

Chapter 1

GENERAL

INTERPRETATION

“Executive Director –GEM Listing Division”	the person occupying the position of the Executive Director of the GEM Listing Division from time to time by whatever name such position is called
“GEM Listing Division”	the Listing Division of the Exchange with responsibility for GEM

Chapter 2

GENERAL

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 ~~GEM~~ 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).

Characteristics of GEM

2.12 GEM has been ~~positioned~~ ~~established~~ as a market designed to accommodate companies to which a higher investment risk may be attached ~~than other companies listed on the Exchange~~. 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 profit “track record” requirement~~ nor any obligation to forecast future profitability.

2 Given the emerging nature of companies listed on GEM, 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 The greater risk profile, and other characteristics, of GEM mean that it is a market more suited to professional and other sophisticated investors.

2.13 The GEM Listing Rules require, and emphasise the on-going need for, comprehensive and timely disclosure of relevant information by all listed 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 its active business pursuits over the period specified in rule 11.12(2) and~~ 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 rule 18.08A 43 and 18.62 respectively);

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

(3) Rule 17.10 sets out the general obligation of disclosure which applies to all listed issuers without prejudice to the specific instances requiring disclosure as set out in other provisions of Chapter 17 or elsewhere in the GEM Listing Rules;

(4) The directors of an issuer are collectively and individually responsible for ensuring the issuer's full compliance with the disclosure obligations and all other obligations imposed upon issuers under the GEM Listing Rules; and

(5) ~~[Repealed [insert date]] For the purposes of the GEM Listing Rules, the principal means by which issuers are required to disclose information is publication on the GEM website. Issuers are not generally required to disclose information by means of paid announcements in gazetted newspapers. Accordingly, shareholders and investors should note that they need to have access to the GEM website in order to obtain up-to-date information on listed issuers.~~

Disclaimer and GEM characteristics statements

2.20 Any listing document or circular and every annual report and accounts (including, where applicable, a summary financial report), half-year (including, where applicable, a summary half-year report) and quarterly 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 The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”)

GEM has been ~~positioned~~ ~~established~~ as a market designed to accommodate companies to which a higher investment risk may be attached ~~than other companies listed on the Exchange~~. ~~In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate.~~ 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 the emerging nature of companies listed on GEM, 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.

~~The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM listed issuers."~~

Communication with the Exchange

2.21 References in the GEM Listing Rules to informing or notifying the Exchange mean, unless the context requires otherwise, that the information must be either:—

- | | | |
|-----|---|--|
| (1) | delivered in hard copy or in an electronic format as specified by the Exchange to | The GEM Listing Division,
11th Floor, One International Finance Centre,
1 Harbour View Street, Central, Hong Kong; or |
| (2) | sent by electronic means (in the format specified by the Exchange) to | The GEM Listing Division at its electronic mail address, as specified from time to time; or |
| (3) | sent by facsimile copy to : | The GEM Listing Division on 2295-3599, |

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 – ~~GEM~~ Listing Division or his delegates by telephone, provided always that the communication is confirmed in writing, delivered by hand, electronic means or facsimile 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 ~~GEM~~ Listing Division in accordance with rule 2.21, unless otherwise stated in the GEM Listing Rules.

Chapter 3

GENERAL

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

General

3.02 The GEM Listing Committee has arranged for most of these powers and functions to be discharged by the GEM 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 GEM Listing Division. The GEM 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 Listing Appeals Committee, the GEM Listing Committee, the GEM 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 GEM Listing Division include decisions and rulings made by the Chief Executive.

Application procedures

New applicants

3.05 Every application for listing by a new applicant (whether in relation to equity securities or debt securities) should be submitted to the GEM Listing Division which may approve or reject it or recommend it. ~~However, the GEM Listing Committee has reserved to itself the power to approve or reject all applications for listing from a new applicant and this means that even if such an application is recommended by the Executive Director – GEM 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 GEM Listing Division give an "in principle" approval, that a particular issuer 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 GEM Listing Division has processed it). Otherwise the GEM Listing Committee will not consider an application from a new applicant until the GEM Listing Division has processed the application. If the GEM Listing Committee Division approves a listing the GEM Listing Division it will normally issue a notification of approval in principle, and then issue a formal approval letter, in due course.~~

Listed issuers

3.06 Applications for the listing of equity securities by a listed issuer will be dealt with by the GEM Listing Division and it is the Executive Director – GEM 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 GEM Listing Division where it considers it appropriate to do so. Applications for the listing of debt securities by

a listed issuer shall be dealt with in the same manner as applications by new applicants as set out in rule 3.05.

Guidance

3.08 Prospective issuers, and in particular new applicants, are encouraged (through their Sponsors, where applicable) to contact the GEM 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 procedures

3.10 In addition to its powers to suspend, resume or cancel a listing, if the GEM Listing Committee finds that there has been a breach by any of the parties named in rule 3.11 of the GEM Listing Rules it may:—

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

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3.13 A request for a review of any decision of the GEM Listing Division or the GEM Listing Committee made pursuant to rule 3.12 must be notified to the Exchange within 7 days of the GEM Listing Division's or 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 7 days of the receipt of the written reasons.

