) or (2) (as the case may be)
"trading day"	in the case of a PRC issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the PRC issuer's H shares was halted or suspended

(2) the percentage of a PRC issuer's public float is the portion of H shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in the class to which H shares belong (excluding treasury shares);

(3) in the case of a PRC issuer with no other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted average price of the PRC issuer's H shares over the 125 trading days immediately prior to the date of determination; and

(4) in the case of a PRC issuer with other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted average price of the PRC issuer's H shares over the 125 trading days, or all trading days since listing, whichever is shorter, immediately prior to the date of determination.

Note: The volume weighted average price of a PRC issuer's H shares referred to in sub-paragraphs (3) and (4) of this rule is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of H shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days, or all trading days since listing, as the case may be, immediately prior to the date of determination, as adjusted for any applicable corporate actions.

Minimum prescribed public float

25.21B There must be an open market in the shares listed on the Exchange.

PRC issuers with no other listed shares

(1) For a PRC issuer with no other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:

(a) represent at least 25% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 25.07A(1) (the "Initial Prescribed Threshold"); or

(b) alternatively:

(i) have a market value of at least HK$1,000,000,000; and

(ii) represent at least 10% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares),

(the "Alternative Threshold").

Note: Where a PRC issuer with no other listed shares was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 25.07A(1) (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.

PRC issuers with other listed shares

(2) For a PRC issuer with other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:

(a) have a market value of at least HK$1,000,000,000; or

(b) represent at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

25.21C If a PRC issuer with no other listed shares changes its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 25.21B, the PRC issuer must, as soon as practicable, publish an announcement containing the reasons for the change and a statement setting out the market value and percentage of its public float as at the latest practicable date.

Notes:

1. The Alternative Threshold is not available to a PRC issuer with no other listed shares if the PRC issuer's H shares have traded for fewer than 125 trading days since listing on the Exchange.

2. In the case of a PRC issuer with no other listed shares intending to change its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 25.21B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed H shares have been suspended from trading for more than five consecutive business days, the Exchange may require the PRC issuer to extend the reference period for the purpose of rule 25.21A(3) to demonstrate that the market value of its H shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such a PRC issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.

3. In the case of a PRC issuer with no other listed shares changing its reliance on the Alternative Threshold to the Initial Prescribed Threshold for compliance with rule 25.21B, the PRC issuer must, as soon as practicable, publish an announcement containing the reasons for the change and the percentage of its public float as at the latest practicable date.

Disclosure in monthly returns and annual reports

25.21D (1) A PRC issuer must include, in each monthly return made under rule 17.27B:

(a) a statement confirming compliance with rule 25.21B, or an appropriate negative statement;

(b) for a PRC issuer with no other listed shares:

(i) relying on the Initial Prescribed Threshold for compliance with rule 25.21B, the minimum percentage threshold applicable to the PRC issuer; or

(ii) relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 25.21B, a statement setting out the market value and percentage of its public float; and

(c) for a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), a statement setting out the market value and percentage of its public float,

as at the end of the month to which the monthly return relates.

(2) A PRC issuer must include, in its annual report:

(a) a statement confirming compliance with rule 25.21B, or an appropriate negative statement;

(b) for a PRC issuer with no other listed shares relying on the Initial Prescribed Threshold for compliance with rule 25.21B, the minimum percentage threshold applicable to the PRC issuer; and

(c) a statement setting out:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), for compliance with rule 25.21B, the market value of its public float; and

(iii) the composition of (1) the ownership of the H shares listed on the Exchange and (2) the PRC issuer's share capital,

as at the end of the financial year to which the annual report relates.

(3) For: (i) a PRC issuer with no other listed shares that has relied on the Alternative Threshold (instead of the Initial Prescribed Threshold); or (ii) a PRC issuer with other listed shares that has relied on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)) for compliance with rule 25.21B at any time within a financial year, the PRC issuer must, in addition to the requirement referred to in sub-paragraph (2) of this rule, also include in its annual report for that financial year:

(a) in respect of each month in which the PRC issuer relied on:

(i) in the case of a PRC issuer with no other listed shares, the Alternative Threshold; or

(ii) in the case of a PRC issuer with other listed shares, the market value threshold under rule 25.21B(2)(a),

as at the end of that month, the market value and percentage of its public float as at the end of that month; and

(b) a commentary on all material changes to its public float levels during that financial year.

(4) The statements referred to in sub-paragraphs (1) to (3) of this rule should be based on information that is publicly available to the PRC issuer or otherwise within the knowledge of its directors or supervisors as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.

Public float shortfall

25.21E (1) Upon becoming aware of its non-compliance with rule 25.21B, a PRC issuer must:

(a) take active steps to re-comply with rule 25.21B at the earliest possible moment; and

(b) publish an announcement within one business day to inform the public of the non-compliance and the relevant information, including:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), at the point of its non-compliance with rule 25.21B, the market value of its public float;

(iii) the reason(s) for the non-compliance;

(iv) its plan and expected timeline to restore its public float;

(v) the composition of ownership of the H shares listed on the Exchange; and

(vi) any such other information as the Exchange may from time to time prescribe.

Notes:

1. A PRC issuer may announce details in relation to its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the PRC issuer becoming aware of its non-compliance with rule 25.21B.

2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).

(2) For so long as a PRC issuer remains non-compliant with rule 25.21B, the PRC issuer must:

(a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 17.27B, to provide an update on:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), at the point of its non-compliance with rule 25.21B, the market value of its public float;

(iii) the status of its public float restoration plan, including action(s) taken during the relevant period to restore its public float; and

(iv) the expected timing for restoration; and

(b) not take any action that may further lower the percentage of its public float, unless the PRC issuer can demonstrate that there are exceptional circumstances.

Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the PRC issuer to the procedures set out in rule 25.21G, and to exercise its powers under rule 9.04(2)) if, in the opinion of the Exchange, the PRC issuer fails to re-comply with rule 25.21B within a reasonable period.

(3) For so long as a PRC issuer remains non-compliant with rule 25.21B, each director and supervisor must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the PRC issuer's public float, unless the director or supervisor can demonstrate that there are exceptional circumstances.

Significant Public Float Shortfall

25.21F (1) A PRC issuer with no other listed shares that fails to comply with rule 25.21B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

(a) represents at least 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or

(b) has a market value of at least HK$500,000,000 and represents at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

Note: If the H shares of the PRC issuer with no other listed shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:

"A PRC issuer with no other listed shares that fails to comply with rule 25.21B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public represents at least 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold."

(2) A PRC issuer with other listed shares that fails to comply with rule 25.21B(2) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

(a) has a market value of at least HK$500,000,000; or

(b) represents at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

25.21G (1) In addition to the obligation under rule 25.21E, a PRC issuer must publish an announcement to inform the public of the occurrence of a Significant Public Float Shortfall within one business day after becoming aware of such shortfall.

(2) From the day on which a PRC issuer first has a Significant Public Float Shortfall up to and until the PRC issuer has re-complied with rule 25.21B, any listing document, circular, announcement or notice issued by the PRC issuer pursuant to the Exchange Listing Rules must contain, on its front cover or inside front cover or as a heading, a prominent and legible warning statement in the following form:

"[*The PRC issuer*] is regarded as having a Significant Public Float Shortfall under Rule 25.21F. Accordingly, shareholders and potential investors of [*the PRC issuer*] are advised to exercise caution when dealing in the H shares of [*the PRC issuer*] because:

(a) [*the PRC issuer*] has failed to maintain the minimum public float required under Rule 25.21B, resulting in a shortfall that constitutes a Significant Public Float Shortfall as defined under Rule 25.21F; and

(b) the Exchange will cancel the listing of the H shares of [*the PRC issuer*] if [*the PRC issuer*] fails to re-comply with Rule 25.21B within the prescribed period under Rule 25.21G(3) (i.e. by [*date*])."

(3) The Exchange will cancel the listing of a PRC issuer's H shares if the PRC issuer has a Significant Public Float Shortfall and fails to re-comply with rule 25.21B for a continuous period of 12 months beginning from the commencement of the Significant Public Float Shortfall.

Notes: 1. The Exchange will add a designated marker to the stock name of the listed H shares of a PRC issuer with a Significant Public Float Shortfall.

2. The designated marker referred to in note 1 to this rule will be removed if the PRC issuer can demonstrate to the Exchange, and publish an announcement to inform the public, that it has re-complied with rule 25.21B.

25.22 [Repealed 1 August 2023]

25.22A The reference to "every member" in rule 18.03 shall mean and refer to only registered holders of the PRC issuer's H shares.

Pre-emptive rights

25.23 For a PRC issuer, the references to shareholder(s) that is/are resident outside Hong Kong in rule 17.41(1) and note 2 to rule 17.41(1) shall mean shareholder(s) that is/are resident outside the PRC and Hong Kong.

Annual report and accounts and auditors' report

25.24 The following modifications and additional requirements apply to Chapter 18 and to the extent such modifications and additional requirements conflict with the provisions of Chapter 18, the following provisions shall apply.

25.25 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the PRC issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the International Federation of Accountants and must be:—

(1) a Registered PIE Auditor under the AFRCO; or

(2) an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the AFRCO; or

(3) [Repealed 1 January 2022]

(4) under the mutual recognition agreement, a PRC firm of practising accountants which has been approved by the China Ministry of Finance and the China Securities Regulatory Commission as being suitable to act as an auditor or a reporting accountant for a PRC incorporated company listed in Hong Kong and is a Recognised PIE Auditor under section 20ZT of the AFRCO on the condition that the PRC issuer has adopted CASBE for the preparation of its annual financial statements.

Notes:

1. In relation to an application for the recognition of an overseas firm of practising accountants under the AFRCO, on a request made by a PRC issuer, the Exchange may provide a statement of no objection to that issuer for appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the AFRCO (see note 2 to rule 7.02(1)).

2. The mutual recognition agreement referred to in (4) above means the agreement between the Mainland of China and Hong Kong in 2009 for mutual recognition of qualified auditors from either jurisdiction (home jurisdiction) to act as auditors of corporations incorporated in the home jurisdiction and listed in the other jurisdiction.

25.26 The accounts must be audited to a standard comparable to that required in Hong Kong or under International Standards on Auditing or China Auditing Standards.

25.27 The report of the auditors must be annexed to all copies of the annual accounts required to be sent by the PRC issuer and indicate whether in the opinion of the auditors the accounts give a true and fair view:

(1) in the case of the issuer's balance sheet, of the state of its affairs at the end of the financial year and in the case of the issuer's profit and loss account, of the profit or loss and in the case of the issuer's cash flow statement, of the cash flows for the financial year; and

(2) in the case where consolidated accounts are prepared, of the state of affairs, the profit or loss and the cash flows of the issuer and the group of which the issuer is the holding company.

25.28 The report of the auditors must indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.

25.29 If the PRC issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange.

25.30 An auditors' report in a different form may be applicable in the case of banking and insurance companies. The wording of such an auditors' report should make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.

Information to accompany annual report and accounts

25.31 A PRC issuer shall include in its directors report and accounts the information necessary to enable holders of its securities to obtain any relief from taxation to which they are entitled by reason of their holding of such securities.

25.32 A PRC issuer shall include in its directors' report and accounts those additional disclosures required of Hong Kong incorporated companies under the provisions of the Companies Ordinance and subsidiary legislations set out in rule 18.07A.

25.33 The statement of reserves available for distribution to shareholders required pursuant to rule 18.37 shall be calculated in accordance with any statutory provisions applicable in the PRC or, in the absence of such provisions, with generally accepted accounting principles.

Interim reports

25.34 If the PRC issuer publishes an interim report in the PRC, the Exchange may authorise it to publish that report (if necessary, translated into English and Chinese) instead of the interim report provided for in Chapter 18, provided that the information given is equivalent to that which would otherwise have been required.

Despatch of circular and listing document

25.34A [Repealed 1 August 2023]

25.34B [Repealed 1 August 2023]

Chapter 19 – Notifiable Transactions

25.34C Rule 19.07(4) is amended by adding the following provisions:

Where a PRC issuer has other listed shares, the market value of its other listed shares is to be determined based on the average closing price of those shares for the 5 days on which trading is conducted on the relevant regulated market immediately preceding the transaction.

Where a PRC issuer has issued unlisted shares, the market value of its unlisted shares is calculated by reference to the average closing price of its H shares for the 5 business days preceding the transaction.

Chapter 23 – Share Schemes

25.34D The Exchange may waive the exercise price requirement under rule 23.03E for a share option scheme of a PRC issuer dually listed on the Exchange and a PRC stock exchange, provided that: (i) the scheme involves only shares listed on the PRC stock exchange; and (ii) the scheme contains provisions to ensure that the exercise price of the options is no less than the prevailing market price of the relevant shares on the PRC stock exchange at the time of grant of the options.

25.34E For a PRC issuer, rule 23.01(4) is restated in its entirety as follows:

In this Chapter 23, references to new shares or new securities of a PRC issuer include its treasury shares listed on GEM, and references to the issue of shares or securities include the transfer of treasury shares listed on GEM.

25.34F For a PRC issuer, a share scheme funded by its treasury shares not listed on GEM is subject to rule 23.12. The transfer of treasury shares not listed on GEM to a connected person pursuant to such scheme may be exempt as a de minimis transaction under rule 20.74.

Listing on a PRC stock exchange

25.35 [Repealed 1 August 2023]

Constitutional documents

25.36 [Repealed 1 August 2023]

Other requirements applicable to PRC issuers

25.37 [Repealed 1 August 2023]

25.37A [Repealed 1 August 2023]

25.38 A PRC issuer shall appoint one or more receiving agents in Hong Kong and pay to such agents dividends declared and other monies owing in respect of securities listed on GEM to be held, pending payment, in trust for the holders of such securities.

25.39 [Repealed 1 August 2023]

25.40 [Repealed 1 August 2023]

25.41 [Repealed 1 August 2023]

25.42 [Repealed 1 August 2023]

25.43 [Repealed 1 August 2023]

General

25.44 [Repealed 1 August 2023]

25.45 All documents furnished by a PRC issuer, including accounts, which are in a language other than English or Chinese must be accompanied by a certified English or Chinese translation. If the Exchange so requires, an additional translation must be prepared in Hong Kong at the PRC issuer's expense by such person or persons as the Exchange shall specify.

25.46 Information to be supplied by PRC issuers in a listing document or accounts notwithstanding any obligation in the GEM Listing Rules, the Statutory Rules or any obligation imposed by the laws of Hong Kong shall not be less than that required to be supplied by the PRC issuer under applicable PRC law.

Chapter 26

DEBT SECURITIES

METHODS OF LISTING

26.01 This Chapter does not apply to debt issues to professional investors only. All other debt securities may be brought to listing by any one of the methods described below.

Offer for subscription

26.02 An offer for subscription is an offer to the public by or on behalf of an issuer of its own debt securities for subscription.

26.03 The subscription of the debt securities need not be underwritten, provided that full disclosure to that effect is made and the minimum nominal amount of debt securities referred to in rule 27.08 is actually issued.

26.04 In the case of offers by tender, the Exchange must be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of debt securities receives equal treatment.

26.05 An offer for subscription must be supported by a listing document which must comply with the relevant requirements of Chapter 29.

Offer for sale

26.06 An offer for sale is an offer to the public by an intermediary of debt securities already in issue or agreed to be subscribed.

26.07 In the case of offers by tender, the Exchange must be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of debt securities receives equal treatment.

26.08 An offer for sale must be supported by a listing document which must comply with the relevant requirements of Chapter 29.

Placing

26.09 A placing is the obtaining of subscriptions for debt securities by an issuer or intermediary from persons selected or approved by the issuer or intermediary.

26.10 The Exchange must be satisfied that the placing arrangements will ensure an open market in the debt securities after listing has been granted. This will usually mean that at least two issuing houses which normally make markets (by quoting both offer and bid prices) in the relevant type of debt security must be involved in the placing. These need not be members of the management or selling group, but must be independent of each other and at least one must be independent of the issuer.

26.11 A placing must be supported by a listing document which must comply with the relevant requirements of Chapter 29.

Exchange, etc.

26.12 Debt securities may be brought to listing by an exchange or a substitution of debt securities for or a conversion of debt securities into other classes of securities.

26.13 An exchange, substitution or conversion of debt securities must be effected in accordance with the terms and conditions of the debt securities to be exchanged, substituted or converted or otherwise with the consent of all the holders of such securities.

26.14 An exchange or a substitution of debt securities must be supported by a listing document in the form of a circular to holders of the debt securities concerned which must comply with the relevant requirements of Chapter 29.

Other methods

26.15 Debt securities may also be brought to listing by:—

(1) the exercise of options, warrants or similar rights to subscribe or purchase debt securities (see Chapter 33); or

(2) such other methods as the Exchange may from time to time approve.

Chapter 27

DEBT SECURITIES

QUALIFICATIONS FOR LISTING

Preliminary

27.01 This Chapter does not apply to debt issues to professional investors only. It sets out the basic conditions which have to be met as a pre-requisite to the listing of debt securities.

27.02 Issuers are reminded:—

(1) that these requirements are not exhaustive and that the Exchange may impose additional conditions in a particular case; and

(2) that the Exchange retains an absolute discretion to accept or reject applications for listing and that compliance with the relevant conditions may not of itself ensure suitability for listing.

Prospective issuers are therefore encouraged to contact the Exchange to seek informal and confidential guidance as to the eligibility of a proposed issue for listing at the earliest possible opportunity.

Basic conditions

27.03 No issuer may list its debt securities on GEM unless its equity securities, or the equity securities of its holding company, are already listed on GEM or will be listed on GEM at the same time as the issuer's debt securities.

27.04 Chapter 6A does not apply to initial listings of debt securities. However:—

(1) where a new applicant (or holding company of the new applicant), that seeks a listing of debt securities on GEM, seeks such listing at the same time as seeking to list its (or its holding company's) equity securities on GEM, then the Sponsor appointed by the new applicant pursuant to rule 6A.02 (or another Sponsor firm specifically appointed for the purpose) must advise the new applicant in connection with the issue and listing of the debt securities;

(2) a new applicant (or holding company of the new applicant) seeking a listing of debt securities on GEM in circumstances other than those described in paragraph (1) above, must appoint a financial adviser, acceptable to the Exchange, to advise the new applicant in connection with the issue and listing of the debt securities.

27.04A In exercising its discretion under rule 27.04 to determine whether a financial adviser is acceptable, the Exchange may have regard to paragraphs (3) to (7) of the test of independence set out in rule 6A.07 as those paragraphs would apply to the relationships between the financial adviser and the issuer.

27.05 The issuer and the guarantor, in the case of a guaranteed issue, must each be duly incorporated or otherwise established under the laws of the place where it is incorporated or otherwise established and must be in conformity with those laws and its memorandum and articles of association or equivalent documents.

27.06 The issuer and the guarantor, in the case of a guaranteed issue, must have each produced audited accounts in accordance with its national law covering at least the 2 financial years preceding the application for listing.

27.07 In the case of a new applicant, the latest financial period reported on by the reporting accountants (see Chapter 7) must not have ended more than 6 months before the date of the listing document.

27.08 The nominal amount of each class of debt securities for which listing is sought must be at least HK$30,000,000. Issues of debt securities which are or are to be uniform in all respects with debt securities of a class already listed are not subject to this limit.

Notes: 1 In exceptional cases, a lower minimum nominal amount may be acceptable where the Exchange is satisfied as to marketability.

2 In the case of options, warrants or similar rights to subscribe or purchase debt securities, the same limit will apply as would apply to the underlying debt securities to be subscribed or purchased.

27.09 The debt securities for which listing is sought must be freely transferable.

27.10 The issue and listing of the debt securities for which listing is sought must be in conformity with the law of the place where the issuer is incorporated or otherwise established and in conformity with the issuer's memorandum and articles of association or equivalent documents and all authorisations needed for their creation and issue under such law or documents must have been duly given. The same applies, mutatis mutandis, to the giving of any related guarantee by a guarantor.

27.11 Debt securities to which options, warrants or similar rights to subscribe or purchase equity securities or debt securities are attached must also comply with the requirements applicable to such options, warrants or similar rights (see Chapter 33 as appropriate).

27.12 The issuer must maintain a paying agent at an address in Hong Kong until the date on which no debt security is outstanding unless the issuer performs that function itself.

27.13 In the case of registered securities (other than those transferable by endorsement and delivery), provision must be made for a register of holders to be maintained in Hong Kong, or such other place as the Exchange may agree and for transfers to be registered locally. The Exchange may, however, consider an alternative proposal for registering transfers for Hong Kong holders in exceptional circumstances.

Stabilisation

27.14 Any activities or transactions carried out prior to the commencement of dealings with a view to stabilising or maintaining the market price of the debt securities at levels other than those which might otherwise prevail must only be effected in accordance with all applicable statutory provisions or regulations. If any such activities or transactions are not effected in accordance with such provisions or regulations the application for listing will be rejected by the Exchange.

Guarantors and guaranteed issues

27.15 Where listing is sought for debt securities of an issuer guaranteed or secured by another legal person not being its holding company, the guarantor will be required to comply with the GEM Listing Rules to the same extent as if such guarantor were the issuer of the relevant debt securities. In particular:—

(1) a listing document issued in relation to a guaranteed issue must contain the same information regarding the guarantor as that regarding the issuer, so that, where appropriate, references in paragraphs of Appendix D1C to "issuer" should be read as applying equally to the guarantor; and

(2) a guarantor will be required to undertake (in the prescribed form set out in Form C (published in Regulatory Forms), amended as appropriate so as to apply to the guarantor) to comply with the GEM Listing Rules applicable to issuers of debt securities, save for any that are stated not to apply.

27.16 The relevant guarantee must be issued in conformity with the law of the place where the guarantor is incorporated or otherwise established and in conformity with the guarantor's memorandum and articles of association or equivalent documents and all authorisations needed for its issue under such law or documents must have been duly given.

27.17 The matters to be included or reported on under rules 7.03 and 7.04, if applicable, must be extended to the guarantor and its subsidiaries as well as the issuer.

Chapter 28

DEBT SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

Preliminary

28.01 This Chapter does not apply to debt issues to professional investors only. It sets out the procedures and requirements for applications for the listing of debt securities.

28.02 The issuer must contact the Listing Division to ascertain a date (the "provisional hearing date") on which the Listing Division or the GEM Listing Committee, as applicable, may consider the issuer's application for listing. The Exchange reserves the right to change the provisional hearing date.

28.03 In order to allow the Exchange sufficient time to consider an application for listing on the basis of the supporting documents and to maintain an orderly new issues market, the issuer must apply to the Listing Division on the prescribed form set out in Form C (published in Regulatory Forms) at the earliest possible opportunity. In circumstances where the issuer is applying for the simultaneous listing of equity securities and debt securities, the issuer must follow the timetable relevant to the application to list such equity securities; and must otherwise apply in accordance with the following:—

(1) in circumstances where the application is required to be supported by a listing document, the application form must be submitted at least 10 clear business days prior to the provisional hearing date; and

(2) in circumstances where the application is not required to be supported by a listing document, the application must be submitted at least 4 clear business days prior to the proposed date for issuing the securities.

Note: If it is not possible to lodge documents with the Exchange within the specified time limits, they should be submitted as soon as they become available. Issuers should appreciate that any significant delay in lodging documents may affect the listing timetable.

28.04 In order to maintain an orderly new issues market the Exchange reserves the right to postpone consideration of an application if there are too many existing applications in the relevant period.

28.05 Where any document is amended after submission, further copies must be submitted to the Exchange for review, marked in the margin to indicate where the relevant items from Appendix D1C have been met (and in the case only of a prospectus, the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance). Such documents must also be marked in the margin to indicate amendments made to conform with points raised by the Exchange. In any event, the final form of any document must have been received at least 4 clear business days prior to the provisional hearing date.

28.06 No material amendment to the final proof listing document will be allowed without the consent of the Exchange.

28.07 The listing document must not be issued until the Exchange has confirmed to the issuer that it has no further comments thereon. However, circulation of a draft or preliminary listing document which is clearly marked as such, is permitted for the purposes of arranging underwriting.

28.08 All publicity material released in Hong Kong relating to an issue of debt securities by a new applicant must not be released until the Exchange has reviewed it and confirmed to the issuer that it has no comments thereon. In addition, the publicity material must comply with all statutory requirements. For these purposes, publicity material does not relate to an issue of debt securities if its purpose is the promotion of the issuer or its products or business and not the promotion of the debt securities to be issued. Moreover, circulation is permitted of documents of a marketing nature such as the invitation or offering document (or its equivalent) and documents which consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the debt securities, provided that any obligations created thereunder to issue, subscribe, purchase or underwrite the debt securities are conditional on listing being granted. These documents will not be considered as falling within the scope of this rule and need not be submitted for prior review. Any publicity material and announcement referring to a new applicant which is issued before the Exchange's meeting to consider the new applicant's application for listing must state that application has been or will be made to the Exchange for listing of and for permission to deal in the debt securities concerned. Where any material relating to a proposed listing by a new applicant is released without the Exchange's prior review before the hearing, the Exchange may postpone the hearing by up to 1 month.

Issuers must maintain confidentiality before announcing an issue. Where the Exchange believes that an issuer or its advisers have permitted inside information regarding the issue of additional securities to leak before announcing the subject, the Exchange will not normally consider an application for the listing of those securities.

28.09 Issuers are also reminded that these requirements are not exhaustive and that an applicant for listing must also supply any further documents and information which the Exchange may require in a particular case.

Application

28.10 In circumstances where rule 27.04 applies such that the issuer has appointed a Sponsor or financial adviser, that Sponsor or financial adviser is responsible for providing advice to the issuer in connection with the debt issue and must lodge the issuer's application for listing and all supporting documents and deal with the Exchange on all matters in connection with the application.

28.11 The application for listing must be made, in accordance with the provisions of rule 28.03, in the prescribed form set out in Form C (published in Regulatory Forms), signed by a duly authorised officer of the issuer. The form must be accompanied:—

(1) by the documents, as applicable, stipulated in rule 28.13;

(2) in circumstances where the issuer or the issuer's holding company is required to have (or otherwise retains) a Sponsor or financial adviser, the Sponsor's or financial adviser's statement relating to independence in a form acceptable to the Exchange; and

(3) the listing fee in the amount specified in the Fees Rules.

28.12 The Exchange has a discretion to reject any application. In such circumstances, the Exchange shall give written notice of the rejection and the reasons therefor.

Documentary requirements

At the time of application for listing

28.13 The following documents, as applicable, must be lodged with the Exchange for review together with the form of application and other items referred to in rule 28.11:—

(1) a copy of a proof of the listing document in anticipated final form, marked in the margin to indicate where compliance has been made with the relevant provisions of the GEM Listing Rules and, in the case only of a prospectus, to indicate in addition where compliance has been made with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

Note: The Exchange acknowledges that information relating to the pricing, the number of securities to be offered, details of the underwriting (if any) and related matters may not have been settled at the time of the application.

(2) a copy of the anticipated final proof of the formal notice, where applicable;

(3) a copy of the anticipated final proof of any application form (including any excess or preferential application form) to subscribe or purchase the debt securities for which listing is sought;

(4) a copy of the anticipated final proof of any temporary document of title (which must comply with Appendix B1) where applicable;

(5) a copy of the anticipated final proof of the definitive certificate or other document of title (which must comply with Appendix B2) (unless the securities for which listing is sought are or are to be identical in all respects with a class already listed);

(6) a copy of the anticipated final draft, if available, of the trust deed or other document securing or constituting the debt securities, which must comply with Appendix A2, and which are marked in the margin to indicate where the relevant items from Appendix A2 have been met;

(7) where the listing document contains an accountants' report, a copy of the anticipated final draft of any statement of adjustments relating to the accountants' report;

(7a) the contact information and personal particulars as described in rule 5.13A(1) of each director/member of the issuer's governing body (in such form and manner prescribed by the Exchange from time to time);

(8) (a) [Repealed 31 December 2023]

(b) the annual report and accounts of each of the completed financial years, as shown in the accountants' report, of the issuer or its group and the guarantor or its group, in the case of a guaranteed issue, immediately preceding the issue of the listing document or, if such accounts have previously been supplied in connection with a previous listing, a certificate from the auditors of the issuer and the guarantor, in the case of guaranteed issue, that there has been no material adverse change in the financial position and prospects of the issuer and guarantor, as the case may be, since the date of the latest audited accounts. (see rule 27.06); and

(9) [Repealed 31 December 2023]

(a) [Repealed 31 December 2023]

(b) [Repealed 31 December 2023]

(c) [Repealed 31 December 2023]

(10) [Repealed 31 December 2023]

(11) any checklist(s) in the form prescribed by the Exchange from time to time, duly completed.

After notification of listing approval but before the date of issue of the listing document

28.14 [Repealed 31 December 2023]

(1) [Repealed 31 December 2023]

(2) [Repealed 1 September 2008]

(3) [Repealed 31 December 2023]

(4) [Repealed 31 December 2023]

(5) [Repealed 1 September 2008]

28.15 In the case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be lodged with the Exchange by 11 a.m. on the intended date of authorisation of the prospectus:—

(1) an application for authorisation for registration of the prospectus pursuant to section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);

(2) two copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be), and having endorsed on or attached to such prospectus the documents required under the relevant section;

(3) in respect of a Chinese translation of the prospectus, a certificate issued by the translator certifying that the Chinese translation of the English version of the prospectus is true and accurate or in respect of an English translation of the prospectus, a certificate issued by the translator certifying that the English translation of the Chinese version of the prospectus is true and accurate; and in either case, a certificate issued by a competent officer of the Sponsor certifying that the translator is competent to give translations on prospectus documents; and

(4) the powers of attorney or other authority pursuant to which the prospectus is signed, together with one certified copy of each such power or authority.

After the date of issue of the listing document but before dealings commence

28.16 As soon as practicable after the issue of the listing document but before dealings commence, the following documents must be lodged with the Exchange:—

(1) [Repealed 31 December 2023]

(2) the completed company information sheet in the prescribed form set out in Form G (published in Regulatory Forms), submitted in the electronic format specified by the Exchange from time to time, for publication on the Exchange's website;

Note: This requirement does not relate to the guarantor, in the case of a guaranteed issue, unless the guarantor is itself a listed issuer.

(3) [Repealed 25 June 2007]

(4) [Repealed 25 June 2007]

(5) [Repealed 25 June 2007]

(6) a specimen of any temporary document of title;

(7) where available, a specimen of the definitive certificate or other document of title;

(8) [Repealed 31 December 2023]

(9) a declaration substantially in the form set out in Form F (published in Regulatory Forms), duly signed by a director or the secretary of the issuer and a director or secretary of the guarantor, in the case of a guaranteed issue, together with any annual listing fee which is payable and which has not previously been paid (see Fees Rules).

28.17 For the avoidance of doubt, the provisions of Chapter 15 relating to prospectuses apply equally to debt securities.

Miscellaneous

28.18 The making of the application for listing, the issue and allotment of all debt securities for which listing is sought, and the issue of the listing document, must be duly authorised and approved by the resolution(s) of the board of directors, other governing body or persons to whom powers have been properly delegated and/or resolution(s) at general meetings (as the case may be) of the issuer. In the case of a guaranteed issue, the making of the application for listing, the giving and signing of the guarantee(s) and authorising the issue of the listing document must be duly authorised and approved by the resolution(s) of the board of directors, other governing body and/or resolution(s) at general meetings of the guarantor.

Chapter 29

DEBT SECURITIES

LISTING DOCUMENTS

Preliminary

29.01 This Chapter does not apply to debt issues to professional investors only. It sets out the Exchange's requirements for the contents of listing documents relating to debt securities. Issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, in which case the procedures for registration as set out in Chapter 15 and rule 12.25 shall also be complied with. The requirement to notify the Exchange at least 14 days in advance of the date on which it is proposed to register a prospectus, set out in rule 15.09, will not apply in the cases of supplemental listing documents. Applicants should note that they are required to confirm in their applications that all requisite information has been included in the listing document or will be included before the final version is submitted for review (see Form C (published in Regulatory Forms)).

29.02 Issuers are reminded (see rule 28.05) that the final proof of the listing document must be lodged with the Exchange at least 4 clear business days before the provisional hearing date. No material amendment to the final proof of the listing document will be allowed without the consent of the Exchange.

29.02A Any document required under the GEM Listing Rules to be published by a new applicant or guarantor in connection with the application for listing, including but not limited to any announcement (including notice) and any listing document, must be published in accordance with the publication requirements contained in Chapter 16, unless otherwise stated.

29.02AA The Exchange shall be authorised by new applicants and listed issuers to file their "applications" (as defined in section 2 of the Securities and Futures (Stock Market Listing) Rules) and those corporate disclosure materials within the meaning of sections 7(1) and (2) of the Securities and Futures (Stock Market Listing) Rules received by the Exchange with the Commission pursuant to sections 5(2) and 7(3) of the Securities and Futures (Stock Market Listing) Rules respectively and new applicants and listed issuers shall be deemed to have agreed to the above by filing such applications and corporate disclosure materials with the Exchange. The authorisation aforementioned shall not be altered or revoked in any way unless prior written approval has been obtained from the Exchange and the Exchange shall have the absolute discretion to grant such approval. In addition, the Exchange may require and new applicants and listed issuers shall execute such documents in favour of the Exchange perfecting the above authorisation as the Exchange may require. Applications and relevant corporate disclosure materials shall be filed with the Exchange in such manner as the Exchange may from time to time prescribe.

Definition

29.03 A listing document is defined in rule 1.01 as a prospectus, a circular and any equivalent document (including the composite document in relation to a scheme of arrangement and/or an introduction document) issued or proposed to be issued in connection with an application for listing. Issuers are recommended to consult the Exchange at the earliest opportunity if they are in any doubt as to whether a particular document constitutes a listing document as so defined.

Disclaimer

29.04 Any listing document must contain on its front cover a prominent and legible disclaimer statement in the form set out in rule 2.19.

GEM characteristics

29.05 Any listing document, must contain, at a prominent position in the document, and in bold type, a statement concerning the characteristics of GEM, in the form set out in rule 2.20.

When required

29.06 The methods of listing debt securities required by the GEM Listing Rules to be supported by a listing document are:—

(1) offers for subscription;

(2) offers for sale;

(3) placings; and

(4) exchanges or substitutions of securities.

29.07 Other methods of listing debt securities are not required by the GEM Listing Rules to be supported by a listing document, but if a listing document is otherwise required or issued, it must comply with the relevant requirements of this Chapter.

Contents

29.08 The listing document is required to include the following:—

(1) the statements required pursuant to rule 29.04 (disclaimer) and rule 29.05 (GEM characteristics);

(2) subject to rule 29.09, all of the specific items of information which are set out in Appendix D1C;

(3) appropriate risk factors, taking into consideration the matters set out in rule 29.12; and

(4) in respect of a listing document issued in support of an application for listing of debt securities of a class new to listing where those debt securities are offered otherwise than to existing shareholders, the listing document must, as an overriding principle, contain such particulars and information which, according to the particular nature of the issuer and guarantor, in the case of a guaranteed issue, and the debt securities for which listing is sought, is necessary to enable an investor to make an informed assessment of:—

(a) the activities, profits and losses, assets and liabilities, financial position, management and prospects of the issuer and guarantor, in the case of a guaranteed issue; and

(b) the rights and trading arrangements attaching to such debt securities.

29.09 A bank may omit the items of information required by the following paragraphs of Appendix D1C:—

34, 37(2) to (7), 38, 40, 41(2), (3) and (4), 44 and 51

In addition, the Exchange may be prepared to permit the omission of information where it considers it appropriate. Banks who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

29.10 Negative statements are required only where so indicated in Appendix D1C.

29.11 The Exchange may require disclosure of such additional or alternative items of information as it considers appropriate in any particular case. Conversely, it may be prepared to permit the omission or modification of items of information to suit the circumstances of a particular case. Consequently, issuers are encouraged, through their Sponsors where so retained, to seek informal and confidential guidance from the Exchange at the earliest opportunity. The issuer shall not publish the listing document until the Exchange has confirmed that it has no further comments thereon.

Risk factors

29.12 The listing document should fully set out, explain and give appropriate prominence to any risk factors which should be drawn to prospective investors' attention, having regard, as a minimum, to the following principles:—

(1) whether or not there are risks that are relevant to the issuer itself, including as to matters such as reliance on particular products or services, the concentration of expertise within the issuer, continued sources of funding;

(2) whether or not there are risks that are relevant to the issuer's business, including risks attendant with the products, services or activities themselves and risks relevant to the industry or sectors in which the issuer operates; and

(3) whether or not there are risks on a macro-scale that are relevant to the issuer, including geographic, economic, political and exchange rates, currency controls or other financial risks relevant to the issuer or the markets in which it operates.

Note: Risk factors should be capable of being read in isolation and should not be accompanied by statements or qualifications concerning steps that the issuer proposes to implement in order to alleviate such risks. Information in this regard may however be contained elsewhere in the listing document.

Responsibility

29.13 Directors of the issuer and of the guarantor, in the case of a guaranteed issue, are required, collectively and individually, to accept full responsibility for the document and a statement (in the form set out in rule 2.18) to this effect must be included in the listing document (adapted, if applicable, to include the directors of the guarantor).

Subsequent events

29.14 The Exchange must be notified immediately if, before the commencement of dealings in any debt securities, the issuer becomes aware that:—

(1) there has been a significant change affecting any matter contained in the listing document; or

(2) a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in the listing document if it had arisen before the listing document was issued.

For this purpose "significant" means significant for the purpose of making an informed assessment of the matters mentioned in rule 29.08(4). The Exchange will consider in each case what action should be taken and whether any publication of the change or new matter is required. In such circumstances, the Exchange may, at its absolute discretion, withdraw any listing approval granted or impose any conditions which it considers appropriate.

Language and format

29.15 Every listing document must be in the English language and be accompanied by a Chinese translation or be in the Chinese language and be accompanied by an English translation.

29.16 The information contained in the listing document should be clearly presented and should be in plain language.

Illustrations

29.17 A listing document may include illustrations of a pictorial or graphic nature provided that such illustrations are not misleading or likely to mislead in the form and context in which they are included.

Publication

29.18 In the case of an offer for sale or an offer for subscription, a formal notice stating the information set out in rule 29.19 must be published on Exchange's website in accordance with the requirements of Chapter 16 on the date of issue of the listing document.

29.19 In every other case, a formal notice stating the following information must be published on the Exchange's website in accordance with Chapter 16 not less than 2 clear business days before dealings commence:—

(1) the name and country of incorporation or other establishment of the issuer;

(2) the name and country of incorporation or other establishment of the guarantor, in the case of a guaranteed issue;

(3) the amount and title of the debt securities for which listing is sought;

(4) the websites at which the listing document (if any) is published;

(5) the date of publication of the notice;

(6) in the case of tap issues, the total amount of the debt securities which would be issued under such an arrangement;

(7) in the case of a placing, the names of the issuing houses involved in the placing;

(8) a statement that application has been made to the Exchange for listing of and permission to deal in the debt securities;

(9) a statement that the formal notice appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for debt securities;

(10) the date upon which dealings in the debt securities are expected to commence; and

(11) in the case of an offer for sale or an offer for subscription a statement that applications will only be considered on the basis of the listing document.