3.14 Any request for the GEM Listing Division, the GEM Listing Committee or the Listing Appeals Committee to give its reasons in writing for its decision shall be made within 3 business days of its decision. Where requested, written reasons for a decision will be provided by the GEM Listing Division, the GEM Listing Committee or the Listing Appeals Committee (as the case may be) as soon as possible and, in any event, within 14 days 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 GEM 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.

Rights of parties to be heard

3.17 In any disciplinary proceedings of the GEM Listing Committee and on any further review of the decision resulting from those proceedings by the GEM Listing Committee or the Listing Appeals 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 GEM Listing Division will provide the parties with copies of any papers to be presented by it at the meeting, in advance of the meeting.

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 5 members present in person. The Chief Executive of HKEC may be counted in the quorum for a meeting of the GEM Listing Committee (including a meeting at which the GEM Listing Committee is determining a matter in the first instance) except that he shall not be counted in the quorum for any meeting at which a decision of the GEM Listing Division or the GEM Listing Committee is under review pursuant to any disciplinary proceedings. The Chief Executive of HKEC may attend meetings of the GEM Listing Committee convened for such purpose and put forward his views (if any) on the matter under review pursuant to any disciplinary proceedings but he shall not thereafter be entitled to participate in the deliberations of the GEM Listing Committee or to vote on such matters. At any meeting held to review an earlier decision of the GEM Listing Committee pursuant to any disciplinary proceedings, all of the members present at the second meeting must be persons who were not present at the first meeting.

Chapter 4

GENERAL

REVIEW PROCEDURE

General

4.01 The GEM Listing Committee has retained the role of oversight of the ~~GEM~~ 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 ~~GEM~~ Listing Division or any member of the staff of the ~~GEM~~ 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 - ~~GEM~~ Listing Division and the staff of the ~~GEM~~ Listing Division in respect of the way in which they are to carry out their delegated authority.

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; certain decisions of the GEM Listing Committee may be referred to the GEM Listing (Review) Committee (as defined in rule 4.056(2)) for review; certain decisions of the GEM Listing Committee or the GEM Listing (Review) Committee may also be referred to the Listing Appeals Committee for review.

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4.04 (1) Notwithstanding rule 4.03 and provisions in respect of the application form set out in Appendix 5A, a listed issuer or new applicant shall submit to the GEM Listing Committee or the Listing Division, as the case may be, information for an application for listing pursuant to each application form no more than 2 times, subject always to:—

(a) the GEM Listing Committee or the Listing Division, as the case may be, permitting otherwise if it considers necessary;

(b) only one right of review by the listed issuer or new applicant against the latest decision made by the GEM Listing Committee or the Listing Division, as the case may be, as at the date of the Review Request pursuant to rule 4.08; and

(c) rule 4.11(5).

(2) ~~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 the consideration by the GEM Listing Committee.~~

(a) The Listing Division shall only consider a revised application for listing if the new applicant provides new information for consideration by the Listing Division.

(b) The GEM Listing Committee shall only consider a revised application for listing if the listed issuer provides new information for consideration by the GEM Listing Committee.

(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 application form again for the consideration by the GEM Listing Committee or the Listing Division, as the case may be.

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

4.05 (1) Where the ~~GEM~~ Listing Division rejects an application for listing by a new applicant, the new applicant shall have the right to have that ruling reviewed by the GEM Listing Committee.

(2) ~~[Repealed [insert date]]~~

~~In the first review, where the GEM Listing Committee rejects an application for listing by the new applicant or endorses, modifies or varies the GEM Listing Division's decision to reject such an application, the new applicant shall have the right to have that decision referred to the GEM Listing Committee (the "GEM Listing (Review) Committee") again for a second review.~~

(3) The decision of the GEM Listing ~~(Review)~~ Committee on the ~~second~~ review shall be conclusive and binding on the new applicant except where a new applicant is rejected solely on the grounds of unsuitability of the new applicant itself or its business.

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 ~~GEM~~ Listing Division makes a ruling on the listed issuer, the listed issuer may request that the ruling be referred to the GEM Listing Committee and the GEM Listing Committee may, in its sole discretion, review the ruling at a first review hearing of the GEM Listing Committee.

(2) Subject to rule 4.04, where the GEM Listing Committee endorses, modifies or varies the ~~GEM~~ Listing Division's ruling or makes its own ruling, the listed issuer may request that it be referred to the GEM Listing ~~(Review)~~ Committee again (the "GEM Listing (Review) Committee") for a second review of the ruling.