29.20 Issuers are reminded that, where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with section 38B of that Ordinance.

29.21 [Repealed 5 July 2021]

29.21A Listing documents (including any supplemental listing document(s) or subsequent amendments to the listing document(s)) published by a new applicant must be made available in electronic form on the Exchange's website and the issuer's own website.

Publication of electronic form prospectus and printed application form

29.21B [Repealed 27 June 2025]

29.22 In the case of an offer for subscription or an offer for sale, an announcement of the results of the offer, the basis of allotment of the debt securities (including the extent to which securities have been taken up by the underwriters (if any) and their close associates) and the amount actually issued if not underwritten must be published on the Exchange's website, in accordance with the requirements of Chapter 16, as soon as possible but, in any event, not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or other documents of title are posted.

29.23 In the case of an offer for subscription or an offer for sale by tender, an announcement of the striking price must be published on the Exchange's website, in accordance with the requirements of Chapter 16, as soon as possible but, in any event, not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or other documents of title are posted.

29.24 In the case of a placing, an announcement of the results of the placing (containing, as applicable, the details set out in rule 10.12(4)) must be published on the Exchange's website in accordance with the requirements of Chapter 16 prior to commencement of dealings in the securities so placed.

Chapter 30

DEBT SECURITIES

DEBT ISSUES TO PROFESSIONAL INVESTORS ONLY

Introduction

30.01 This Chapter deals with debt issues to Professional Investors only. It sets out the qualifications for listing, application procedures, contents of listing documents and the obligations that apply after listing.

Listing Approval

30.02 A listing application may be approved by:

(a) a member of the Listing Division to whom the Executive Director – Listing Division has delegated authority;

(b) the Executive Director – Listing Division (who may also delegate approval authority within the Listing Division); or

(c) the GEM Listing Committee.

Applicants' Qualifications for Listing

30.03 An issuer must be a company whose equity securities are listed on GEM or will be listed on GEM before any debt securities are listed.

30.04 If an issuer does not meet the eligibility criteria above it is eligible for a listing of guaranteed debt securities if:

(a) it is a body corporate that is validly incorporated or established; and

(b) it is wholly owned by a body corporate that meets the eligibility criteria above; and

(c) its owner guarantees its obligations; and

(d) it and its owner agree to comply with the GEM Listing Rules.

Securities' Qualifications for Listing

30.05 The debt securities must be freely transferable with a denomination of at least HK$500,000 (or equivalent in other currencies).

30.05A Except in the case of a tap issue, the debt securities must be of a principal amount of at least HK$100 million (or equivalent in other currencies).

30.06 The debt securities must have been validly authorised.

30.07 The debt securities:

(a) must comply with the law of the place where the issuer is incorporated or established; and

(b) must comply with the issuer's memorandum and articles of association or equivalent documents.

30.08 If an issuer is issuing guaranteed debt securities under rule 30.04:

(a) the guarantee must have been validly authorised;

(b) the guarantee must comply with the guarantor's memorandum and articles of association or equivalent documents, if the guarantor is a body corporate;

(c) the guarantee must comply with the law of the place where the guarantor is incorporated or established; and

(d) the guarantor must be validly incorporated or established in its place of incorporation or establishment.

Convertible Debt Securities

30.09 This section sets out additional requirements that apply if debt securities are convertible.

30.10 If debt securities are convertible they must be convertible into:

(a) shares listed or to be listed on the Exchange or another stock exchange; or

(b) depositary receipts listed or to be listed on the Exchange or another stock exchange; or

(c) other assets that the Exchange has agreed in writing are acceptable.

30.11 If debt securities are convertible into shares that have not yet been issued:

(a) the issuance of the shares must have been validly authorised; and

(b) the listing of the shares must have been validly authorised.

30.12 If debt securities are convertible into shares (or into depositary receipts) the terms of the issue must provide for appropriate adjustments to the conversion terms if there is a change in the capital of the issuer of those shares or a change in the capital of the issuer whose shares underlie the depositary receipts.

30.13 The Exchange treats debt securities with non-detachable warrants to subscribe for equity securities or other assets as convertible securities.

Options, Warrants and Similar Rights

30.14 This section sets out additional requirements that apply to options, warrants or similar rights.

30.15 The securities underlying the options, warrants or similar rights must be:

(a) debt securities that are listed or to be listed on the Exchange;

(b) debt securities listed or to be listed on another stock exchange; or

(c) other debt security that the Exchange has agreed in writing is acceptable.

30.16 If the underlying debt securities have not yet been issued:

(a) their issuance must have been validly authorised; and

(b) any listing of them must have been validly approved.

30.17 If options, warrants or similar rights are convertible into debt securities, the terms of the issue must provide for appropriate adjustments to the conversion rights if there is a change in those debt securities.

Listing Document

30.18 This section sets out the information that an issuer must disclose in its listing document and other requirements relating to the listing document. For debt issuance programmes these requirements apply to the base listing document and the supplementary listing document (including but not limited to the pricing supplement) for each issue under the programme.

30.19 A listing document must contain a disclaimer statement:

> "Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document."

The disclaimer must be legible and appear on the front cover or inside cover of the listing document.

30.20 A listing document must contain the following statement:

"Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the "Exchange")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM."

30.21 A listing document must contain a responsibility statement:

> "This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading."

The Exchange may require appropriate modification to the statement if an issue is guaranteed or issued pursuant to a debt issuance programme. The Exchange may allow others to make the statement but an issuer must seek prior consent for this.

30.22 A listing document must contain the information that the investors an issuer is offering the securities to would customarily expect it to contain. It need not comply with Appendix D1C.

30.23 A listing document must contain any additional information that the Exchange requires.

30.24 A listing document must contain a statement limiting its distribution to Professional Investors only.

30.24A The front cover of a listing document must contain a statement on the intended investor market in Hong Kong (i.e. Professional Investors only) for the debt securities.

30.25 A listing document must be in English or Chinese.

30.26 A listing document may be in printed or electronic form.

Application Procedures

30.27 This section sets out the procedures that an issuer must follow to apply for listing of securities or listing of a debt programme. An application involves determining whether an issuer is eligible for listing and whether securities are eligible for listing. The Exchange will use the information that an issuer supplies to make these assessments. The documents an issuer submits must be in English or Chinese or translated into one of these languages.

30.28 An issuer must submit the following:

(a) completed application form. If an issue is guaranteed the guarantor must also complete the application form. This is set out in Form C (published in Regulatory Forms).

(b) listing fee as provided in the Fees Rules.

(c) draft listing document.

(d) draft formal notice of listing.

(e) [Repealed 1 November 2020]

(f) [Repealed 1 November 2020]

(g) [Repealed 1 November 2020]

(h) [Repealed 1 November 2020]

(i) if an issue is convertible into shares listed on an exchange other than the Exchange a copy of the approvals authorising the issue and listing of those shares.

(j) [Repealed 31 December 2023]

(k) [Repealed 31 December 2023]

An issuer may submit drafts of the application form in (a) to enable the Exchange to consider whether an issue and issuer are eligible for listing.

30.28A The issuer must have obtained all necessary internal authorisations approving the making of the listing application, the issue and allotment of all debt securities and the issuing of the listing document. In the case of a guaranteed issue, the guarantor must have obtained all necessary internal authorisations approving the listing application and the issuing of the listing document.

30.29 After the Exchange has considered an application it will issue a Listing Eligibility letter. In this letter it will advise an issuer whether it and its debt securities are eligible for listing. The Exchange will also indicate whether it requires inclusion of additional information in the listing document. The letter is valid for three months from the date of issue. For routine applications the Exchange aims to issue this letter 5 business days after it receives the application.

30.30 An issuer must not issue the listing document in final form until the Exchange has confirmed that the issuer may issue it. A draft may be circulated for the purpose of arranging underwriting, syndication and marketing of the offering to Professional Investors.

30.31 In the period from when the listing document is issued to the date of listing an issuer must advise the Exchange of any material event that it would have disclosed in the listing document if it had been aware of the event before the listing document was finalised.

30.32 An issuer must publish a formal notice before listing. The notice must be in English or Chinese.

30.32A An issuer must also publish on the Exchange's website the listing document (in English or Chinese) on the listing date. For debt issuance programmes this requirement applies to the base listing document and the supplementary listing document (including but not limited to the pricing supplement) for each issue of listed debt securities under the programme.

Programmes

30.33 This section sets out the procedures for listing securities under a programme that the Exchange has approved.

30.34 A debt programme that the Exchange has approved is valid for issuing and listing debt securities for one year after the date of the listing document.

30.35 An issuer must submit the pricing supplement for an issue under a programme before 2:00 pm of the business day before listing is required to become effective. It must not issue the pricing supplement until the Exchange has confirmed that the issuer may issue it.

30.36 The Exchange will approve the listing of all securities issued under a valid programme subject to the issuer:

(a) notifying it of the final terms of each issue;

(b) confirming that the securities have been issued; and

(c) paying the appropriate listing fee before listing.

Continuing Obligations

30.37 This section sets out the obligations that apply to an issuer if the Exchange agrees to list its securities. If the securities are guaranteed then the guarantor must also comply with the obligations set out in rules 30.38, 30.39, 30.39A, 30.40, 30.40A, 30.40D, 30.40E and 30.46 and accordingly, references in these rules to "issuer" shall be construed accordingly to mean the "guarantor" and references to "issuer's listed debt securities", "its listed debt securities" and "the listed debt securities" shall be construed accordingly to mean the listed debt securities guaranteed by the guarantor. An issuer (and a guarantor, if any) must comply with these obligations:

(a) until the securities expire or

(b) until they are withdrawn from listing.

30.38 If an issuer is required to announce information then:

(a) it must do so by an announcement under rules 16.17 and 16.18, except that the announcement may be in English or Chinese only; and

(b) the announcement must include the following disclaimer:

"Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document."

30.39 An issuer must comply with the GEM Listing Rules in force from time to time.

30.39A When the Exchange makes enquiries concerning unusual movements in the price or trading volume of an issuer's listed debt securities, the possible development of a false market in its listed debt securities, or any other matters, the issuer must respond promptly as follows:

(a) provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which is available to it, so as to inform the market or to clarify the situation; or

(b) if, and only if, the directors of the issuer, having made such enquiry with respect to the issuer as may be reasonable in the circumstances, are not aware of any matter or development that is or may be relevant to the unusual trading movement of its listed debt securities, or information necessary to avoid a false market, or any inside information which needs to be disclosed under the Inside Information Provisions, and if requested by the Exchange, make an announcement containing a statement to that effect.

30.40 An issuer must as soon as reasonably practicable, after consultation with the Exchange, announce any information which:

(a) [Repealed 1 January 2013]

(b) is necessary to avoid a false market in its listed debt securities where in the view of the Exchange there is or there is likely to be a false market in its listed debt securities.

Note: If an issuer believes that there is likely to be a false market in its listed debt securities, it must contact the Exchange as soon as reasonably practicable.

(c) [Repealed 1 January 2013]

30.40A The issuer must as soon as reasonably practicable announce any information which may have a material effect on its ability to meet the obligations under the listed debt securities.

30.40B (a) Where an issuer is required to disclose inside information under the Inside Information Provisions, it must also simultaneously announce the information.

(b) An issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosure under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy it to the Exchange.

30.40C An issuer must, as soon as reasonably practicable, apply for a trading halt or a trading suspension where there is:

(a) information under rule 30.40 or rule 30.40A; or

(b) inside information which must be disclosed under the Inside Information Provisions; or

(c) inside information which is the subject matter of an application to the Commission for a waiver but its confidentiality has been lost,

and the information cannot be announced promptly.

30.40D An issuer must, after trading in its listed debt securities has been suspended, publish quarterly announcements of its developments.

30.40E An issuer must as soon as reasonably practicable announce any information which relates to:

(a) a default on its listed debt securities;

(b) the appointment of a receiver or manager either by any court having jurisdiction or any application to any court having jurisdiction for the appointment of a receiver or manager, or equivalent action in the country of incorporation or other establishment, in respect of the business or any part of the business of the issuer or the property of the issuer;

(c) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator, or equivalent action in the country of incorporation or other establishment, against or in respect of the issuer; or

(d) the passing of any resolution by the issuer that it be wound up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment.

30.41 An issuer must announce as soon as possible:

(a) if aggregate redemptions or cancellations exceed 10% and every subsequent 5% interval of an issue; or

(b) any public disclosure made on another stock exchange about its listed debt securities.

30.42 An issuer must notify the Exchange in advance of any proposal to:

(a) replace a trustee for bondholders; or

(b) amend the trust deed or other document securing or constituting the listed debt securities; or

(c) amend the terms of convertible listed debt securities unless that amendment occurs automatically in accordance with their terms.

An issuer must not proceed with any proposed change until the Exchange has advised whether it will impose conditions for the change.

30.43 An issuer must notify the Exchange as soon as possible if:

(a) it has repurchased and cancelled all of an issue of its listed debt securities; or

(b) it has redeemed all of an issue of its listed debt securities prior to the maturity date; or

(c) all of an issue of convertible listed debt securities has been fully converted.

In each case, the issuer must apply to the Exchange for the listed debt securities to be delisted. The Exchange will then formally delist such debt securities.

30.44 An issuer must notify the Exchange as soon as possible if its listed debt securities are listed on another stock exchange.

30.45 An issuer must provide the Exchange with a copy of any circular that is sent to bondholders or to any trustee. If the circular is published on a website and the issuer notifies the Exchange when it is published on that site, it does not have to send it a printed copy.

30.46 If an issuer is a body corporate it must provide the Exchange with its annual accounts and any interim financial statements when they are issued. An issuer is exempt from this requirement if its securities are guaranteed by a body corporate in which case it must provide the guarantor's annual accounts and interim financial statements. If the annual accounts or interim financial statements are published on a website and the issuer notifies the Exchange when they are published on that site it does not have to send it a copy.

Authorised Representatives

30.47 An issuer must appoint two authorised representatives to communicate with the Exchange and must notify the Exchange of any change of representative. The representatives do not have to be resident in Hong Kong.

Other

30.48 If an issuer or its debt securities does not comply with these requirements the Exchange will not list them unless it agrees to modify these requirements.

30.49 The Exchange may accept or reject a listing application or make listing subject to additional conditions.

30.50 The Exchange may impose additional obligations on an issuer or guarantor. The Exchange will allow an issuer or guarantor to make representations before imposing requirements on it that are not imposed on issuers or guarantors of debt securities generally.

Definitions

30.51 In this Chapter the following definitions apply:

"bearer securities"	securities transferable to bearer
"convertible debt securities"	debt securities convertible into or exchangeable for equity securities or other property and debt securities with non-detachable options, warrants or similar rights to subscribe or purchase equity securities or other property attached
"debt issuance programmes"	issues of debt securities where only part of the maximum principal amount or aggregate number of securities under the issue is issued initially and a further tranche or tranches may be issued subsequently
"debt securities"	debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities
"listed debt securities"	debt securities that are listed on the Exchange

"Professional Investor"	(a) For a person in Hong Kong a professional investor as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance (including those prescribed by rules made under section 397 of that Ordinance); or (b) For a person outside Hong Kong, a professional investor is a person to whom securities may be sold in accordance with a relevant exemption from public offer regulations in that jurisdiction
"stock exchange"	Any stock exchange that is a member of the World Federation of Exchanges

Chapter 31

DEBT SECURITIES

CONTINUING OBLIGATIONS

Preliminary

31.01 This Chapter does not apply to debt issues to professional investors only. An issuer of debt securities and its guarantor, in the case of a guaranteed issue, shall comply (and each undertakes pursuant to the issuer's application for listing (Form C (published in Regulatory Forms)), once any such debt securities have been admitted to listing, to comply), at all times, with all of the requirements of the GEM Listing Rules relevant to issuers of debt securities, save for any that are stated not to apply.

Notes: 1 References in this Chapter to issuers shall apply equally to guarantors in the case of guaranteed issues.

2 If the issuer or guarantor, in the case of a guaranteed issue, has equity securities listed on GEM, it is also obliged to comply with all of the requirements of the GEM Listing Rules relevant to issuers of equity securities (see Chapter 17).

31.01A The directors or members of other governing body of an issuer of debt securities listed or to be listed on the Exchange are collectively and individually responsible for ensuring the issuer's full compliance with the applicable GEM Listing Rules. The directors or members of other governing body of a guarantor of debt securities listed or to be listed on the Exchange are collectively and individually responsible for ensuring the guarantor's full compliance with the applicable GEM Listing Rules.

31.02 [Repealed 31 December 2023]

31.03 Unless otherwise stated, the publication requirements contained in Chapter 16 apply to all announcements (including notices) required of an issuer or guarantor under the GEM Listing Rules, all listing documents, annual reports and accounts (including, where applicable, summary financial reports), interim reports and circulars to holders of its listed securities required of an issuer under the GEM Listing Rules and all other documents which are corporate communications required of an issuer under the GEM Listing Rules.

31.03A An issuer of listed debt securities may avail itself of the provisions of rule 16.04A.

31.03B An issuer of listed debt securities may avail itself of the provisions of rule 16.04B.

Continuing disclosure obligations

General obligation of disclosure

31.04 Generally and apart from compliance with all the specific requirements of the GEM Listing Rules, an issuer must comply with the following:

(1) [Repealed 1 January 2013]

(2) Without prejudice to rule 31.05, where in the view of the Exchange there is or there is likely to be a false market in its listed debt securities, an issuer must, as soon as reasonably practicable after consultation with the Exchange, announce the information necessary to avoid a false market in its securities.

Note: If an issuer believes that there is likely to be a false market in its listed debt securities, it must contact the Exchange as soon as reasonably practicable.

(3) [Repealed 1 January 2013]

(4) If the securities are guaranteed, the guarantor must immediately announce any information which may have a material effect on its ability to meet the obligations under the debt securities.

(5) (a) Where an issuer is required to disclose inside information under the Inside Information Provisions, it must also simultaneously announce the information.

(b) An issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosure under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.

(6) An issuer and its directors must take all reasonable steps to maintain strict confidentiality of inside information until it is announced.

(7) An issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

(8) An issuer and its directors must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

(9) (a) If, during the period of any profit forecast made by the issuer:—

(i) an event occurs which, had it been known when the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different; or

(ii) profit or loss is generated by some activity outside the issuer's ordinary and usual course of business (which was not disclosed as anticipated in the document containing the profit forecast) and which materially contributes to or reduces, or is likely to materially contribute to or reduce, the profits for such period,

the issuer must promptly announce the event and relevant details. In the announcement, the issuer must also indicate the likely impact of that event or activity on the profit forecast already made.

(b) The issuer must announce the information under rule 31.04(9)(a) as soon as it becomes aware that it is likely that the contribution to or reduction in the profits made or to be made by profit or loss generated or to be generated as aforesaid will be material.

Notes: 1 [Repealed 1 January 2013]

2 [Repealed 1 January 2013]

3 [Repealed 1 January 2013]

4 [Repealed 1 January 2013]

5 [Repealed 1 January 2013]

6 [Repealed 1 January 2013]

7 Any obligation to inform holders of the issuer's debt securities or the public will be satisfied by the information being announced in accordance with rule 31.03.

8 [Repealed 1 January 2013]

9 [Repealed 1 January 2013]

10 [Repealed 1 January 2013]

11 [Repealed 1 January 2013]

12 [Repealed 1 January 2013]

13 [Repealed 1 January 2013]

14 [Repealed 1 January 2013]

15 [Repealed 1 January 2013]

Response to enquiries

31.05 Where the Exchange makes enquiries concerning unusual movements in the price or trading volume of its listed debt securities, the possible development of a false market in its securities, or any other matters, the issuer must respond promptly as follows:

(1) provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which is available to it, so as to inform the market or to clarify the situation; or

(2) if, and only if, the directors of the issuer, having made such enquiry with respect to the issuer as may be reasonable in the circumstances, are not aware of any matter or development that is or may be relevant to the unusual trading movement of its listed debt securities, or information necessary to avoid a false market, or any inside information which needs to be disclosed under the Inside Information Provisions, and if requested by the Exchange, make an announcement containing a statement to that effect (*see note 1 below*).

Notes: 1. The form of the announcement referred to in rule 31.05(2) is as follows:—

"This announcement is made at the request of The Stock Exchange of Hong Kong Limited. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

We have noted [the recent increases/decreases in the price and/or trading volume of the debt securities of the Company] or [We refer to the subject matter of the Exchange's enquiry]. Having made such enquiry with respect to the issuer as is reasonable in the circumstances, we confirm that we are not aware of [any reasons for these movements] or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

This announcement is made by the order of the Company. The Company's Board of Directors collectively and individually accepts responsibility for the accuracy of this announcement."

2. An issuer does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.

3. The Exchange reserves the right to direct a trading halt of an issuer's securities if an announcement under rule 31.05(1) or 31.05(2) cannot be made promptly.

31.05A Without prejudice to the Exchange's ability to direct the halt, suspension and resumption of trading in an issuer's listed debt securities, an issuer and/or the guarantor of the issued debt securities must, as soon as reasonably practicable, apply for a trading halt or a trading suspension in any of the following circumstances where an announcement cannot be made promptly:

(1) the issuer and/or the guarantor has information which must be disclosed under rule 31.04(2) or (4); or

(2) the issuer and/or the guarantor reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or

(3) circumstances exist where the issuer and/or the guarantor reasonably believes or it is reasonably likely that confidentiality may have been lost in respect of inside information which:

(a) is the subject of an application to the Commission for a waiver; or

(b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the SFO.

Note: An issuer and/or the guarantor does not need to disclose inside information under the Rules if disclosure of the information is exempted under the Inside Information Provisions.

Dual listing disclosure obligation

31.06 If debt securities of the issuer are also listed on another stock exchange, the Exchange must be simultaneously informed of any information released to any of such other exchanges and the issuer must ensure that such information is announced at the same time as it is released to the other markets.

Winding-up and liquidation

31.07 The issuer shall inform the Exchange of the happening of any of the following events, as soon as it comes to its attention:—

(1) the appointment of a receiver or manager either by any court having jurisdiction or under the terms of a debenture or any application to any court having jurisdiction for the appointment of a receiver or manager, or equivalent action in the country of incorporation or other establishment, in respect of the business or any part of the business of the issuer or the property of the issuer, its holding company or any major subsidiary;

(2) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator, or equivalent action in the country of incorporation or other establishment, against or in respect of the issuer, its holding company or any major subsidiary;

(3) the passing of any resolution by the issuer, its holding company or any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;

(4) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets which in aggregate value represents an amount in excess of 15% of the consolidated net tangible assets of the group as shown in the issuer's latest audited consolidated financial statement; or

(5) the making of any final judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance which is not subject to any or further appeal, which may adversely affect the issuer's enjoyment of any portion of its assets which in aggregate value represents an amount in excess of 15% of the consolidated net tangible assets of the group as shown in the issuer's latest audited consolidated financial statement.

For the purposes of this rule, a "major subsidiary" means a subsidiary representing 15% or more of the consolidated net tangible assets or pre-tax trading profits of the group as shown in the issuer's latest audited consolidated financial statement.

General matters relevant to the issuer's debt securities

Changes of rights attaching to securities

31.08 An issuer shall inform the Exchange and make an announcement concerning any changes in the rights attaching to any class of listed debt securities (including any change in the rate of interest carried) and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable.

Altering the terms of the existing warrants

31.09 Without prejudice to the generality of rule 31.08, where an issuer proposes to alter the terms of existing options or warrants to subscribe debt securities, the issuer must comply with the provisions of rule 33.04.

Altering the terms of convertible debt securities

31.10 Without prejudice to the generality of rule 31.08, where an issuer proposes to alter the terms of existing convertible debt securities, the issuer must comply with the provisions of rule 34.05.

Decisions to pass interest payments

31.11 An issuer shall announce details of any decision to pass any interest payment on listed debt securities as soon as reasonably practicable after the decision has been made.

Purchase, redemption or cancellation

31.12 An issuer shall announce as soon as practicable after any purchase, redemption or cancellation by the issuer, or any member of the group, of its listed debt securities. The announcement should also state the amount of the relevant debt securities outstanding after such operations.

Note: Purchases of debt securities may be aggregated and an announcement should be made when 5% of the outstanding amount of a debt security has been acquired. If the issuer or the group purchases further amounts of that security an announcement should be made whenever an additional 1% has been acquired.

Other listings

31.13 An issuer shall inform the Exchange immediately and publish an announcement, at such time as any of its debt securities (or the debt securities of any of its subsidiaries) become listed or dealt in on any other stock exchange or securities market other than GEM, stating which stock exchange or securities market and of any consequences to the holders of its listed debt securities.

Notification

After board meetings

31.14 The issuer shall inform the Exchange and publish an announcement immediately after approval by or on behalf of the board of directors or other governing body of:—

(1) any decision to pass any interest payment on listed debt securities;

(2) any proposed change in the capital structure;

Note: Once a decision has been made to submit any such proposal to the board, no dealings in any of the relevant debt securities should be effected by or on behalf of the issuer or any of its subsidiaries until the proposal has been announced or abandoned.

(3) any new issues of debt securities and, in particular, any guarantee or security in respect thereof;

Note: The notification of a new issue may be delayed while a marketing or underwriting is in progress (see also Note 1 to rule 31.04).

(4) any drawing, cancellation or redemption of listed debt securities; and

(5) any decision to change the general character or nature of the business of the issuer or group.

Note: In discharging the obligations as set out in this rule, regard should be had to the provisions of rules 2.21 and 2.22, in particular as regards the Exchange's requirements in respect of the communication of information of an urgent nature.

Changes

31.15 The issuer shall inform the Exchange and publish an announcement immediately after (and for the purpose of providing details of) any decision made with regard to:—

(1) any proposed material alteration of the issuer's memorandum or articles of association or equivalent and trust deeds or other documents securing or constituting its listed debt securities which would affect the rights of holders;

(2) any changes in its directorate and shall provide with the Exchange as soon as practicable after the appointment of any new director the contact information required under rule 5.13A(1) (in the manner prescribed by the Exchange from time to time);

(3) any change in the rights attaching to any class of listed debt securities (including any change in the rate of interest carried by a debt security) and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable; and

(4) any change in its secretary, auditors or registered office or registered place of business in Hong Kong.

Information relating to rights involving the share capital of another company

31.16 Where listed debt securities carry rights of conversion or exchange into or subscription for the share capital of another company, or are guaranteed by another company, the issuer must ensure that adequate information is at all times available about the other company and about any changes in the rights attaching to the shares to which such rights of conversion, exchange or subscription relate. This must include the availability of the annual report and accounts of the other company together with its half-yearly or other interim reports and any other information necessary for a realistic valuation of such listed debt securities to be made.

Proposed drawings and closure of books

31.17 The issuer shall inform the Exchange in advance of all proposed drawings to effect partial redemptions, and, in the case of registered debt securities, the date on which it is proposed to close the books for the purpose of making a drawing. The Exchange must be informed immediately of the amount of the debt securities outstanding after any such drawing has been made.

Amendments to company information sheet

31.18 An issuer (but not for the avoidance of doubt a guarantor in the case of a guaranteed issue) shall submit to the Exchange (in the electronic format specified by the Exchange from time to time) for publication on the Exchange's website a revised company information sheet, in the prescribed form set out in Form G (published in Regulatory Forms), as soon as reasonably practicable after any particulars on the form previously published cease to be accurate.

Announcements, circulars and other documents

General

31.19 In addition to the specific requirements set out in the GEM Listing Rules, the issuer shall:—

(1) submit to the Exchange a draft for review before they are issued, of any announcements or advertisements relating to the issue of new or further debt securities or any announcements or advertisements the subject matter of which may involve a change in or relate to or affect arrangements regarding trading in its listed debt securities (including a suspension of dealings);

(2) submit to the Exchange a draft for review before they are issued, of any proposed amendment to its memorandum or articles of association or equivalent and trust deeds or other documents securing or constituting its listed debt securities which would affect the rights of the holders; and

(3) not issue any of such documents until the Exchange has confirmed to the issuer that it has no further comments thereon.

Notes: 1 Each document should be submitted in sufficient time for review and, if necessary, re-submission prior to dissemination or final printing.

2 *Every announcement or advertisement which has been reviewed by the Exchange in accordance with the provisions of rule 31.19(1) must contain on the front cover or on the top of the announcement or advertisement a prominent and legible disclaimer statement in the form set out in rule 2.19.*

31.19A The Exchange shall be authorised by the issuer to file "applications" (as defined in section 2 of the Statutory Rules) and those corporate disclosure materials within the meaning of sections 7(1) and (2) of the Statutory Rules received by the Exchange with the Commission pursuant to sections 5(2) and 7(3) of the Statutory Rules respectively and issuers shall be deemed to have agreed to the above by filing such applications and corporate disclosure materials with the Exchange. The authorisation aforementioned shall not be altered or revoked in any way unless prior written approval has been obtained from the Exchange and the Exchange shall have the absolute discretion to grant such approval. In addition, the issuer undertakes to execute such documents in favour of the Exchange perfecting the above authorisation as the Exchange may require. Applications and relevant corporate disclosure materials shall be filed with the Exchange in such manner as the Exchange may from time to time prescribe.

Presentation of information

31.20 Without prejudice to any specific requirements of the GEM Listing Rules as to content or responsibility for the document in question, any announcement or corporation communication required pursuant to the GEM Listing Rules must be prepared having regard to the following general principles:—

(1) the information contained in the document must be clearly presented and in plain language; and

(2) the information contained in the document must be accurate and complete in all material respects and not be misleading or deceptive. In complying with this requirement, the issuer must not, among other things:—

(a) omitt material facts of an unfavourable nature or fail to accord them with appropriate significance;

(b) present favourable possibilities as certain or as more probable than is likely to be the case;

(c) present projections without sufficient qualification or explanation; or

(d) present risk factors in a misleading way.

Publication of circulars and other documents

31.21 The issuer shall publish:—

(1) one copy of each of the English language version and the Chinese language version of:—

(a) [Repealed 1 September 2008]

(b) the annual report and accounts and, where applicable, the summary financial report at the same time as they are despatched to the holders of its listed debt securities with registered addresses in Hong Kong; and

(c) any interim report prepared by the issuer as soon as possible after it has been approved by the board of directors of the issuer;

(2) one copy of notices of meetings and notices by advertisement to holders of its debt securities at the same time as they are issued; and

(3) one certified copy of all resolutions of the holders of listed debt securities, within 15 days after they are passed.

Circulars to holders of debt securities

31.22 (1) In the event of a circular being issued to the holders of any of the issuer's listed debt securities, the issuer shall issue a copy or summary of such circular to the holders of all its other debt securities listed on the Exchange (not being bearer debt securities) unless the contents of such circular are of no material concern to such other holders.

Note: Where there is a class of listed debt securities in bearer form, it will be sufficient to publish on the Exchange's website in accordance with Chapter 16 an announcement referring to the circular and giving an address or addresses from which copies can be obtained.

(2) The issuer must ensure that all necessary facilities and information are available to enable holders of its listed debt securities to exercise their rights. In particular, it must inform holders of the holding of meetings which they are entitled to attend, enable them to exercise their right to vote, where applicable, and publish on the Exchange's website in accordance with Chapter 16 notices or distribute circulars giving details of the allocation and payment of interest in respect of such securities, the issue of new debt securities (including arrangements for the allotment, subscription, renunciation, conversion or exchange of such debt securities) and repayment of debt securities.

Trading and settlement

Registration services, issue of certificates, registration and other fees

31.23 The issuer (or its paying agent or registrar) must provide a standard securities registration service in relation to its listed securities in accordance with rule 31.27. The issuer (or its paying agent or registrar) may, but shall not be obliged to, provide an optional securities registration service in accordance with rule 31.28 and/or an expedited securities registration service in accordance with rule 31.29. The issuer (or its paying agent or registrar) must also provide a bulk securities registration service in accordance with rule 31.30 and a certificate replacement service in accordance with rule 31.31. The issuer shall ensure that where the issuer (or its paying agent or registrar) charges a fee for registering transfers or cancelling, splitting, consolidating or issuing definitive certificates relating to the issuer's listed securities, such fee must not exceed, in total, the applicable amounts prescribed in rules 31.24 to 31.31.

31.24 The issuer shall ensure that where the issuer (or its paying agent or registrar) charges a fee for registering other documents relating to or affecting the title to the issuer's listed securities (e.g. probate, letters of administration, certificates of death or marriage, powers of attorney or other instruments or memoranda and articles of association in respect of a new corporate holder) or for marking or noting documents, such fee must not exceed HK$5 per item per register.

Note: "per item" shall be defined to mean each of such other documents submitted for registration.

31.25 It is the responsibility of an issuer whose paying agent or registrar is in breach of any of rules 31.23 to 31.33 to report such breach to the Exchange as soon as it becomes aware of the breach and the Exchange reserves the right to communicate such information to the Commission.

31.26 Save as provided above the issuer shall ensure that neither it nor its paying agent or registrar or other agents will charge holders or transferee any other fees for any dealings with them in connection with the transfer or transmission of its listed securities.

31.27 (1) Standard securities registration service: The issuer shall (or shall procure that its paying agent or registrar shall) issue definitive certificates arising out of a registration of transfer or the cancelling, splitting, consolidating or issuing (otherwise than pursuant to rule 31.31 of certificates within:—

(a) 10 business days of the date of expiration of any right of renunciation; or

(b) 10 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(2) The fee for registration pursuant to the standard securities registration service shall not exceed, in total, the higher of the following:—

(a) HK$2.50 multiplied by the number of certificates issued; or

(b) HK$2.50 multiplied by the number of certificates cancelled.

31.28 (1) Optional securities registration service: The issuer (or its paying agent or registrar) may, but shall not be obliged to, provide an optional securities registration service under which definitive certificates are required to be issued within:—

(a) 6 business days of the date of expiration of any right of renunciation; or

(b) 6 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(2) The fee for registration pursuant to the optional securities registration service shall not exceed, in total, the higher of the following:—

(a) HK$3.00 multiplied by the number of certificates issued; or

(b) HK$3.00 multiplied by the number of certificates cancelled.

(3) If the issuer (or its paying agent or registrar) fails to effect any registration within the period of 6 business days specified in rule 31.28(1), the fee for such registration shall be that determined in accordance with rule 31.27(2).

31.29 (1) Expedited securities registration service: The issuer (or its paying agent or registrar) may, but shall not be obliged to, provide an expedited securities registration service under which definitive certificates are required to be issued within:—

(a) 3 business days of the date of expiration of any right of renunciation; or

(b) 3 business days of the receipt of properly executed transfer or other relevant documents or the relevant certificates.

(2) The fee for registration pursuant to the expedited securities registration service shall not exceed, in total, the higher of the following:—

(a) HK$20.00 multiplied by the number of certificates issued; or

(b) HK$20.00 multiplied by the number of certificates cancelled.

(3) If the issuer (or its paying agent or registrar) fails to effect any registration within the period of 3 business days specified in rule 31.29(1), the registration shall be performed free of charge.

31.30 (1) Bulk securities registration service: The issuer shall (or shall procure that its paying agent or registrar shall) provide a bulk securities registration service, for transfers of listed securities representing 2,000 or more board lots of the issuer's listed securities where the securities are being transferred from the name of a single holder into the name of another or the same single holder. Certificates shall be issued pursuant to the bulk securities registration service within 6 business days of the receipt of properly execute transfers or other relevant documents or the relevant certificates.

(2) The fee for registration pursuant to the bulk securities registration service shall not exceed, in total, the higher of the following:—

(a) HK$2.00 multiplied by the number of certificates issued; or

(b) HK$2.00 multiplied by the number of certificates cancelled.

31.31 Certificate replacement service: The issuer shall (or shall procure that its paying agent or registrar shall) provide a certificate replacement service. The fee for replacing certificates:—

(1) representing securities with a market value of HK$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK$200.00, plus the costs incurred by the issuer (or its paying agent or registrar) in publishing the required public notice; or

(2) either:—

(a) representing securities with a market value of more than HK$200,000 (at the time the request for replacement is made); or

(b) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed HK$400.00, plus the costs incurred by the issuer (or its paying agent or registrar) in publishing the required public notice.

31.32 For the purposes of rules 31.23 to 31.31:—

(1) the expression "business day" shall exclude Saturdays, Sundays and public holidays in Hong Kong; and

(2) in computing any period of business days, such period shall be inclusive of the business day on which the relevant transfers, certificates or other documents were received (or, if such documents were not received on a business day, the business day next following their receipt) and of the business day on which the relevant certificates were delivered or otherwise made available.

31.33 References in rules 31.23 to 31.32 to the issuer's registrar or paying agent providing a service, or to the issuer procuring that its registrar or paying agent shall provide a service, shall not relieve the issuer of any obligations in respect of any acts or omissions of its registrar or paying agent.

Trading limits

31.34 Where the market price of the debt securities of the issuer approaches the extremities of HK$0.01 or HK$9,995.00, the Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

Miscellaneous obligations

Paying agent

31.35 An issuer or its guarantor must appoint and maintain a paying agent and/or, where appropriate, a registrar in Hong Kong until the date on which no listed debt security is outstanding, unless the issuer itself performs these functions. Such paying agent must provide facilities for obtaining new debt securities, in accordance with the terms and conditions of the debt securities, to replace those debt securities which have been damaged, lost, stolen or destroyed and for all other purposes provided for in the terms and conditions of the debt securities.

Equality of treatment

31.36 An issuer shall ensure equality of treatment for all holders of its listed debt securities of the same class in respect of all rights attaching to such securities.

Note: In the case of overseas issuers, the Exchange may, in exceptional circumstances, permit early repayment contrary to this rule, provided that such repayment is in accordance with national law.

Financial information

Availability of annual report and accounts

31.37 If the documents of title to any listed debt securities are in bearer form, the time and place in Hong Kong at which copies of the accounts of the issuer and auditors' report and directors' report thereon may be obtained without charge must be published on the Exchange's website in accordance with Chapter 16. Where another company provides a guarantee for the debt security or where the debt security is convertible, exchangeable or carries subscription rights which are exercisable into the securities of another company, copies of the accounts of that other company and of the auditors' report and directors' report thereon must also be so available and the advertisement must also state this.

Distribution of annual report and accounts

31.38 (1) If the issuer is incorporated or otherwise established in Hong Kong it shall send to:—

(a) the trustee or fiscal agent in respect of its listed debt securities; and

(b) every holder of its listed debt securities not being bearer debt securities),

a copy of either (i) its annual report including its annual accounts and, where the issuer prepares consolidated financial statements as referred to in section 379(2) of the Companies Ordinance, the consolidated financial statements or (ii) its summary financial report, not less than 21 days before the date of the issuer's annual general meeting. The Issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with the relevant provisions set out in sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports) Regulation or, in the case of overseas issuers, with provisions no less onerous than the above provisions for listed issuers incorporated in Hong Kong. An issuer, whose equity securities are not listed, may not distribute a summary financial report in place of its annual report.

(2) Nothing in rule 31.38(1) shall require the issuer to send any of the documents referred to therein to:—

(a) a person of whose address the issuer is unaware; or

(b) more than one of the joint holders of any of its listed debt securities.