(3) The decision of the ~~GEM~~ Listing Division, the GEM Listing Committee, the GEM Listing (Review) Committee or the Listing Appeals Committee, as the case may be, shall be binding on the listed issuer if the listed issuer does not seek review of the decision of the ~~GEM~~ Listing Division, the GEM Listing Committee or the GEM Listing (Review) Committee, as the case may be; otherwise, the decision of the GEM Listing (Review) Committee or, in the cases to which rule 4.07 applies, the decision of the Listing Appeals Committee, shall be conclusive and binding on the listed issuer.

Review cases to be considered by the Listing Appeals Committee

4.07 The Listing Appeals Committee shall be the review hearing body in respect of any decision of the GEM Listing Committee or GEM Listing (Review) Committee on any of the following matters:—

(1) Rejection of a new applicant - unsuitability for listing

Where the GEM Listing Committee on review of an earlier decision by the Listing Division rejects the new applicant solely on the ground that the new applicant or its business is not suitable for listing, the new applicant shall have a right to ~~a further review of the application by the GEM Listing (Review) Committee~~ and a further and final review of the application by the Listing Appeals Committee. The Listing Appeal Committee's decision will then be conclusive and binding on the new applicant.

(2) [Repealed 1 January 2007]

(3) Rejection of a compliance officer or an authorised representative

(a) Where the ~~GEM~~ Listing Division decides that a person's appointment as an issuer's compliance officer appointed under rule 5.14 or authorised representative under rule 5.19 should be terminated, that compliance officer or authorised representative, as the case may be, shall have the right to have that decision referred to the GEM Listing Committee for review.

(b) Where the GEM Listing Committee endorses, modifies or varies the ~~GEM~~ Listing Division's decision, that compliance officer or authorised representative, as the case may be, shall have the right to have that decision reviewed by the Listing Appeals Committee, whose decision shall be conclusive and binding on both the listed issuer and that compliance officer or authorised representative, as the case may be.

(4) Rejection of a lifting of suspension of dealings

(a) Where the ~~GEM~~ Listing Division rejects an application by a listed issuer to lift a suspension of dealings which has been in effect for more than 30 consecutive days, the listed issuer shall have the right to have that decision referred to the GEM Listing Committee for review.

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

(5) Rejection of a suspension of dealings or decision to direct a resumption of dealings

(a) Where the ~~GEM~~ Listing Division rejects an application by a listed issuer for a suspension of dealings in its securities or a decision is made to direct the resumption of dealings in accordance with rule 9.12, the listed issuer shall have the right to have that decision referred to the GEM Listing Committee for review.

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

Time for application

4.08 A written request by the relevant party for a review of any decision of the ~~GEM~~ Listing Division, the GEM Listing Committee or the GEM Listing (Review) Committee (as the case may be) in rules 4.05, 4.06 and 4.07 (the "Review Request") must be notified, within 7 business days of the date of receipt of either the relevant decision, or if the relevant party requests a reasoned

decision pursuant to rule 4.13, the reasoned decision. The Review Request, in hard copy, shall be served on the Secretary of the GEM Listing Committee, the Secretary of the GEM Listing (Review) Committee or the Secretary of the Listing Appeals Committee (hereinafter referred to as the "Secretary"), as the case may be at the address set out in rule 2.21(1).

Notice of review hearing

4.09 Upon the receipt of the written request for a review of any decision of the ~~GEM Listing~~ Division, the GEM Listing Committee or GEM Listing (Review) Committee, the GEM Listing Committee, the GEM Listing (Review) Committee or the Listing Appeals 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 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 ~~GEM Listing~~ Division and the relevant parties will provide each other and the GEM Listing Committee, the GEM Listing (Review) Committee or the Listing Appeals Committee through the Secretary of the relevant Committee with copies of any papers to be presented by it at the hearing, in advance of the review hearing.

Conduct of review hearing

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4.11(3)

The Chief Executive of HKEC may only be counted in the quorum for a meeting of the GEM Listing Committee ~~(including a meeting at which the GEM Listing Committee is determining a matter in the first instance) except that~~ . He shall not be counted in the quorum for GEM Listing (Review) Committee at which a decision of the ~~GEM Listing Division or the GEM Listing~~ Committee is under review. The Chief Executive of HKEC may attend meetings of the GEM Listing (Review) Committee convened for such purpose and put forward his views (if any) on the matter under review but he shall not thereafter be entitled to participate in the deliberations of the GEM Listing (Review) Committee or to vote on such matters.

4.11(4) At any meeting held to review an earlier decision of the GEM Listing Committee, subject to the facts and circumstances arising in the earlier meeting(s) in each case and subject further to the absolute discretion of either the Chairman of the GEM Listing Committee or the GEM Listing (Review) Committee, as the case may be, all of the members present at the review hearing shall be persons who were not present at the earlier GEM Listing Committee meeting.