Notes: 1 The directors' report, auditors' report, annual accounts and, where applicable, summary financial report must be in the English language and must be accompanied by a Chinese translation or be in the Chinese language accompanied by an English translation.

2 Sections 429 and 431 of the Companies Ordinance require the directors of a Hong Kong issuer to lay the issuer's annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate.

3 The Exchange may at its discretion suspend dealings in or cancel the listing of the debt securities of companies which fall into arrears in the issue of its directors' report and accounts. If the listed issuer has significant interests outside Hong Kong it may apply for an extension of the 6 month period. However, attention of a Hong Kong issuer is drawn to section 431 of the Companies Ordinance which requires any extension of the time limit to be approved by the Court of First Instance.

4 The issuer must publish each of the English language version and the Chinese language version of the directors' report and annual accounts and, where applicable, the summary financial report on the Exchange's website at the same time as they are sent to the holders of the issuer's listed debt securities with registered addresses in Hong Kong (see rule 31.21).

31.39 (1) If the issuer is incorporated or otherwise established outside Hong Kong it shall send to:—

(a) the trustee or fiscal agent in respect of its listed debt securities; and

(b) every holder of its listed debt securities (not being bearer securities),

a copy of either (i) the annual report and accounts and, where the issuer prepares group accounts, its group accounts, together with a copy of the auditors' report or (ii) the summary financial report not less than 21 days before the date of the issuer's annual general meeting nor more than 6 months after the end of the financial year to which they relate.

(2) The issuer shall make up its annual accounts to a date falling not more than 6 months before the date of its annual general meeting.

(3) Nothing in rule 31.39(1) shall require the issuer to send any of the documents referred to therein to:—

(a) a person of whose address the issuer is unaware; or

(b) more than one of the joint holders of any of its listed debt securities.

Note: The annual report and accounts and, where applicable, the summary financial report must be in the English language and must be accompanied by a Chinese translation or be in the Chinese language accompanied by an English translation.

Accounting standards

31.40 Annual accounts of a listed issuer are required, to conform with the requirements as to accounting standards set out in rules 18.04 to 18.06.

Note: The issuer must apply one of these standards consistently and shall not change from one standard to the other unless there are reasonable grounds to justify such change. All reasons for any such change must be disclosed in the annual accounts.

31.41 Where the Exchange, in exceptional circumstances, allows the annual accounts of any overseas issuer to be drawn up otherwise than in conformity with either Hong Kong Financial Reporting Standards or International Financial Reporting Standards, the Exchange will normally require the annual accounts to contain a statement of the financial effect of the material differences (if any) and a summary of any material differences in disclosure (if any) from either of those standards.

Annual report and accounts and auditors' report

31.42 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the International Federation of Accountants and must be:—

(1) registered and not prohibited under the AFRCO from holding any appointment as an auditor of a company; or

(2) a firm of accountants acceptable to the Exchange which has an international name and reputation and is a member of a recognised body of accountants.

31.43 The accounts must be audited to a standard comparable to that required in Hong Kong or under International Standards on Auditing or China Auditing Standards.

31.44 The report of the auditors must be annexed to all copies of the annual accounts required to be sent by the issuer and indicate whether in the opinion of the auditors the accounts give a true and fair view:

(1) in the case of the issuer's balance sheet, of the state of its affairs at the end of the financial year and in the case of the issuer's profit and loss account, of the profit or loss and cash flows for the financial year; and

(2) in the case where consolidated accounts are prepared, of the state of affairs and profit or loss of the issuer and cash flows of the group.

31.45 The report of the auditors must indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.

31.46 If an overseas issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange.

31.47 An auditors' report in a different form may be applicable in the case of banking and insurance companies. The wording of such an auditors' report should make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.

Information to accompany directors' report and annual accounts

31.48 The listed issuer shall include the information set out in rules 31.51 to 31.60 in its director's report and annual accounts and the disclosures required under the relevant accounting standards.

Note: The annual report and accounts must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.

31.49 [Repealed 1 April 2015]

31.50 [Repealed 1 April 2015]

31.51 A statement showing:—

(1) the name of every subsidiary, its principal country of operation, its country of incorporation or other establishment and the kind of legal entity it is registered as (for the purpose of relevant jurisdiction); and

(2) particulars of the issued share capital and debt securities of every subsidiary; and

(3) the nature of the business of every subsidiary.

provided that if, in the opinion of the directors of the listed issuer, the number of them is such that compliance with this rule would result in particulars of excessive length being given, compliance with this rule shall not be required except in the case of subsidiaries carrying on a business the results of the carrying on of which, in the opinion of the directors, materially affected the amount of the profit or loss of the group or the amount of the assets of the group.

31.52 Details of the classes and numbers of any convertible debt securities, options, warrants or similar rights issued or granted by the listed issuer or any of its subsidiaries during the financial year, together with the consideration received by the listed issuer or any of its subsidiaries therefor.

31.53 Particulars of any exercise made during the financial year of any conversion or subscription rights under any convertible debt securities, options, warrants or similar rights issued or granted at any time by the listed issuer or any of its subsidiaries.

31.54 Particulars of any redemption or purchase or cancellation by the listed issuer or any of its subsidiaries of its redeemable debt securities and the amount of such debt securities outstanding after any such redemption or purchase or cancellation has been made. Any such statement must distinguish between those listed securities which are purchased by the issuer (and, therefore, cancelled) and those which are purchased by a subsidiary of the issuer.

31.55 In the event of trading results shown by the accounts for the period under review differing materially from any published forecast made by the listed issuer, an explanation for the difference.

31.56 A statement as to the reasons for any significant departure from the accounting standards adopted for the preparation of the issuer's annual financial statements.

31.57 Except where the listed issuer is a banking company, a statement as at the end of the financial year showing as regards, firstly, bank loans and overdrafts and, secondly, other borrowings of the group, the aggregate amounts repayable:—

(1) on demand or within a period not exceeding 1 year;

(2) within a period of more than 1 year but not exceeding 2 years:

(3) within a period of more than 2 years but not exceeding 5 years; and

(4) within a period of more than 5 years.

31.58 [Repealed 1 April 2015]

31.59 [Repealed 1 April 2015]

31.60 If the relevant annual accounts do not give a true and fair view of the state of affairs and profit or loss and cash flow of the listed issuer or group, more detailed and/or additional information must be provided.

Note: If listed issuers are in doubt as to what more detailed and/or additional information should be provided, they should apply to the Exchange for guidance.

Summary financial reports

31.61 Summary financial reports of listed issuers shall comply with the disclosure requirements set out in the Companies (Summary Financial Reports) Regulation.

Chapter 32

DEBT SECURITIES

OVERSEAS ISSUERS

Preliminary

32.01 Chapter 30 applies to debt issues to professional investors only by overseas issuers. The GEM Listing Rules apply to other debt issues by overseas issuers as they do to Hong Kong issuers, subject to the additional requirements, modifications or exceptions set out or referred to in this Chapter.

32.02 Overseas issuers are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the relevant requirements.

Qualifications for listing

32.03 The following requirements (in addition to those specified in Chapter 27 or 30 as appropriate) apply to an overseas issuer:—

(1) the Exchange reserves the right, in its absolute discretion, to refuse a listing of debt securities of an overseas issuer if it believes that it is not in the public interest to list them; and

(2) (a) in the case of registered securities (other than those transferable by endorsement and delivery), provision must be made for a register of holders to be maintained in Hong Kong, or such other place as the Exchange may agree, and for transfers to be registered locally. The Exchange may, however, consider an alternative proposal for registering transfers for Hong Kong holders in exceptional circumstances; and

(b) in the case of bearer securities, provision must be made for the payment of interest and repayment of principal in Hong Kong, or such other place as the Exchange may agree.

Listing documents

32.04 The Exchange may be prepared to permit the omission of information otherwise required to be included in any listing document where it considers it appropriate. In considering requests for any such omissions, the Exchange will have regard to:—

(1) whether the overseas issuer has a listing on a regulated, regularly operating, open stock market recognised for this purpose by the Exchange and conducts its business and makes disclosure according to the accepted standards in Hong Kong; and

(2) the nature and extent of the regulatory standards and controls to which the overseas issuer is subject in its country of incorporation or other establishment. Overseas issuers who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.

32.05 The following modifications apply:—

(1) some of the items of information specified in Appendix D1C may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given;

(2) if the overseas issuer does not have a board of directors the statement of responsibility required under paragraph 2 of Appendix D1C must be made by all the members of the overseas issuer's equivalent governing body and the listing document should be modified appropriately;

(3) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 53 of Appendix D1C. Where any of such documents are not in the English or Chinese language, a certified English or Chinese translation thereof must be published on the Exchange's website and the issuer's own website. In particular cases, the Exchange may require additional documents to be published on the Exchange's website and the issuer's own website; and

(4) overseas issuers which are subject to public reporting and filing obligations in their country of incorporation or other establishment (or listing, if different) may be permitted to incorporate in listing documents relevant documents so published. Such documents must be accompanied, as necessary, by a certified English translation and a certified Chinese translation. The Exchange should be consulted in any such case.

Continuing obligations

32.06 The Exchange may be prepared to agree modifications to the continuing obligations of the overseas issuer as it considers appropriate in a particular case. In particular, in the case of an overseas issuer which has a listing on another regulated, regularly operating, open stock market recognised by the Exchange, the Exchange may accept equivalent continuing obligations imposed by that other stock market. Conversely, the Exchange may impose additional requirements in a particular case.

General

32.07 All documents furnished by an overseas issuer to the Exchange, including accounts, which are in a language other than English or Chinese must be accompanied by a certified English or Chinese translation. If the Exchange so requires, an additional translation must be prepared in Hong Kong at the overseas issuer's expense by such person or persons as the Exchange shall specify.

32.08 Information to be supplied by overseas issuers in a listing document or accounts notwithstanding any obligation in the GEM Listing Rules, the Statutory Rules or any obligation imposed by the laws of Hong Kong shall not be less than that required to be supplied by the overseas issuer in its place of incorporation or other establishment.

Chapter 33

DEBT SECURITIES

OPTIONS, WARRANTS AND SIMILAR RIGHTS

33.01 This Chapter does not apply to debt issues to professional investors only. This Chapter applies both to options, warrants and similar rights to subscribe or purchase debt securities ("warrants") which are issued or granted on their own by an issuer or any of its subsidiaries and to warrants which are attached to other debt securities. Warrants which are attached to other securities but which are non-detachable are convertible securities and are also subject to the provisions of Chapter 22 (convertible equity securities) or 34 (convertible debt securities), as appropriate.

33.02 Where application is made for the listing of warrants, the Exchange will normally apply the same requirements as would apply to the underlying securities to be subscribed or purchased. However, where such an application is contemplated, the Exchange should be consulted at the earliest opportunity as to the requirements which will apply.

33.03 Warrants may be listed only if the underlying securities to be subscribed or purchased are (or will become at the same time) a class of debt securities listed on GEM.However, the Exchange may list warrants in other circumstances if it is satisfied that holders have the necessary information available to form an opinion concerning the value of the underlying debt securities to which such warrants relate.

33.04 Any alterations in the terms of warrants after issue or grant must be approved by the Exchange, except where the alterations take effect automatically under the terms of such warrants. In particular, the Exchange should be consulted at the earliest opportunity where the issuer proposes to alter the exercise period or the exercise price.

33.05 Paragraphs 32 and 33 of Appendix D1C set out additional requirements for the contents of listing documents relating to warrants.

Chapter 34

DEBT SECURITIES

CONVERTIBLE DEBT SECURITIES

34.01 This Chapter does not apply to convertible debt issues to professional investors only. All convertible debt securities must, prior to the issue thereof, be approved by the Exchange and the Exchange should be consulted at the earliest opportunity as to the requirements which will apply.

34.02 All convertible debt securities which are convertible into new equity securities or outstanding securities of the issuer or a company in the same group as the issuer for which a listing is to be sought must comply both with the requirements applicable to the debt securities for which listing is sought and with the requirements applicable to the underlying equity securities to which such convertible debt securities relate. In the event of any conflict or inconsistency between the various requirements, those applicable to such equity securities shall prevail.

34.03 Convertible debt securities which are convertible into equity securities may be listed only if such equity securities are (or will become at the same time) a class of equity securities listed on GEM. However, the Exchange may list convertible debt securities in other circumstances if it is satisfied that holders have the necessary information available to form an opinion concerning the value of the underlying equity securities to which such convertible debt securities relate.

34.04 Convertible debt securities which are convertible into property other than equity securities may be listed only if the Exchange is satisfied that holders have the necessary information available to form an opinion concerning the value of the other property to which such convertible debt securities relate.

34.05 Any alterations in the terms of convertible debt securities after issue must be approved by the Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities.

34.06 Paragraphs 19 to 31 of Appendix D1C set out additional requirements for the contents of listing documents relating to the issue of convertible debt securities.

Chapter 35

DEBT SECURITIES

TAP ISSUES, DEBT ISSUANCE PROGRAMMES AND ASSET-BACKED SECURITIES

35.01 This Chapter sets out the additional requirements in relation to tap issues, debt issuance programmes and asset-backed securities. It does not apply to debt issues to professionals only.

Tap issues

35.02 Where application is made by an issuer for listing of a tap issue, the Exchange will normally apply the same requirements for each subsequent tranche as would apply to the initial tranche. However, where such an application is contemplated, the Exchange should be consulted at the earliest opportunity as to the requirements which will apply.

35.03 Any listing document issued in connection with a tap issue must specify the maximum nominal amount of debt securities which could be issued.

Debt issuance programmes

Application procedure and requirements

35.04 The application for listing must cover the maximum amount of securities which may be in issue and listed at any one time under the programme. If the Exchange approves the application, it will admit to listing all securities which may be issued under the programme within 12 months after the publication of the listing document subject to the Exchange:—

(1) being advised of the final terms of each issue;

(2) receiving and approving for publication any supplementary listing document that may be appropriate;

(3) receiving confirmation that the securities in question have been issued; and

(4) receiving any listing fees payable.

35.05 The final terms of each issue which is intended to be listed ("the pricing supplement") must be submitted in writing to the Exchange as soon as possible after they have been agreed and in any event no later than 2:00 p.m. on the business day before listing is required to become effective. The pricing supplement may be submitted by the issuer, or one or more firms designated by the issuer so long as in the latter case the Exchange has received a letter of appointment signed by a duly authorised officer of the issuer.

35.06 The pricing supplement relating to an issue, when read together with the listing document and any supplementary listing document in respect of the programme, must provide an investor with the full terms and conditions of that issue.

35.07 Form C (published in Regulatory Forms) need not be submitted for issues made after the first issue in any 12 month period after publication of the listing document.

35.08 For an issue in excess of the notified maximum or made more than 12 months after publication of the listing document, a further application (and new listing document) must be submitted to the Exchange.

Listing document

35.09 The listing document must contain the general terms and conditions applicable to all securities that may be issued and listed under the programme.

35.10 In addition to those documents mentioned in paragraph 53(5) of Appendix D1C, the following must be published on the Exchange's website and the issuer's own website for as long as issues are made under the programme:

(1) the current listing document;

(2) any supplementary listing document published since the current listing document was published; and

(3) any pricing supplements issued since the current listing document was published.

35.11 The listing document must include a statement that the documents required by paragraph 53(5) of Appendix D1C (documents on display) are published on the Exchange's website and the issuer's own website throughout the life of the programme.

Asset-backed securities

Qualifications for listing

35.12 The following additions and exceptions to the qualifications for listing apply to issuers of asset-backed securities:

(1) the issuer must normally be a single purpose undertaking. (The requirement to be a single purpose undertaking does not preclude the addition to the pool of further assets during the life of the securities. Furthermore, further classes of debt securities may be issued by the undertaking, backed by separate pools of similar assets);

(2) where an issue of asset-backed securities is backed by equity securities, those securities must be listed on a stock exchange or traded on another regulated and regularly operating open market; the equity securities must represent non-controlling interests in and must not confer legal or management control of the companies issuing the equity securities; where options or conversion rights relating to equity securities are used to back an issue, this paragraph applies in respect of the securities resulting from the exercise of those options or rights; and

(3) there must be a trustee or other appropriate independent party representing the interests of the holders of the asset-backed securities and with the right of access to appropriate information relating to the assets.

Listing document

35.13 The listing document must include the following additional information:

(1) a description of the assets used to back the asset-backed securities, giving at least the following (where relevant):

(a) the geographical location or legal jurisdiction of the financial assets;

(b) the pool size and any specified minimum or maximum;

(c) the types of loans;

(d) the maturity of loans;

(e) the size of loans;

(f) the loan to value ratio at origination where the loans in the pool are themselves secured or backed by other assets, if a valuation was available;

(g) the principal lending criteria and extent to which loans may be included which do not meet these criteria;

(h) an indication of significant representations and warranties given to the issuer relating to the loan pool;

(i) the method of origination;

(j) any loan substitution rights;

(k) any rights or obligations to make further advances;

(l) the principal insurance policies, including the names, and where appropriate, the addresses and a brief description of the providers. Any concentration with one insurer should be disclosed if it is material to the transaction;

(m) where the assets consist of debt obligations of 10 or fewer borrowers or where a borrower accounts for 10% or more of the assets, the information required in respect of each borrower will be the same as that which would be required if it were itself the issuer of the securities to be listed unless it is already listed on a stock exchange or the debt obligations are guaranteed by an entity listed on a stock exchange, in which case only the name, address, country of incorporation, nature of business and name of the exchange on which its securities are listed must be disclosed in respect of the issuer and the guarantor (if applicable). The relationship with the guarantor, if any, must be included. The terms and conditions of the loans or debt securities must be stated, except where the assets are debt securities listed on a stock exchange; and

(n) where the assets consist of debt obligations of more than 10 borrowers, or where a borrower accounts for less than 10% of the assets the general characteristics and descriptions of the borrowers must be given;

however, due to the nature of the transaction, some of the above requirements may not be appropriate and additional information may be required. In such cases, the Exchange should be consulted at an early stage;

(2) a description of the material risks together with any methods whereby they are sought to be addressed;

(3) a description of the method and a statement of the date of the sale, transfer or assignment of the assets or of any rights in the assets to the issuer;

(4) a description of the structure of the transaction and explanation of the flow of funds including:

(a) how the cash flow from the assets is expected to meet the issuer's obligations to holders of the securities, in particular, information on any credit enhancements, an indication of where material potential liquidity shortfalls are expected to occur and the availability of any liquidity supports and indication of provisions to cover interest shortfall risks;

(b) an indication of any investment parameters for the investment of temporary liquidity surpluses;

(c) how payments are collected from borrowers of the loans in the pool;

(d) the order of priority of payments made by the issuer, where relevant to the holders of the class of debt securities in question;

(e) the fees payable by the issuer out of cash flow received (for example, fees to the administrator);

(f) details of any other arrangements upon which payments of interest and principal to investors are dependent;

(g) information on whether or not there is any intention to accumulate surpluses in the issuer; and

(h) details of any subordinated debt finance;

(5) the name, address and brief description of the originator of the financial assets backing the issue;

(6) the name, address and information to demonstrate the suitability of the administrator together with a summary of the administrator's responsibilities and a summary of the provisions relating to termination of the appointment of the administrator and whether or not an alternative administrator has been appointed, and

(7) the names and addresses and brief description of:

(a) any swap counterparties and any providers of other material forms of enhancement; and

(b) the banks with which the main accounts relating to the transaction are held.

35.14 If an issue is guaranteed as to principal and interest by a listed company or a company that is suitable for listing, the Exchange may be prepared to accept a shorter form of disclosure as regards the additional information required under this Chapter in the listing document if it is satisfied that any information omitted is not material from the point of view of the investors likely to be concerned.

In a case when the information required with respect to each borrower will be the same as that which would be required if it were itself the issuer of the securities to be listed, and where the issuer of the underlying securities or borrower of the underlying loans does not cooperate with the preparation of the listing document, then, as an alternative to the declaration required under paragraph 2 of Appendix D1C, a declaration in the following form is acceptable:

"This document, for which the [issuer]/[directors of the issuer collectively and individually] accept[s] full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. Subject as set out below, the [issuer]/[directors], having made all reasonable enquiries, confirm[s] that to the best of [its]/[their] knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

The information relating to [the underlying issuer(s)/borrower(s)] has been accurately reproduced from the information published by that [issuer] [borrower]. So far as the issuer [and the directors] is [are] aware and/or is [are] able to ascertain from information published by [the underlying issuer(s)/ borrower(s)] no facts have been omitted which would render the reproduced information misleading".

Accounts waiver

35.15 If no other requirement for the preparation of annual reports and accounts exists, the Exchange may consider an application for a waiver of the requirements set out in rules 31.37 to 31.47 in respect of annual reports and accounts. If a waiver is granted, the terms and conditions of the issue must include a requirement for the issuer to provide written confirmation to the trustee (or equivalent), on an annual basis, that no event of default or other matter which is required to be brought to the trustee's attention has occurred.

Chapter 36

Listing of HKEC

36.01 In the context of the listing of HKEC on the Main Board, and as contemplated by section 74 of the Securities and Futures Ordinance:

(1) the Exchange has included this Chapter in the GEM Listing Rules; and

(2) HKEC and the Exchange have entered into a memorandum of understanding with the Commission.

The Commission's role in relation to applicants for listing and listed issuers

36.02 Conflicts of interest may arise between the Exchange and persons whom the Exchange regulates, including applicants for listing and listed issuers. Any person that considers a conflict of interest may exist or may come into existence, or may have existed and may continue or be repeated, between the interests of HKEC, the Exchange or any other company of which HKEC is the controller and the interests of the proper performance of any regulatory function performed by the Exchange should bring the facts of the matter to the attention of the Executive Director in charge of the Corporate Finance Division of the Commission.

The Commission's powers and functions in the event of a conflict of interest

36.03 Pursuant to section 74 of the Securities and Futures Ordinance the Commission shall have those powers and functions in relation to conflicts of interests or potential conflicts of interest as are set out in this Chapter and in the memorandum of understanding referred to in rule 36.01(2).

36.04 Where, pursuant to section 74 of the Securities and Futures Ordinance and this Chapter, the Commission exercises powers and functions with respect to applicants for listing or listed issuers in place of the Exchange:

(1) the provisions of rules 38.03, 38.04 and 38.09 to 38.13 of the Main Board Listing Rules shall apply as between the Commission and the Exchange and such applicant or issuer as if any references to HKEC were replaced with references to the relevant applicant or issuer; and

(2) the Commission shall exercise such powers and functions through and within the framework described in rules 38.05 to 38.08 of the Main Board Listing Rules as if:

(a) references to "HKEC" were replaced with references to "the relevant applicant or issuer";

(b) references to "Listing Committee" were replaced with "GEM Listing Committee";

(c) references to "Listing Review Committee" were replaced with "GEM Listing Review Committee";

(d) [Repealed 1 July 2008]

(e) references to "the Executive Director – Listing" were replaced with "the Executive Director – Listing Division"; and

(f) references to "Chapters 2A and 2B" were replaced with "Chapters 3 and 4".

The Stock Exchange of Hong Kong Limited

Practice Note 1

to the Rules Governing the Listing of Securities on GEM
of The Stock Exchange of Hong Kong Limited
(the "GEM Listing Rules")

Issued pursuant to rule 1.07 of the GEM Listing Rules

YEAR 2000 COMPLIANCE

[Repealed 20 June 2001]

The Stock Exchange of Hong Kong Limited

Practice Note 2

to the Rules Governing the Listing of Securities on GEM
of The Stock Exchange of Hong Kong Limited
(the "GEM Listing Rules")

Issued pursuant to rule 1.07 of the GEM Listing Rules

DUE DILIGENCE BY SPONSORS IN RESPECT OF INITIAL LISTING APPLICATIONS

1. This Practice Note should be read together with Chapter 6A of the GEM Listing Rules and the SFC Sponsor Provisions. Chapter 6A, amongst other things, requires that Sponsors conduct reasonable inquiries ("due diligence") to enable the Sponsor to discharge its obligations under rule 6A.11. The SFC Sponsor Provisions provide a regulatory basis for defining the expected quality of work as a Sponsor.

1A. In undertaking due diligence inquiries a Sponsor must have regard to this Practice Note and the SFC Sponsor Provisions. To the extent that any matters under this Practice Note and the SFC Sponsor Provisions overlaps, the more onerous provisions imposing a higher standard of conduct on Sponsors will prevail.

2. The Sponsor should make such inquiries as may be necessary until the Sponsor can reasonably satisfy itself on the disclosure in the listing document. In undertaking its role a Sponsor should examine with professional scepticism the accuracy and completeness of statements and representations made, or other information given, to it by the new applicant or its directors. An attitude of professional scepticism means making a critical assessment with a questioning mind and being alert to information, including information from experts, that contradicts or brings into question the reliability of these statements, representations and information.

3. This Practice Note sets out the Exchange's expectations of due diligence Sponsors will typically perform. It is not in any way intended to set out the actual steps that may be appropriate in any particular case. Each new applicant is unique and so will be the due diligence steps necessary for the purpose of its listing application. The scope and extent of appropriate due diligence by a Sponsor may be different from (and in some cases, considerably more extensive than) the more typical examples in this Practice Note. The Sponsor must exercise its judgment as to what investigations or steps are appropriate for a particular new applicant and the extent of each step.

4. The Exchange expects Sponsors to document their due diligence planning and significant deviations from their plans. This includes demonstrating that they have turned their minds to the question of what inquiries are necessary and reasonably practicable in the context and circumstances of the case. The Exchange also expects Sponsors to document the conclusions they reach on the new applicant's compliance with all the conditions in Chapter 11 of the GEM Listing Rules taking into account the extent to which compliance with those rules has been waived by the Exchange.

5. It may be appropriate for a Sponsor to engage third party professionals to assist it to undertake tasks related to certain due diligence inquiries. For example, assistance in reviewing the circumstances of all current legal proceedings to which the new applicant is a party. In such cases, the Exchange expects the Sponsor to satisfy itself that it is reasonable to rely on information or advice provided by the third party professional. That would include, for example:

   (a) being satisfied as to the competence of the professional, the scope of work to be undertaken by the professional and the methodology proposed to be used by the professional; and

(b) being satisfied that the third party professional's report or opinion is consistent with the other information known to the Sponsor about the new applicant, its business and its business plans.

6. The Exchange reminds Sponsors of their other obligations including but not limited to those under the GEM Listing Rules, the SFC Corporate Finance Adviser Code of Conduct, the Code of Conduct and particularly the SFC Sponsor Provisions, the Sponsor Guidelines, the Takeovers Code, the Code on Share Buy-backs, the Securities and Futures Ordinance and all other relevant ordinances, codes, rules and guidelines applicable to Sponsors. Nothing in this Practice Note detracts from or diminishes those obligations.

Interpretation of this Practice Note

7. Unless otherwise stated, all terms used in this Practice Note have the same meanings as in the GEM Listing Rules.

8. All references in this Practice Note to the new applicant's listing document include supporting or supplementary documents, for example, correspondence with the Exchange in relation to the new applicant's initial listing application and relied on by the Exchange in assessing that application.

9. All references in this Practice Note to the new applicant include the new applicant's group of companies.

10. Unless otherwise stated, all references in this Practice Note to directors include executive and non-executive directors.

Due diligence

11. Typical due diligence inquiries in relation to the collective and individual experience, qualifications, competence and integrity of the directors include:

(a) reviewing written records that demonstrate each director's past performance as a director of the new applicant including participation in board meetings and decision making relating to the management of the new applicant and its business;

(b) assessing individually and collectively the financial literacy, corporate governance experience and competence generally of the directors with a view to determining the extent to which the board of the new applicant as a whole has a depth and breadth of financial literacy and understanding of good corporate governance, having regard to any code on corporate governance practices that the Exchange publishes from time to time; and

(c) reviewing the financial and regulatory track record of each publicly listed company (this includes companies listed on other exchanges as well as on the Exchange) of which any of the new applicant's directors is or was an executive or non-executive director, for example, by reference to company disclosures, media articles and information about those companies on the website of the relevant stock exchange.

12. Typical due diligence inquiries in relation to the new applicant's compliance with the qualifications for listing include:

(a) searching the company registry in the new applicant's place of incorporation to confirm that the new applicant is duly established in that place and that the new applicant is in compliance with its memorandum and articles of association or equivalent constitutive documents;

(b) reviewing material financial information, including:

(i) financial statements of the new applicant;

(ii) financial statements of all subsidiaries of the new applicant and other companies that are material to the group's financial statements; and

(iii) the internal financial records, tax certificates and supporting documents to the tax certificates for the trading record period.

Such review would in most cases include interviewing the new applicant's accounting staff and internal and external auditors and reporting accountants and, where relevant, obtaining comfort from the new applicant's external auditors or reporting accountants based upon agreed procedures; and

(c) assessing the accuracy and completeness of the information submitted by the new applicant to demonstrate that it satisfies the trading record requirement.

13. Typical due diligence inquiries in respect of each new applicant and the preparation of its listing document and supporting information include:

(a) assessing the financial information to be published in the listing document including:

(i) obtaining written confirmation from the new applicant and its directors that the financial information (other than that already reported upon by a reporting accountant) has been properly extracted from the relevant underlying accounting records; and

(ii) being satisfied that the confirmation referred to at paragraph (i) has been given after due and careful inquiry by the new applicant and its directors;

(b) assessing the new applicant's performance and finances, business plan and any profit forecast or estimate, including an assessment of the reasonableness of budgets, projections and assumptions made when compared with past performance, including historical sales, revenue and investment returns, payment terms with suppliers, costs of financing, long-term liabilities and working capital requirements. This would normally include interviewing the new applicant's senior management and would often involve interviewing the new applicant's major suppliers and customers, creditors and bankers;

(c) assessing whether there has been any change since the date of the last audited balance sheet included in the listing document that would require disclosure to ensure the listing document is complete and not misleading;

(d) assessing whether it is reasonable to conclude that the proceeds of the issue will be used as proposed by the new applicant, taking into account the outcome of the Sponsor's assessment of, in particular, the new applicant's existing cash and liquid reserves, projected liabilities, working capital requirements and expenditure controls;

(e) undertaking a physical inspection of material assets, whether owned or leased, including property, plant, equipment, inventory and biological assets (for example, livestock or crops) used or to be used in connection with the new applicant's business;

Notes:

1. *By physical inspection the Exchange means the Sponsor should visit the site of the asset in order to view the asset and to assess its extent, quality and quantity and the purpose for which it is used.*

2. *Where, in the reasonable opinion of the Sponsor, assessment of an asset, including as to its extent, quality, quantity and use, genuinely cannot be achieved without the use of an expert (for example, in undertaking the physical inspection the Sponsor becomes suspicious that the asset does not exist as to the extent represented or exists but is not used for the purpose claimed) the Sponsor should ensure that the new applicant instructs an appropriately qualified independent expert to conduct all or part of the inspection. In such cases the Sponsor should ensure the expert is required to provide a written report in respect of the inspection.*

(f) reaching an understanding of the new applicant's production methods;

(g) reaching an understanding of the manner in which the new applicant manages its business, including as relevant actual or proposed marketing plans, including distribution channels, pricing policies, after-sales service, maintenance and warranties;

(h) reviewing the business aspects of all contracts material to the new applicant's business;

Note: By business aspects the Exchange means non-legal aspects.

(i) reviewing legal proceedings and other material disputes that are current or recently resolved (for example, resolved in the previous 12 months) and in which the new applicant is involved, and all proceedings or material disputes the new applicant knows to be contemplated and which may involve the new applicant or one of its subsidiaries;

(j) analysing the business aspects of economic, political or legal conditions that may materially affect the new applicant's business;

(k) considering the industry and target markets in which the new applicant's business has principally operated and is intended to principally operate, including geographical area, market segment and competition within that area and/or segment (including existing and potential principal competitors and their relative size, aggregate market share and profitability);

(l) assessing whether there is appropriate documentation in place to confirm that the material assets, whether owned or leased, including property, plant, equipment, inventory and biological assets used or to be used, in connection with the new applicant's business, are appropriately held by the new applicant (for example, reviewing the relevant certificates of title and rights of land use);

(m) assessing the existence, validity and business aspects of proprietary interests, intellectual property rights, licensing arrangements and other intangible rights of the new applicant;

(n) reaching an understanding of the technical feasibility of each new product, service or technology developed, being developed or proposed to be developed under the new applicant's business plan that may materially affect the new applicant's business; and

(o) assessing the stage of development of the new applicant's business and assessing the new applicant's business plan and any forecasts or estimates, including reaching an understanding of the commercial viability of its product(s), service(s) or technology, including an assessment of the risk of obsolescence as well as market controls, regulation and seasonal variation.

14. Typical due diligence inquiries in relation to the expert sections of the listing document include:

(a) interviewing the expert, reviewing the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the expert's report, opinion or statement) and reviewing publicly available information about the expert to assess:

(i) the expert's qualifications, experience and resources; and

(ii) whether the expert is competent to undertake the required work;

(b) reviewing the expert sections of the draft listing document to form an opinion as to whether the following are disclosed and commented on appropriately:

(i) the factual information on which the expert relies;

(ii) the assumptions on which the expert opinion is based; and

(iii) the scope of work performed by the expert in arriving at his opinion;

(c) verifying factual information for the purpose of discharging its obligations under rule 6A.11;

(d) where the Sponsor is aware that the new applicant has made formal or informal representations to an expert in respect of an expert section or in respect of a report made in connection with the listing application, assessing whether the representations are consistent with the Sponsor's knowledge of the new applicant, its business and its business plans;

(e) by reference to the Sponsor's knowledge of the new applicant, its business and its business plans assessing whether the assumptions disclosed by the expert as those on which the expert's opinion is based, are fair, reasonable and complete;

(f) if the expert's opinion is qualified, assessing whether the qualification is adequately disclosed in the listing document; and

(g) where the standard of independence is not set by a relevant professional body, obtaining written confirmation from the expert that it is independent from the new applicant and its directors and controlling shareholder(s), and being satisfied that there is no cause to inquire further about the truth of this confirmation. This would include confirming that the expert does not have a direct or indirect material interest in the securities or assets of the new applicant, its core connected persons, or any close associate of the new applicant beyond that allowed by rule 6A.07.

15. Typical due diligence inquiries in relation to the new applicant's accounting and management systems and in relation to the directors' appreciation of their and the new applicant's obligations include:

    (a) assessing the new applicant's accounting and management systems that are relevant to:

        (i) the obligations of the new applicant and its directors under the GEM Listing Rules and other legal and regulatory requirements, in particular the financial reporting, disclosure of notifiable and connected transaction and inside information requirements; and

        (ii) the directors' ability to make a proper assessment of the financial position and prospects of the new applicant and its subsidiaries, both immediately before and after listing.

        This assessment should cover the new applicant's compliance manuals, policies and procedures including corporate governance policies and any letters from the reporting accountants to the new applicant commenting on the new applicant's accounting and management systems or other internal controls; and

    (b) interviewing all directors and senior managers with key responsibilities for ensuring compliance with the GEM Listing Rules and other legal and regulatory requirements (including the staff responsible for the accounting and financial reporting function, company secretary and any compliance officers) to assess:

        (i) their individual and collective experience, qualifications and competence; and

        (ii) whether they appear to understand relevant obligations under the GEM Listing Rules and other relevant legal and regulatory requirements and the new applicant's policies and procedures in respect of those obligations.

16. To the extent that the Sponsor finds that the new applicant's procedures or its directors and/or key senior managers are inadequate in any material respect on issues referred to at paragraph 15 above, the Sponsor should typically discuss the inadequacies with the new applicant's board of directors and make recommendations to the board regarding appropriate remedial steps. It should also typically ensure that these steps be taken before listing. These steps might include training tailored to the needs of individual directors and senior managers.

The Stock Exchange of Hong Kong Limited

Practice Note 3

to the Rules Governing the Listing of Securities on GEM
of The Stock Exchange of Hong Kong Limited
(the "GEM Listing Rules")

Issued pursuant to rule 1.07 of the GEM Listing Rules

PRACTICE WITH REGARD TO PROPOSALS SUBMITTED BY ISSUERS TO EFFECT THE SEPARATE LISTING ON THE EXCHANGE OR ELSEWHERE OF ASSETS OR BUSINESSES WHOLLY OR PARTLY WITHIN THEIR EXISTING GROUPS

1. Definitions

Terms used in the Practice Note which are defined or interpreted in the GEM Listing Rules shall have the same meaning as in the GEM Listing Rules.

2. Introduction

This Practice Note is intended to set out the Exchange's policy with regard to proposals submitted by issuers to effect the separate listing on the GEM or elsewhere of assets or businesses wholly or partly within their existing groups ("spin-offs"). This Practice Note sets out the principles which the Exchange applies when considering spin-off applications.

Issuers are reminded that they are required to submit their spin-off proposals to the Exchange for its approval.

Note: This Practice Note is normally only applicable to an issuer and entity which is a subsidiary of the issuer at the time of submission of the spin-off proposal. However, the Exchange will treat an entity as if it were a subsidiary of an issuer for the purpose of this Practice Note if such entity is at the time of submission of the issuer's spin-off proposal, an associated company of the issuer and was, at any time during the latest completed financial year of the issuer (comprising at least 12 months) up to the date of submission of the spin-off proposal, a subsidiary of the issuer.

In such circumstances, the entity will be required to comply with the requirements of this Practice Note and will be treated as if it has remained as a subsidiary of the issuer. The issuer is required to substantiate the changes in the beneficial ownership of the entity's issued shares in the period stated above.

3. Principles

The principles, which apply equally whether the entity to be spun off is to be listed in Hong Kong or overseas, are as follows:

(a) Newco to satisfy basic listing criteria

Where the entity ("Newco") to be spun-off by the existing issuer ("Parent") is to be listed on a stock market operated by the Exchange, it must satisfy all requirements of the relevant listing rules falling on new listing applicants, including the relevant basic listing criteria contained in Chapter 8 or Chapter 19A of the Main Board Listing Rules, or in Chapter 11 or Chapter 25 of the GEM Listing Rules, as the case may be.

(b) No spin-off within three years of Parent's original listing

In recognition that the original listing of the Parent will have been approved on the basis of the Parent's portfolio of businesses at the time of listing, and that the expectation of investors at that time would have been that the Parent would continue to develop those businesses, the Exchange would not normally consider a spin-off application within three years of the date of listing of the Parent.

(c) The remaining business of the Parent

The Exchange must be satisfied that, after the listing of Newco, the Parent would retain a sufficient level of operations and sufficient assets to support its separate listing status. In particular, it would not be acceptable to the Exchange that one business (Newco's) supported two listing statuses (the Parent's and Newco's). In other words, the Parent itself would be required to retain, in addition to its interest in Newco, sufficient assets and operations of its own, excluding its interest in Newco, to satisfy independently the listing requirements of Chapter 11 of the GEM Listing Rules.