4.11(5)

~~(a) The relevant party shall have provided the GEM Listing Committee with all or any new information for the consideration by the GEM Listing Committee before seeking to review a GEM Listing Committee decision by the GEM Listing (Review) Committee. Before seeking to review a decision of the GEM Listing Committee or the Listing Division (the "Original Body") by the GEM Listing (Review) Committee or the GEM Listing Committee (the "Reviewing Body"), the relevant party shall have provided the Original Body with all or any new information for consideration by the Original Body.~~

(b) A party may only request a review of a decision of the ~~GEM Listing Committee~~ Original Body when all the relevant information and evidence has been provided to the ~~GEM Listing Committee~~

Original Body. A party seeking to review shall not seek to present to the ~~GEM Listing (Review) Committee~~ Reviewing Body new information or evidence that was not previously presented to the ~~GEM Listing Committee~~ Original Body.

(c) If the ~~GEM Listing~~ Division upon receipt of the written submission from the relevant party discovers that the relevant party adduces new information in its written submissions prepared for the review hearing, the ~~GEM Listing~~ Division shall notify the Secretary immediately so that arrangements may be made for the relevant party to withdraw its application for review. The new submission will then be considered by the GEM Listing Committee or the Listing Division, as the case may be, as a first instance hearing.

4.11(6) ~~[Repealed [insert date]]~~

~~Where the GEM Listing Committee is considering an application for listing from a new applicant, the GEM 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.~~

4.11(7) (a) At a GEM Listing (~~Review~~) Committee or Listing Appeals Committee hearing, the directors of the new applicant ~~or the listed issuer (as the case may be)~~ shall have the right to attend the hearing, to make submissions and to be accompanied by one representative of each of the Sponsor, authorised representatives, proposed or otherwise, the financial adviser, the legal adviser and auditors of the new applicant ~~or the listed applicant (as the case may be)~~; a Sponsor or authorised representative may be accompanied by its/his legal adviser.

(b) At a GEM Listing (Review) Committee or Listing Appeals Committee hearing, the directors of the listed issuer shall have the right to attend the hearing, to make submissions and to be accompanied by one representative of each of the Compliance Adviser, authorised representatives, the financial adviser, the legal adviser and auditors of the listed issuer; a Compliance Adviser or authorised representative may be accompanied by its/his legal adviser.

4.12(4) The Secretary shall be the point of contact for all parties, including the representatives of the ~~GEM Listing~~ Division and the relevant party seeking a review, in respect of any administrative matter arising out of the review procedures.

Request for written reasons

4.13 On receipt of a decision by the ~~GEM Listing~~ Division, the GEM Listing Committee, the GEM Listing (Review) Committee or the Listing Appeals Committee (as the case may be) a relevant party has 3 business days to request written reasons for the decision. The ~~GEM Listing~~ Division, the GEM Listing Committee, the GEM Listing (Review) Committee or the Listing Appeals Committee (as the case may be) will provide written reasons within 14 business days of receipt of the request.

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 ~~GEM Listing~~ Division, the GEM Listing Committee or 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 officer, Compliance Adviser or authorised representatives, who is aggrieved by a decision of the ~~GEM~~ 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.

Chapter 6A

SPONSORS AND COMPLIANCE ADVISERS

Sponsor's undertaking to the Exchange

6A.03 Each Sponsor must give an undertaking to the Exchange in the terms set out in rule 6A.04 below and in the form in paragraph 21 of Appendix {5a}. Sponsors must give the undertaking at least 25 clear business days prior to the provisional hearing date of the application by the ~~GEM Listing Division Committee~~. If the Sponsor is appointed after such date, then the undertaking must be given on the earlier of:

- (1) the Sponsor agreeing its terms of engagement with the new applicant; and
- (2) the Sponsor commencing work for the new applicant.

Sponsor's declaration

6A.13 As soon as practicable after the hearing of the new applicant's listing application by the ~~GEM Listing Division Committee~~ but on or before the date of issue of the listing document, each Sponsor must submit to the Exchange a declaration in the terms of rules 6A.14 to 6A.16 and in the form of Form {G} of Appendix {7}.

6A.38 This Rule sets out transitional arrangements with regard to the regulation of Sponsors and Compliance Advisers for the purpose of these GEM Listing Rules. It shall cease to have effect on such date as the Exchange may determine and promulgate.

For the purposes of this Rule:

"old Rules" means the GEM Listing Rules as they were on 31 December 2006;

"new Rules" means the GEM Listing Rules as they were on 1 January 2007 i.e. incorporating update number 22;

"pending disciplinary case" means those cases where:

(1) the ~~GEM Listing Division~~ has sent a report to the GEM Listing Committee identifying conduct and asking for the deployment of the GEM Listing Committee's powers under rule 6.67 or rule 6.68 of the old Rules; and

(2) the matter has not yet been finally determined by the delivery of a written decision by the GEM Listing Committee or, as applicable, the Listing Appeals Committee and the publication of any announcement required by that final decision;

"pending non-disciplinary case" means those cases which the Executive Director - ~~GEM Listing Division~~ may in his absolute discretion determine on a case by case basis.