(d) Principles applied in the consideration of spin-off applications

In considering an application for listing by way of spin-off, the Exchange would apply the following principles:

(i) there should be a clear delineation between the business(es) retained by the Parent and the business(es) of Newco;

(ii) Newco should be able to function independently of the Parent. As well as independence as regards its business and operations, the Exchange would expect from Newco:

- independence of directorship and management. While common directors would not be a bar to qualification under this test, the Exchange would require to be satisfied that Newco would operate independently and in the interests of its shareholders as a general body, and not in the interests of the Parent only, where the former interests and the latter were actually or potentially in conflict;

- independence of administrative capability. The Exchange would expect that all essential administrative functions would be carried out by Newco without requiring the support of the Parent, although the Exchange is prepared to be flexible in the sharing of administrative, nonmanagement functions, such as secretarial services; and

- the Exchange must be satisfied that ongoing and future connected transactions between the Parent and Newco would be properly transacted under Chapter 20 of the GEM Listing Rules and/or waivers thereunder and, in particular, that the ongoing relationship would not, in the context of any waivers granted, be unduly artificial or difficult to monitor from the perspective of safeguarding the interests of the respective minority shareholders of the Parent and of Newco.

(iii) there should be clear commercial benefits, both to the Parent and to Newco, in the spin-off which should be elaborated upon in the listing document; and

(iv) there should be no adverse impact on the interests of shareholders of the Parent resulting from the spin-off.

(e) Shareholder approval of the spin-off

(1) At present, under the GEM Listing Rules, as well as where the connected transaction provisions are applicable, shareholder approval will be required where, under rule 19.07, any of the percentage ratios of the transaction is 25% or more.

(2) The Exchange is of the view that the approval of shareholders of the Parent must be sought for the proposal if it falls within (1) above, and that the controlling shareholder and its associates must abstain from voting if the controlling shareholder has a material interest in the proposal.

(3) [Repealed 1 January 2009]

(4) In cases where the spin-off proposal requires approval by shareholders of the Parent, whether or not the controlling shareholder is required to abstain from voting, the Parent must comply with the requirements set out in rules 17.47(6) and (7). The circular to shareholders must contain full details of the spin-off and its effect on the Parent. The independent financial adviser appointed under rule 17.47(6)(b) may not also be the sponsor or co-sponsor or an underwriter of Newco.

(5) In any case where the controlling shareholder votes through the spin-off proposal in the face of significant minority opposition, the Exchange would expect to receive a report from the independent financial adviser as to the discussions at the relevant general meeting.

(f) Assured entitlement to shares in Newco

The Exchange expects the Parent to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in Newco, either by way of a distribution in specie of existing shares in Newco or by way of preferred application in any offering of existing or new shares in Newco. The percentage of shares in Newco allocated to the assured entitlement tranche would be determined by the directors of the Parent and by its advisers, and all shareholders of the Parent would be treated equally. There would be no bar to the controlling shareholder receiving his proportion of shares under such entitlement. Where Newco is proposed to be listed elsewhere than in Hong Kong, and where shares in Newco under the assured entitlement can only be made available to existing shareholders of the Parent by way of a public offering in Hong Kong, the Exchange would consider submissions as to why the assured entitlement requirement would not be for the benefit of the Parent or its shareholders. Further, the minority shareholders of the Parent may by resolution in general meeting resolve to waive the assured entitlement, even where Newco is to be listed in Hong Kong.

Note: In case where Newco is made subject to this Practice Note by virtue of the Note to paragraph 2, the Parent should use its best endeavours to provide its shareholders an assured entitlement to the shares in Newco. Whether such assured entitlement is available will be taken into account by the Exchange when considering whether to approve the spin-off proposal.

(g) Announcement of spin-off

An issuer must announce its spin-off listing application by the time it lodges the Form A (or its equivalent in any overseas jurisdiction). Where an overseas jurisdiction requires a confidential filing, the matter should be discussed with the Listing Division before the filing. Until announcement of the application, strict confidentiality should be maintained and if there is a leakage of information or a significant, unexplained movement in the price or turnover volume of the Parent's securities, an earlier announcement would be required.

These are general principles to assist the market. The Listing Division should be consulted at an early stage of any spin-off proposal for clarification as to the application thereof.

4. The Exchange emphasises that it retains an absolute discretion to accept or reject a proposal submitted by an issuer to effect the separate listing of assets or businesses wholly or partly within its existing group. The principles in this Practice Note are not exhaustive and the Exchange may impose additional requirements or make a spin-off proposal subject to special conditions whenever it considers it appropriate.'

The Stock Exchange of Hong Kong Limited

Practice Note 4

to the Rules Governing the Listing of Securities on GEM
of The Stock Exchange of Hong Kong Limited
(the "GEM Listing Rules")

Issued under rule 1.07 of the GEM Listing Rules

SUGGESTED RISK ASSESSMENT FOR MINERAL COMPANIES

Risk Assessment

Although other jurisdictions do not have a specific risk factor requirement, a listing of significant risk factors provides investors with a summary of significant risks to the company and its properties. A risk factor section is often included in reports filed in jurisdictions without a specific requirement for their inclusion. This can be particularly important for investors looking to invest in the mineral resource sector.

In their technical reports, most consulting firms include risk analysis tables that address common areas of risk along with an assessment of the degree of risk for the particular project. These assessments are necessarily subjective and qualitative. Risk has been classified from minor to major, which can be further clarified as:

- **Major Risk:** the factor poses an immediate danger of a failure, which if uncorrected, will have a material effect (>15% to 20%) on the project cash flow and performance and could potentially lead to project failure.
- **Moderate Risk**: the factor, if uncorrected, could have a significant effect (10% to 15% or 20%) on the project cash flow and performance unless mitigated by some corrective action.
- **Minor Risk**: the factor, if uncorrected, will have little or no effect (<10%) on project cash flow and performance.

  The likelihood of a risk must also be considered. Likelihood within a 7-year time frame can be considered as:

  - Likely: will probably occur
  - Possible: may occur
  - Unlikely: unlikely to occur

The degree or consequence of a risk and its likelihood are combined into an overall risk assessment as presented in Table 1.1.

Table 1.1
Overall Risk Assessment

Likelihood of Risk (within 7 years)	**Consequence of Risk**		
	Minor	**Moderate**	**Major**
Likely	Medium	High	High
Possible	Low	Medium	High
Unlikely	Low	Low	Medium

Table 1.2 presents an example of a risk assessment for a coal project and shows how the likelihood and consequences of a risk are combined into an overall rating. Note that the detailed items considered are project specific.

Table 1.2
Project Risk Assessment Table Before Mitigation

Hazard/Risk Issue	Likelihood	Consequence Rating	Risk
Geological			
Lack of Significant Resource	Unlikely	Minor	Low
Loss of Significant Reserve	Possible	Major	High
Significant Unexpected Faulting	Likely	Major	High
Significant Subsidence	Possible	Moderate	Medium
Poor Geological Roof	Likely	Moderate	Medium
Unexpected Groundwater Ingress	Possible	Moderate	Medium
Unexpected Seam Gas Outburst	Unlikely	Moderate	Low
Mining			
Significant Production Shortfalls	Possible	Major	High
Production Pumping System Adequacy	Unlikely	Major	Medium
Adverse Pre-Mining Stress	Possible	Moderate	Medium
Excessive Gas	Possible	Moderate	Medium
Spontaneous Combustion	Unlikely	Major	Medium
Significant Geological Structures	Likely	Moderate	High
Poor Development Roof/Rib Conditions	Possible	Minor	Low
Poor Development Floor Conditions	Unlikely	Moderate	Low
Poor Production Roof	Unlikely	Major	Medium
Excess Surface Subsidence	Possible	Major	High
Outbursts	Unlikely	Major	Medium
Windblasts	Unlikely	Moderate	Low
Processing/Handling			
Lower Yields	Possible	Minor	Low
Lower Plant Production Levels	Possible	Moderate	Medium
Higher Plant Production Costs	Possible	Moderate	Medium
Plant Reliability	Possible	Moderate	Medium
Handling System	Unlikely	Moderate	Low
Environmental			
Water Discharge Non-Compliance	Possible	Minor	Low
Significant Unpredicted Subsidence	Possible	Moderate	Medium
Regulatory Consent/Variation Delays	Possible	Minor	Low
Capital and Operating Costs			
Project Timing Delays	Possible	Moderate	Medium
Mine Management – Plan	Unlikely	Minor	Low
Capital Cost Increases – Start-Up	Possible	Moderate	Medium
Capital Costs – Ongoing	Unlikely	Minor	Low
Operating Costs Underestimated	Possible	Moderate	Medium
Project Implementation			
Critical Path Delays	Possible	Moderate	Medium

There are five high risk areas identified in Table 1.2. While this approach is necessarily subjective and a number of issues are related, the areas with high risk rating may be summarized as follows:

- loss of significant reserve,
- significant production shortfalls,
- significant unexpected faulting,
- significant geological structures, and
- excess surface subsidence.

The areas of high risk, ranked by their importance, should be an important part of technical and valuation reports. Although general areas such as geology, reserve estimation, production, processing, financial issues, social and environmental issues, etc. are common major topics in risk assessments, the specific risks appropriate to each property and each company will differ from property to property and company to company. For a particular property or company, the number and order of risk factors will vary from year to year. In periods of low commodity prices, a risk factor relating to commodity prices will be far more important than during periods when commodity prices are high. Availability of needed equipment (drill rigs, trucks, shovels, etc.) also varies from year to year. The issuer is responsible for ensuring that appropriate risk factor disclosures are made.

The Stock Exchange of Hong Kong Limited

Practice Note 5

to the Rules Governing the Listing of Securities on GEM
of The Stock Exchange of Hong Kong Limited
(the "GEM Listing Rules")

Issued pursuant to rule 1.07 of the GEM Listing Rules

Publication of Application Proofs, OC Announcements and Post Hearing Information Packs (PHIPs)

Definitions and Interpretation

1. For the purposes of this Practice Note:

"institutional or other professional investors"	means the actual or potential investors under the placing tranche of an offer
"HKEx-ESS"	means the Exchange's electronic submission system or by whatever name the system is called for submitting Application Proofs, OC Announcements and PHIPs for publication on the Exchange's website
"Returned Application"	means any application returned by the Listing Division under rule 12.09 where all related review procedures on the Return Decision have been completed or the time for invoking them has lapsed

Language

2. Every Application Proof and PHIP for publication must be:

   (a) in English and Chinese; and

   (b) concise, easy to understand and in plain language.

2A. OC Announcements must be in English and Chinese.

Content of Application Proofs, OC Announcements and PHIPs

3. For the purpose of publication on the Exchange's website, an Application Proof, an OC Announcement and a PHIP should be prepared on the following principles:

   (a) there must not be any information about the offering, price or means to subscribe for equity securities in a new applicant until a final listing document is published;

   (b) the OC Announcement shall include the name(s) of a new applicant's overall coordinator(s) appointed. In the case of the termination of the engagement of any overall coordinator(s), the OC Announcement shall disclose such termination and the name(s) of all remaining overall coordinator(s), if any;

(c) there must not be any other information regarding the proposed offering or other information that would constitute the Application Proof, OC Announcement or PHIP a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance as amended from time to time; and

(d) there must be appropriate disclaimer and warning statements to advise readers of the legal status of an Application Proof, an OC Announcement and a PHIP to the effect that:

(i) it is not an offer to sell or an invitation to induce/solicit an offer to acquire, purchase or subscribe for securities;

(ii) (for an Application Proof and PHIP) it is not in a final form and is subject to change;

(iii) no investment decision should be based on the information contained in the Application Proof, OC Announcement and PHIP;

(iv) there is no guarantee that there will be an offering; any offer of securities will require a final listing document which is the only document investors should rely on to make investment decisions; and

(v) there is no indication that the application to which the document relates has been approved for listing.

4. A new applicant must redact an Application Proof and a PHIP only to the extent necessary for these documents not to constitute a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance (unless consent is obtained for further redactions).

4A A new applicant must also include adequate warning and disclaimer statements on the Exchange's website and in every Application Proof, OC Announcement and PHIP published on the Exchange's website to advise viewers of the legal status of these documents.

Legal Confirmation

5. Every new applicant must ensure that the publication of any Application Proof, OC Announcement and PHIP on the Exchange's website complies with paragraphs 3, 4 and 4A above. Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance and other laws and regulations remains the primary responsibility of every new applicant.

6. To ensure compliance, a new applicant must provide the Exchange with a confirmation from its legal adviser that the new applicant has complied with the Exchange's guidance on redactions in its Application Proof and PHIP and inclusion of appropriate warning and disclaimer statements for publication of any Application Proof, OC Announcement and PHIP.

7. Where a new applicant is concerned that the publication of any Application Proof, OC Announcement and PHIP on the Exchange's website may violate securities laws in other overseas jurisdictions in which an offer of securities is intended to be marketed, it should include sufficient warning statements in the Application Proof, OC Announcement and PHIP to make clear that these documents are intended for access by Hong Kong residents only or that the readers need to confirm prior to reading these documents that there are no laws or regulations prohibiting the readers from gaining access (for viewing and downloading) to the Application Proof, OC Announcement and/or PHIP.

Prescribed Timing for Publishing Application Proofs

8. A new applicant must submit its Application Proof through HKEx-ESS for publication on the Exchange's website on the same day it files a listing application with the Exchange.

9. Where an applicant re-submits its listing application, no Application Proof is required to be submitted for publication on the Exchange's website if at the time of the submission of the application the following conditions are satisfied:

   (a) a PHIP or a final listing document has been published on the Exchange's website; and

   (b) the Sponsor provides a written confirmation to the Exchange that the PHIP or the final listing document published on the Exchange's website does not need to be updated and remains valid.

10. Where a new Application Proof is submitted for publication on the Exchange's website, no mark-up against the previous proof is required.

Prescribed Timing for Publishing PHIPs

11. A new applicant must at the earliest practicable time submit a PHIP through HKEx-ESS for publication on the Exchange's website upon the following taking place:

   (a) receipt of a post hearing letter from the Exchange together with a request to post a PHIP; and

   (b) the directors of the new applicant concluding that the material comments of the Exchange have been addressed;

   provided that where the new applicant intends to offer equity securities to the public in Hong Kong, the publication of the PHIP on the Exchange's website must not be later than the first occurrence of:

   (i) the time at which the new applicant first distributes any red herring document to institutional or other professional investors;

   (ii) the time at which the book-building process commences irrespective of whether the process involves a meeting (whether held physically or by video conference or any other media) between the new applicant and institutional or other professional investors, or whether any red herring document has been distributed; and

   (iii) if a new applicant has also scheduled a listing of its securities on an overseas exchange at or around the time as its prospective listing in Hong Kong, simultaneously with any overseas publication of similar information.

12. A new applicant does not need to publish its PHIP:

   (a) if it delays its listing plan by informing the Exchange accordingly; or

   (b) if the listing is by way of an introduction and the final listing document is to be issued immediately after the obligation to publish a PHIP arises.

13. When a new applicant resumes its listing plan after a delay under paragraph 12(a), it must publish a PHIP as set out in paragraph 11.

Publication of Subsequent PHIPs

14. If at any time after the issue of a PHIP, a new applicant circulates to institutional or other professional investors an addendum to its red herring document that will be included in its final listing document or a replacement red herring document, the new applicant must, as soon as practicable, re-submit through HKEx-ESS for publication on the Exchange's website an addendum to the PHIP or a replacement PHIP, as the case may be. The re-submitted PHIP must be marked up against the previous proof and give the same level of detail that are made available to institutional or other professional investors.

15. For any other cases, whenever a revised PHIP is submitted to replace an existing PHIP after the latter's publication on the Exchange's website, the replacement PHIP must be marked up against the previous proof to show all changes made.

16. Where a listing application lapsed after the publication of a PHIP and the new applicant re-submits a new Application Proof, any PHIP that immediately follows the re-submitted Application Proof is not required to be marked up against the previously published PHIP.

Prescribed Timing for Publishing the OC Announcements

16A. A new applicant must submit an OC Announcement through HKEx-ESS for publication on the Exchange's website on the same date as it files the listing application and publishes the Application Proof.

A new applicant must appoint all other overall coordinator(s) no later than 2 weeks following its submission (or re-filing, as the case may be) of the listing application and publish an OC Announcement informing the investing public of the name of the newly appointed overall coordinator(s) as soon as each appointment is made and in any event no later than the first business day after the date of the appointment.

Where the engagement of an overall coordinator is terminated after the submission (or re-filing, as the case may be) of the listing application, the new applicant shall publish an announcement on the termination (which shall include the name(s) of all remaining overall coordinator(s), if any) as soon as practicable.

Confidential Filings

17. For a new applicant which has been listed on a Recognised Stock Exchange, the Exchange will consider a request for confidential filing of Application Proof on the basis of the issuer's individual circumstances and the merits of the case. A new applicant allowed to make a confidential filing (i) is not subject to the publication requirements for its Application Proof unless it is requested to comply with them by the Exchange; and (ii) is not required to publish an OC Announcement at the prescribed timing set out in paragraph 16A above. Instead, such new applicant shall publish an OC Announcement on the same date as it publishes its PHIP. All other requirements under the GEM Listing Rules apply unless a waiver is granted.

18. The Exchange may waive or modify the publication requirements for an Application Proof and an OC Announcement in a spin-off from an overseas listed parent upon application by a new applicant. A new applicant is encouraged to consult the Exchange if it envisages any difficulties in complying with the publication requirements at least 2 months before the filing of its Application Proof and OC Announcement.

No pre-vetting of Application Proofs, OC Announcements or PHIPs

19. Application Proofs, OC Announcements, PHIPs and statements issued under rule 12.10(2)(c) do not require pre-vetting or clearance from the Exchange before their publication on the Exchange's website.

Status Marks and Information on the Exchange's Website

20. The Exchange will publish the following status marks and information on the Exchange's website to indicate the status of each listing application:

Status Mark	**Status of Listing Application**	**Information on the Exchange's website**
"Active"	Any valid listing application and includes an application of which the review of a decision to return or reject the application is pending	• The contents of the latest submitted Application Proof, OC Announcement and any PHIPs and statements under rule 12.10(2)(c) submitted thereafter
"Inactive" comprising: • "Lapsed" • "Withdrawn" • "Rejected"	 Any lapsed application Any withdrawn application Any rejected application	• The name of the new applicant • A record of the date; and description of the documents previously published Note: The contents of all previously published documents will no longer be accessible but there will be a record of these documents
"Listed"	Any application of which the applicant is subsequently listed on the Exchange	• The contents of the latest submitted Application Proof, OC Announcement and any PHIPs and statements under rule 12.10(2)(c) submitted thereafter Note: The contents of all previously published documents which have been categorised as "Inactive" will no longer be accessible, but there will be a record of these documents

Status Mark	Status of Listing Application	Information on the Exchange's website
"Returned"	Any Returned Application	• The name of the new applicant • The name of the Sponsor or listing agent • The date of the Return Decision Note: All other information previously categorised as "Active" will be removed

21. The status marks are subject to change from time to time as the Exchange considers appropriate.

The Stock Exchange of Hong Kong Limited

Practice Note 6

to the Rules Governing the Listing of Securities on GEM
of The Stock Exchange of Hong Kong Limited
(the "GEM Listing Rules")

Issued pursuant to rule 1.07 of the GEM Listing Rules

Initial Public Offer of Securities

Definitions

1. Terms used in this Practice Notice which are defined or interpreted in the GEM Listing Rules shall have the same meaning as the GEM Listing Rules.

Introduction

2. This practice note sets out certain procedures to be adopted in the allocation of shares in initial public offerings.

Allocation of shares

3. The total number of securities available for public subscription (taking account of any clawback feature in the case of issues which involve both placement and public subscription tranches) are to be divided equally into pools: pool A and pool B. The securities in pool A should be allocated on an equitable basis to applicants who have applied for securities in the value of HK$5 million or less. The securities in pool B should be allocated on an equitable basis to applicants who have applied for securities in the value of more than HK$5 million and up to the value of pool B. Where one of the pools is undersubscribed, the surplus securities should be transferred to satisfy demand in the other pool and be allocated accordingly. No applications should be accepted from investors applying for more than the total number of shares originally allocated to each pool. Multiple applications within either pool or between pools should be rejected.

3A. At least 40% of the total number of shares offered in the initial public offering (excluding any shares to be issued pursuant to the exercise of any offer size adjustment option and/or over-allotment option) must be allocated to investors in the placing tranche (other than Cornerstone Investors).

Offers involving a subscription tranche

4. Where an initial public offering includes both a placing and a public subscription tranche, the prescribed allocation of shares to the subscription tranche must be either:

   (a) (i) an initial allocation of 5% of the shares offered in the initial public offering;

   (ii) a clawback mechanism that increases the number of shares to 15% when the total demand for shares in the subscription tranche is 15 times but less than 50 times the initial allocation;

   (iii) a clawback mechanism that increases the number of shares to 25% when the total demand for shares in the subscription tranche is 50 times but less than 100 times the initial allocation; and

(iv) a clawback mechanism that increases the number of shares to 35% when the total demand for shares in the subscription tranche is 100 times or more of the initial allocation; or

(b) a minimum initial allocation of 10% of shares offered in the initial public offering to the public subscription tranche with no clawback mechanism.

Shares may be transferred from the subscription tranche to the placing tranche where there is insufficient demand in the subscription tranche to take up the initial allocation.

5. Where the issuer has granted the overall coordinators an over-allotment option this may be divided between the public subscription tranche and placing tranche at the discretion of the overall coordinators. Overall coordinators should restrict the extent of any over-allocation of shares to the limit provided under the over-allotment option.

6. Before trading in the shares commences, issuers should disclose the level of indications of interest for shares in the placing tranche. This may be provided in either a numerical form or by way of a qualitative description.

7. Investors are free to select whether to apply in the placing tranche or the subscription tranche. Where the placing tranche and the subscription tranche are completed simultaneously an investor may submit an application in one of the pools in the subscription tranche and indicate an interest in shares in the placing tranche. An investor may only receive shares in the placing tranche or the subscription tranche. Investors which have not received shares in the subscription tranche may receive shares in the placing tranche.

8. Issuers should reject multiple applications within either pool or between pools. Issuers, their directors, sponsors and underwriters are required to take reasonable steps to identify and reject indications of interest in the placing tranche from investors that received shares in the subscription tranche.

Disclosure

9. Sponsors should ensure that details of these procedures are included in prospectuses.

The Stock Exchange of Hong Kong Limited

Practice Note 7

to the Rules Governing the Listing of Securities on GEM
of The Stock Exchange of Hong Kong Limited
(the "GEM Listing Rules")

Issued pursuant to rule 1.07 of the GEM Listing Rules

ARRANGEMENTS FOR NEW APPLICANTS DURING BAD WEATHER SIGNALS

1. This Practice Note sets out the arrangements in relation to dealings with the Exchange regarding a listing document issued in the case of a New Listing that constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and related announcements when a Bad Weather Signal is in force during the period from the registration of a prospectus to the commencement of dealing of shares.

   Note:

   (1) The arrangements set out in this Practice Note shall also apply to dealings with the Exchange regarding prospectuses issued in connection with offers for subscription (as defined in rule 10.03) conducted by listed issuers.

   (2) [Repealed 23 September 2024]

2. New applicants should ensure their prospectuses set out the arrangements in the event of bad weather which may disrupt their listing timetable in order to have greater clarity on the arrangements and to avoid market confusion.

Issue of certificate for registration of prospectus

3. On the day of the publication of a prospectus ("P Day"), an electronic copy of the prospectus and application forms will be published on the Exchange's website in accordance with Chapter 16.

4. [Repealed 23 September 2024]

5. If a Bad Weather Signal is issued before 9:00 a.m. and remains in force at 12:00 noon on the intended date of registration of the prospectus (which is the business day before the P Day) ("P-1 Day"), a new applicant may, at its discretion:

   (a) postpone its P-1 Day to the next business day after the Bad Weather Signal is lowered or cancelled. The new applicant should promptly notify the Exchange if it decides to postpone its P-1 Day under such circumstances. The Exchange will review the relevant documents and issue the registration certificate on that postponed P-1 Day; or

   (b) proceed with the registration of the prospectus on the P-1 Day and submit the relevant documents required under rule 12.25 to the Exchange by 11 a.m..

5A. If a Bad Weather Signal is issued before 9 a.m. but is cancelled at or prior to 12:00 noon on the intended P-1 Day, a new applicant should proceed with the registration of the prospectus as soon as practicable after the Bad Weather Signal is cancelled and the Exchange will review the relevant documents on P-1 Day.

6. If the new applicant postpones the registration of a prospectus with the Companies Registry and the actual issue and publication of the prospectus whereby:—

   (a) the time between the actual issue and publication of the prospectus and the opening of the subscription lists becomes less than the minimum period as required under section 44A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**Minimum Period**"), the new applicant must revise its listing timetable to ensure compliance with the Minimum Period requirement. The applicant must include such revised timetable in the prospectus; and/or

   (b) the prospectus would be published later than the date of the prospectus, the new applicant should prepare a letter to the Companies Registry stating the reason for the delay in publishing, circulating or distributing the prospectus for the purpose of registration with the Companies Registry. The new applicant is not required to amend the date of the prospectus.

Publication of a prospectus

7. [Repealed 27 June 2025]

Opening or closing of the application lists in a public offer

8. If a Bad Weather Signal is in force at any time between 9:00 a.m. and 12:00 noon on the scheduled date of the opening of the application lists ("A Day"), the application lists will not be opened on A Day but instead be opened between 11:45 a.m. and 12:00 noon on the next business day when no Bad Weather Signal is in force between 9:00 a.m. and 12:00 noon.

9. The new applicant is required to make an announcement on the change of the opening of the application lists as a result of the Bad Weather Signal on A Day, and such announcement is not required to be reviewed by the Exchange.

Issue of the listing approval letter and publication of the allocation announcement under rule 16.13

10. The Exchange normally issues the listing approval letter on the business day before listing ("L-1 Day"). The allocation announcement must be published on the Exchange's website after the listing approval letter is issued and no later than 11:00 p.m. on L-1 Day.

11. Repealed 22 November 2023

12. Repealed 22 November 2023

13. Repealed 22 November 2023

14. [Repealed 23 September 2024]

15. [Repealed 23 September 2024]

16. This Practice Note takes effect from 1 October 2020.

Hong Kong, 1 October 2020

Revised on 23 September 2024

A. Shareholder Protection and Constitutional Documents

Appendix A1

CORE SHAREHOLDER PROTECTION STANDARDS

An issuer must demonstrate how the domestic laws, rules and regulations to which it is subject and its constitutional documents, in combination, provide the shareholder protection standards set out in this appendix. For this purpose, the Exchange may require the issuer to amend its constitutional documents to provide them. An issuer must further monitor its on-going compliance with these standards and notify the Exchange if it becomes unable to comply with any of these after listing.

1. [Repealed 1 January 2022]

2. [Repealed 1 January 2022]

3. [Repealed 1 January 2022]

As regards Directors

4. (1) [Repealed 1 January 2022]

   (2) That any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment, and shall then be eligible for re-election.

   (3) That, where not otherwise provided by law, members in general meeting shall have the power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his term of office.

   (4) [Repealed 1 January 2022]

   (5) [Repealed 1 January 2022]

5. [Repealed 1 January 2022]

6. [Repealed 1 January 2022]

7. [Repealed 1 January 2022]

8. [Repealed 1 January 2022]

9. [Repealed 1 January 2022]

10. [Repealed 1 January 2022]

11. [Repealed 1 January 2022]

12. [Repealed 1 January 2022]

13. [Repealed 1 January 2022]

As regards Proceedings at General Meetings

14. (1) That an issuer must hold a general meeting for each financial year as its annual general meeting.

Note: Generally, an issuer must hold its annual general meeting within six months after the end of its financial year.

(2) That an issuer must give its members reasonable written notice of its general meetings.

Note: "Reasonable written notice" normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings. This is unless it can be demonstrated that reasonable written notice can be given in less time.

(3) That members must have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a member is required, by these GEM Listing Rules, to abstain from voting to approve the matter under consideration.

Notes:

1. An example of such a circumstance is where a member has a material interest in the transaction or arrangement being voted upon.

2. If an issuer is subject to a foreign law or regulation that prevents the restriction of a member's right to speak and/or vote at general meetings, the issuer can enter into an undertaking with the Exchange to put in place measures that achieve the same outcome as the restriction under this paragraph (e.g. any votes cast by or on behalf of a member in contravention of the rule restriction must not be counted towards the resolution).

(4) That, where any shareholder is, under these GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(5) That members holding a minority stake in the total number of issued shares (excluding treasury shares) must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights *(Note)*, on a one vote per share basis, in the share capital (excluding treasury shares) of the issuer.

Note: Voting rights attaching to treasury shares are excluded.

(6) That an issuer must ensure that its constitutional documents enable the holding of general meetings:

(a) which members can attend virtually with the use of technology; and

(b) where members can cast votes by electronic means.

Notes:

1. An issuer must ensure that all members' rights to speak and vote will be maintained in general meetings attended virtually (as referred to in this paragraph 14(6)(a)) as required under paragraph 14(3) above.

2. As a transitional arrangement, issuers will have until their next annual general meeting following 1 July 2025 to make necessary changes to their constitutional documents to conform with this core shareholder protection standard.

As regards Variation of Rights

15. That a super-majority vote of the issuer's members of the class to which the rights are attached shall be required to approve a change to those rights.

Notes:

1. A "super-majority vote" means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued shares (excluding treasury shares) of the class. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.

2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the voting rights of the members who are present at the classified members' meeting and have voting rights to amend class rights as satisfying the threshold of a "super-majority".

3. Voting rights attaching to treasury shares are excluded.

As regards Amendment of Constitutional Documents

16. That a super-majority vote of the issuer's members in a general meeting shall be required to approve changes to an issuer's constitutional documents, however framed.

Notes:

1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.

2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a "super-majority".

3. Voting rights attaching to treasury shares are excluded.

As regards Appointment, Removal and Remuneration of Auditors

17. That the appointment, removal and remuneration of auditors must be approved by a majority of the issuer's members or other body that is independent of the board of directors.

Note: An example of such an independent body is the supervisory board in systems that have a two tier board structure.

As regards Proxies and Corporate Representatives

18. That every member shall be entitled to appoint a proxy who needs not necessarily be a member of the issuer and that every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer.

As regards HKSCC's Right to Appoint Proxies or Corporate Representatives

19. That HKSCC must be entitled to appoint proxies or corporate representatives to attend the issuer's general meetings and creditors meetings and those proxies or corporate representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote.

Note: Where the laws of an overseas jurisdiction prohibit HKSCC from appointing proxies or corporate representatives enjoying the rights described by this paragraph, the issuer must make the necessary arrangements with HKSCC to ensure that Hong Kong investors holding shares through HKSCC enjoy the right to vote, attend (personally or by proxy) and speak at general meetings.

As regards Inspection of Branch Register

20. That the branch register of members in Hong Kong shall be open for inspection by members but the issuer may be permitted to close the register on terms equivalent to section 632 of the Companies Ordinance.

As regards Voluntary Winding Up

21. A super-majority vote of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer.

Notes:

1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.

2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a "super-majority".

3. Voting rights attaching to treasury shares are excluded.

Appendix A2

TRUST DEEDS OR OTHER DOCUMENTS SECURING OR CONSTITUTING DEBT SECURITIES

The provisions of this appendix do not apply to debt issues to professional investors only. If there is a trustee:—

(i) one of the trustees or the sole trustee must be a trust corporation which must have no interest in or relationship to the issuer which might conflict with the position of trustee; and

(ii) in the event of the office of trustee becoming vacant, a new trustee must be approved by an extraordinary resolution of the holders of the relevant class of debt securities unless such holders have a general power to remove any trustee and appoint another trustee in his place.

Trust deeds or other corresponding documents must contain provisions to the following effect:—

As regards Redemption

1. (1) That where power is reserved to purchase a debt security:—

(a) purchases not made through the market or by tender shall be limited to a maximum price; and

(b) if purchases are by tender, tenders shall be available to all holders of the debt securities alike.

(2) That where the outstanding amount of a debt security subject to redemption by drawings is not less than HK$2,000,000 the lots into which the issue is to be divided for the purpose of a drawing may, if required, be of not more than HK$1,000 but otherwise must be of not more than HK$100.

(3) That where a debt security is repayable on a particular date the year of redemption must be indicated by inclusion in the title of the debt security; that where a debt security may be repaid within a fixed period that period must be indicated in the title by the inclusion of the first and last years of the period; and that where a debt security will be irredeemable that debt security must be described as such.

As regards Conversion Rights

2. (1) That during the existence of conversion rights:—

(a) unless provision is made for appropriate adjustment of the conversion rights, the issuer must be precluded from effecting any reduction of capital involving repayment of capital or reduction of uncalled liability;

(b) the creation of a new class of equity share capital shall be prohibited or restricted within specified limits referred to in the terms of issue;

(c) unless provision is made for appropriate adjustment of the conversion, the issuer must be precluded from effecting any capitalisation of profits or reserves save in respect of shares issued in lieu of dividends;

(d) the granting of conversion rights into or of options to subscribe for equity capital shall be prohibited or restricted within specified limits;

(e) if the issuer makes or gives to its shareholders any offer or right in relation to securities of the issuer or any other issuer (other than in relation to shares, issued in lieu of dividend) then the issuer must at the same time make or give to the holders of the convertible debt securities the like offer or right on the appropriate basis having regard to their conversion rights;

(f) in the event of voluntary liquidation (except for the purpose of reconstruction or amalgamation on terms previously approved by the trustees or by an extraordinary resolution of the holders) the holders of the convertible debt securities must, for a limited period, have rights equivalent to conversion;

(g) the issuer shall maintain at all time sufficient unissued capital to cover all outstanding conversion rights;

(h) where provision is made enabling the issuer at its option to repay or convert the debt security if a specified proportion of the debt security has been converted, such right shall apply to the whole of the debt security outstanding and shall only be exercisable if notice of intention of such exercise is given within 1 month after the expiry of those conversion rights which were at the holders' option;

(i) all necessary allotments of shares consequent upon a conversion must be effected not later than 14 days after the last date for lodging notices of conversion; and

(j) the following must be prohibited or restricted in the terms of issue (unless sanctioned by an extraordinary resolution passed at a separate class meeting of the holders of the securities):

(i) any purchase by the company of its own shares; and

(ii) the creation or issue of any new class of equity share capital;

(2) That holders of the debt security must be given not less than 4 nor more than 6 weeks' notice in writing prior to the end of each conversion period reminding them of the conversion right then arising or current and stating the relative basis of conversion (after taking into account any required adjustments).

(3) That the designation of any convertible debt security must include the word "convertible" until the expiration of conversion rights, whereupon that word must cease to form part of the designation.

As regards Meetings and Voting Rights

3. (1) That not less than 21 days' notice must be given of a meeting for the purpose of passing an extraordinary resolution.

(2) That a meeting of holders of the debt securities must be called on a requisition in writing signed by holders of at least one-tenth of the nominal amount of the debt securities for the time being outstanding.

(3) That the quorum for a meeting (other than an adjourned meeting) for the purpose of passing an extraordinary resolution shall be the holders of a clear majority of the outstanding principal amount of the debt securities.

(4) That the necessary majority for passing an extraordinary resolution shall be not less than three-fourths of the persons voting thereat on a show of hands and if a poll is demanded then not less than three quarters of the votes given on such a poll.

(5) That on a poll, each holder of debt securities must be entitled to at least one vote in respect of each of those amounts held by him which represents the lowest denomination in which such debt securities can be transferred.

(6) That a proxy need not be a holder of the debt securities.

As regards Transfer

4. That transfers and other documents relating to or affecting the title to any debt securities shall be registered and where any fee or fees is/are charged, such fee or fees shall not exceed the maximum fees prescribed by the Exchange from time to time in the GEM Listing Rules.

As regards Definitive Certificates

5. (1) That the fee for a new certificate issued to replace one that has been worn out, lost or destroyed shall not exceed the maximum fee prescribed by the Exchange from time to time in the GEM Listing Rules and that where a holder of securities other than bearer securities has sold part of his holding, he must be entitled to a certificate for the balance without charge.

(2) That on any partial repayment of the amount due on the debt security, unless a new document is issued, a note of such payment shall be enfaced (not endorsed) on the document.

As regards Security

6. (1) Debt securities which constitute an unsecured liability must be designated as "Unsecured".

(2) That the designation in a trust deed of debt securities must not include the word "Mortgage" unless they are fully secured by a specific mortgage or charge.

As regards Unclaimed Interest

7. Where power is taken in the trust deed to forfeit unclaimed interest, that power must not be exercisable until 6 years or more after the due date of payment of the interest to be forfeited.

Register

8. The closing of the register must be discretionary.

Amendments

9. A circular to holders of debt securities in connection with proposed amendments to a trust deed must:

(a) include an explanation of the effect of the proposed amendments;

(b) include either the full terms of the proposed amendments, or a statement that they will be:

(i) published on the Exchange's website and the issuer's own website from the date of the despatch of the circular until the close of the relevant meeting of holders of the debt securities; and

(ii) made available for inspection at the place of the meeting of holders of the debt securities for at least 15 minutes prior to and during the meeting; and

(c) comply with other applicable requirements.

B. Documents of Title

Appendix B1

DOCUMENTS OF TITLE

Temporary Documents of Title

Equity securities

1. (1) The document of title, if renounceable, must show as a heading, the date the offer expires, that the document is of value and negotiable and that in all cases of doubt, or if prior to receipt the addressee has sold (other than ex rights or ex capitalisation) all or part of his registered holding of the existing securities, a stockbroker, bank manager, solicitor or other professional adviser should be consulted immediately.

   (2) In the case of a rights issue which is underwritten and the underwriter is entitled to terminate that underwriting upon the occurrence of any event after dealings in the rights in nil-paid form have commenced, then the temporary documents of title must contain full disclosure of that fact. Such disclosure must:-

      (a) appear on the front of the temporary documents of title and in a prominent position in the body of the documents;

      (b) include a summary of the termination provisions and explain when they will cease to be exerciseable;

      (c) state that there are consequential risks in dealing in such rights; and

      (d) be in a form approved by the Exchange.

2. Temporary documents of title must be serially numbered and printed on good quality paper. The name and address of the first holder and names of joint holders (if any) must be stated and, in the case of fixed income securities, a statement as to the amount of the next payment of dividend must be included.

3. The documents of title must state the pro rata entitlement, the last date on which transfers were or will be accepted for registration for participation in the issue, how the securities rank for dividend or interest, whether the securities rank pari passu with any listed securities, the nature of the document of title and its proposed date of issue and how fractions (if any) are to be treated. In the case of a rights issue, the documents of title must state how securities not taken up will be dealt with and the time, being not less than 10 business days, in which the offer may be accepted. In cases where the issuer has a large number of overseas members a longer offer period may be desirable, provided that the Exchange must be consulted if the issuer proposes an offer period of over 15 business days.

4. Where the right of renunciation is given on temporary documents of title:-

   (1) the instructions for registration, renunciation and splitting and the form of renunciation must be printed in the body of, or attached to, the document;

   (2) there must be provision for splitting (without fee) and split documents must be certified by an official of the issuer or authorised agent. There must not be more than 5 clear business days between the last day for splitting and the last day for renunciation; and

(3) when, at the same time as an allotment is made of securities issued for cash, securities of the same class are also allotted, credited as fully-paid, to vendors or others, the period for renunciation may be the same as, but not longer than, that provided for in the case of securities issued for cash.