Chapter 7

GENERAL

ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

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 [insert date]] where the issuer satisfies the conditions set out in rule 11.12(3), at least the 12 month period from the commencement of its active business pursuits; or~~

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

~~*Note: The accountants' report must cover a period of at least 24 months of active business pursuits in the case of a new applicant described in rule 11.12(2)(a).*~~

Other

(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 11.12(3) or 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)(b) or rule 7.03(1)(c) (as the case may be).*~~

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 on that material subsidiary or business from the commencement of the trading record ~~active business pursuits~~ 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 accountant's report or in a separate accountants' report.

Note: 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) 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 as shown in the most recent financial year of the trading record ~~active business~~ ~~pursuits~~ period.

Chapter 9

SUSPENSION AND RESUMPTION OF DEALINGS, CANCELLATION, WITHDRAWAL AND TRANSFER OF LISTING

9.06 If the issuer believes that a 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 suspension of dealings should be directed by telephone to the GEM Listing Division in accordance with rule 2.22. It will only be considered when it is received directly from an authorised representative of the issuer or some other responsible officer of the issuer or from its Compliance Adviser, financial adviser or legal adviser. Confirmation may be requested as to the authority of the person requesting 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 GEM Listing Division at the time of the initial request.

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, may apply for a transfer of its listing from GEM to the Main Board. The relevant provisions are set out in Chapter 9A 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 not later than the same day when the documents described under Main Board Listing Rule 9A.06 are submitted to the Exchange for a transfer of listing from GEM to the Main Board, the issuer shall issue and publish an announcement in accordance with rule 17.10 to inform the market of the relevant facts.

Note: Issuers are reminded of Main Board rule 9A.08 which requires a more detailed announcement to be made when formal approval for the transfer has been received from the Exchange.

Chapter 10

EQUITY SECURITIES

METHODS OF LISTING

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(4) that a minimum prescribed percentage of any class of listed securities must at all times remain held by the public.

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:—

Note: Queries should be addressed to the GEM 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).

11.04 Full and accurate disclosure of any business or interest of each director, ~~controlling management~~ ~~shareholder~~ and, in relation only to the initial listing document, substantial shareholder and the respective 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, half-year report and quarterly reports of the listed issuer.

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, ~~or if the new applicant satisfies the conditions set out in rule 11.12(3), at least the 12 month period from the commencement of its active business pursuits.~~

Note: The accountants' report must cover a trading record period of at least the 2 financial years preceding the issue of the listing document ~~24 months of active business pursuits~~ in the case of a new applicant described in rule 11.12 A (2)(a). 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.

Active business pursuits

11.12 [Repealed *[insert date]*]

(1) Subject to rule 11.14, a new applicant must demonstrate that, throughout the period specified in sub-paragraph (2) below, it has, either by itself or through one or more of its subsidiaries, actively pursued one focused line of business under substantially the same management and ownership as existing at the time of the application for listing, and must make a statement in the listing document concerning that business which complies with the requirements of rules 14.15 to 14.18.

(2) The period referred to in sub-paragraph (1) above is:—

(a) at least the 24 months immediately preceding the date of submission of the listing application (on the prescribed form set out in Appendix 5A) by the new applicant; or

(b) in the case of a new applicant satisfying the conditions specified in sub-paragraph (3) below, at least the 12 months immediately preceding the date of submission of the listing application (on the prescribed form set out in Appendix 5A) by the new applicant.

Note: If the new applicant has a longer period of active business pursuits, the initial listing document should cover the full period from the commencement of active business pursuits.

(3) The conditions referred to in sub-paragraph (2) above are:—

(a) the new applicant has actively pursued its focused line of business for not less than 12 months;

(b) (i) the new applicant has turnover of not less than HK\$500,000,000 in the last 12 months reported upon in the accountants' report contained in its initial listing document;

Note: Where a financial period in the accountants' report commences before the "last 12 months", the new applicant must include a note in its accountants' report disclosing the turnover in that financial period attributable to the period after the commencement of the "last 12 months".

(ii) the new applicant has total assets of not less than HK\$500,000,000 as shown in the balance sheet in respect of the last financial period reported upon in the accountants' report contained in its initial listing document; or

Note: The Exchange reserves the right to exclude the intangible assets of the new applicant from its total assets in determining whether the total assets meet the minimum requirement of HK\$500,000,000 if it is of the view that the intangible assets constitute a material portion of the new applicant's total assets.

(iii) the expected market capitalisation of the securities of the new applicant (determined as at the time of listing) must be not less than HK\$500,000,000;

(c) at the time of listing, the equity securities of the new applicant which are in the hands of the public (see Notes 2 and 3 to rule 11.23) must:

(i) have a market capitalisation of not less than HK\$150,000,000; and

(ii) be held among at least 300 shareholders (including those whose equity securities are held through CCASS) with the largest 5 and largest 25 of such shareholders holding in aggregate not more than 35 % and 50 %, respectively, of the equity securities (being shares) in the hands of the public; and

Note: In the case where shareholders of the new applicant obtained their securities through a distribution in specie, only a maximum of 100 such shareholders may be counted in determining whether the requirement of “at least 300 shareholders” is met.