5. Letters of regret should preferably be issued simultaneously with, but in any event not later than three business days after, the issue of letters of allotment or letters of rights. Where it is impossible to issue letters of regret at the same time as the allotment letters or letters of rights, a notice to that effect must be published in accordance with Chapter 16 as soon as possible, but in any event not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or letters of rights are posted.

6. In the absence of contrary instructions from the holders concerned, all letters of allotment and letters of rights to holders of securities with addresses outside Hong Kong must, if they are sent in hard copy under the Rules, be despatched by airmail.

Debt securities

7. The Exchange does not require temporary documents of title to conform to any particular standard. If, however, such a document is to be used, matters such as the exchange for definitive documents of title must be adequately dealt with as well as the payment of any interest pending its exchange for a definitive document of title.

Appendix B2

DOCUMENTS OF TITLE

Definitive Documents of Title

Equity securities (must be in registered form)

1. The overall size of the certificate should if possible be no larger than 25 centimetres by 22 centimetres (9 3/4 inches by 8 1/2 inches approximately).

2. The paper for securities must be security paper containing a watermark in a form approved by the Federation of Share Registrars. The watermark should be repeated at staggered intervals of not more than 20 centimetres (8 inches approximately).

3. The following matters must appear on the face of the certificate:—

   (1) the authority under which the issuer is constituted;

   (2) preferably at the top right-hand corner, the number of securities or amount of stock the certificate represents and if applicable the number and denomination of units;

   (3) a footnote stating that no transfer of the securities represented by the certificate can be registered without production of the certificate; and

   (4) if applicable, the minimum amount and multiples thereof in which the security is transferable.

4. Certificates must be dated and (in the absence of statutory authority for issue under signature of appropriate officials) be issued under seal.

5. If the certificate relates to shares and there is more than one class in issue:—

   (1) the certificates of the preferential classes must also bear (preferably on the face) a statement of the conditions conferred thereon as to capital and dividends;

   (2) if any such class (other than preference or preferred shares so described) is a class the holders of which are not entitled to vote at general meetings of the issuer, the words "non voting" must appear legibly on every certificate therefor issued by the issuer; and

   (3) every share certificate issued by the issuer shall contain in a prominent position a statement that its share capital is divided into different classes of shares which shall specify in respect of the shares of each class the nominal value (if any) thereof and the voting rights attached thereto.

6. Certificates relating to shares may contain on the back a form of instrument of transfer relating to all (but not some only) of the shares comprised in the certificate in a form approved by the Exchange.

7. If the securities to which the certificates relate are not identical in all respects, but will become so in the future, such certificates issued before the date when they will become so must be enfaced with a note of such date.

Debt securities in registered form

8. The overall size of the certificate should if possible be no larger than 25 centimetres by 22 centimetres (9 3/4 inches by 8 1/2 inches approximately).

9. The paper for securities must contain a watermark in a form approved by the Federation of Share Registrars. The watermark should be repeated at staggered intervals of not more than 20 centimetres (8 inches approximately).

10. The following matters must appear on the face of the certificate:—

    (1) the authority under which the issuer is constituted;

    (2) preferably at the top right-hand corner, the number of securities or amount of stock the certificate represents and, if applicable, the number and denomination of units;

    (3) a footnote stating that no transfer of the security or any portion thereof represented by the certificate can be registered without production of the certificate;

    (4) if applicable, the minimum amount and multiples thereof in which the security is transferable; and

    (5) the interest payable and the dates when it is payable.

11. Certificates must be dated and (in the absence of statutory or other authority for issue under signature of appropriate officials) be issued under seal.

12. The certificates must also state:—

    (1) the country of incorporation (where appropriate) and registered number (if any) of the issuer;

    (2) the authority under which the security is issued; and

    (3) on the back (preferably with reference shown on the face) all the conditions of issue as to redemption or repayment and, if applicable, conversion but need state only such of the conditions as to transfer as differ in any material respect from those normally attached to such a debt security.

Bearer Securities

13. Except for debt issues to professional investors only, proofs of securities and any coupons must be submitted to the Exchange for approval as early as possible, preferably in "sketch" form. Proofs must be submitted to the Exchange at least 10 business days prior to the date on which the relevant listing document is to be finalised for publication.

14. The printing of bearer securities must be entrusted to recognised security printers who must be approved in advance by the Exchange; it is preferable that the same printer should be employed on behalf of a particular issuer or borrowing organisation for all its bearer securities.

15. The paper for securities and any coupons must be first class bond or banknote paper. It must be a fourdrinier made paper of 100g/m2 in weight, containing a minimum rag content of 50 per cent and have a multitone watermark of the printer, borrower or issuer. Accurate records must be kept regarding manufacture and consumption of security paper. The watermark should be repeated at staggered intervals such that it appears, at least in part, on each coupon.

16. The overall size of the security (excluding any sheets of coupons) should be 29.7 centimetres by 21 centimetres (11-3/4 inches by 8-1/4 inches approximately).

17. The serial number of the security must appear in the top right-hand corner of each security, on any talon and on each coupon (if any). Such number must be printed in indestructible black ink which fluoresces when exposed to ultra violet light and be produced in OCR-B1 (optical character recognition-type B1) typeface.

18. Any coupon sheets must be attached to the right-hand side of the security and each coupon must bear the serial number of the security and be numbered consecutively. Coupon sheets may be attached to the foot of the security in the event that the right-hand side of the security is not available. If a talon or renewal coupon is used it must be so placed as to be the last coupon to be removed. The margin between the coupons must be sufficiently wide to ensure that the text of any coupon is not damaged when coupons are detached.

19. Securities must have at least one printing by direct engraved steel plate which must include the border. The plates must be produced by the high security printer by mechanical or electrolytic means from original steel engravings and must remain in the responsible custody of the high security printer. The impression must be perfect, giving uniform sharpness, no interruptions or broken lines and no choking or widening at points or intersections. The background must contain guilloches which, if produced by indirect letterpress, must be in more than one colour.

20. The design of the intaglio border of the securities and coupons must either be unique to the issuer or must, as an alternative, incorporate the following additional security features:—

    (a) lines composed of extra small print which appear as continuous lines when photocopied; and

    (b) a latent image (not required on the coupons).

21. The name of the security printer must appear on the face of the bearer security and the coupons as part of the intaglio border.

22. The following matters must appear on the face of the security:—

    (1) the authority under which the issuer is constituted and the country of incorporation (where applicable) and registered number (if any);

    (2) the date of issue of the security;

    (3) the authority under which the security is issued;

    (4) the dates when fixed interest or other payment are due; and

    (5) an authorising signature or signatures of the issuer, which may be in facsimile (and may also bear an authenticating signature which, if present, must be an original).

23. A summary of the principal terms and conditions of issue as to redemption, conversion, meetings and voting rights must appear on the reverse of the security.

24. The issuer shall make appropriate arrangements with the high security printer to ensure compliance with the following that:—

    (1) the security is being produced in accordance with the requirements of the Exchange;

    (2) records will be kept of the production and consumption of the security paper;

(3) the steel engraved plates have been produced by the security printers on their premises and since production they have remained and will remain under their control and if the design of the intaglio border is unique to the issuer, it will not be used on the securities of any other issuer; and

(4) where the design of the intaglio border is unique to the issuer at the request of the issuer all plates used in the preparation of the securities will be destroyed and satisfactory proof of destruction will be produced to the issuer.

25. Notwithstanding the provisions of paragraph 19 of this Appendix, the Exchange may agree to waive the requirement to use engraved steel plates for the printing of securities where:—

(1) the securities are not to be marketed to the public; and

(2) an alternative form of process, acceptable to the Exchange, is used for the printing of the securities.

Such agreement should be obtained from the Exchange in advance.

C. Corporate Governance/ Environmental, Social and Governance

Appendix C1

CORPORATE GOVERNANCE CODE

INTRODUCTION

This Corporate Governance Code sets out: (a) the mandatory requirements for disclosure in an issuer's Corporate Governance Report; and (b) the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices. Issuers are encouraged to adopt the recommended best practices on a voluntary basis.

Part 1 – Mandatory disclosure requirements

Issuers must include a corporate governance report prepared by the board of directors in their annual reports and summary financial reports (if any) under rules 18.44 and 18.81 ("Corporate Governance Report"). The Corporate Governance Report must contain all the information set out in the section headed "Part 1 – Mandatory disclosure requirements" below. Any failure to do so will be regarded as a breach of the GEM Listing Rules.

To the extent reasonable and appropriate, the Corporate Governance Report included in an issuer's summary financial report may be a summary of the Corporate Governance Report contained in the annual report, and may also incorporate information by reference to its annual report. The references must be clear and unambiguous, and the summary must not contain only a cross-reference without any discussion of the matter. The summary must contain, as a minimum, a narrative statement indicating overall compliance with and highlighting any deviation from the code provisions set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" below.

Part 2 – Principles of good corporate governance ("Principles"), code provisions and recommended best practices

The Principles set the overarching direction to achieving good corporate governance. The code provisions are aimed to help issuers apply the Principles.

The Exchange does not envisage a "one size fits all" approach, and appreciates that effective application of the Principles may be achieved by means other than strict compliance with the code provisions depending on a range of factors, including the issuer's own individual circumstances, the size and complexity of its operations and the nature of the risks and challenges it faces. Issuers are expected to comply with, but may choose to deviate from, the code provisions in order to achieve the spirit of the Principles.

The recommended best practices are for guidance only. The voluntary nature of the recommended best practices does not mean that they are not important, but rather, they are practices which should be adhered to support issuer's application of the Principles. Issuers are encouraged to state whether they have complied with the recommended best practices and give considered reasons for any deviation.

What is "comply or explain"?

1. Issuers must state whether they have complied with the code provisions for the relevant accounting period in their annual reports (and summary financial reports, if any) and interim reports (and summary interim reports, if any).

2. If an issuer considers that it can adopt the Principles without applying the code provisions, it may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:

   (a) in the Corporate Governance Report in the annual reports (and summary financial reports, if any) the considered reasons for the deviation and explain how good corporate governance was achieved by means other than strict compliance with the code provision (the "Considered Reasons and Explanation"). The explanation should provide a clear rationale for the alternative actions and steps taken by the issuer and their impacts and outcome; and

   (b) in the interim reports (and summary interim reports, if any) either:

      (i) the Considered Reasons and Explanation in respect of the deviation, or

      (ii) to the extent reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes for any deviation not reported in that annual report with Considered Reasons and Explanation. The references must be clear and unambiguous, and the interim report (or summary interim report) must not contain only a cross-reference without any discussion of the matter.

   The Considered Reasons and Explanation are helpful in fostering an informed, constructive dialogue between issuers and shareholders with a view to improving corporate governance continuously. Shareholders are encouraged to engage constructively and discuss with the issuer any deviation from the code provisions. In evaluating the Considered Reasons and Explanation given by the issuer, shareholders should pay due regard to the issuer's individual circumstances.

3. An issuer would be in breach of the GEM Listing Rules if it deviates from a code provision but does not provide Considered Reasons and Explanation in the manner as set out above.

Linkage between Corporate Governance and Environmental, Social and Governance ("ESG")

Corporate governance provides the framework within which the board forms their decisions and build their businesses. The entire board should be focusing on creating long-term sustainable growth for shareholders and delivering long-term values to all stakeholders. An effective corporate governance structure allows issuers to have a better understanding of, evaluate and manage, risks and opportunities (including environmental and social risks and opportunities). The ESG Reporting Code set out in Appendix C2 to the GEM Listing Rules provides a framework for issuers to, among other things, identify and consider what environmental risks and social risks may be material to them. The board should be responsible for effective governance and oversight of it, as well as assessment and management of material environmental and social risks. Issuers are required to disclose environmental and social matters in ESG reports in accordance with the ESG Reporting Code.

PART 1 – MANDATORY DISCLOSURE REQUIREMENTS

To provide transparency, issuers must include the following information for the accounting period covered by the annual report and significant subsequent events for the period up to the date of publication of the annual report, to the extent possible. Failure to do so will be regarded as a breach of the GEM Listing Rules.

A. CORPORATE GOVERNANCE PRACTICES

(a) A narrative statement explaining how the issuer has applied the Principles to enable shareholders' evaluation of such application;

(b) a statement as to whether the issuer has complied with the code provisions; and

(c) for any deviation from the code provisions (including adoption of any alternatives other than the code provisions), details of the deviation during the financial year (including the Considered Reasons and Explanation).

B. BOARD OF DIRECTORS

(a) Composition of the board, by category of directors, including name of chairman, executive directors, non-executive directors, independent non-executive directors and lead independent non-executive director (if any); and for each named director, their length of tenure and current period of appointment;

(b) number of board meetings held during the financial year;

(c) attendance of each director, by name, at the board and general meetings;

Notes: 1 *Subject to the issuer's constitutional documents, and the laws and regulations of its place of incorporation, attendance by a director at a meeting by electronic means such as telephonic or video-conferencing may be counted as physical attendance.*

2 *If a director is appointed part way during a financial year, the attendance of such director should be stated by reference to the number of board meetings held during the director's tenure.*

(d) for each named director, the number of board or committee meetings attended by the director, and, separately the number of board or committee meetings attended by the alternate of the director. Attendance at board or committee meetings by an alternate director should not be counted as attendance by the director;

(e) a statement of the respective responsibilities, accountabilities and contributions of the board and management. In particular, a statement of how the board operates, including a high level statement on the types of decisions taken by the board and those delegated to management;

(f) details of non-compliance (if any) with rules 5.05(1) and (2), and 5.05A and an explanation of the remedial steps taken to address non-compliance. This should cover non-compliance with appointment of a sufficient number of independent non-executive directors and appointment of an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise;

(g) reasons why the issuer considers an independent non-executive director to be independent where such director fails to meet one or more of the guidelines for assessing independence set out in rule 5.09;

(h) relationship (including financial, business, family or other material/relevant relationship(s)), if any, between board members and in particular, between the chairman and the chief executive;

(i) if any director is appointed during the accounting period covered by the annual report, the date on which each such director had obtained the legal advice referred to in Rule 5.02D, and such director has confirmed he understood his obligations as a director of a listed issuer; and

(j) a confirmation that all directors, by name, have participated in continuous professional development as required by rules 5.02F, 5.02G and 5.02H during the reporting period. The confirmation should set out sufficient details for each director, including:

(i) the total number of hours of continuous professional development completed during the reporting period;

(ii) the format or mode of continuous professional development taken, including whether an external or internal provider was used or whether the professional development was the result of self-study. In respect of each mode of continuous professional development taken by each director, disclosure of the number of hours completed, the training topics covered and a description of the relevant training provider(s), where applicable (e.g. name(s) and/or type(s)); and

(iii) in addition, for any director subject to rule 5.02H, where applicable, a statement confirming that such director has completed the required continuous professional development under rule 5.02H.

C. CHAIRMAN AND CHIEF EXECUTIVE

The identity of the chairman and chief executive.

D. NON-EXECUTIVE DIRECTORS

The term of appointment of non-executive directors.

E. BOARD COMMITTEES

The following information for each of the audit committee, remuneration committee, nomination committee, risk committee (if any), and corporate governance functions:

(a) the role and function of the committee;

(b) the composition of the committee and whether it comprises independent non-executive directors, non-executive directors and executive directors (including their names and identifying the chairman of the committee);

(c) the number of meetings held by the committee during the year to discuss matters and the record of attendance of members, by name, at meetings held during the year; and

(d) a summary of the work during the year, including:

(i) for the audit committee, a report on how it met its responsibilities in its review of the quarterly (if relevant), half-yearly and annual results, and unless expressly addressed by a separate risk committee, or the board itself, its review of the risk management and internal control systems, the effectiveness of the issuer's internal audit function, and its other duties under the Corporate Governance Code. Details of non-compliance with rule 5.28 (if any) and an explanation of the remedial steps taken by the issuer to address non-compliance with establishment of an audit committee;

(ii) for the remuneration committee, determining the policy for the remuneration of executive directors, assessing performance of executive directors, approving the terms of executive directors' service contracts, and reviewing and/or approving matters relating to share schemes under Chapter 23 (see rule 23.07A), performed by the remuneration committee. Disclose which of the two models of remuneration committee described in code provision E.1.2(c) was adopted;

(iii) for the nomination committee, disclosing (1) the policy for the nomination of directors during the year, which includes the nomination procedures, the process and criteria adopted by the nomination committee to select and recommend candidates for directorship during the year, and (2) its assessment of each director's time commitment and contribution to the board, as well as the director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experience, existing directorships of issuers listed on GEM or the Main Board and other significant external time commitments of such director and other factors or circumstances relevant to the director's character, integrity, independence and experience;

Note: For the purpose of this requirement:

1 "significant external time commitments" includes all external commitments beyond directorship roles on issuers listed on GEM or the Main Board that involve significant time commitment. This includes, for example, directorships of issuers listed on an exchange other than GEM or the Main Board, full-time occupations, major consultancy work, major public service commitments, directorships of and involvement in statutory bodies or non-profit organizations; and

2 "other factors or circumstances relevant to the director's character, integrity, independence and experience" includes any change or development in the director's individual situation or circumstance that should reasonably be taken into account in assessing whether he or she is able to effectively discharge his or her duties.

(iv) for the risk committee (if any), a report on how it met its responsibilities in its review of the risk management and internal control systems and the effectiveness of the issuer's internal audit function; and

(v) for corporate governance, determining the policy for the corporate governance of the issuer, and duties performed by the board or the committee(s) under code provision A.2.1.

F. COMPANY SECRETARY

(a) Where an issuer engages an external service provider as its company secretary, its primary corporate contact person at the issuer (including such person's name and position); and

(b) details of non-compliance with rule 5.15.

G. DIRECTORS' SECURITIES TRANSACTIONS

For the required standard of dealings set out in rules 5.48 to 5.67:

(a) whether the issuer has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings;

(b) having made specific enquiry of all directors, whether the directors of the issuer have complied with, or whether there has been any non-compliance with, the required standard of dealings and its code of conduct regarding directors' securities transactions; and

(c) for any non-compliance with the required standard of dealings, if any, details of these and an explanation of the remedial steps taken by the issuer to address them.

H. RISK MANAGEMENT AND INTERNAL CONTROL

Details of the review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems under code provision D.2.1, which shall be conducted at least annually, including:

(a) a statement from the board: (i) acknowledging its responsibility for the issuer's risk management and internal control systems; and (ii) confirming that the issuer's risk management and internal control systems are appropriate and effective for the purposes set out in Principle D2 of the Corporate Governance Code;

(b) the main features of the risk management and internal control systems, including the process used to identify, evaluate and manage significant risks, and the procedures for the timely, accurate and complete disclosure of disclosable information, including inside information and any other information required to prevent a false market in the issuer's securities;

(c) any significant changes during the reporting period in (i) the issuer's assessment of risks (including ESG risks) and (ii) the risk management and internal control systems;

(d) whether the issuer has an internal audit function;

(e) the responsibilities of internal departments (such as the internal audit function, if it exists) and external providers for reviewing the effectiveness of the issuer's risk management and internal control systems, the process used to conduct those reviews and their frequency;

(f) information supporting the board's conclusion that the risk management and internal control systems are appropriate and effective, including any confirmations received (as applicable) from: management, the relevant board committee(s) with responsibility for the issuer's risk management and internal controls and any other internal departments (such as the internal audit function, if it exists), the issuer's independent auditors, and/or other external providers; and

(g) scope of the review and details of review findings, including any significant control failings or weaknesses that were identified in the current reporting period, or that were previously reported but remain unresolved, and any remedial steps taken or proposed to address such control failings or weaknesses.

I. AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

An analysis of remuneration in respect of audit and non-audit services provided by the auditors (including any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally) to the issuer. The analysis must include, in respect of each significant non-audit service assignment, details of the nature of the services and the fees paid.

J. DIVERSITY

(a) (i) The issuer's policy on board diversity or a summary of the policy, which should include information on measurable objectives (e.g. numerical targets and timelines) that it has set for the promotion of gender diversity on its board and the measures the issuer has adopted to develop a pipeline of potential successors to the board to achieve gender diversity; and (ii) the results of the issuer's review of the implementation of its board diversity policy conducted during the year (including progress towards the issuer's objectives and how the issuer has arrived at its conclusion);

(b) the issuer's policy on diversity in the workforce (including senior management) or a summary of the policy, including any plans or measurable objectives (e.g. numerical targets and timelines) the issuer has set for achieving gender diversity, and progress on achieving those objectives. Where applicable, issuers may disclose any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant; and

(c) the gender ratio of: (i) senior management; and (ii) the workforce (excluding senior management).

Note: In this Corporate Governance Code, "senior management" refers to the same persons referred to in the issuer's annual report and required to be disclosed under rule 18.39.

K. SHAREHOLDERS' RIGHTS

(a) How shareholders can convene an extraordinary general meeting;

(b) the procedures by which enquiries may be put to the board and sufficient contact details to enable these enquiries to be properly directed; and

(c) the procedures and sufficient contact details for putting forward proposals at shareholders' meetings.

L. INVESTOR RELATIONS

(a) Any significant changes in the issuer's constitutional documents during the year;

(b) the issuer's shareholders' communication policy (or its summary), which should include channels for shareholders to communicate their views on various matters affecting the issuer, as well as steps taken to solicit and understand the views of shareholders and stakeholders;

(c) a statement of the issuer's review of the implementation and effectiveness of the shareholders' communication policy conducted during the year (including how it arrives at the conclusion); and

(d) details of the shareholder engagement conducted under code provision F.1.1 (if applicable).

M. DIVIDENDS

(a) Where the issuer has a policy on payment of dividends:

(i) the policy or a summary of the policy, including the aim or objective of the policy, and the key factors that the board will take into account when deciding whether to declare, recommend or pay any dividend; and

(ii) a confirmation that all dividend decisions made by the board were made in accordance with the issuer's dividend policy; otherwise, an explanation of any deviations from the issuer's dividend policy;

(b) where the issuer does not have a policy on payment of dividends:

(i) the fact that no such policy exists; and

(ii) the reason(s) for the absence of such policy;

(c) regardless of whether the issuer has a policy on payment of dividends, the issuer must:

(i) where the board declared a dividend (whether interim or final) during the year, the reason(s) for any material variation in the dividend rate compared to that for the previous corresponding period; and

(ii) where the board decided not to declare any dividend, the reason(s) for the board's decision and the measures that the issuer intends to take to enhance investors' return (if any).

PART 2 – PRINCIPLES OF GOOD CORPORATE GOVERNANCE, CODE PROVISIONS AND RECOMMENDED BEST PRACTICES

A. CORPORATE PURPOSE, STRATEGY AND GOVERNANCE

A.1 Corporate strategy, business model and culture

Principle

An issuer should be headed by an effective board which should assume responsibility for its leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the issuer.

Code Provisions

A.1.1 The board should establish the issuer's purpose, values and strategy, and satisfy itself that these and the issuer's culture are aligned. All directors must act with integrity, lead by example, and promote the desired culture. Such culture should instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.

A.1.2 The directors should include a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the issuer generates or preserves value over the longer term (the business model) and the strategy for delivering the issuer's objectives.

Note: An issuer should have a corporate strategy and a long term business model. Long term financial performance as opposed to short term rewards should be a corporate governance objective. An issuer's board should not take undue risks to make short term gains at the expense of long term objectives.

A.2 Corporate Governance Functions

Principle

The board is responsible for performing the corporate governance duties. It may delegate the responsibility to a committee or committees.

Code Provisions

A.2.1 The terms of reference of the board (or a committee or committees performing this function) should include at least:

(a) to develop and review an issuer's policies and practices on corporate governance and make recommendations to the board;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the issuer's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

B. BOARD COMPOSITION AND NOMINATION

B.1 Board composition, succession and evaluation

Principle

The board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the issuer's business, and should ensure that the directors devote sufficient time and make contributions to the issuer that are commensurate with their role and board responsibilities. It should ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

Code Provisions

B.1.1 The independent non-executive directors should be identified in all corporate communications that disclose the names of directors.

B.1.2 An issuer should maintain on its website and on the Exchange's website an updated list of its directors identifying their roles and functions and whether they are independent non-executive directors.

B.1.3 An issuer should establish mechanism(s) to ensure independent views and input are available to the board and disclose such mechanism(s) in its Corporate Governance Report. The board should review the implementation and effectiveness of such mechanism(s) on an annual basis.

B.1.4 An issuer should conduct a formal evaluation of the board's performance at least every two years. Issuers should confirm in the Corporate Governance Report whether they conducted a board performance review during the reporting period and if not, when the next board performance review will be conducted. If a board performance review was conducted during the reporting period, issuers should disclose in the Corporate Governance Report:

(a) whether the board performance review was conducted internally or by an external provider;

(b) how the board performance review was conducted, including the scope of the review and the responsible department(s)/committee(s)/external provider(s) involved in conducting the review;

(c) the connection (if any) between any external provider involved in the board performance review and the issuer or any of its directors; and

(d) details on the findings of the board performance review, including significant areas of improvement (if identified during the board performance review), and measures taken or planned as a result of the board performance review.

B.1.5 An issuer should maintain and disclose in the Corporate Governance Report a board skills matrix setting out information including:

(a) details of the mix of skills that the board currently has;

(b) an explanation of how the combination of skills, experience and diversity of the directors serves the issuer's purpose, values, strategy and desired culture; and

(c) (where applicable) details of any further skills that the board is looking to acquire, its plans to acquire such further skills, and how the plans made in the previous year(s) were achieved or progressed in the reporting year.

Recommended Best Practices

B.1.6 The board should state its reasons if it determines that a proposed director is independent notwithstanding that the individual holds cross-directorships or has significant links with other directors through involvements in other companies or bodies.

Note: A cross-directorship exists when two (or more) directors sit on each other's boards.

B.2 Appointments, re-election and removal

Principle

There should be a formal, considered and transparent procedure for the appointment of new directors. There should be plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any director.

Code Provisions

B.2.1 Directors should ensure that they can give sufficient time and attention to the issuer's affairs and should not accept the appointment if they cannot do so.

B.2.2 Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

B.2.3 [To be repealed after 30 June 2031] If an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should state why the board (or the nomination committee) believes that the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the board (or the nomination committee) in arriving at such determination.

B.2.4 [To be repealed after 30 June 2028] Where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should:

(a) disclose the length of tenure of each existing independent non-executive director on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting; and

(b) appoint a new independent non-executive director on the board at the forthcoming annual general meeting.

B.3 Nomination Committee

Principle

In carrying out its responsibilities, the nomination committee should give adequate consideration to the Principles under B.1 and B.2.

Code Provisions

B.3.1 The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties. It should perform the following duties:-

(a) review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually, assist the board in maintaining a board skills matrix, and make recommendations on any proposed changes to the board to complement the issuer's corporate strategy;

(b) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;

(c) assess the independence of independent non-executive directors;

(d) make recommendations to the board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive; and

(e) support the issuer's regular evaluation of the board's performance.

B.3.2 The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on the Exchange's website and issuer's website.

B.3.3 Issuers should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the issuer's expense, to perform its responsibilities.

B.3.4 Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

(a) the process used for identifying the individual and why the board believes the individual should be elected and the reasons why it considers the individual to be independent;

(b) [To be repealed after 30 June 2028] if the proposed independent non-executive director will be holding their seventh (or more) directorship of an issuer listed on GEM or the Main Board, why the board believes the individual would still be able to devote sufficient time to the board;

(c) the perspectives, skills and experience that the individual can bring to the board; and

(d) how the individual contributes to diversity of the board.

B.3.5 Issuers should appoint at least one director of a different gender to the nomination committee.

C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS

C.1 Responsibilities of directors

Principle

Every director must understand, and, at all times, be aware of their responsibilities as a director of an issuer and its conduct, business activities and development. Given the essential unitary nature of the board, non-executive directors have the same duties of care and skill and fiduciary duties as executive directors. To ensure directors' contribution to the board remains informed and relevant, all directors must participate in continuous professional development to develop and refresh their knowledge and skills for a proper understanding of the issuer's business, operations and governance policies and full awareness of their responsibilities under statute and common law, the GEM Listing Rules, legal and other regulatory requirements. Directors should provide a record of the continuous professional development they received to the issuer.

Code Provisions

C.1.1 An issuer should be responsible for arranging and (where necessary) funding:

(a) a comprehensive, formal and tailored induction for newly appointed directors upon appointment; and

(b) suitable continuous professional development for all directors.

C.1.2 The functions of non-executive directors should include:

(a) participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;

(b) taking the lead where potential conflicts of interests arise;

(c) serving on the audit, remuneration, nomination and other governance committees, if invited; and

(d) scrutinising the issuer's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

C.1.3 The board should establish written guidelines no less exacting than the required standards of dealings (set out in rules 5.48 to 5.67) for relevant employees in respect of their dealings in the issuer's securities. "Relevant employee" includes any employee or a director or employee of a subsidiary or holding company who, because of such office or employment, is likely to possess inside information in relation to the issuer or its securities.

C.1.4 Directors should disclose to the issuer at the time of their appointments, and in a timely manner for any changes, the number and nature of offices held in public companies or organisations and other significant external time commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.

C.1.5 Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Note: Non-executive directors' attendance at general meetings is important. An independent non-executive director is often the chairman or a member of board committees and as such, the individual should be accountable to shareholders by being available to respond to questions and enquiries in relation to their work. Without attending general meetings, the director will not be able to develop a balanced understanding of the views of shareholders.

C.1.6 Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments.

C.1.7 An issuer should arrange appropriate insurance cover in respect of legal action against its directors.

Recommended Best Practices

C.1.8 Where the chairman is not an independent non-executive director, an issuer should appoint one independent non-executive director to be the lead independent non-executive director to (a) serve as an intermediary for the other directors and shareholders; and (b) be available to other directors and shareholders where normal communication channels with the chairman or management are inadequate.

C.2 Chairman and Chief Executive

Principle

There are two key aspects of the management of every issuer – the management of the board and the day-to-day management of business. There should be a clear division of these responsibilities to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Code Provisions

C.2.1 The roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

C.2.2 The chairman should ensure that all directors are properly briefed on issues arising at board meetings.

C.2.3 The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable.

C.2.4 One of the important roles of the chairman is to provide leadership for the board. The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. The chairman should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.

C.2.5 The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.

C.2.6 The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the issuer. The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.

C.2.7 The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

C.2.8 The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.

C.2.9 The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.

C.3 Management functions

Principle

An issuer should have a formal schedule of matters specifically reserved for board approval. The board should give clear directions to management on the matters that must be approved by it before decisions are made on the issuer's behalf.

Code Provisions

C.3.1 When the board delegates aspects of its management and administration functions to management, it must, at the same time, give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the issuer's behalf.

Note: The board should not delegate matters to a board committee, executive directors or management to an extent that would significantly hinder or reduce the ability of the board as a whole to perform its functions.

C.3.2 An issuer should formalise the functions reserved to the board and those delegated to management. It should review those arrangements periodically to ensure that they remain appropriate to the issuer's needs.

C.3.3 Directors should clearly understand delegation arrangements in place. Issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

C.4 Board Committees

Principle

Board committees should be formed with specific written terms of reference which deal clearly with their authority and duties.

Code Provisions

C.4.1 Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.

C.4.2 The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

C.5 Conduct of board proceedings and supply of and access to information

Principle

The issuer should ensure directors can participate in board proceedings in a meaningful and effective manner. Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.

Code Provisions

C.5.1 The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. It is expected regular board meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present. So, a regular meeting does not include obtaining board consent through circulating written resolutions.

C.5.2 Arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular board meetings.

C.5.3 Notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given.

C.5.4 Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.

C.5.5 Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes should be sent to all directors for their comment and records respectively, within a reasonable time after the board meeting is held.

C.5.6 There should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense. The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the issuer.

C.5.7 If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

Note: Subject to the issuer's constitutional documents, and the laws and regulations of its place of incorporation, attendance by a director at a meeting by electronic means such as telephonic or videoconferencing may be counted as physical attendance.

C.5.8 For regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).

C.5.9 Management has an obligation to supply the board and its committees with adequate information, in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. To fulfil their duties properly, directors may not, in all circumstances, be able to rely purely on information provided voluntarily by management and they may need to make further enquiries. Where any director requires more information than is volunteered by management, that director should make further enquiries where necessary. So, the board and individual directors should have separate and independent access to the issuer's senior management.

C.5.10 All directors are entitled to have access to board papers and related materials. These papers and related materials should be in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors should receive a prompt and full response, if possible.

C.6 Company Secretary

Principle

The company secretary plays an important role in supporting the board by ensuring good information flow within the board and that board policy and procedures are followed. The company secretary is responsible for advising the board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.

Code Provisions

C.6.1 The company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs. Where an issuer engages an external service provider as its company secretary, it should disclose the identity of a person with sufficient seniority (e.g. chief legal counsel or chief financial officer) at the issuer whom the external provider can contact.

C.6.2 The board should approve the selection, appointment or dismissal of the company secretary.

Note: A board meeting should be held to discuss the appointment and dismissal of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution.

C.6.3 The company secretary should report to the board chairman and/or the chief executive.

C.6.4 All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

D.1 Financial reporting

Principle

The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

Code Provisions

D.1.1 Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.

D.1.2 Management should provide all members of the board with, and the board and each director are entitled to and should request for, monthly updates giving a balanced and understandable assessment of the issuer's financial and operating performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under rule 5.01 and Chapter 17.

Note: The information provided should (where available) include monthly management accounts and management updates, background or explanatory information relating to matters to be brought before the board, copies of disclosure documents, budgets, forecasts and other relevant internal financial statements. For budgets, any material variance between the projections and actual results should also be disclosed and explained.

D.1.3 The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements. Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the issuer's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report. The Corporate Governance Report should contain sufficient information for investors to understand the severity and significance of matters. To a reasonable and appropriate extent, the issuer may refer to other parts of the annual report. These references should be clear and unambiguous, and the Corporate Governance Report should not contain only a cross-reference without any discussion of the matter.

D.1.4 The board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the GEM Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.

Recommended Best Practices

D.1.5 An issuer should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the issuer's performance, financial position and prospects. An issuer's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts.

D.1.6 Once an issuer announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.

D.2 Risk management and internal control

Principle

The board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the issuer's strategic objectives. Such risks would include, amongst others, material risks relating to ESG (please refer to the ESG Reporting Code in Appendix C2 to the GEM Listing Rules for further information).

The board is responsible for ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems for the purpose of dealing with identified risks, safeguarding the issuer's assets, preventing and detecting fraud, misconduct and loss, ensuring the accuracy of the issuer's financial reports and achieving compliance with applicable laws and regulations. The board should oversee management in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis. The board is also responsible for ensuring that the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems is reviewed at least annually, and management should provide a confirmation to the board on the effectiveness of these systems.

Code Provisions

D.2.1 The board should ensure that the review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems, which shall be conducted at least annually, is adequately resourced. The scope of the review should cover all material controls, including financial, operational and compliance controls, and should, in particular, consider:

(a) the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the issuer's ability to respond to changes in its business and the external environment;

(b) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;

(c) the extent and frequency of communication of monitoring results to the board (or board committee(s)) for the purposes of assessing the adequacy and the effectiveness of the issuer's risk management and internal control systems;

(d) significant control failings or weaknesses identified during the review of the risk management and internal control systems, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition, and any remedial measures taken to address such control failings or weaknesses;

(e) the effectiveness of the issuer's processes for financial reporting and GEM Listing Rule compliance; and

(f) the adequacy of resources (internal and external) for designing, implementing and monitoring the risk management and internal control systems, including staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit, and financial reporting functions, as well as those relating to the issuer's ESG performance and reporting.

Note: Issuers should refer to the guidance issued by the Exchange on the Exchange's website, as amended from time to time, on the scope of the review of the risk management and internal control systems.

D.2.2 The issuer should have an internal audit function. Issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.

Notes:

1 An internal audit function generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the issuer's risk management and internal control systems.

2 A group with multiple listed issuers may share group resources to carry out the internal audit function for members of the group.

D.2.3 The issuer should establish a whistleblowing policy and system for employees and those who deal with the issuer (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the audit committee (or any designated committee comprising a majority of independent non-executive directors) about possible improprieties in any matter related to the issuer.

D.2.4 The issuer should establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations.

D.3 Audit Committee

Principle

The board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the issuer's auditors. The audit committee established under the GEM Listing Rules should have clear terms of reference.

Code Provisions

D.3.1 Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records, within a reasonable time after the meeting.

D.3.2 A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of its audit committee for a period of two years from the date of the person ceasing:

(a) to be a partner of the firm; or

(b) to have any financial interest in the firm,

whichever is later.

D.3.3 The audit committee's terms of reference should include at least:-

Relationship with the issuer's auditors

(a) to be primarily responsible for making recommendations to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The audit committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The audit committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed;

Review of the issuer's financial information

(d) to monitor integrity of the issuer's financial statements and annual report and accounts, interim report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the board, the committee should focus particularly on:-

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting;

(e) Regarding (d) above:-

(i) members of the committee should liaise with the board and senior management and the committee must meet, at least twice a year, with the issuer's auditors; and

(ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the issuer's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the issuer's financial reporting system, risk management and internal control systems

(f) to review the issuer's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the issuer's risk management and internal control systems;

(g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting and financial reporting function;

(h) to consider major investigation findings on risk management and internal control matters as delegated by the board or on its own initiative and management's response to these findings;

(i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer, and to review and monitor its effectiveness;

(j) to review the group's financial and accounting policies and practices;

(k) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(l) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;

(m) to report to the board on the matters in this code provision; and

(n) to consider other topics, as defined by the board.

D.3.4 The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on the Exchange's website and the issuer's website.

D.3.5 Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the issuer should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.

D.3.6 The audit committee should be provided with sufficient resources to perform its duties.

D.3.7 The terms of reference of the audit committee should also require it:

(a) to review arrangements employees of the issuer can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and

(b) to act as the key representative body for overseeing the issuer's relations with the external auditor.

E. REMUNERATION

E.1 The level and make-up of remuneration and disclosure

Principle

An issuer should have a formal and transparent policy on directors' remuneration and other remuneration related matters. The procedure for setting policy on executive directors' remuneration and all directors' remuneration packages should be formal and transparent. Remuneration levels should be sufficient to attract and retain directors to run the company successfully without paying more than necessary. No director should be involved in deciding that director's own remuneration.

Code Provisions

E.1.1 The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors. The remuneration committee should have access to independent professional advice if necessary.

E.1.2 The remuneration committee's terms of reference should include, as a minimum:-

(a) to make recommendations to the board on the issuer's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;

(c) either:

(i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or

(ii) to make recommendations to the board on the remuneration packages of individual executive directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the board on the remuneration of non-executive directors;

(e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

(f) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) to ensure that no director or any of their associates is involved in deciding that director's own remuneration; and

(i) to review and/or approve matters relating to share schemes under Chapter 23 of the Rules.

E.1.3 The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on the Exchange's website and the issuer's website.

E.1.4 The remuneration committee should be provided with sufficient resources to perform its duties.

E.1.5 Issuers should disclose the directors' remuneration policy, details of any remuneration payable to members of senior management by band and other remuneration related matters in their annual reports.

Recommended Best Practices

E.1.6 If E.1.2(c)(ii) is adopted, where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.

E.1.7 A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.

E.1.8 Issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports.

E.1.9 Issuers generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

F. SHAREHOLDERS ENGAGEMENT

F.1 Effective communication and conduct of shareholders meetings

Principle

The board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use formal meetings (including general meetings) and other appropriate channels under the issuer's shareholders' communication policy to communicate with them and encourage their participation. In addition, the issuer should ensure that shareholders are given sufficient advance notice of shareholders meetings and provide sufficient information to enable shareholders to familiarise themselves with the detailed procedures for conducting a poll, and should arrange to address questions from shareholders in the shareholders meetings.

Code Provisions

F.1.1 The board, in particular the independent non-executive directors, should be accessible to shareholders to facilitate constructive engagement and to understand their views on matters affecting the issuer, including governance and performance against the issuer's corporate strategy. The board should include in the Corporate Governance Report information on engagement conducted with shareholders during the reporting period, including:

(a) the nature and number/frequency of the engagements conducted;

(b) the group(s) of shareholders involved in these engagements;

(c) the representatives of the issuer involved in these engagements (e.g. chief executive, chairman of the board, independent non-executive directors, board committee chairmen and members of senior management); and

(d) the issuer's approach to following up on the outcomes of these engagements.

F.1.2 For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. Issuers should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", issuers should explain the reasons and material implications in the notice of meeting.

Note: An example of a substantially separate issue is the nomination of persons as directors. Accordingly, each person should be nominated by means of a separate resolution.

F.1.3 The chairman of the board should attend the annual general meeting. The chairman of the board should also invite the lead independent non-executive director (if any) and the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In the absence of any committee chairman, the chairman should invite another member of the committee or failing this their duly appointed delegate, to attend. These persons should be available to answer relevant questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. An issuer's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

Note: Subject to the issuer's constitutional documents, and the laws and regulations of its place of incorporation, attendance by the above persons at a meeting by electronic means such as telephonic or videoconferencing may be counted as physical attendance.

F.1.4 The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.

Recommended Best Practices

F.1.5 Issuers are encouraged to include the following information in their Corporate Governance Report:

(a) details of shareholders by type and aggregate shareholding;

(b) indication of important shareholders' dates in the coming financial year; and

(c) [Repealed 1 January 2026]

(d) the number of shares held by each of the senior management.

Appendix C2

Environmental, Social and Governance Reporting Code

Part A: Introduction

The Code

1. This Environmental, Social and Governance Reporting Code comprises two levels of disclosure obligations: (a) mandatory disclosure requirements; and (b) "comply or explain" provisions.

2. (1) Part B of this Code sets out the mandatory disclosure requirements that must be included in all issuers' ESG reports.

   (2) Part C of this Code sets out the "comply or explain" provisions that all issuers are required to report in their ESG reports on a "comply or explain" basis.

   (3) Part D of this Code sets out disclosure requirements regarding climate-related risks to which an issuer is exposed to, and climate-related opportunities available to the company with reference to the following core pillars:

      (a) **Governance** – the governance process, controls and procedures an issuer uses to monitor, manage and oversee climate-related risks and opportunities;

      (b) **Strategy** – an issuer's strategy for managing climate-related risks and opportunities;

      (c) **Risk management** – the process an issuer uses to identify, assess, prioritise and monitor climate-related risks and opportunities; and

      (d) **Metrics and targets** – the metrics and targets an issuer uses to understand its performance in relation to climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

   Issuers shall refer to Part D of this Code for the applicable disclosure obligation and contents to be disclosed in the ESG reports in respect of each core pillar set out above.

3. An issuer must report on the "comply or explain" provisions of this Code. If the issuer does not report on one or more of these provisions, it must provide considered reasons in its ESG report. For guidance on the "comply or explain" approach, issuers may refer to the *"What is "comply or explain"?"* section of the Corporate Governance Code in Appendix C1 of the GEM Listing Rules.

4. (1) An issuer must publish its ESG report on an annual basis and regarding the same period covered in its annual report. An ESG report may be presented as information in the issuer's annual report or in a separate report. Regardless of the format adopted, the ESG report must be published on the Exchange's website and the issuer's website.

(2) Where the ESG report does not form part of the issuer's annual report:

(a) To the extent permitted under all applicable laws and regulations, an issuer shall provide the ESG report to its shareholders using electronic means in accordance with and subject to the provisions set out in rule 16.04A.

(b) [Repealed 31 December 2023]

(c) [Repealed 31 December 2023]

(d) The issuer shall publish the ESG report at the same time as the publication of the annual report.

Overall Approach

5. This Code is organised into two ESG subject areas ("Subject Areas"): Environmental (Subject Area A) and Social (Subject Area B). Corporate governance is addressed separately in the Corporate Governance Code.

6. Each Subject Area has various aspects ("Aspects"). Each Aspect sets out general disclosures ("General Disclosures") and key performance indicators ("KPIs") for issuers to report on in order to demonstrate how they have performed.

7. In addition to the "comply or explain" matters set out in this Code, the Exchange encourages an issuer to identify and disclose additional ESG issues and KPIs that reflect the issuer's significant environmental and social impacts; or substantially influence the assessments and decisions of stakeholders. In assessing these matters, the issuer should engage stakeholders on an ongoing basis in order to understand their views and better meet their expectations.

8. This Code is not comprehensive and the issuer may refer to existing international ESG reporting guidance for its relevant industry or sector. The issuer may adopt international ESG reporting guidance, including the IFRS Sustainability Disclosure Standards, so long as it includes comparable disclosures to those required under this Code. ESG reports prepared in compliance with the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures are considered to have complied with Part D of this Code.

9. The issuer may seek independent assurance to strengthen the credibility of the ESG information disclosed. Where independent assurance is obtained, the issuer should describe the level, scope and processes adopted for the assurance given clearly in the ESG report.

10. The board has overall responsibility for an issuer's ESG strategy and reporting.

Reporting Principles

11. The following Reporting Principles underpin the preparation of an ESG report, informing the content of the report and how information is presented. An issuer should follow these Reporting Principles in the preparation of an ESG report:

    (1) **Materiality:** The threshold at which ESG issues determined by the board are sufficiently important to investors and other stakeholders that they should be reported. For the purpose of Part D of this Code, an issuer must disclose information about climate-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or cost of capital over the short, medium or long term.

    (2) **Quantitative:** KPIs in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.

    (3) **Balance:** The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

    (4) **Consistency:** The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.

Complementing ESG discussions in the Business Review Section of the Directors' Report

12. Pursuant to rule 18.07A(2)(d), an issuer's directors' report for a financial year must contain a business review in accordance with Schedule 5 to the Companies Ordinance. The business review must include, to the extent necessary for an understanding of the development, performance or position of the issuer's business:

    (i) a discussion of the issuer's environmental (including climate-related) policies and performance;

    (ii) a discussion of the issuer's compliance with the relevant laws and regulations that have a significant impact on the issuer; and

    (iii) an account of the issuer's key relationships with its employees, customers and suppliers and others that have a significant impact on the issuer and on which the issuer's success depends.

    This Code should complement the content requirements of the directors' report, as it calls for issuers to disclose information in respect of specific ESG areas.

Part B: Mandatory Disclosure Requirements

This part sets out disclosure requirements that must be included in an issuer's ESG report on a mandatory basis.

Governance Structure

13. A statement from the board containing the following elements:

    (i) a disclosure of the board's oversight of ESG issues;

    (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and

    (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.

Reporting Principles

14. A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:

    Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.

    Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.

    Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.

Reporting Boundary

15. A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.

Part C: "Comply or explain" Provisions

This part sets out provisions to be reported on by an issuer in the ESG report on a "comply or explain" basis.

<table>
<tr><th colspan="3">Subject Areas, Aspects, General Disclosures and KPIs</th></tr>
<tr><td colspan="3">A. Environmental</td></tr>
<tr><td rowspan="8">Aspect A1: Emissions</td><td colspan="2">General Disclosure

Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.

Hazardous wastes are those defined by national regulations.</td></tr>
<tr><td>KPI A1.1</td><td>The types of emissions and respective emissions data.</td></tr>
<tr><td>KPI A1.2</td><td>[Repealed 1 January 2025]</td></tr>
<tr><td>KPI A1.3</td><td>Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td></tr>
<tr><td>KPI A1.4</td><td>Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td></tr>
<tr><td>KPI A1.5</td><td>Description of emission target(s) set and steps taken to achieve them.</td></tr>
<tr><td>KPI A1.6</td><td>Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</td></tr>
</table>

Subject Areas, Aspects, General Disclosures and KPIs		
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

Subject Areas, Aspects, General Disclosures and KPIs		
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.
	KPI B2.2	Lost days due to work injury.
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).
	KPI B3.2	The average training hours completed per employee by gender and employee category.

Subject Areas, Aspects, General Disclosures and KPIs		
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	
	KPI B5.1	Number of suppliers by geographical region.
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.

Subject Areas, Aspects, General Disclosures and KPIs		
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.
	KPI B6.4	Description of quality assurance process and recall procedures.
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.
	KPI B7.3	Description of anti-corruption training provided to directors and staff.

Subject Areas, Aspects, General Disclosures and KPIs		
Community		
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.

Part D: Climate-related Disclosures

Disclosure Obligation

16. Subject to paragraph 17, an issuer is encouraged to report on the climate-related disclosures set out in this part in the ESG report on a voluntary basis.

17. An issuer shall disclose its ***Scope 1 greenhouse gas emissions*** and ***Scope 2 greenhouse gas emissions*** pursuant to paragraphs 28(a), 28(b) and 29 on a mandatory basis.

Definitions and Guidance

18. (1) In this part, unless otherwise specified, terms in bold and italics shall have the meaning ascribed to them in Appendix A of the IFRS S2 Climate-related Disclosures.

(2) When preparing disclosures pursuant to the provisions of this part, issuers should refer to (i) the application guidance set out in Appendix B of the IFRS S2 Climate-related Disclosures; and (ii) implementation guidance issued by the Exchange on the Exchange's website, as amended from time to time.

Climate-related Disclosures

(I) Governance

19. An issuer shall disclose information about:

(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of ***climate-related risks and opportunities***. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:

Note: The responsibilities of such body(s) or individual(s) should be reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s).

(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to ***climate-related risks and opportunities***;

(ii) how and how often the body(s) or individual(s) is informed about ***climate-related risks and opportunities***;

(iii) how the body(s) or individual(s) takes into account ***climate-related risks and opportunities*** when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;

(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to ***climate-related risks and opportunities*** (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and

(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee ***climate-related risks and opportunities***, including information about:

(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and

(ii) whether management uses controls and procedures to support the oversight of ***climate-related risks and opportunities*** and, if so, how these controls and procedures are integrated with other internal functions.

Note: In preparing disclosures to fulfil the requirements in this paragraph 19, an issuer shall avoid unnecessary duplication with disclosures made pursuant to paragraph 13 of this Code. For example, although an issuer shall provide the information required by this paragraph 19, if oversight of ESG-related (including climate-related) risks and opportunities is managed on an integrated basis, the issuer would avoid duplication by providing integrated governance disclosures instead of separate disclosures for each ESG-related risk and opportunity.

(II) Strategy

Climate-related risks and opportunities

20. An issuer shall disclose information to enable an understanding of ***climate-related risks and opportunities*** that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:

(a) describe ***climate-related risks and opportunities*** that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;

(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a ***climate-related physical risk*** or ***climate-related transition risk***;

(c) specify, for each ***climate-related risk and opportunity*** the issuer has identified, over which time horizons – short, medium or long term – the effects of each ***climate-related risk and opportunity*** could reasonably be expected to occur; and

(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.

Notes:

*1. In identifying the **climate-related risks and opportunities** pursuant to paragraph 20, an issuer:*

(a) shall use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions; and

*(b) is encouraged to refer to and consider the applicability of the industry-based **disclosure topics** defined in IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures.*

2. (a) *If an issuer determines that disclosing information about a climate-related opportunity pursuant to any provision under this Part D is commercially sensitive in the limited circumstances set out in this note 2(b) below, the issuer is permitted to omit disclosure of such information.*

(b) *An issuer qualifies for the exemption specified in this note 2(a) above if, and only if:*

(i) *information about the climate-related opportunity is not already publicly available;*

(ii) *disclosure of that information could reasonably be expected to prejudice seriously the economic benefits the issuer would otherwise be able to realise in pursuing the opportunity; and*

(iii) *the issuer has determined that it is impossible to disclose that information in a manner - for example, at an aggregated level - that would enable the issuer to meet the objectives of the disclosure requirement without prejudicing seriously the economic benefits the issuer would otherwise be able to realise in pursuing the opportunity.*

(c) *If an issuer elects to use the exemption specified in this note 2(a) above, the issuer shall, for each item of information omitted:*

(i) *disclose the fact that it has used the exemption; and*

(ii) *reassess, at each reporting date, whether the information qualifies for the exemption.*

Business model and value chain

21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of ***climate-related risks and opportunities*** on the issuer's ***business model*** and ***value chain***. Specifically, the issuer shall disclose:

(a) a description of the current and anticipated effects of ***climate-related risks and opportunities*** on the issuer's ***business model*** and ***value chain***; and

(b) a description of where in the issuer's ***business model*** and ***value chain climate-related risks and opportunities*** are concentrated (for example, geographical areas, facilities and types of assets).

*Note: An issuer shall use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort to determine the scope of its **value chain**, including its breadth and composition.*

Strategy and decision-making

22. An issuer shall disclose information that enables an understanding of the effects of ***climate-related risks and opportunities*** on its strategy and decision-making. Specifically, the issuer shall disclose:

    (a) information about how the issuer has responded to, and plans to respond to, ***climate-related risks and opportunities*** in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:

        (i) current and anticipated changes to the issuer's ***business model***, including its resource allocation, to address ***climate-related risks and opportunities***;

        (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);

        (iii) any ***climate-related transition plan*** the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a ***climate-related transition plan***;

        (iv) how the issuer plans to achieve any climate-related targets (including any ***greenhouse gas*** emissions targets (if any)), described in accordance with paragraphs 37 to 40; and

    (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).

23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).

Financial position, financial performance and cash flows

Current financial effect

24. An issuer shall disclose qualitative and quantitative information about:

    (a) how ***climate-related risks and opportunities*** have affected its financial position, financial performance and cash flows for the reporting period; and

    (b) the ***climate-related risks and opportunities*** identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.

Notes:

1. Issuers should account for climate-related matters in the financial statements in accordance with the requirements under HKFRS, IFRS, CASBE or the alternative overseas financial reporting standard acceptable to the Exchange.

2. Where the quantitative information disclosed pursuant to paragraph 24 is not expressed as a line item in the financial statements, the issuer shall explain how such information is reflected in its financial statements (e.g. identifying the relevant financial item).

Anticipated financial effect

25. The issuer shall provide qualitative and quantitative disclosures about:

    (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage ***climate-related risks and opportunities***, taking into consideration:

        (i) its investment and disposal plans; and

        (ii) its planned sources of funding to implement its strategy; and

    (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage ***climate-related risks and opportunities***.

Notes:

1. In providing quantitative information about current or anticipated financial effects, an issuer may disclose a single amount or a range.

2. In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an issuer shall:

(a) use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort; and

(b) use an approach that is commensurate with the skills, capabilities and resources that are available to the issuer for preparing those disclosures.

3. An issuer need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the issuer determines that:

(a) those effects are not separately identifiable; or

(b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.

4. In addition, an issuer need not provide quantitative information about the anticipated financial effects of a climate-related risk or opportunity if the issuer does not have the skills, capabilities or resources to provide that quantitative information.

5. If an issuer determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in note 3 or 4 above, the issuer shall:

(a) explain why it has not provided quantitative information;

(b) provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that climate-related risk or opportunity; and

(c) *provide quantitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors unless the issuer determines that quantitative information about the combined financial effects would not be useful.*

Climate resilience

26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and ***business model*** to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified ***climate-related risks and opportunities***. An issuer shall use climate-related scenario analysis to assess its ***climate resilience*** using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:

(a) the issuer's assessment of its ***climate resilience*** as at the reporting date, which shall enable an understanding of:

(i) the implications, if any, of the issuer's assessment for its strategy and ***business model***, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;

(ii) the significant areas of uncertainty considered in the issuer's assessment of its ***climate resilience***; and

(iii) the issuer's capacity to adjust, or adapt its strategy and ***business model*** to climate change over the short, medium or long term;

(b) how and when the climate-related scenario analysis was carried out, including:

(i) information about the inputs used, including:

(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;

(2) whether the analysis included a diverse range of climate-related scenarios;

(3) whether the climate-related scenarios used for the analysis are associated with ***climate-related transition risks*** or ***climate-related physical risks***;

(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the ***latest international agreement on climate change***;

(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;

(6) time horizons the issuer used in the analysis; and

(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);

(ii) the key assumptions the issuer made in the analysis; and

(iii) the reporting period in which the climate-related scenario analysis was carried out.

Note: An issuer shall determine an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort. The determination of the approach shall be informed by the assessments of the issuer's exposure to ***climate-related risks and opportunities*** *and its available skills, capabilities and resources.*

(III) Risk Management

27. An issuer shall disclose information about:

    (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:

        (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);

        (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;

        (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);

        (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;

        (v) how the issuer monitors climate-related risks; and

        (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;

    (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and

    (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring ***climate-related risks and opportunities*** are integrated into and inform the issuer's overall risk management process.

Note: In preparing disclosures to meet the requirements in this paragraph 27, an issuer shall avoid unnecessary duplication with disclosures made pursuant to paragraphs 13(ii) and 14 (Materiality) of this Code. For example, although an issuer shall provide the information required by this paragraph 27, if oversight of ESG-related (including climate-related) risks and opportunities is managed on an integrated basis, the issuer would avoid duplication by providing integrated risk management disclosures instead of separate disclosures for each ESG-related risk and opportunity.

(IV) Metrics and Targets

Greenhouse gas emissions

28. An issuer shall disclose its absolute gross ***greenhouse gas*** emissions generated during the reporting period, expressed as metric tons of ***CO_2 equivalent***, classified as:

    (a) ***Scope 1 greenhouse gas emissions***;

    (b) ***Scope 2 greenhouse gas emissions***; and

    (c) ***Scope 3 greenhouse gas emissions***.

29. An issuer shall:

    (a) measure its ***greenhouse gas*** emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring ***greenhouse gas*** emissions;

    (b) disclose the approach it uses to measure its ***greenhouse gas*** emissions including:

        (i) the measurement approach, inputs and assumptions the issuer uses to measure its ***greenhouse gas*** emissions;

        (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its ***greenhouse gas*** emissions; and

        (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;

    (c) for ***Scope 2 greenhouse gas emissions*** disclosed in accordance with paragraph 28(b), disclose its location-based ***Scope 2 greenhouse gas emissions***, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's ***Scope 2 greenhouse gas emissions***; and

    (d) for ***Scope 3 greenhouse gas emissions*** disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of ***Scope 3 greenhouse gas emissions***, in accordance with the ***Scope 3 categories*** described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Notes:

*1. An issuer is required to use all reasonable and supportable information that is available to it at the reporting date without undue cost or effort when the issuer selects the measurement approach, inputs and assumptions it uses in measuring **Scope 3 greenhouse gas emissions**.*

*2. An issuer is permitted to measure its **greenhouse gas** emissions in accordance with paragraph 28 using information for reporting periods that are different from its own reporting period if that information is obtained from entities in its **value chain** with reporting periods that are different from the issuer's reporting period, on the condition that:*

*(a) the issuer uses the most recent data available from those entities in its **value chain** without undue cost or effort to measure and disclose its **greenhouse gas** emissions;*

(b) the length of the reporting periods is the same; and

*(c) the issuer discloses the effects of significant events and changes in circumstances (relevant to its **greenhouse gas** emissions) that occur between the reporting dates of the entities in its **value chain** and the date of the issuer's ESG report.*

*3. Where an issuer's activities include asset management, commercial banking or insurance, the issuer is encouraged to disclose additional information about the issuer's Category 15 greenhouse gas emissions or those associated with its investments **(financed emissions)**.*

Climate-related transition risks

30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to ***climate-related transition risks***.

Climate-related physical risks

31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to ***climate-related physical risks***.

Climate-related opportunities

32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.

Note: In preparing disclosures to meet the requirements in paragraphs 30 to 32, an issuer shall use all reasonable and supportable information that is available to the issuer at the reporting date without undue cost or effort.

Capital deployment

33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards ***climate-related risks and opportunities***.

Internal carbon prices

34. An issuer shall disclose:

(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and

(b) the price of each metric tonne of ***greenhouse gas*** emissions the issuer uses to assess the costs of its ***greenhouse gas*** emissions;

or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.

Remuneration

35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).

Industry-based metrics

36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular ***business models***, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with ***disclosure topics*** described in IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.

Climate-related targets

37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any ***greenhouse gas*** emissions targets. For each target, the issuer shall disclose:

    (a) the metric used to set the target;

    (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);

    (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);

    (d) the period over which the target applies;

    (e) the base period from which progress is measured;

    (f) milestones or interim targets (if any);

    (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and

    (h) how the ***latest international agreement on climate change***, including jurisdictional commitments that arise from that agreement, has informed the target.

Note: Targets set may or may not be those set out under KPIs A1.5, A1.6, A2.3 and A2.4 of Part C of this Code.

38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:

    (a) whether the target and the methodology for setting the target has been validated by a third party;

    (b) the issuer's processes for reviewing the target;

    (c) the metrics used to monitor progress towards reaching the target; and

    (d) any revisions to the target and an explanation for those revisions.

39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.

40. For each ***greenhouse gas*** emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:

    (a) which ***greenhouse gases*** are covered by the target;

    (b) whether ***Scope 1***, ***Scope 2*** or ***Scope 3 greenhouse gas emissions*** are covered by the target;

    (c) whether the target is a gross ***greenhouse gas*** emissions target or a net ***greenhouse gas*** emissions target. If the issuer discloses a net ***greenhouse gas*** emissions target, the issuer is also required to separately disclose its associated gross ***greenhouse gas*** emissions target;

    (d) whether the target was derived using a sectoral decarbonisation approach; and

    (e) the issuer's planned use of ***carbon credits*** to offset ***greenhouse gas*** emissions to achieve any net ***greenhouse gas*** emissions target. In explaining its planned use of ***carbon credits***, the issuer shall disclose:

        (i) the extent to which, and how, achieving any net ***greenhouse gas*** emissions target relies on the use of ***carbon credits***;

        (ii) which third-party scheme(s) will verify or certify the ***carbon credits***;

        (iii) the type of ***carbon credit***, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and

        (iv) any other factors necessary to enable an understanding of the credibility and integrity of the ***carbon credits*** the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).

Applicability of cross-industry metrics and industry-based metrics

41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).

D. Document Content Requirements

Appendix D1A

CONTENTS OF LISTING DOCUMENTS

Equity Securities

In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed

General information about the issuer, its advisers and the listing document

1. The full name of the issuer.

2. A statement as follows:—

   "This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading." *(Note 1)*

3. The names and addresses of the issuer's principal bankers, Sponsor, overall coordinator(s), any other syndicate member(s), authorised representatives, solicitors, registrars and trustees (if any) and of the solicitors to the issue.

3A. The total amount of fees paid or payable to the Sponsor.

3B. The aggregate of the fees (as a percentage of the gross amount of funds proposed to be raised in the subscription tranche and/or the placing tranche) and the ratio of fixed and discretionary fees paid or payable to all syndicate members.

4. The name, address and professional qualifications of the auditors.

5. The date and country of incorporation or other establishment of the issuer and the authority under which the issuer was incorporated or otherwise established.

6. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part 16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

7. The provisions or a sufficient summary of the provisions of the articles of association or equivalent document with regard to:—

   (1) any power enabling a director to vote on a proposal, arrangement or contract in which he is materially interested;

   (2) any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body and any other provision as to the remuneration of the directors;

(3) borrowing powers exercisable by the directors and how such borrowing powers can be varied;

(4) retirement or non-retirement of directors under an age limit;

(5) directors' qualification shares;

(6) changes in capital;

(7) any time limit after which entitlement to dividend lapses and an indication of the party in whose favour the lapse operates;

(8) arrangements for transfer of the securities and (where permitted) any restrictions on their free transferability; and

(9) any restriction on ownership of securities of the issuer.

8. (1) The name of any promoter. If the promoter is a company, a statement of its issued share capital, the amount paid up thereon, the date of its incorporation or other establishment, the names of its directors, bankers and auditors, and such other particulars as the Exchange thinks necessary in connection therewith. *(Note 2)*

(2) Particulars of any cash, securities or other benefit paid, allotted or given within the 2 years immediately preceding the issue of the listing document, or proposed to be paid, allotted or given, to any promoter and the consideration for such payment, allotment or other benefit.

9. Where the listing document includes a statement purporting to be made by an expert, a statement:—

(1) specifying the qualifications of such expert and whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group, and, if so, a full description thereof;

(2) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included; and

(3) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the listing document.

10. Where relevant, in the absence of a statement that estate duty indemnities have been given, a statement that the directors have been advised that no material liability for estate duty would be likely to fall upon any member of the group. (The Exchange may require any such indemnities to be supported by continuing guarantees.)

11. Particulars of any other stock exchange on which any part of the equity or debt securities of the issuer is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought, and particulars of the dealing and settlement arrangements on each such exchange and between such exchanges, or an appropriate negative statement.

12. Particulars of any arrangement under which future dividends are waived or agreed to be waived.

13. Particulars of any commissions, discounts, brokerages or other special terms granted within the 24 months immediately preceding the issue of the listing document in connection with the issue or sale of any capital of any member of the group, together with the names of any directors or proposed directors, promoters or experts (as named in the listing document) who received any such payment or benefit and the amount or rate of the payment or benefit they received, or an appropriate negative statement. *(Notes 3 and 9)*

13A. [Repealed 1 January 2009]

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution

14. (1) A statement that application has been or will be made to the Exchange for listing of and permission to deal in the securities.

(2) A statement that all necessary arrangements have been made enabling the securities to be admitted into CCASS;

(3) A statement to the effect that dealings in securities of the issuer may be settled through CCASS and that investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests; and

(4) A statement of the minimum prescribed percentage of securities to be held by the public pursuant to rule 11.23.

15. (1) The nature and amount of the issue including the number (or, if not yet determinable, the minimum and maximum number) of securities which have been or will be created and/or issued and a full description of, including a summary of the terms attaching to, the securities for which listing is sought.

(2) Whether or not, and if so to what extent, the issue has been underwritten and, if not fully underwritten, the minimum amount of capital, if any, which the issuer must raise for the issue to proceed. (See also paragraph 48).

(3) The following information concerning the terms and conditions of the issue and distribution, public or private, of the securities in respect of which the application for listing is made where such issue or distribution is being effected in conjunction with the issue of the listing document or has been effected within the 12 months preceding the issue of the listing document:—

(a) full details of the basis on which securities are to be offered including the total amount of the public or private issue and the number of securities offered, where applicable, by category and full details of the basis on which shares are to be allocated having regard to the provisions of rules 13.01 and 13.02;

(b) if public or private issues or placings are being made simultaneously on markets within and outside Hong Kong and if a tranche has been or is being reserved for certain of those markets, an indication of any such tranche;

(c) the issue price or offer price of each security, stating the nominal value of each security;

(d) the methods of payment of the issue or offer price;

(e) the procedure for the exercise of any right of pre-emption and the transferability of subscription rights;

(f) the period during which the issue or offer of securities will remain open after issue of the listing document, the date and time of the opening of the subscription list, and the names of the receiving bankers;
(Note 5)

(g) the methods of and time limits for delivery of the securities and a statement whether temporary documents of title will be issued;

(h) in the case of the issue being partly/fully underwritten, the names, addresses and descriptions of the persons underwriting the issue for the issuer and, where not all of the issue is underwritten, a statement of the portion not covered;

(i) details of any clauses in the underwriting agreement (if any) which may affect the obligations of the underwriter under the underwriting agreement after the opening of the issue;

(j) in the case of an offer for sale of securities, the names, addresses and descriptions of the vendor(s) of the securities or, if there are more than ten vendors, such details of the ten principal vendors and a statement of the number of other vendors and particulars of any beneficial interest possessed by any director of the issuer in any securities so offered for sale; and

(k) the date or approximate date on which it is expected that the results of an offer for subscription or offer for sale and the basis of allotment will be published on the Exchange's website as required by rule 16.13 and the newspaper (if any) in which the announcement is expected to appear and the date or appropriate date on which it is expected that the results of a placing will be published on the Exchange's website as required by rule 16.16.

16. Where listing is sought for securities with a fixed dividend, particulars of the profits cover for dividend.

17. Where the securities for which listing is sought were issued for cash within the 24 months immediately preceding the issue of the listing document, or will be issued for cash, a statement or an estimate of the net proceeds of the issue and a detailed statement as to how such proceeds were or are intended to be applied. *(Note 8)*

18. Where listing is sought for options, warrants or similar rights to subscribe or purchase equity securities:—

(1) the maximum number of securities which could be issued on exercise of such rights;

(2) the period during which such rights may be exercised and the date when this right commences;

(3) the amount payable on the exercise of such rights;

(4) the arrangements for transfer or transmission of such rights;

(5) the rights of the holders on the liquidation of the issuer;

(6) the arrangements for the variation in the subscription or purchase price or number of securities to take account of alterations to the share capital of the issuer;

(7) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer; and

(8) a summary of any other material terms of the options, warrants or similar rights.

19. Where listing is sought for convertible equity securities:—

(1) information concerning the nature of the equity securities to which the convertible equity securities relate and the rights attaching thereto; and

(2) the conditions of and procedures for conversion, exchange, subscription or purchase and details of the circumstances in which they may be amended.

20. (1) Particulars of any preliminary expenses incurred or proposed to be incurred and by whom the same are payable. *(Note 2)*

(2) The amount or estimated amount of the expenses of the issue and of the application for listing so far as the same are not included in the statement of preliminary expenses and by whom the same are payable.

21. A statement of the net tangible asset backing for each class of security for which listing is sought, after making allowance for any new securities to be issued, as detailed in the listing document. *(Note 11)*

22. If known, the date on which dealings will commence.

Information about the issuer's capital

23. (1) The authorised share capital of the issuer, the amount issued or agreed to be issued, the amount paid up, the nominal value and a description of the shares.

(1A) Particulars of and the number of treasury shares held by the issuer or its subsidiary or through their agents or nominees.

(2) The amount of any outstanding convertible debt securities and particulars of the conditions governing and the procedures for conversion, exchange or subscription of such securities.

24. Particulars of and the number of founder or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the group.

25. (1) The voting rights of shareholders.

(2) If there is more than 1 class of shares, the rights of each class of shares as regards voting, dividend, capital, redemption, and the creation or issue of further shares ranking in priority to or pari passu with each class other than the lowest ranking equity.

(3) A summary of the consents necessary for the variation of such rights.

26. Particulars of any alterations in the capital of any member of the group within the 2 years immediately preceding the issue of the listing document, including:—

(1) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case the extent to which they are so paid up; and

(2) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear, or an appropriate negative statement. *(Note 3)*

27. Particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement. *(Note 3)*

Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to participants under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

27A. Details of any controlling shareholder of the issuer, including the name or names of any such controlling shareholder, the amount of its or their interest in the share capital of the issuer and a statement explaining how the issuer is satisfied that it is capable of carrying on its business independently of the controlling shareholder (including any close associate thereof) after listing, and particulars of the matters that it relied on in making such statement.

General information about the group's activities

28. (1) (a) the general nature of the business of the group and, in cases where 2 or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed. A commentary should be provided on this information covering changes in each such activity, developments within each such activity and their effects on the results of that activity. It should also include changes in market conditions, new products and services introduced or announced and their impact on the group's performance, changes in market share or position and changes in revenue and margins. If the group trades outside the country of incorporation or other establishment of the issuer a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the country of incorporation or other establishment of the issuer, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Hong Kong. *(Note 4)*

(b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:

(i) a statement of the percentage of purchases attributable to the group's largest supplier;

(ii) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;

(iii) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's largest customer;

(iv) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

(v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5 per cent of the number of issued shares (excluding treasury shares) of the issuer) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

(vi) in the event that the percentage which would fall to be disclosed under (ii) above is less than 30, a statement of that fact shall be given and the information required in (i), (ii) and (v) (in respect of suppliers) may be omitted; and

(vii) in the event that the percentage which would fall to be disclosed under (iv) above is less than 30, a statement of that fact shall be given and the information required in (iii), (iv) and (v) (in respect of customers) may be omitted.

Sub-paragraph 28(1)(b) applies to all issuers whose businesses comprise, in whole or in part, the supply of goods or services of whatever nature, and in the case of service references to customers includes the clients of such issuers.

In relation to consumer goods, references to customers are to the ultimate wholesaler or retailer, except when the issuer's business incorporates the wholesaling or retailing operation. In all other cases references to customers are to ultimate customer.

References to suppliers are primarily to those who provide goods or services which are specific to an issuer's business and which are required on a regular basis to enable the issuer to continue to supply or service its customers. Suppliers of goods and services which are freely available from a range of suppliers at similar prices or which are otherwise freely available (such as utilities) are excluded. In particular, it is recognised that an obligation on issuers who are providers of financial services (such as banks and insurance companies) to give information about suppliers would be of limited or no value, and there is therefore no disclosure requirement in respect of suppliers to such issuers.

The Exchange must be consulted if there is any doubt about the application of sub-paragraph 28(1)(b). *(Note 9)*

(2) If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held (directly or indirectly) by each holding company of the issuer.

(3) Particulars of any contracts for the hire or hire purchase of plant to or by any member of the group for a period of over 1 year which are substantial in relation to the group's business.

(4) Particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and, where such factors are of fundamental importance to the group's business or profitability, a statement regarding the extent to which the group is dependent on such factors.

(5) Information concerning the policy of the group on the research and development of new products and processes over the past 24 months where significant.

(6) Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last 24 months.

(7) The number of people employed by the group and changes therein in the last 24 months, if such changes are material in the context of the group, with, if possible a breakdown of persons employed by main category of activity. Details of the remuneration of employees, remuneration policies, bonus and share schemes and training schemes should be provided where relevant.

(8) Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group. *(Note 3)*

29. (1) In regard to every company the whole of, or a substantial proportion of, whose capital is held or intended to be held (either directly or indirectly) by the issuer, or whose profits or assets make or will make a material contribution to the figures in the accountants' report or the next published accounts, particulars of the name, date and country of incorporation or other establishment, whether public or private, general nature of business, issued capital and the proportion thereof held or intended to be held.

(2) In regard to the group, particulars of the location of the principal establishments. *(Note 3)*

30. In the case of an introduction, a statement that no change in the nature of the business is in contemplation.

31. (1) Particulars of any restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

(2) A statement of whether or not any issuer that is an overseas issuer will have sufficient foreign exchange to pay forecasted or planned dividends and to meet its foreign exchange liabilities as they become due, with particulars of the anticipated sources of foreign exchange. If an overseas issuer has no exposure to foreign exchange liabilities, a negative statement to that effect.

Financial information about the group and the prospects of the group

32. A statement as at the most recent practicable date (which must be stated) of the following on a consolidated basis if material:—

(1) the total amount of any debt securities of the group issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured, or an appropriate negative statement;

(2) the total amount of all other borrowings or indebtedness in the nature of borrowing of the group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt, or an appropriate negative statement;

(3) all mortgages and charges of the group, or an appropriate negative statement; and

(4) the total amount of any contingent liabilities or guarantees of the group, or an appropriate negative statement.

(5) a commentary on:—

(a) the group's liquidity and financial resources. This may include comments on the level of borrowings at the end of the period under review; the seasonality of borrowing requirements and the maturity profile of borrowings and committed borrowing facilities. Reference may also be made to the funding requirements for capital expenditure commitments and authorisations; and

Intra-group liabilities should normally be disregarded, a statement to that effect being made where necessary. *(Notes 3 and 4)*

33. (1) A statement showing the revenue of the group during the 2 financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

(2) The following information in respect of directors' emoluments:—

(a) the aggregate of the directors' fees for each of the 2 financial years immediately preceding the issue of the listing document;

(b) the aggregate of the directors' basic salaries, housing allowances, other allowances and benefits in kind for each of the 2 financial years immediately preceding the issue of the listing document;

(c) the aggregate of contributions to pension schemes for directors or past directors for each of the 2 financial years immediately preceding the issue of the listing document;

(d) the aggregate of bonuses paid to or receivable by the directors which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (e) and (f) below) for each of the 2 financial years immediately preceding the issue of the listing document;

(e) the aggregate of amounts paid to or receivable by the directors for each of the 2 financial years immediately preceding the issue of the listing document as an inducement to join or upon joining the issuer;

(f) the aggregate of compensation paid to or receivable by the directors or past directors for each of the 2 financial years immediately preceding the issue of the listing document for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (b) to (e) above); and

(g) particulars of any arrangement under which a director has waived or agreed to waive any emoluments for each of the 2 financial years immediately preceding the issue of the listing document.

Sub-paragraphs (b) to (f) inclusive require an analysis of the amounts which must be disclosed in the accounts of an issuer incorporated in Hong Kong under the provisions of section 383(1)(a) to (c) (inclusive) of the Companies Ordinance. The requirements of section 383(1)(a) to (c) (inclusive) have, for the purposes of the GEM Listing Rules, been applied to issuers incorporated or otherwise established outside Hong Kong.

Where a director is contractually entitled to bonus payments which are fixed in amount such payments are more in the nature of basic salary and accordingly must be disclosed under sub-paragraph (b) above.

In addition to discretionary bonus payments, all bonus payments to which a director is contractually entitled and are not fixed in amount, together with the basis upon which they are determined must be disclosed under sub-paragraph (d) above.

The information required pursuant to sub-paragraph (2) above must be analysed by individual director or past director and such that it is apparent as to which are the independent non-executive directors (if any) (but without any obligation to disclose any individual by name). *(Note 9)*

(3) Additional information in respect of those 5 individuals whose emoluments (excluding amounts paid or payable by way of commissions on sales generated by the individual) were the highest in the issuer or the group for the year. Where all 5 of these individuals are directors of the issuer

and the information required to be disclosed by this paragraph has been disclosed in directors' emoluments as required by paragraph 33(2), a statement of this fact shall be made and no additional disclosure is required. Where the details of 1 or more of the individuals whose emoluments were the highest have not been included in directors' emoluments, the following information shall be disclosed:—

(a) the aggregate of basic salaries, housing allowances, other allowances and benefits in kind for each of the 2 financial years immediately preceding the issue of the listing document;

(b) the aggregate of contributions to pension schemes for each of the 2 financial years immediately preceding the issue of the listing document;

(c) the aggregate of bonuses paid or receivable which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (d) and (e) below) for each of the 2 financial years immediately preceding the issue of the listing document;

(d) the aggregate of amounts paid or receivable for each of the 2 financial years immediately preceding the issue of the listing document as an inducement to join or upon joining the issuer or the group; and

(e) the aggregate of compensation or receivable for paid each of the 2 financial years immediately preceding the issue of the listing document for the loss of any office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (a) to (d) above).