(d) the offering price of the shares of the new applicant at its initial public offering must be not less than HK\$1.00.

Notes: 1 The requirement for a new applicant to demonstrate its active business pursuits is one specific to GEM.

2 As GEM has been established with the intention of appealing to emerging or growth companies from all industrial and commercial sectors, it is acknowledged that they may not necessarily be able to demonstrate past profits or a consistently profitable track record.

3 Nevertheless, a new applicant must be able to demonstrate that it has a business of both substance and potential. A business will, subject to rule 11.14, only be regarded as having the requisite substance if the applicant can show that it has spent at least the 24 month period prior to the issue of the listing document, or for applicants satisfying the conditions of rule 11.12(3), at least the 12 month period set out in rule 11.12(2)(b), making substantial progress in building up that business.

4 Whilst every new applicant will wish to demonstrate its own particular activities and performance in the manner it regards as most befitting, the Exchange requires the information to be presented in a reasonable level of detail and in a manner which complies with rules 14.15 to 14.18.

5 It is for the Sponsor to satisfy itself in relation to the new applicant’s application for listing as required by Chapter 6A.

6 For a new applicant to be considered suitable for listing, it should be actively engaged in one focused line of business rather than two or more disparate businesses. The reason for this is that the Exchange expects an applicant’s management to be devoting its attention towards advancing one core business rather than a variety of concerns which compete or may compete for their attention.

7 In exceptional circumstances, the Exchange may, at its discretion and on a case by case basis, permit the listing of a new applicant notwithstanding changes of a material nature in management and ownership during the period referred to in this rule.

11.12A

(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\$20,000,000 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 must also be included in the prospectus for disclosure purpose, if it is not already included in the accountants' report. Details regarding cash flow statement prepared under the indirect method are further described under Hong Kong Accounting Standard 7.

(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 2 full financial years immediately preceding the issue of the listing document and up until the date of listing.

11.14 ~~The Exchange may accept a shorter period of active business pursuits trading record~~ period of less than two financial years for the purposes of rule 11.12A (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 from-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 natural resource exploitation 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\$20 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.

Other conditions relevant to new applicants

11.22 [Repealed [insert date]]

At the time of listing, the initial management shareholders (as such term is defined in rule 13.15) and significant shareholders must, between them, hold at least 35 % of the issued share capital of the new applicant.

Conditions relevant to the securities for which listing is sought

11.23 There must be an open market in the securities for which listing is sought. This will normally mean that:—

(1) ~~[Repealed [insert date]]~~

~~for any class of equity securities, at least the “minimum prescribed percentage” of such class of securities in issue from time to time must, at the time of listing and at all times thereafter, be in the hands of the public.~~

~~Notes: 1 For the purposes of the GEM Listing Rules, the “minimum prescribed percentage” for any class of equity securities of an issuer shall be established by reference to the expected market capitalisation of the issuer at the time of listing in accordance with the following table:—~~

Market capitalisation (determined as at the time of listing)	Minimum prescribed percentage of securities to be in public hands
Not exceeding HK\$4,000m	25 %
Over HK\$4,000m	The higher of: i) the percentage that would result in the market value of the securities to be in public hands equal to HK\$1,000m (determined as at the time of listing); and ii) 20 %

~~2. Listed issuers which commenced dealings of their securities on GEM before 1 October 2001 should at all times comply with the following “minimum prescribed percentage” requirement:—~~

Market capitalisation (determined as at the time of listing)	Minimum prescribed percentage of securities to be in public hands
Not exceeding HK\$1,000m	20 %
Over HK\$1,000m but not exceeding HK\$1,333m	The percentage that would result in the market value of the securities to be in public hands equal to HK\$200m (determined as at the time of listing)
Over HK\$1,333m	15 %

(2) with regard to all equity securities for which a listing is sought, except those specified in subparagraphs (3) and (4):-

(a) the market capitalisation of such equity securities (determined as at the time of listing) in the hands of the public must be at least HK\$30,000,000; 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);

Note: Where rule 11.12(2)(b) applies, the equity securities in the hands of the public must also meet the requirements of rule 11.12(3)(c).

(3) with regard to 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 capitalisation of such 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 capitalisation of such warrants (determined as at the time of listing) must be at least HK\$6,000,000; and

(ii) save where such warrants are offered to existing holders of the issuer’s securities by way of bonus issue, 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; and

(5) ~~[Repealed [insert date]]~~ ~~exceptionally, the Exchange may accept a lower percentage than that specified in sub-paragraph (1) above where it is satisfied that the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;~~

(6) the expected total market capitalisation of a new applicant at the time of listing must be at least HK\$100,000,000 which shall be calculated on the basis of all issued share capital (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)) of the new applicant at the time of listing;

(7) subject to rule 11.23(10) below, at least 25% of the issuer’s total issued share capital must at all times be held by the public;

(8) 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; and

(9) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital, having an expected market capitalisation at the time of listing of not less than HK\$30,000,000;

(10) the Exchange may, at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalisation at the time of listing of over HK\$10,000,000,000, where it is satisfied that the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage, and on condition that the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document and confirm sufficiency of public float in successive annual reports after listing (see rule 17.38A) . Additionally, a sufficient portion (to be agreed in advance with the Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong;

(11) notwithstanding the requirement that the minimum prescribed percentage of securities must at all times remain in public hands, the Exchange may consider granting a temporary waiver to an issuer which is the subject of a general offer under the Takeovers Code (including a privatisation offer), for a reasonable period after the close of the general offer to restore the percentage. The issuer must restore the minimum percentage of securities in public hands immediately after the expiration of the waiver, if granted.