It is not necessary to disclose the identity of the highest paid individuals.

The purpose of these disclosures is to provide shareholders with an indication of the fixed management costs of groups and accordingly employees who are higher paid by virtue of sales commissions are to be omitted from this disclosure.

(4) The following information in addition to the information required under the relevant accounting standard in respect of pension schemes:—

(a) a brief outline of how contributions are calculated or benefits funded;

(b) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the balance sheet date for such use; and

(c) in the case of defined benefit plans, an outline of the results of the most recent formal actuarial valuation or later formal review of the scheme on an ongoing basis. This should include disclosure of:—

(i) the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions;

(ii) the market value of the scheme assets at the date of their valuation or review (unless the assets are administered by an independent trustee in which case this information may be omitted);

(iii) the level of funding expressed in percentage terms; and

(iv) comments on any material surplus or deficiency (including quantification of the deficiency) indicated by (iii) above.

(5) Except where the issuer is a banking company, a statement of the reserves available for distribution to shareholders by the issuer as at the end of the period reported on.

34. (1) The issuer must determine in advance with its Sponsor whether to include a profit forecast in a listing document. Where a profit forecast appears in any listing document, it must be clear, unambiguous and presented in an explicit manner and the principal assumptions, including commercial assumptions, upon which it is based, must be stated. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out. The Sponsor must report in addition that it has satisfied itself that the forecast has been stated by the directors after due and careful enquiry, and such report must be set out.

A "profit forecast" for this purpose means any forecast of profits or losses, however worded, and includes any statement which explicitly or implicitly quantifies the anticipated level of future profits or losses, either expressly or by reference to previous profits or losses or any other benchmark or point of reference. It also includes any profit estimate, being any estimate of profits or losses for a financial period which has expired but for which the results have not yet been audited or published. Any valuation of assets (except property interests (as defined in rule 8.01(3)) or businesses acquired by an issuer based on discounted cash flows or projections of profits, earnings or cash flows is regarded as a profit forecast.

(2) Details (if applicable) of the information set out in rules 17.15 to 17.21 concerning the financial exposure of the issuer to borrowers and other relevant information.

35. A statement of whether or not the reporting accountants issue a modified report and if so, such modification must be reproduced in full and the reasons for such modification given.

36. A statement by the directors that in their opinion the working capital available to the group is sufficient for the group's requirements for at least 12 months from the date of publication of the listing document or, if not, how it is proposed to provide the additional working capital thought by the directors to be necessary. *(Note 3)*

Note: In the case of a Mineral Company, a statement by the directors that in their opinion the issuer has available sufficient working capital for 125% of the group's present requirements.

37. An accountants' report in accordance with Chapter 7.

38. A statement by the directors of any material adverse change in the financial or trading position of the group since the end of the period reported on in the accountants' report, or an appropriate negative statement.

39. [Repealed 1 January 2012]

40. Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement. *(Note 3)*

Information about the issuer's management

41. (1) The full name, residential or business address of every director and senior manager or proposed director and senior manager. Where a director or proposed director has any former name or alias, such information should also be disclosed. In addition, brief biographical details in respect of the directors, proposed directors, senior managers and proposed senior managers of the issuer shall be provided. Such details will include name, age, positions held with the issuer and other members of the issuer's group, length of service with the issuer and the group including current and past directorships in other listed public companies in the last three years and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons (which would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities). As regards the biographical details in respect of each director, proposed director, supervisor and proposed supervisor, such details must not be less than those required to be disclosed in an announcement relating to the appointment or re-designation of the director or supervisor pursuant to rule 17.50(2). Where any of the directors or senior managers are related, having with any other director or senior manager any one of the relationships set out below, that fact should be stated. The relationships are spouse; any person cohabiting with the director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or a step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law. Where any director or proposed director is a director or employee of a company which has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated. *(Notes 9 and 12)*

It is the responsibility of the directors of the issuer to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries and heads of divisions, departments or other operating units within the group as senior management as, in the opinion of the issuer's directors, is appropriate.

(2) Where the issuer is a Mineral Company and wishes to apply for a waiver of the trading record period requirement under rule 18A.04, the relevant management expertise and experience of such persons described in paragraph 41(1) of at least five years relevant to the exploration and/or extraction activity that the Mineral Company is pursuing.

42. (1) The full names and professional qualifications, if any, of:—

(a) the secretary of the issuer.

(b) [Repealed 1 January 2024]

(2) The names of the individuals appointed to the issuer's audit committee, their background and directorships (and past directorships), if any, of other companies listed on GEM, the Main Board or other exchanges, and a description of the functions of the audit committee.

43. The situation of the registered office and, if different, the head office and transfer office.

44. Details of any share schemes to which Chapter 23 applies.

45. (1) A statement showing the interests or short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:—

(a) will have to be notified to the issuer and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he is taken or deemed to have under such provisions of Securities and Futures Ordinance) once the issuer's securities are listed; or

(b) will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, once the issuer's securities are listed; or

(c) will be required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the issuer and the Exchange once the issuer's securities are listed;

or an appropriate negative statement. Provided that the Exchange may agree in its sole discretion that compliance with this paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest or short position under Part XV of the Securities and Futures Ordinance is such that compliance with this paragraph would result in particulars being given which are not material in the context of the group and are excessive in length.

(2) The information required to be included by virtue of paragraph 45(1) of Appendix D1A must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:

(a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or

(b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.

(3) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the issued voting shares of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such securities, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

(Notes 6 and 9)

(4) Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed.

45A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

(1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);

(b) interests in debentures; and

(c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives;

(iii) other equity derivatives.

Notes:

(1) In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer or associated corporation.

(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:

(i) has a right to take the underlying shares;

(ii) is under an obligation to take the underlying shares;

(iii) has a right to receive money if the price of the underlying shares increases; or

(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

(3) For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives; and

(iii) other equity derivatives.

Notes:

(1) In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer or associated corporation.

(2) A short position arises:

(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;

(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —

(a) has a right to require another person to take the underlying shares of the equity derivatives;

(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;

(c) has a right to receive from another person money if the price of the underlying shares declines; or

(d) has a right to avoid a loss if the price of the underlying shares declines.

(Note 7)

45B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

(1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and

(b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer.

(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:

(i) has a right to take the underlying shares;

(ii) is under an obligation to take the underlying shares;

(iii) has a right to receive money if the price of the underlying shares increases; or

(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

(3) For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer.

(2) A short position arises:

(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;

(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —

(a) has a right to require another person to take the underlying shares of the equity derivatives;

(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;

(c) has a right to receive from another person money if the price of the underlying shares declines; or

(d) has a right to avoid a loss if the price of the underlying shares declines.

(Note 7)

45C. For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to paragraph 45B, except that note (3) to paragraph 45B(1) does not apply.

(Note 7)

46. (1) Particulars of directors' existing or proposed service contracts with any member of the group (excluding contracts expiring or determinable by the employer within 1 year without payment of compensation (other than statutory compensation)), or an appropriate negative statement.

(2) The aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group in respect of the last completed financial year under any description whatsoever.

(3) An estimate of the aggregate remuneration payable to, and benefits in kind receivable by, the directors or any proposed directors of the issuer by any member of the group in respect of the current financial year under the arrangements in force at the date of the listing document.
(Notes 3 and 9)

(4) A summary of the issuer's policies concerning the remuneration of executive directors.

47. (1) Full particulars of the nature and extent of the interest, direct or indirect, if any, of every director or proposed director or expert (as named in the listing document), in the promotion of, or in any assets which have been, within the 2 years immediately preceding the issue of the listing document, acquired or disposed of by or leased to any member of the group, or are proposed to be acquired or disposed of by or leased to any member of the group, including:—

(a) the consideration passing to or from any member of the group; and

(b) short particulars of all transactions relating to any such assets which have taken place within such period or which are to take place,

or an appropriate negative statement. *(Note 2)*

(2) Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement. *(Notes 3 and 9)*

Use of Proceeds

48. Otherwise than on an introduction, a detailed explanation of the intended use of the proceeds of the issue. The explanation must, so far as practicable, be given by reference to the content of the issuer's statement of business objectives contained in the listing document (thereby providing an indication of the timing of the deployment of the proceeds). *(Note 8)*

49. (1) Where relevant, as respects any property to which this paragraph applies:—

(a) the names and addresses of the vendors;

(b) the amount payable in cash, shares or debentures to the vendor and, where there is more than 1 separate vendor, or the company is a sub-purchaser, the amount so payable to each vendor; and

(c) short particulars of any transaction relating to the property completed within the 2 preceding years in which any vendor of the property to the company or any person who is, or was at the time of the transaction, a promoter or a director or proposed director of the company had any interest direct or indirect. (Note 9)

(2) The property to which this paragraph applies is property purchased or acquired by the issuer or proposed to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue or the purchase or acquisition of which has not been completed at the date of the issue of the listing document, other than property:—

(a) the contract for the purchase or acquisition whereof was entered into in the ordinary course of the issuer's business, the contract not being made in contemplation of the issue nor the issue in consequence of the contract; or

(b) as respects which the amount of the purchase money is not material.

50. The amount, if any, paid or payable as purchase money in cash, shares or debentures for any property to which paragraph 49 applies, specifying the amount, if any, payable for goodwill.

Information on property interests

50A. Where required by Chapter 8, information set out in that Chapter.

Material contracts and documents on display

51. The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the group within the 2 years immediately preceding the issue of the listing document, together with a summary of the principal contents of such contracts and particulars of any consideration passing to or from any member of the group. *(Note 3)*

52. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange's website and the issuer's own website:—

(1) the memorandum and articles of association or equivalent documents of the issuer;

(2) each contract disclosed pursuant to paragraphs 46(1) and 51 or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;

(3) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the listing document;

(4) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefor; and

(5) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each of the 2 financial years immediately preceding the issue of the listing document together with (in the case of a Hong Kong issuer) all notes, certificates or information required by the Companies Ordinance.

(Note 3)

Miscellaneous

53. In the exceptional circumstances where the Exchange has waived compliance with the requirement that the business of the issuer must have been under substantially the same management and ownership under rule 11.12A, details of any material change in the management or ownership of the issuer during the track record period of two financial years immediately preceding the issue of the listing document (as referred to in rule 11.12A).

54. Information:

(1) as required by rule 6A.10(2) regarding interests of the Sponsor and its directors, employees and close associates; and

(2) as to the interests of all directors, controlling shareholders and substantial shareholders of the issuer and their respective close associates (as referred to in rule 11.04). (Note 9)

55. To the extent received or known by the issuer prior to issue of the listing document, details of any undertakings given or to be given by controlling shareholders concerning restrictions on disposal of shares of the issuer (as referred to in rules 13.15 to 13.20).

56. All information required to be disclosed pursuant to Chapter 20 in relation to any continuing transaction or proposed transaction that would constitute a connected transaction after listing (if any).

Additional information on PRC issuers

(Paragraphs 57 to 68 apply to PRC issuers only)

57. Where a public or private issue or placing of securities of the PRC issuer other than H shares is being made simultaneously with the issue of H shares in Hong Kong or is proposed to be made as part of such PRC issuer's share issue plan which was approved at the inaugural meeting or any shareholders' meeting of the PRC issuer:

    (1) information concerning such securities and such issue or placing, including the information described in paragraphs 11, 15, 17, 20, 22, 25, 48, 49 and 50;

    (2) a statement of whether or not such issue plan has been approved by the China Securities Regulatory Commission (or if no such approval is required, whether the PRC issuer has completed the filing of its issue plan with the China Securities Regulatory Commission where applicable) and the timetable for the share issues under such plan, and if such plan has not been approved or the requisite filing procedures have not been completed, when such approval or completion of the filing procedures is expected (as the case may be);

    (3) a statement of whether or not the issue in Hong Kong is conditional (in whole or in part) on such issue or placing of securities;

    (4) a description of the effect on the PRC issuer's statement of business objectives and financial condition (including profit forecast, if any) if such issue or placing of securities is not completed in the manner described in the listing document or if the approval or the completion of filing of the share issue plan referred to in (2) above does not take place by the expected date;

    (5) if such securities are not admitted for listing on any stock exchange, a statement of whether there is (or is proposed to be) trading or dealing in such securities on any other authorised trading facility in the PRC;

    (6) a breakdown of the PRC issuer's shares issued or proposed to be issued; and

    (7) information concerning each legal person or individual expected to hold shares other than H shares constituting 10 per cent or more of the issued share capital (excluding treasury shares) of the PRC issuer upon the completion of such issue or placing of shares other than H shares, and the number of shares other than H shares to be held by each such legal person or individual.

58. Where any securities of the PRC issuer are already issued and outstanding:

    (1) information concerning such securities, including the information described in paragraphs 11, 23 and 25;

    (2) if such securities are not admitted for listing on any stock exchange, a statement of whether there is trading or dealing in such securities on any other authorised trading facility in the PRC;

    (3) a breakdown of the PRC issuer's shares already issued; and

    (4) information concerning each legal person or individual holding such securities constituting 10 per cent or more of the existing issued share capital (excluding treasury shares) of the PRC issuer, and the number of shares held by each such legal person or individual.

59. Particulars of the quorum and voting requirements for general meetings of shareholders.

60. Particulars of the legal form(s) and enabling PRC law under which the PRC issuer operated at any time during the period under rule 11.12A and prior to its conversion into a joint stock limited company.

61. In regard to every company referred to in paragraph 29(1) which is an equity joint venture or which operates as or under a cooperative or contractual joint venture, particulars of the joint venture arrangement including the names of all joint venture partners; their respective capital contributions and percentage interests in the profits, dividends or other distributions of the joint venture; the term of the joint venture; any pre-emptive rights of the joint venture partners and other restrictions on the sale, assignment or transfer of a partner's interest in the joint venture; arrangements concerning the management of the joint venture's business and operations; any special supply, production or licensing arrangements involving any of the joint venture partners; provisions on termination of the joint venture; and any other material terms of the joint venture contract.

62. [Repealed 1 August 2023]

63. Particulars of the tax rates applicable to the PRC issuer's income or profits during the period under rule 11.12A and in the next 3 years, including any preferential tax rates or exemptions.

64. A statement of whether or not the PRC issuer will have sufficient foreign exchange to pay forecasted or planned dividends on H shares and to meet its foreign exchange liabilities as they become due, with particulars of the anticipated sources of such foreign exchange.

65. [Repealed 1 August 2023]

66. [Repealed 1 August 2023]

67. [Repealed 1 August 2023]

68. [Repealed 1 August 2023]

NOTES

1 In cases where the directors of the issuer are responsible for part of the listing document, the directors of another company being responsible for the remainder, the statement should be appropriately adapted. In exceptional cases the Exchange may require other persons to give, or join in, the statement of responsibility in which case the listing document should also be modified appropriately.

2 In the case of an issuer which has carried on the same business for more than 2 years immediately preceding the issue of the listing document, application may be made to the Exchange to dispense with the requirements of paragraphs 8, 20(1) and 47, in so far as it relates to interests in the promotion.

3 Under paragraphs 13, 26, 27, 28, 29(2), 32, 36, 40, 45(3), 46, 47, 51 and 52, reference to the group is to be construed as including any company which will become a subsidiary of the issuer by reason of an acquisition which has been agreed or proposed since the date to which the latest audited accounts of the issuer have been made up.

4 [Repealed 1 April 2015]

5 Any right to revise or extend the offer period or period during which the subscription list is open, as stipulated in the listing document must:—

(a) be limited to possible delays caused by a tropical cyclone warning signal or such similar extraneous factors affecting whether the stated closing date is a banking day or not, as are acceptable to the Exchange; and

(b) be set out in the details included in the listing document; and

subject to any such qualifications acceptable to the Exchange, the closing date of the offer period and the period during which the subscription list is open, as stated in the listing document, may not be revised or extended and may not be subject to any unilateral right on the part of the issuer, the underwriter or any other person to revise or extend such date or period.

6 Particulars should be given of the extent of any duplication which occurs.

7 Issuers who are in any doubt as to the appropriate category in which an interest or short position should be shown are encouraged to consult the Exchange for further guidance.

8 Where the listing document refers to an amount proposed to be raised in excess of the minimum amount indicated under paragraph 15(2), the listing document must explain the impact to the issuer and its statement of business objectives of raising such excess amount. In this regard, a statement that the excess will represent working capital shall not be adequate, unless a reasonably detailed explanation is given as to how such working capital is to be applied.

9 References to directors or proposed directors in paragraphs 13, 28(1), 33(2), 41, 45, 46, 47 49(1) and 54 shall also mean and include supervisors and proposed supervisors, as appropriate. For purposes of applying paragraph 45 to each supervisor of a PRC issuer, paragraph 45 should be interpreted as if Part XV of the Securities and Futures Ordinance applied to such persons to the same extent as directors.

10. [Repealed 1 July 2008]

11. Where an issuer has caused any property interests to be valued (in accordance with Chapter 8) or has caused any valuation to be made of any other tangible assets and included such a valuation in the prospectus relating to its initial public offer, the issuer is required to state in its prospectus, by way of note to the adjusted net tangible asset statement, the additional depreciation (if any) that would be charged against the income statement had such assets been stated at valuation.

12. For the purposes of paragraph 41 "other listed public companies" means other public companies the securities of which are listed on any securities market in Hong Kong (including but not limited to the Main Board and GEM) or overseas.

Attachment to Appendix D1A

1. A summary of the constitutive documents required by rule 24.09(2) or 25.20(2) must be set out under the following headings and where any item is not applicable the words "not applicable" should be inserted under the relevant heading: –

   (1) directors

      (a) power to allot and issue shares

         (i) summary
         (ii) differences

      (b) power to dispose of the issuer's or any of its subsidiaries' assets

         (i) summary
         (ii) differences

      (c) compensation or payments for loss of office

         (i) summary
         (ii) differences

      (d) loans to directors

         (i) summary
         (ii) differences

      (e) giving of financial assistance to purchase the issuer's or any of its subsidiaries' shares

         (i) summary
         (ii) differences

      (f) disclosure of interests in contracts with the issuer or any of its subsidiaries

         (i) summary
         (ii) differences

      (g) remuneration

         (i) summary
         (ii) differences

      (h) retirement, appointment, removal

         (i) summary
         (ii) differences

      (i) borrowing powers

         (i) summary
         (ii) differences

(2) alterations to constitutional documents

(i) summary
(ii) differences

(3) variation of rights of existing shares or classes of shares

(i) summary
(ii) differences

(4) special resolutions – majority required

(i) summary
(ii) differences

(5) voting rights (generally and on a poll)

(i) summary
(ii) differences

(6) requirements for annual general meetings

(i) summary
(ii) differences

(7) accounts and audit

(i) summary
(ii) differences

(8) notice of meetings and business to be conducted thereat

(i) summary
(ii) differences

(9) transfer of shares

(i) summary
(ii) differences

(10) power of the issuer to purchase its own shares

(i) summary
(ii) differences

(11) power of any subsidiary of the issuer to own shares in its parent

(i) summary
(ii) differences

(12) dividends and other methods of distribution

(i) summary
(ii) differences

(13) proxies

(i) summary
(ii) differences

(14) calls on shares and forfeiture of shares

(i) summary
(ii) differences

(15) inspection of register of members

(i) summary
(ii) differences

(16) quorum for meetings and separate class meetings

(i) summary
(ii) differences

(17) rights of the minorities in relation to fraud or oppression thereof

(i) summary
(ii) differences

(18) procedures on liquidation

(i) summary
(ii) differences

(19) any other provisions material to the issuer or the shareholders thereof.

Appendix D1B

CONTENTS OF LISTING DOCUMENTS

Equity Securities

In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed and/or where treasury shares are sold or transferred by the issuer

General information about the issuer, its advisers and the listing document

1. The full name of the issuer.

2. A statement as follows:—

   "This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading." *(Note 1)*

3. The names and addresses of the issuer's principal bankers, Sponsor (in the case of an issuer that is required to have, or otherwise retains, a Sponsor), financial adviser, authorised representatives, solicitors, registrars and trustees (if any) and of the solicitors to the issue.

4. The name, address and professional qualifications of the auditors.

5. Where the listing document includes a statement purporting to be made by an expert, a statement:—

   (1) specifying the qualifications of such expert and whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group and, if so, a full description thereof;

   (2) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included; and

   (3) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the listing document.

6. Particulars of any other stock exchange on which any part of the equity or debt securities of the issuer is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought particulars of the dealing and settlement arrangements on each such exchange and between such exchanges, or an appropriate negative statement.

7. Particulars of any arrangement under which future dividends are waived or agreed to be waived.

8. Particulars of any commissions, discounts, brokerages or other special terms granted since the date to which the latest published audited accounts of the issuer were made up in connection with the issue or sale of any capital of any member of the group, together with the names of any directors or proposed directors, promoters or experts (as named in the listing document) who received any such payment or benefit and the amount or rate of the payment or benefit they received, or an appropriate negative statement. *(Notes 2 and 8)*

8A [Repealed 1 January 2009]

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution *(Note 11)*

9. (1) A statement that application has been or will be made to the Exchange for listing of and permission to deal in the securities.

(2) In case of a new class of securities to be listed, a statement that all necessary arrangements have been made enabling the securities to be admitted into CCASS.

(3) A statement to the effect that dealings in securities of the issuer may be settled through CCASS and that investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangement and how such arrangements will affect their rights and interests.

(4) In case of a new class of securities to be listed, a statement of the minimum prescribed percentage of securities to be held by the public pursuant to rule 11.23.

(5) In case of a new class of securities to be listed, the expected percentage of public float in the relevant class of securities immediately upon listing.

10. (1) The nature and amount of the issue including the number (or, if not yet determinable, the minimum and maximum number) of securities which have been or will be created and/or issued, if predetermined.

(2) Whether or not, and if so to what extent, the issue has been underwritten and, if not fully underwritten, the minimum amount of capital, if any, which the issuer must raise for the issue to proceed.

11. Where the securities for which listing is sought were issued for cash since the date to which the latest published audited accounts of the issuer were made up, or will be issued for cash, a statement or an estimate of the net proceeds of the issue and a detailed explanation as to how such proceeds were or are intended to be applied. *(Note 3)*

12. The amount or estimated amount of the expenses of the issue and of the application for listing and by whom the same are payable.

13. A statement of the net tangible asset backing for each class of security for which listing is sought, after making allowance for any new securities to be issued, as detailed in the listing document.

14. If known, the date on which dealings will commence.

15. Where the securities for which listing is sought are allotted by way of exchange or substitution, an explanation of the financial effects thereof and the effect on existing share rights.

16. Where the securities for which listing is sought are allotted by way of capitalisation of reserves or profits or by way of bonus to the holders of an existing security, a statement as to the pro rata entitlement, the last date on which transfers were or will be accepted for registration for participation in the issue, how the securities rank for dividend, whether the securities rank pari passu with any listed securities, the nature of the document of title, its proposed date of issue and whether or not it is renounceable and how fractions (if any) are to be treated.

17. Where listing is sought for shares which will not be identical with shares already listed:—

    (1) a statement of the rights as regards dividend, capital, redemption and voting attached to such shares and (except as regards the lowest ranking equity) as to the right of the issuer to create or issue further shares ranking in priority thereto or pari passu therewith; and

    (2) a summary of the consents necessary for the variation of such rights.

18. Where the securities for which listing is sought are offered by way of rights or by way of an open offer to the holders of an existing listed security, a statement as to:—

    (1) how securities not taken up will be dealt with and the time, being not less than 10 business days, in which the offer may be accepted. In cases where the issuer has a large number of overseas members a longer offer period may be desirable, provided that the Exchange must be consulted if the issuer proposes an offer period of over 15 business days; *(Note 4)*

    (2) the pro rata entitlement (if applicable), the last date on which transfers were accepted for registration for participation in the issue, how the securities rank for dividend, whether the securities rank pari passu with any listed securities, the nature of the document of title and its proposed date of issue, and how fractions (if any) are to be treated;

    (3) whether the board of directors has received any information from any substantial shareholders of their intention to take up the securities provisionally allotted or offered to them or to be provisionally allotted or offered to them and particulars thereof; and

    (4) the matters required to be disclosed by rules 10.25, 10.27, 10.28, 10.29, 10.29A and 10.31 (in the case of a rights issue) and 10.36, 10.38, 10.39, 10.39A and 10.42 (in the case of an open offer) and/or 20.90(2)(b), as appropriate.

19. Where listing is sought for securities with a fixed dividend, particulars of the profits cover for dividend.

20. Where listing is sought for options, warrants or similar rights to subscribe or purchase equity securities:—

    (1) the maximum number of securities which could be issued on exercise of such rights;

    (2) the period during which such rights may be exercised and the date when this right commences;

    (3) the amount payable on the exercise of such rights;

    (4) the arrangements for transfer or transmission of such rights;

    (5) the rights of the holders on the liquidation of the issuer;

    (6) the arrangements for the variation in the subscription or purchase price or number of securities to take account of alterations to the share capital of the issuer;

(7) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer; and

(8) a summary of any other material terms of the options, warrants or similar rights.

21. Where listing is sought for convertible equity securities:—

(1) information concerning the nature of the equity securities to which the convertible equity securities relate and the rights attaching thereto; and

(2) the conditions of and procedures for conversion, exchange, subscription or purchase and details of the circumstances in which they may be amended.

Information about the issuer's capital *(Note 11)*

22. (1) The authorised share capital of the issuer, the amount issued or agreed to be issued, the amount paid up, the nominal value and a description of the shares.

(1A) Particulars of and the number of treasury shares held by the issuer or its subsidiary or through their agents or nominees.

(2) The amount of any outstanding convertible debt securities and particulars of the conditions governing and the procedures for conversion, exchange or subscription of such securities.

23. Particulars of and the number of founder or management or deferred shares, if any, and the nature and extent of the interest of the holders in the property and profits of the group.

24. Particulars of any alterations in the capital of any member of the group since the date to which the latest published audited accounts of the issuer were made up, including:—

(1) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case, the extent to which they are so paid up; and

(2) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear,

or an appropriate negative statement. *(Note 2)*

25. Particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement. *(Note 2)*

Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to participants under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

General information about the group's activities

26. (1) (a) The general nature of the business of the group and, in cases where 2 or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed and an indication of any significant new products and/or activities. If the group trades outside the country of incorporation or other establishment of

the issuer a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the country of incorporation or other establishment of the issuer, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Hong Kong. *(Note 5)*

(b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:

(i) a statement of the percentage of purchases attributable to the group's largest supplier;

(ii) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;

(iii) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's largest customer;

(iv) a statement of the percentage of revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

(v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5 per cent of the number of issued shares (excluding treasury shares) of the issuer) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

(vi) in the event that the percentage which would fall to be disclosed under (ii) above is less than 30, a statement of that fact shall be given and the information required in (i), (ii) and (v) (in respect of suppliers) may be omitted; and

(vii) in the event that the percentage which would fall to be disclosed under (iv) above is less than 30, a statement of that fact shall be given and the information required in (iii), (iv) and (v) (in respect of customers) may be omitted.

Sub-paragraph 26(1)(b) applies to all issuers whose businesses comprise, in whole or in part, the supply of goods or services of whatever nature, and in the case of service references to customers includes the clients of such issuers.

In relation to consumer goods, references to customers are to the ultimate wholesaler or retailer, except when the issuer's business incorporates the wholesaling or retailing operation. In all other cases references to customers are to ultimate customer.

References to suppliers are primarily to those who provide goods or services which are specific to an issuer's business and which are required on a regular basis to enable the issuer to continue to supply or service its customers. Suppliers of goods and services which are freely available from a range of suppliers at similar prices or which are otherwise freely available (such as utilities) are excluded. In particular, it is recognised that an obligation on issuers who are providers of financial services (such as banks and insurance companies) to give information about suppliers would be of limited or no value, and there is therefore no disclosure requirement in respect of suppliers to such issuers.

The Exchange must be consulted if there is any doubt about the application of sub-paragraph 26(1)(b) *(Note 8)*.

(2) Particulars of any contracts for the hire or hire purchase of plant to or by any member of the group for a period of over 1 year which are substantial in relation to the group's business.

(3) Particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and, where such factors are of fundamental importance to the group's business or profitability, a statement regarding the extent to which the group is dependent on such factors.

(4) Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last 12 months.

(5) Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.

(Note 2)

27. (1) Particulars of any restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

(2) A statement of whether or not any issuer that is an overseas issuer will have sufficient foreign exchange to pay forecasted or planned dividends and to meet its foreign exchange liabilities as they become due, with particulars of the anticipated sources of foreign exchange. If an overseas issuer has no exposure to foreign exchange liabilities, a negative statement to that effect.

Financial information about the group and the prospects of the group

28. A statement as at the most recent practicable date (which must be stated) of the following on a consolidated basis if material:—

(1) the total amount of any debt securities of the group issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured, or an appropriate negative statement;

(2) the total amount of all other borrowings or indebtedness in the nature of borrowing of the group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt, or an appropriate negative statement;

(3) all mortgages and charges of the group, or an appropriate negative statement; and

(4) the total amount of any contingent liabilities or guarantees of the group, or an appropriate negative statement.

Intra-group liabilities should normally be disregarded, a statement to that effect being made where necessary. (Notes 2 and 5)

29. (1) (a) General information on the trend of the business of the group since the date to which the latest published audited accounts of the issuer were made up; and

(b) a statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in

the listing document and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits. *(Note 2)*

(2) The issuer must determine in advance with its financial adviser whether to include a profit forecast in a listing document. Where a profit forecast appears in any listing document, it must be clear, unambiguous and presented in an explicit manner and the principal assumptions, including commercial assumptions, upon which it is based, must be stated. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants or auditors, as appropriate, and their report must be set out. The financial adviser must report in addition that it has satisfied itself that the forecast has been stated by the directors after due and careful enquiry, and such report must be set out.

A "profit forecast" for this purpose means any forecast of profits or losses, however worded, and includes any statement which explicitly or implicitly quantifies the anticipated level of future profits or losses, either expressly or by reference to previous profits or losses or any other benchmark or point of reference. It also includes any profit estimate, being any estimate of profits or losses for a financial period which has expired but for which the results have not yet been published. Any valuation of assets (except property interests (as defined in rule 8.01(3)) or businesses acquired by an issuer based on discounted cash flows or projections of profits, earnings or cash flows is regarded as a profit forecast.

(3) Details (if applicable) of the information set out in rules 17.15 to 17.21 concerning the financial exposure of the issuer to borrowers and other relevant information.

30. A statement by the directors that in their opinion the working capital available to the group is sufficient for the group's requirements for at least 12 months from the date of publication of the listing document or, if not, how it is proposed to provide the additional working capital thought by the directors to be necessary. *(Note 2)*

31. (1) Where required by Chapter 7, a report by the reporting accountants in accordance with that Chapter.

(2) If after the date to which the latest published audited accounts of the issuer have been made up, any member of the group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published accounts of the issuer:—

(a) a statement of the general nature of the business or of the business of the company in which an interest has been or is being acquired, together with particulars of the situation of the principal establishments and of the principal products;

(b) a statement of the aggregate value of the consideration for the acquisition and how it was or is to be satisfied; and

(c) if the aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company will be varied in consequence of the acquisition, full particulars of such variation; if there will be no variation, a statement to that effect. *(Note 8)*

(3) Information for the last 3 financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year:—

(a) for the group; and

(b) for any company acquired since the date of the last published audited accounts of the group in respect of which an accountants' report has already been submitted to shareholders or which was itself during the last 12 months a listed issuer.

(Note 10)

32. A statement by the directors of any material adverse change in the financial or trading position of the group since the date to which the latest published audited accounts of the issuer have been made up, or an appropriate negative statement.

33. Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement. *(Note 2)*

Information about the issuer's management

34. The full name, residential or business address of every director and senior manager or proposed director and senior manager. Where a director or proposed director has any former name or alias, such information should also be disclosed. In addition, brief biographical details in respect of the directors, proposed directors, senior managers and proposed senior managers of the issuer shall be provided. Such details will include name, age, positions held with the issuer and other members of the issuer's group, length of service with the issuer and the group including current and past directorships in other listed public companies in the last three years and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons (which would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities). Where any of the directors or senior managers are related, having with any other director or senior manager any one of the relationships set out below, that fact should be stated. The relationships are spouse; any person cohabiting with the director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or a step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law. Where any director or proposed director is a director or employee of a company which has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated.

    It is the responsibility of the directors of the issuer to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries and heads of divisions, departments or other operating units within the group as senior management as, in the opinion of the issuer's directors, is appropriate. *(Notes 8 and 9)*

35. (1) The full names and professional qualifications, if any, of:—

    (a) the secretary of the issuer.

    (b) [Repealed 1 January 2024]

    (2) The names of the individuals appointed to the issuer's audit committee, their background and directorships (and past directorships), if any, of other companies listed on GEM, the Main Board or other exchanges, and a description of the functions of the audit committee.

36. The situation of the registered office and, if different, the head office and transfer office.

37. Details of any share schemes to which Chapter 23 applies.

38. (1) A statement showing the interests or short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:—

(a) are required to be notified to the issuer and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which he is taken or deemed to have under such provisions of the Securities and Futures Ordinance); or

(b) are required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein; or

(c) are required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the issuer and the Exchange;

or an appropriate negative statement. Provided that the Exchange may agree in its sole discretion that compliance with this paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest or short position under Part XV of the Securities and Futures Ordinance is such that compliance with this paragraph would result in particulars being given which are not material in the context of the group and are excessive in length.

(2) The information required to be included by virtue of paragraph 38(1) of Appendix D1B must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:

(a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or

(b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.

(3) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the issued voting shares of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such securities, or, if there are no such interests or short positions, an appropriate negative statement. *(Note 2)*

(Notes 6 and 8)

(4) Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed.

38A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

(1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);

(b) interests in debentures; and

(c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives;

(iii) other equity derivatives.

Notes:

(1) In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer or associated corporation.

(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:

(i) has a right to take the underlying shares;

(ii) is under an obligation to take the underlying shares;

(iii) has a right to receive money if the price of the underlying shares increases; or

(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

(3) For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives; and

(iii) other equity derivatives.

Notes:

(1) In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer or associated corporation.

(2) A short position arises:

(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;

(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —

(a) has a right to require another person to take the underlying shares of the equity derivatives;

(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;

(c) has a right to receive from another person money if the price of the underlying shares declines; or

(d) has a right to avoid a loss if the price of the underlying shares declines.

(Note 7)

38B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

(1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and

(b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer.

(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:

(i) has a right to take the underlying shares;

(ii) is under an obligation to take the underlying shares;

(iii) has a right to receive money if the price of the underlying shares increases; or

(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

(3) For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer.

(2) A short position arises:

(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;

(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —

(a) has a right to require another person to take the underlying shares of the equity derivatives;

(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;

(c) has a right to receive from another person money if the price of the underlying shares declines; or

(d) has a right to avoid a loss if the price of the underlying shares declines.

(Note 7)

38C. For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to paragraph 38B, except that note (3) to paragraph 38B(1) does not apply.

(Note 7)

39. Particulars of directors' existing or proposed service contracts with any member of the group (excluding contracts expiring or determinable by the employer within 1 year without payment of compensation (other than statutory compensation)), or an appropriate negative statement. *(Notes 2 and 8)*

40. (1) Full particulars of the nature and extent of the interest, direct or indirect, if any, of every director or proposed director or expert (as named in the listing document) in any assets which have been, since the date to which the latest published audited accounts of the issuer were made up, acquired or disposed of by or leased to any member of the group, or are proposed to be acquired or disposed of by or leased to any member of the group, including:—

(a) the consideration passing to or from any member of the group; and

(b) short particulars of all transactions relating to any such assets which have taken place within such period,

or an appropriate negative statement.

(2) Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement.

(Notes 2 and 8)

Material contracts and documents on display

41. The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the group within the 2 years immediately preceding the issue of the listing document, together with a summary of the principal contents of such contracts and particulars of any consideration passing to or from any member of the group. *(Note 2)*

42. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange's website and the issuer's own website:—

(1) [Repealed 4 October 2021]

(2) each of the following contracts:—

(a) any service contracts disclosed pursuant to paragraph 39;

(b) any material contracts disclosed pursuant to paragraph 41; and

(c) in the case of a notifiable transaction or connected transaction circular, any contracts pertaining to the transaction,

or where any of the above contracts have not been reduced into writing, a memorandum giving full particulars thereof;

(3) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the listing document; and

(4) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefor.

(5) [Repealed 4 October 2021]

(6) [Repealed 4 October 2021]

Miscellaneous

43. Information as to the interests (if any) of all directors, and controlling shareholders of the issuer and their respective close associates (as referred to in rule 11.04). *(Note 8)*

Additional information on PRC issuers

(Paragraphs 44 and 47 apply to PRC issuers only)

44. Where a public or private issue or placing of securities of the PRC issuer other than H shares is being made simultaneously with the issue of H shares in Hong Kong or is proposed to be made prior to the end of 3 months after the issue of the listing document in Hong Kong:

    (1) information concerning such securities and such issue or placing, including the information described in paragraphs 6, 10, 11, 12, 14 and 17;

    (2) a statement of whether or not the issue in Hong Kong is conditional (in whole or in part) on such issue or placing of securities, and if not conditional, a description of the effect on the PRC issuer's future plans, prospects and financial condition (including profit forecast, if any) as a result of such issue or placing of securities not being completed in the manner described in the listing document;

    (3) if such securities are not admitted for listing on any stock exchange, a statement of whether there is (or is proposed to be) trading or dealing in such securities on any other authorised trading facility) in the PRC;

    (4) a breakdown of the PRC issuer's shares issued or proposed to be issued; and

    (5) information concerning each legal person or individual expected to hold shares other than H shares constituting 10 per cent or more of the issued share capital (excluding treasury shares) of the PRC issuer upon the completion of such issue or placing of shares other than H shares, and the number of shares other than H shares to be held by each such legal person or individual.

45. [Repealed 3 June 2010]

46. [Repealed 3 June 2010]

47. [Repealed 1 August 2023]

48. [Repealed 3 June 2010]

49. [Repealed 3 June 2010]

50. [Repealed 3 June 2010]

NOTES

1 In cases where the directors of the issuer are responsible for part of the listing document, the directors of another company being responsible for the remainder, the statement should be appropriately adapted. In exceptional cases the Exchange may require other persons to give, or join in, the statement of responsibility in which case the listing document should also be modified appropriately.

2 Under paragraphs 8, 24, 25, 26, 28, 29(1)(b), 30, 33, 38(3), 39, 40 and 41, reference to the group is to be construed as including any company which will become a subsidiary of the issuer by reason of an acquisition which has been agreed or proposed since the date to which the latest audited accounts of the issuer have been made up.

3 Where the listing document refers to an amount proposed to be raised in excess of the minimum amount indicated under paragraph 10(2), the listing document must explain the impact of the issuer and its business of raising such excess amount. In this regard, a statement that the excess will represent working capital should not be adequate unless a reasonably detailed explanation is given as to how such working capital is to be applied.