Notes:

1 [Repealed [insert date]]

~~Issuers should note that the minimum prescribed percentage of securities must remain in public hands at all times. If the percentage falls below the minimum, the Exchange has the right to cancel the listing or suspend trading until appropriate steps have been taken to restore the minimum percentage of securities in public hands (see also rule 17.36). If the Exchange is satisfied that, even though the percentage has fallen below the minimum, there remains an open market in the securities, the Exchange may refrain from suspension against receipt of an undertaking from the controlling shareholder(s) to take appropriate steps to ensure restoration of the minimum percentage of securities to public hands within a specified period. At any time when the percentage of securities in public hands is less than the required minimum, and the Exchange has permitted trading in the securities to continue, the Exchange will monitor closely all trading in the securities to ensure that a false market does not develop and will suspend the securities promptly if there is any unusual price movement.~~

2 ~~The Exchange will not regard :-~~(a) at any time, any connected person of the issuer;

(a) in relation to an issuer other than a PRC issuer, and other than any subsidiaries of a PRC issuer, a director, chief executive or substantial shareholder of such issuer or any of its subsidiaries or an associate of any of them; or

(b) in relation to a PRC issuer, a promoter, director, supervisor, chief executive or substantial shareholder of the PRC issuer or any of its subsidiaries or an associate of any of them

~~(b) at the time of listing and for the duration of the periods referred to in rule 13.16, any initial management shareholder (as defined in rule 13.15);~~

~~(c) at the time of listing and for the duration of the 6-month period referred to in rule 13.17, any significant shareholder; or~~

~~(d) at the time of listing, any employee of the issuer or its subsidiaries or an associate of such employee (for the purposes of this Note, "associate" shall have the same meaning as set out in rule 1.01, save that it shall be construed as applying to the employee)~~

~~as a member of "the public" or shares held by any such person (in the case of an initial management shareholder (as defined in rule 13.15) or significant shareholder, being shares held by him during the relevant periods specified in rule 13.16A or the period specified in rule [13.17] (as the case may be)) 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 a person referred to in note 2 above ~~connected person~~; or

(b) any person who is accustomed to taking instructions from a person referred to in note 2 above ~~connected person~~ in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in his name or otherwise held by him.

4 ~~[Repealed [insert date]] With regard to Note 2(d) above, it is the issuer's responsibility to ensure that sufficient information is obtained in relation to securities held by such employee or its associate in determining whether the issuer meets the requirements for minimum prescribed percentage/market capitalisation of equity securities in public hands.~~

5 Issuers should note that the minimum prescribed percentage of securities must remain in public hands at all times. If the percentage falls below the minimum, the Exchange reserves the right to cancel the listing or suspend trading until appropriate steps have been taken to restore the minimum percentage of securities in public hands (see rule 17.36).

6 Where the percentage has fallen below the minimum, the Exchange may refrain from suspension if the Exchange is satisfied that there remains an open market in the securities and either:

(a) the shortfall in the prescribed percentage arose purely from an increased or newly acquired holding of the listed securities by a person who is, or after such acquisition becomes, a connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries. Such substantial shareholder must not be a controlling shareholder or single largest shareholder of the issuer. He must also be independent of the issuer, directors and any other substantial shareholders of the issuer and must not be a director of the issuer. If the substantial shareholder has any representative on the board of directors of the issuer, he must demonstrate that such representation is on a non-executive basis. In general, the Exchange would expect this to apply to holdings of the listed securities by institutional investors with a wide spread of investments other than in the listed securities concerned. Holdings of the listed securities by private equity or venture capital funds which have been involved in the management of the issuer before and/ or after listing would not qualify. It is the responsibility of the issuer to provide sufficient information to the Exchange to demonstrate the independence of such substantial shareholder and to inform the Exchange of any change in circumstances which would affect his independence as soon as it becomes aware of such change; or

(b) the issuer and the controlling shareholder(s) or single largest shareholder undertake to the Exchange to take appropriate steps to ensure restoration of the minimum percentage of securities to public hands within a specified period which is acceptable to the Exchange.

7. At any time when the percentage of securities in public hands is less than the required minimum, and the Exchange has permitted trading in the securities to continue, the Exchange will monitor closely all trading in the securities to ensure that a false market does not develop and may suspend the securities if there is any unusual price movement.