4 Any right to revise or extend the offer period or period during which the subscription list is open, as stipulated in the listing document must:—

(a) be limited to possible delays caused by a tropical cyclone warning signal or such similar extraneous factors affecting whether the stated closing date is a banking day or not, as are acceptable to the Exchange; and

(b) be set out in the details included in the listing document; and

subject to any such qualifications acceptable to the Exchange, the closing date of the offer period and the period during which the subscription list is open, as stated in the listing document, may not be revised or extended and may not be subject to any unilateral right on the part of the issuer, the underwriter or any other person to revise or extend such date or period.

5 [Repealed 1 April 2015]

6 Particulars should be given of the extent of any duplication which occurs.

7 Issuers who are in any doubt as to the appropriate category in which an interest or short position should be shown are encouraged to consult the Exchange for further guidance.

8 References to directors or proposed directors in paragraphs 8, 26(1), 31(2), 34, 38, 39, 40 and 43 shall also mean and include supervisors and proposed supervisors, as appropriate. For purposes of applying paragraph 38 to each supervisor of a PRC issuer, paragraph 38 should be interpreted as if Part XV of the Securities and Futures Ordinance applied to such persons to the same extent as directors.

9 For the purposes of paragraph 34 "other listed public companies" means other public companies the securities of which are listed on any securities market in Hong Kong (including but not limited to the Main Board and GEM) or overseas.

10 For the purpose of paragraph 31(3), the information may be incorporated in the listing document or circular of the listed issuer by reference to its other documents published under Chapter 16.

11 References to shares or securities for which listing is sought include treasury shares to be sold or transferred out of treasury, and references to issue, allotment or offer of shares or securities include sale or transfer of treasury shares. Accordingly, the disclosure requirements shall apply, mutatis mutandis, to a sale or transfer of treasury shares.

Appendix D1C

CONTENTS OF LISTING DOCUMENTS

Debt Securities

In the case where listing is sought for debt securities

General information about the issuer, its advisers and the listing document

1. The full name of the issuer.

2. A statement as follows:—

   "This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading." *(Note 1)*

3. The names and addresses of the issuer's Sponsor (in the case of an issuer that is required to have, or otherwise retains a Sponsor), financial adviser, authorised representatives, solicitors and, if any, receiving bankers, registrars, trustee, fiscal agent, paying agents and the solicitors to the issue.

4. The name, address and professional qualifications of the auditors.

5. The date and country of incorporation or other establishment of the issuer and the authority under which the issuer was incorporated or otherwise established and, if not incorporated or established with perpetual existence, a statement to that effect.

6. Details of the legislation under which the issuer is incorporated or otherwise established and whether its liabilities are limited and, if so, in what manner or any other legal form which it has adopted under that legislation.

7. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business, if any, in Hong Kong registered under Part 16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

8. Where the listing document includes a statement purporting to be made by an expert, a statement:—

   (1) specifying the name, address and professional qualifications of such expert and the date on which the expert's statement was made;

(2) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included;

(3) whether or not the statement was made by the expert for incorporation in the listing document; and

(4) specifying whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group and, if so, a full description thereof.

9. Particulars of any other stock exchange on which any part of the equity securities of the issuer is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought and the name of the stock exchange on which the issuer's primary listing is or is to be, or an appropriate negative statement.

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution

10. (1) A statement that application has been or will be made to the Exchange for listing of and permission to deal in the securities.

(2) If the securities are or will be admitted to CCASS, a statement to the effect that dealings in securities of the issuer may be settled through CCASS and that investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

11. The amount or estimated amount of the expenses of the issue and of the application for listing and by whom the same are payable.

12. If known, the date on which permission to deal in the debt securities on the Exchange is expected to become effective.

Information concerning the debt securities

13. An estimate of the net proceeds of the issue and a detailed explanation as to how such proceeds are intended to be applied. (Note 2)

14. A description of or the text of the terms and conditions of the issue containing:—

(1) the nominal amount of the issue or if this amount is not fixed, a statement to that effect, the nature and number of the debt securities and the denomination(s);

(2) a summary of the rights conferred upon the holders and particulars of the security;

(3) except in the case of continuous issues, the issue (or if different, offer) and redemption prices and the nominal interest rate and if floating, how it is calculated; if several interest rates are provided for, an indication of the conditions for changes in the rate. If any issue discount is allowed or premium is payable, a statement describing this. If any expenses of the issue are specifically charged to subscribers or purchasers, a statement describing this;

(4) details of the method of payment of the issue (or if different, offer) price including a description of any instalment arrangement;

(5) a statement regarding tax on the income from debt securities withheld at source and an indication as to whether the issuer assumes responsibility for the withholding of tax at source and any redemption option in the event of a withholding tax being introduced on or in respect of payments under the debt securities;

(6) details of the arrangements for the amortisation or early redemption of the issue, including procedures to be adopted;

(7) the names and addresses of the paying agent(s) and any registrar and transfer agent(s) for the debt securities in Hong Kong;

(8) details of the arrangements for transfer of the securities (if not in bearer form);

(9) the currency of the issue. If the issue is payable in any currency other than the currency of issue, this fact should also be disclosed;

(10) details of the following time limits:—

(a) final repayment date and any early repayment dates, specifying whether exercisable at the issuer's or the holder's option;

(b) the date from which interest accrues and the interest payment dates;

(c) prescription period for claims for payment of interest and repayment of principal; and

(d) procedures and time limits for delivery of the debt securities, whether there will be temporary documents of title and, if so, the procedures for the delivery and exchange thereof; and

(11) except in the case of continuous issues, an indication of yield. The method whereby that yield is calculated should also be described in summary form.

15. The following legal information:—

(1) an indication of the resolutions, authorisations and approvals by virtue of which the debt securities have been or will be created and/or issued and the number of debt securities which have been or will be created and/or issued, if predetermined;

(2) the nature and scope of the guarantees, sureties and commitments intended to ensure that the issue will be duly serviced with regard to both the principal of and the interest on the debt securities and an indication of the places where the public may have access to copies of such guarantees, sureties and commitments;

(3) details of the trustee, fiscal agent or of any other representative for the debt securities holders as a whole. The name and function or description and head office of such representative of the debt securities holders and, in particular, the conditions under which the representative may be replaced. An indication of where the public may inspect copies of the documents detailing how the representative is to act;

(4) a description of any subordination of the issue to other debts of the issuer already incurred or to be incurred;

(5) an indication of any legislation under which the debt securities have been created, the governing law and of the competent courts in the event of litigation;

(6) an indication as to whether the debt securities are in registered or bearer form; and

(7) details of any restrictions on the free transferability of the debt securities (e.g. provisions requiring transfers to be approved).

16. The following information concerning the application for listing of the debt securities:—

(1) particulars of any other stock exchange on which listing of or permission to deal in the debt securities is being or is proposed to be sought and particulars of any stock exchange on which debt securities of the same class are already listed;

(2) if debt securities of the same class have not yet been listed but are traded on several other regulated, regularly operating, open stock markets, an indication of such markets;

(3) the names of the legal entities underwriting the issue. If not all of the issue is underwritten, a statement of the portion not underwritten;

(4) if public or private issues or placings are being made simultaneously on markets within and outside Hong Kong and if a tranche has been or is being reserved for certain of those markets, an indication of any such tranche;

(5) a description of any stabilisation activities to be carried out in respect of the debt securities; and

(6) an indication of whether or not the debt securities have been sold or are available in whole or in part to the public in conjunction with the application and a description of other selling restrictions.

17. The following additional information concerning the issue:—

(1) the method of payment of the issue or offer price;

(2) except in the case of continuous issues, the period of the opening of the issue or offer and any possibilities of early closure; (Note 3)

(3) an indication of the financial organisations responsible for receiving the public's subscriptions; and

(4) a reference, if necessary, to the fact that subscriptions may be reduced.

18. A reference to the registration of the listing document and any supporting documents with the Registrar of Companies and an indication as to any exemptions granted from the prospectus requirements contained in the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Additional information concerning convertible debt securities

19. Information concerning the nature of the equity securities or other property offered by way of conversion, exchange, subscription or purchase and the rights attached thereto including, in particular, the voting rights, entitlement to share in profits and, in the event of liquidation, any surplus and any other special rights.

20. Full details of any property the subject of such conversion, exchange, subscription or purchase rights.

21. The terms and conditions for conversion, exchange, subscription or purchase and details of the circumstances for or in which they may be amended, including the following information:—

(1) the total number of equity securities or other property subject to such rights;

(2) the period during which such rights may be exercised and the date when this right commences;

(3) the amount payable on the exercise of such rights;

(4) the arrangements for transfer or transmission of such rights;

(5) the rights of the holders on the liquidation of the company the equity securities of which are subject to such rights; and

(6) the arrangements for the variation in the subscription or exercise price or number of equity securities or other property to take account of alterations to the share capital of the company the equity securities of which are subject to such rights.

22. Where the issuer of the convertible debt securities is different from the issuer of the relevant equity securities, such items of information, with respect to the issuer of the equity securities, from paragraphs 1 to 12 and 35 to 54, as the Exchange shall require having regard to the circumstances of the issue and/or a statement indicating from where any information concerning the issuer of the equity securities contained in the listing document has been extracted and as to the date of the source of such extraction.

23. Where the issuer has authorised but unissued capital or is committed to increase its capital, an indication of:—

(1) the amount of such authorised capital or capital increase and, where appropriate, the duration of the authorisation;

(2) the categories of persons having preferential subscription rights for such additional portions of capital; and

(3) the terms and arrangements for the share issue corresponding to such portions.

24. If the issuer has shares not representing capital, the number and main characteristics of such shares.

25. An indication of the persons, so far as known to the issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the issuer and particulars of the proportion of the voting capital held. Joint control means control exercised by 2 or more persons who have concluded an agreement which may lead to their adopting a common policy in respect of the issuer.

26. Details of the profit or loss per share of the issuer, arising out of the issuer's ordinary activities, after tax, for each of the last 2 financial years, where the issuer includes its own annual accounts in the listing document. Where the issuer includes only consolidated annual accounts in the listing document, it must indicate the consolidated profit or loss per share for each of the last 2 financial years. This information must appear in addition to that provided in accordance with the first sentence where the issuer also includes its own annual accounts in the listing document. If, in the course of the period of 2 financial years, the number of shares in the issuer has changed as a result, for example, of an increase in or reduction or reorganisation of capital, the profit or loss per share referred to in the first and second sentences must be adjusted to make them comparable; in that event the adjustment formulae used must be disclosed.

27. The amount of the dividend per share for each of the last 2 financial years, adjusted, if necessary, to make it comparable in accordance with the fourth sentence of paragraph 26.

28. Details of the fixed date(s), if any, on which entitlement to dividend arises.

29. Particulars of any arrangement under which future dividends are waived or agreed to be waived.

30. Name, registered office and proportion of capital held in respect of each undertaking in which the issuer holds at least 10 per cent of the capital. These details may be omitted when they are of negligible importance for the purpose of enabling investors and their investment advisers to make an informed assessment of the activities, assets and liabilities, financial position and management of the group at the time the listing document is issued and its profits and losses and of the rights attaching to the securities for which application is made.

31. Summary of the provisions of the issuer's memorandum and articles of association or equivalent documents regarding changes in capital and variation of class rights whether or not such provisions are more stringent than required by law.

Additional information concerning options, warrants or similar rights

32. Where the options, warrants or similar rights entitle the holder to subscribe or purchase another debt security all of the information required by paragraphs 13 to 18 in respect of that debt security.

33. Where the options, warrants or similar rights entitle the holder to subscribe or purchase equity securities or other property, all of the information required by paragraphs 9, 19 to 31 in respect of those equity securities or that other property.

Information about the issuer's capital

34. Particulars of any alterations in the capital of the issuer or of any of its material subsidiaries, in the case of a new applicant within 2 years immediately preceding the issue of the listing document, and, in every other case, since the date to which the latest published audited accounts of the issuer were made up, including:—

    (1) where any such capital has been issued or is proposed to be issued fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case, the extent to which they are so paid up; and

    (2) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear,

    or an appropriate negative statement. *(Notes 4 and 5)*

35. Particulars of any capital of any member of the issuer or of any of its material subsidiaries which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement. *(Notes 4 and 5)*

    Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to participants under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

36. Number, book value and nominal value or, in the absence of a nominal value, the accounting par value of any of its own shares which any member of the group (being a company) has acquired and is holding, if such shares do not appear as a separate item in the balance sheet. *(Note 5)*

General information about the group's activities

37. (1) The general nature of the business of the group and, in cases where 2 or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed and an indication of any significant new products and/or activities. If the group trades outside the country of incorporation or other establishment of the issuer a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets is situated outside the country of incorporation or other establishment of the issuer, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Hong Kong.

(2) If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held (directly or indirectly) by each holding company of the issuer.

(3) Particulars of any contracts for the hire or hire purchase of plant to or by any member of the group for a period of over 1 year which are substantial in relation to the group's business.

(4) Particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and where such factors are of fundamental importance to the group's business or profitability a statement regarding the extent to which the group is dependent on such factors.

(5) Information concerning the policy of the group on the research and development of new products and processes over the past 5 financial years where significant.

(6) Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last 12 months.

(7) The number of people employed by the group and changes therein in the last financial year, if such changes are material in the context of the group, with, if possible, a breakdown of persons employed by main categories of activity.

(8) Particulars, including location, and of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.

(Note 5)

38. (1) In regard to every material subsidiary, particulars of the name, date and country of incorporation or other establishment, whether public or private, general nature of business, issued capital and the proportion thereof held or intended to be held by the issuer.

(2) In regard to the issuer and every material subsidiary, particulars of the location of the principal establishments.

(Notes 4 and 5)

Financial information about the group and prospects of the group

39. A consolidated capitalisation statement and indebtedness statement for the issuer made up to a recent date acceptable to the Exchange (normally not earlier than 3 months prior to the issue of the listing document) giving information on short, medium and long-term debt (distinguishing between

actual and contingent liabilities and including details of any debt securities issued and, if appropriate, the terms and conditions of any conversion, exchange or subscription rights) and shareholders' equity (including an indication of authorised and issued share capital by class, if appropriate, and the amount paid-up) duly adjusted to reflect the issue of the debt securities for which listing is sought accompanied by particulars of any material changes since that date, or an appropriate negative statement.

40. A statement showing the revenue during the 2 financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

41. (1) General information on the trend of the business of the group since the date to which the latest audited accounts of the issuer were made up. (Note 5)

(2) A statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the listing document and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits. (Note 5)

(3) The issuer must determine in advance with its financial adviser whether to include a profit forecast in a listing document. Where a profit forecast appears in any listing document, it must be clear, unambiguous and presented in an explicit manner and the principal assumptions, including commercial assumptions, upon which it is based, must be stated. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out. The financial adviser must report in addition that they have satisfied themselves that the forecast has been stated by the directors after due and careful enquiry, and such report must be set out.

A "profit forecast" for this purpose means any forecast of profits or losses, however worded, and includes any statement which explicitly or implicitly quantifies the anticipated level of future profits or losses, either expressly or by reference to previous profits or losses or any other benchmark or point of reference. It also includes any profit estimate, being any estimate of profits or losses for a financial period which has expired but for which the results have not yet been audited or published. Any valuation of assets (except property interests (as defined in rule 8.01(3)) or businesses acquired by an issuer based on discounted cash flows or projections of profits, earnings or cash flows will also be regarded as a profit forecast.

(4) Particulars of the profits cover for interest payments and of the net tangible assets.

(5) Details (if applicable) of the information set out in rules 17.15 to 17.21 concerning the financial exposure of the issuer to borrowers and other relevant information.

42. (1) Where required by Chapter 7, a report by the reporting accountants in accordance with that Chapter. In the case of an issuer the equity securities of which are listed on GEM (or the holding company of which has its equity securities listed on GEM), if more than two months have elapsed since the last interim reporting date, a relevant interim financial statement covering the period up to such date must be included in the listing document or appended to it. If the interim financial statement is unaudited, this fact must be stated.

(2) A statement by the directors of whether or not the accountants' report contains a modified opinion by the reporting accountants and if so, such modification must be reproduced in full and the reasons for such modification given.

43. A statement of any material adverse change in the financial or trading position of the group since the end of the period reported on in the accountants' report, or an appropriate negative statement. *(Note 5)*

44. [Repealed 1 January 2012]

45. Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement. *(Note 5)*

Information about the issuer's management

46. The full name (including any former name(s) and alias(es)), residential or business address and description (being his qualifications or area of expertise or responsibility) of every director or proposed director (or any such person who performs an important administrative, management or supervisory function) and particulars of the principal functions performed by each of them within the group if significant to the group. In addition, brief biographical details in respect of every director or proposed director (or any person who performs an important administrative, management or supervisory function) must be provided. Such details must not be less than those required to be disclosed in an announcement relating to the appointment or re-designation of the director pursuant to rule 17.50(2) and would include, without limitation, full particulars of any public sanctions made against them by statutory or regulatory authorities.

47. (1) The full name and professional qualifications, if any of:—

(a) the secretary of the issuer.

(b) [Repealed 1 January 2024]

(2) The names of the individuals appointed to the issuer's audit committee, their background and directorships (and past directorships), if any, of other companies listed on GEM, the Main Board or other exchanges, and a description of the functions of the audit committee.

48. The situation of the registered office and, if different, the head office, principal office and transfer office (if applicable).

49. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:—

(a) will have to be notified to the issuer and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which he is taken or deemed to have under such provisions of the Securities and Futures Ordinance) once the issuer's securities are listed; or

(b) will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, once the issuer's securities are listed, or an appropriate negative statement; and

(2) The information required to be included by virtue of paragraph 49(1) of Appendix D1C must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:

(a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or

(b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.

(3) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the issued voting shares of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such securities, or, if there are no such interests or short positions, an appropriate negative statement. *(Note 5)*

(Note 6)

(4) Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed.

49A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

(1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);

(b) interests in debentures; and

(c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives;

(iii) other equity derivatives.

Notes:

(1) In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer or associated corporation.

(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:

(i) has a right to take the underlying shares;

(ii) is under an obligation to take the underlying shares;

(iii) has a right to receive money if the price of the underlying shares increases; or

(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

(3) For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives;

(ii) cash settled equity derivatives; and

(iii) other equity derivatives.

Notes:

(1) In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer or associated corporation.

(2) A short position arises:

(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;

(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —

(a) has a right to require another person to take the underlying shares of the equity derivatives;

(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;

(c) has a right to receive from another person money if the price of the underlying shares declines; or

(d) has a right to avoid a loss if the price of the underlying shares declines.

(Note 7)

49B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

(1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and

(b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer.

(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:

(i) has a right to take the underlying shares;

(ii) is under an obligation to take the underlying shares;

(iii) has a right to receive money if the price of the underlying shares increases; or

(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.

(3) For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

Notes:

(1) The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer.

(2) A short position arises:

(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;

(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —

(a) has a right to require another person to take the underlying shares of the equity derivatives;

(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;

(c) has a right to receive from another person money if the price of the underlying shares declines; or

(d) has a right to avoid a loss if the price of the underlying shares declines.

(Note 7)

49C. For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to paragraph 49B, except that note (3) to paragraph 49B(1) does not apply.

(Note 7)

50. Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement. *(Note 5)*

Contracts pertaining to the issue and documents on display

51. The dates of and parties to all documents pertaining to the issue entered into by any member of the group within the 2 years immediately preceding the issue of the listing document, together with a summary of the principal contents of such contracts. *(Note 5)*

52. Details of where annual and any interim reports are available and how often interim reports are published.

53. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange's website and the issuer's own website:—

    (1) the memorandum and articles of association or equivalent documents of the issuer;

    (2) any trust deed, fiscal agency agreement or other document constituting the debt securities;

    (3) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the listing document;

    (4) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefor; and

    (5) the audited accounts and interim statements of the issuer, or in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each of the 2 financial years immediately preceding the issue of the listing document together with (in the case of a Hong Kong issuer) all notes, certificates or information required by the Companies Ordinance.

    (Notes 5 and 8)

Miscellaneous

54. Information as to the interests (if any) of all directors and controlling shareholders and, in relation only to the initial listing document, substantial shareholders of the issuer and their respective close associates (as referred to in 11.04).

Information on property interests

55. Where required by Chapter 8, information set out in that Chapter.

NOTES

1 In cases where the directors of the issuer are responsible for part of the listing document, the directors of another company being responsible for the remainder, the statement should be appropriately adapted. In exceptional cases the Exchange may require other persons to give, or join in, the statement of responsibility in which case the listing document should also be modified appropriately.

2 Where the listing document refers to an amount proposed to be raised in excess of the minimum amount estimated pursuant to paragraph 13, the listing document must explain the impact to the issuer and its business of raising such excess amount.

3 Any right to revise or extend the offer period or period during which the subscription list is open, as stipulated in the listing document must:—

(a) be limited to possible delays caused by a tropical cyclone warning signal or such similar extraneous factors affecting whether the stated closing date is a banking day or not, as are acceptable to the Exchange; and

(b) be set out in the details included in the listing document; and

subject to any such qualifications acceptable to the Exchange, the closing date of the offer period and the period during which the subscription list is open, as stated in the listing document, may not be revised or extended and may not be subject to any unilateral right on the part of the issuer, the underwriter or any other person to revise or extend such date or period.

4 "A material subsidiary" is a company whose profits or assets make or will make a material contribution to the figures in the accountants' report required by paragraph 42(1) (if relevant) or the next published accounts.

5 Under paragraphs 34, 35, 36, 37, 38, 41(1) and (2), 43, 45, 49(3), 50, 51 and 53 above, reference to the group or material subsidiaries, as the case may be, is to be construed as including any company which will become a subsidiary or material subsidiary, as appropriate, by reason of an acquisition which has been agreed or proposed since the date to which the latest audited accounts of the issuer have been made up.

6 Particulars should be given of the extent of any duplication which occurs.

7 Issuers who are in any doubt as to the appropriate category in which an interest or short position should be shown are encouraged to consult the Exchange for further guidance.

8 For the purpose of paragraph 53(5) the interim statements need not be consolidated if the issuer has in the past always presented accounts on another basis.

APPENDIX D2

CONTENT OF A COMPETENT PERSON'S REPORT FOR PETROLEUM RESERVES AND RESOURCES

(See rule 18A.20)

The Competent Person's Report for Petroleum Reserves and Resources must include the following:–

1. (1) Table of contents

(2) Executive summary

(3) Introduction:–

(a) the Competent Person's terms of reference;

(b) a statement by the Competent Person confirming his details including his full name, address, professional qualifications, expertise, years of experience, professional society affiliations, and membership details of a relevant Recognised Professional Organisation;

(c) a statement by the Competent Person that he is independent of the Mineral Company, its directors, senior management, and advisers, in compliance with GEM Listing Rule 18A.22.

(d) a description of the nature and source of any information used in the preparation of the Competent Person's Report including any limitations on the availability of information;

(e) details of any information used in the preparation of the Competent Person's Report that was provided by the Mineral Company;

(f) a statement that the Resources and Reserves have been substantiated by evidence (from a site visit, if appropriate) that:–

(i) is supported by analyses; and

(ii) takes account of information supplied to the Competent Person;

(g) if a site visit has been undertaken, when the site visit was undertaken and by whom;

(h) if a site visit has not been undertaken, a satisfactory reason as to why not;

Note: It is for the Competent Person to determine whether or not a site visit is necessary.

(i) the effective date of the estimates;

(j) the effective date of the Competent Person's Report;

(k) the Reporting Standard used in the Competent Person's Report, and an explanation of any departure from the relevant Reporting Standard;

(l) abbreviated definitions of the categories of Reserves and Resources used in the Competent Person's Report.

(4) Summary of Assets:–

(a) a description or table of assets held by the Mineral Company including:–

(i) the percentage ownership by the Mineral Company; and

(ii) the gross and net acreage of the assets;

(b) a summary of gross and net:–

(i) Proved Reserves; and

(ii) Proved Reserves plus Probable Reserves,

(net of any revenue interest and/or entitlement interests, as appropriate) as of [date];

(c) gross (100% of field) production profiles for:–

(i) Proved Reserves; and

(ii) Proved Reserves plus Probable Reserves (optional),

(listed separately)

(d) a summary of any upside in respect of Possible Reserves, Contingent Resources, and Prospective Resources (optional);

(e) a summary of net present values ("NPVs") attributable to:–

(i) Proved Reserves; and

(ii) Proved Reserves plus Probable Reserves;

including any caveats. This disclosure is optional.

Note: Volumetric or monetary results of differing classes of Reserves and Resources with other classes must not be combined. Prospective Resources must not be summed (either to each other or to other classes).

(5) Discussion:–

(a) general description of the region's petroleum history;

(b) details of the regional and basin generalized geology and evident petroleum system;

(6) Field(s), licence(s) and asset(s):–

(a) For each field, licence and asset (or a number of fields, licences, and assets), reporting shall be divided into four explicitly different sections:–

(i) Reserves;

(ii) Contingent Resources;

(iii) Prospective Resources; and

(iv) other assets material to the Mineral Company;

Note: Examples of other assets material to a Mineral Company are: a pipeline which is not part of the producing assets facilities, an evacuation pipeline, or a petrochemical plant.

(b) For each of 6(a)(i), (ii) and (iii) the following information must be provided, as applicable:–

(i) the nature and extent of any rights to explore and extract hydrocarbons and a description of the properties to which those rights attach, including the duration and other principal terms and conditions of the concessions and any necessary licences and consents and the responsibility for any rehabilitation and/or abandonment costs;

(ii) a description of geological characteristics including a stratigraphic column;

(iii) the characteristics of the reservoir (including thickness, porosity, permeability, pressure, and any recovery mechanism), or that judged to be expected in the case of Prospective Resources;

(iv) details of any exploration drilling including the depth of zone tested, rock formation encountered, and any liquids and/or gases encountered and/or recovered;

(v) the date production commenced;

(vi) details of any developments;

(vii) details of any commercial risks for any Contingent Resources;

(viii) details of any geological risk assessment for any Prospective Resources;

(ix) the methods employed for exploration and/or extraction;

(x) plans and maps for each field demonstrating any geological characteristics, platforms, pipelines, wells, bore holes, sample pits, trenches and similar characteristics;

(xi) discussion on the field development plan;

(xii) comments on plant and machinery including suitability and expected life capability in terms of rates, conditions, and costs of maintaining;

(xiii) production schedules and the basis for any estimations;

(xiv) comments on any production forecasts made by the Mineral Company; and

(xv) a statement of:–

(A) Proved Reserves;

(B) Proved Reserves plus Probable Reserves;

(C) Possible Reserves; (optional)

including the method of estimation and the expected recovery factor;

Note: Information on Possible Reserves must be stated separately and not combined with information on any other Reserves. A clear statement must be provided that any Possible Reserves are entirely excluded from any asset valuation or statement of Reserves.

(7) Business:–

(a) the general nature of the business of the Mineral Company, distinguishing between different activities which are material to the business having regard to the profits or losses, assets employed and any factors affecting the importance of the activity;

(b) a statement about the Mineral Company's long term prospects;

(c) an assessment of the technical staff employed by the Mineral Company;

(d) any other factors that might affect value perceptions;

Note: Examples of other factors that might affect value perceptions are transportation difficulties and marketing.

(8) Economic evaluation:–

If a Mineral Company provides an economic evaluation based on Discounted Cash Flow analyses, the following additional requirements should be complied with:–

(a) separate NPVs must be calculated for:–

(i) Proved Reserves; and

(ii) Proved Reserves plus Probable Reserves; (optional)

(b) the oil prices or gas prices used in forecast cases and constant cases must be clearly stated, including any discounts or premiums of quality, transportation, or logistics, if applicable;

(c) a summary of the fiscal terms under which the licence(s) or permit(s) are held must be stated;

(d) varying discount rates (including the weighted average cost of capital or the minimum acceptable rate of return that applies to the Mineral Company when the evaluation is made) or a fixed discount rate of 10% must be applied;

(e) if the NPVs attributable to Reserves are disclosed, they are presented using a forecast price as a base case or using a constant price as a base case. Under the base case:–

(i) any assumptions made by the Competent Person must be stated including:–

(A) the cost inflation rate;

(B) if applicable, the exchange rate;

(C) the effective date; and

(D) any salient fiscal terms and assumptions;

(f) a table of NPV results for the Mineral Company's net economic interests must be included, which must not combine volumes or monetary conclusions for different categories;

(g) sensitivity analyses for oil and gas prices, must be included, if appropriate, clearly stating the parameters chosen;

(h) separate economic evaluation of plant and machinery must be included if not used in the extraction of Reserves;

Note: Pipelines are an example of plant and machinery not used in the extraction of Reserves.

(9) Social and Environmental:–

Discussion on any social and/or environmental issues, which are relevant to the exploration or exploitation of the hydrocarbons must be included, if material.

Note: Examples of social and environmental issues include difficulties of access, difficulties in laying pipelines, and special environmental concerns such as fishing grounds.

(10) Basis of opinion:–

(a) a statement that the Competent Person's Report has been prepared within the context of the Competent Person's understanding of the effects of petroleum legislation, taxation, and other regulations, that currently apply to assets;

(b) a statement that the Competent Person is in a position to attest to the rights of the Mineral Company to explore, mine, or explore and mine, the relevant Resources and Reserves;

(c) a statement that the Competent Person's Report is, and must remain, an independent opinion despite certain information used in the preparation of the Competent Person's Report having been given to it by the Mineral Company;

(11) Illustrations – of sufficient clarity to graphically present the material within the text. Maps must include a geographical reference system and scale bar for clarity. Technical drawings must include a legend to explain features within the diagram.

Appendix D3

SUMMARY FORM OF DISCLOSURE FOR PROPERTY INTERESTS

[Types of properties]

(E.g. properties for investments, for sale, held for development or under development)

[Geographical region]

Use and name/brief description of projects	Total/Planned Gross Floor Area	Leasable/ Saleable area	Number of rooms/units	Number of car parking spaces	Attributable to the group	Terms of tenure (year of leasehold expiry)	Construction commencement date (if under development)	Year of completion/ Expected completion date	Development cost, where property is being developed (as required under rule 8.05(3)(e))	Average occupancy rate	Average effective rent (as required under rule 8.05(2))	Attributable independent valuation as at [date]
For example:												
Mixed use												
[Name of project]												
Residential												
Retail												
Office												
Hotel												
Office												
Residential												
Retail												
Serviced apartments												

E. Obligations of Certain Parties

Appendix E1

Sponsor's obligations

A sponsor as appointed under Rule 6A must:

(a) comply with the GEM Listing Rules from time to time in force and applicable to sponsors;

(b) use reasonable endeavours to ensure that all information provided to the Exchange and the Commission during the new applicant's listing application process, or for that part of it as the sponsor continues to be engaged by the new applicant, is true, accurate, complete and not misleading in all material respects and, to the extent that the sponsor subsequently becomes aware of information that casts doubt on the truth, accuracy or completeness of information provided to the Exchange, the sponsor will promptly inform the Exchange and the Commission, as the case may be, of such information;

(c) (i) cooperate in any investigation conducted or enquiry raised by, and use reasonable endeavours to address all matters raised by, the Listing Division, the GEM Listing Committee of the Exchange, and/or the Commission in connection with the listing application, including providing in a timely manner any information that may be reasonably required by the Exchange for the purpose of verifying whether the GEM Listing Rules are being or have been complied with by the sponsor, the new applicant and the new applicant's directors, answering promptly and openly any questions addressed to the sponsor, promptly producing the originals or copies of any relevant documents; and (ii) accompany the new applicant to any meetings with the Exchange unless otherwise requested by the Exchange, and attend before any meeting or hearing and participate in any other discussion with the Exchange at which the sponsor is requested to appear;

(d) lodge with the Exchange, before dealings in the new applicant's securities commence, the declaration set out in Form E (published in Regulatory Forms) as referred to in rule 12.26(8) of the GEM Listing Rules;

(e) report to the Exchange in writing as soon as practicable when the sponsor becomes aware of any material information relating to the new applicant or its listing application which concerns non-compliance with the GEM Listing Rules or other legal or regulatory requirements relevant to the new applicant's listing (except as otherwise disclosed), or any change to the information relating to the sponsor's independence. This obligation continues after the sponsor ceases to be the new applicant's sponsor, if the material information came to its knowledge whilst it was acting as the sponsor;

(f) report to the Exchange in writing of the reasons for ceasing to act as a sponsor as soon as practicable when the sponsor ceases to act for the new applicant before completion of its listing;

(g) conduct reasonable due diligence inquiries to have reasonable grounds to believe and must believe on or before the date of issue of the listing document that:

  (i) the new applicant is in compliance with all the conditions in Chapter 11 of the GEM Listing Rules (except to the extent that compliance with those rules has been waived by the Exchange in writing or are not applicable);

(ii) the new applicant's listing document contains sufficient particulars and information to enable a reasonable person to form as a result thereof a valid and justifiable opinion of the shares, the financial condition and profitability of the new applicant at the time of the issue of the listing document;

(iii) the information in the non-expert sections of the listing document:

(A) contains all information required by relevant legislation and rules;

(B) is true, accurate and complete in all material respects and not misleading or deceptive in any material respect, or, to the extent it consists of opinions or forward looking statements by the new applicant's directors or any other person, such opinions or forward looking statements have been made after due and careful consideration and on bases and assumptions that are fair and reasonable; and

(C) does not omit any matters or facts the omission of which would make any information in the non-expert sections of a listing document or any other part of the listing document misleading in a material respect;

(iv) the new applicant has established procedures, systems and controls (including accounting and management systems) which are adequate having regard to the obligations of the new applicant and its directors under the GEM Listing Rules and other relevant legal and regulatory requirements (in particular rules 17.10, 17.11, 18.03, 18.49 and 18.53 to 18.64 and Chapters 19 and 20 and Part XIVA of the Securities and Futures Ordinance) and which provide a reasonable basis to enable the new applicant's directors to make a proper assessment of the financial position and prospects of the new applicant and its subsidiaries, both immediately before and after listing;

(v) the new applicant's directors collectively have the experience, qualifications and competence to manage the new applicant's business and comply with the GEM Listing Rules, and individually have the experience, qualifications and competence to perform their individual roles, including an understanding of the nature of their obligations and those of the new applicant as an issuer under the GEM Listing Rules and other legal or regulatory requirements relevant to their role; and

(vi) there are no other material issues bearing on the new applicant's application for listing of and permission to deal in its securities which, in the sponsor's opinion, should be disclosed to the Exchange;

(h) conduct reasonable due diligence inquiries in relation to each expert section in the listing document, to have reasonable grounds to believe and must believe (to the standard reasonably expected of a sponsor which is not itself expert in the matters dealt with in the relevant expert section) on or before the date of issue of the listing document that:

(i) where the expert does not conduct its own verification of any material factual information on which the expert is relying for the purposes of any part of the expert section, such factual information is true in all material respects and does not omit any material information. Factual information includes:

(A) factual information that the expert states it is relying on;

(B) factual information the sponsor believes the expert is relying on; and

(C) any supporting or supplementary information given by the expert or the new applicant to the Exchange relating to an expert section;

(ii) all material bases and assumptions on which the expert sections of the listing document are founded are fair, reasonable and complete;

(iii) the expert is appropriately qualified, experienced and sufficiently resourced to give the relevant opinion;

(iv) the expert's scope of work is appropriate to the opinion given and the opinion required to be given in the circumstances (where the scope of work is not set by a relevant professional body);

(v) the expert is independent from the new applicant and its directors and controlling shareholder(s); and

(vi) the listing document fairly represents the views of the expert and contains a fair copy of or extract from the expert's report; and

(i) in relation to the information in the expert reports, as a non-expert, conduct reasonable due diligence inquiries to be satisfied (after performing reasonable due diligence inquiries) on or before the date of issue of the listing document that there are no reasonable grounds to believe that the information in the expert reports is untrue, misleading or contains any material omissions; and

(j) submit all of the documents required by the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Statutory Rules and the Takeovers Code (where applicable) to be submitted to the Exchange on or before the date of issue of the new applicant's listing document and in connection with its listing application.

Note: For the avoidance of doubt, sponsors are reminded that there are other sponsors' obligations which are not specifically set out above, including but not limited to those under Chapter 6A, Practice Note 2, the SFC Corporate Finance Adviser Code of Conduct, the Code of Conduct and particularly the SFC Sponsor Provisions, the Sponsors Guidelines, the Securities and Futures Ordinance and all other relevant ordinances, codes, rules and guidelines applicable to sponsors.

Appendix E2

FINANCIAL ADVISER'S OBLIGATIONS FOR EXTREME TRANSACTION

The financial adviser appointed under Rule 19.53A(2) shall:

(a) conduct, reasonable due diligence inquiries to come to a reasonable belief that:

(i) the acquisition targets (as defined in GEM Listing Rule 19.04(2A)) are able to meet the requirements under GEM Listing Rule 11.06 and GEM Listing Rule 11.12A (or GEM Listing Rule 11.14). In addition, the enlarged group is able to meet all the new listing requirements in Chapter 11 of the GEM Listing Rules (except for GEM Listing Rule 11.12A and those rules agreed with the Exchange);

(ii) the issuer's circular contains sufficient particulars and information to enable a reasonable person to form as a result thereof a valid and justifiable opinion of the extreme transaction and the financial condition and profitability of the acquisition targets at the time of the issue of the circular;

(iii) the information in the non-expert sections of the circular:

(A) contains all information required by relevant legislation and rules;

(B) is true, accurate and complete in all material respects and not misleading or deceptive in any material respect, or, to the extent it consists of opinions or forward looking statements by the issuer's directors or any other person, such opinions or forward looking statements have been made after due and careful consideration and on bases and assumptions that are fair and reasonable; and

(C) does not omit any matters or facts the omission of which would make any information in the non-expert sections of a circular or any other part of the circular misleading in a material respect; and

(iv) there are no other material issues relating to the extreme transaction which, in the financial adviser's opinion, should be disclosed to the Exchange;

(b) in relation to each expert section in the circular, conduct reasonable due diligence inquiries to come to a reasonable belief (to the standard reasonably expected of a financial adviser which is not itself expert in the matters dealt with in the relevant expert section) that:

(i) where the expert does not conduct its own verification of any material factual information on which the expert is relying for the purposes of any part of the expert section, such factual information is true in all material respects and does not omit any material information. Factual information includes:

(A) factual information that the expert states it is relying on;

(B) factual information the financial adviser believes the expert is relying on; and

(C) any supporting or supplementary information given by the expert or the issuer to the Exchange relating to an expert section;

(ii) all material bases and assumptions on which the expert sections of the circular are founded are fair, reasonable and complete;

(iii) the expert is appropriately qualified, experienced and sufficiently resourced to give the relevant opinion;

(iv) the expert's scope of work is appropriate to the opinion given and the opinion required to be given in the circumstances (where the scope of work is not set by a relevant professional body);

(v) the expert is independent from (1) the issuer and its directors and controlling shareholder(s); (2) the counterparty to the extreme transaction and the acquisition targets; and (3) the directors and controlling shareholder(s) of the counterparty to the extreme transaction; and

(vi) the circular fairly represents the views of the expert and contains a fair copy of or extract from the expert's report; and

(c) in relation to the information in the expert reports, as a non-expert, conduct reasonable due diligence inquiries to satisfy itself that there are no reasonable grounds to believe that the information in the expert reports is untrue, misleading or contains any material omissions.