8. GEM listed issuers that have been allowed a lower minimum prescribed percentage of public float (including those which have been granted a waiver under repealed GEM Rule 11.23(5)) have a grace period of three years to comply with the public float requirement under rule 11.23. Accordingly, all GEM issuers must comply with the public float requirement by no later than [insert date which is three years from the effective date of these revised rules].

Chapter 12

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

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 GEM 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.

12.10 All publicity material released in Hong Kong relating to an issue of securities by a new applicant, must be reviewed by the Exchange before release and must not be released until the Exchange has confirmed to the issuer that it has no further comments thereon. In addition, such publicity material must comply with all applicable statutory requirements. For these purposes, 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. Moreover, circulation is permitted of documents of a marketing nature such as the invitation or offering telex (or its equivalent in another medium) and documents which consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the securities, provided that any obligations created thereunder to issue, subscribe, purchase or underwrite the securities are conditional on listing being granted. Such documents will not be considered as falling within the scope of this rule and need not be submitted for prior review. Any publicity material or announcement referring to a proposed listing by a new applicant which is issued ~~before~~ before ~~prior to the hearing by the Listing Division of the new applicant's application for listing~~ meeting of the GEM Listing Committee held to consider such application must state that application has been or will be made to the Exchange for listing of and permission to deal in the securities concerned. Where any material relating to a proposed listing by a new applicant is released without prior review by the Exchange before such hearing ~~the meeting of the GEM Listing Committee to consider the application~~, the Exchange may postpone such hearing ~~that meeting~~ by up to 1 month. If this will result in the application form being more than 6 months out of date, the applicant may have to submit a new application form and a further non-refundable listing fee (see rule 12.07).

Listed issuers must endeavour to ensure that the proposed listing (and all details thereof) are kept confidential prior to any announcement concerning the proposed listing. Where the Exchange believes that a listed issuer or its advisers have permitted price sensitive information regarding the issue of additional securities to leak, prior to an announcement on the subject, the Exchange will not normally consider an application for the listing of those securities.

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Applications by new applicants

12.12 The Sponsor must contact the ~~GEM Listing Division~~ to ascertain a date (the "provisional hearing date") on which the ~~GEM Listing Division Committee~~ may consider the new applicant's application for listing. The Exchange reserves the right to change the provisional hearing date.

12.13 In order to allow the Exchange sufficient time to consider the application for listing on the basis of its supporting documents and to maintain an orderly new issues market, a new applicant

must apply to the GEM Listing Division on the prescribed form set out in Appendix 5A at least 25 clear business days prior to the provisional hearing date.

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) a certified extract from the board minutes of the new applicant authorising the submission of the listing application form and approving the undertaking, declaration and acknowledgements set out therein; and
- (4) the non-refundable initial listing fee in the amount specified in Appendix 9.

The GEM Listing Division may return to the Sponsor any application for listing which it considers to be incomplete, together with the initial listing fee.

Applications by listed issuers

12.16 A listed issuer must apply to the GEM Listing Division for the listing of additional equity securities. The application must be on the prescribed form set out in Appendix 5B. 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 bulk print the listing document 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.

Further provisions applicable to applications by new applicants and listed issuers

12.18 Where any document that has been submitted is amended after submission, a like number of further copies of that document marked up to show all changes must be submitted to the GEM Listing Division for review at the earliest opportunity, but in any event so that the final form, or as appropriate signed original, of any document has been received by the GEM Listing Division, in the case of a new applicant, at least 4 clear business days prior to the provisional hearing date and in the case of a listed issuer at least 2 clear business days prior to the intended bulk printing date for the listing document. No material amendment to the final proof listing document will be allowed without the consent of the Exchange.

12.20 [Repealed *[insert date]*]

~~The GEM Listing Committee, in considering an application for listing, may determine that it is necessary to reconsider the matter at an adjourned meeting of the GEM Listing Committee, having had an opportunity to request and review any further documents, information or clarification of matters arising out of the application form and supporting documents.~~

Documentary requirements

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, in the case of a new applicant, as soon as practicable after the hearing of the application by the GEM Listing Division ~~Committee~~ but on or before the date of issue of the listing document and, in the case of a listed issuer, on or before the date of issue of the listing document:—

12.24(9) any undertakings referred to in the listing document and/or required to be given to the Exchange; ~~including (where it has been possible to ascertain and complete the same prior to the issue of the listing document) those undertakings from initial management shareholders (see rule~~

~~13.16A) and significant shareholders (see rule 13.17) substantially in the forms set out in Appendix 5G and 5H respectively; together, where possible, with copies of the proposed form(s) of agreement(s) with relevant escrow agent(s) (see rules 13.16 and 13.17);~~

12.26

(7) a declaration substantially in the form set out in Appendix 5E, duly signed by a director and the secretary of the issuer together with any fee which is payable and which has not previously been paid (see Appendix 9); and

(8) in the case of a new applicant only, a declaration substantially in the form set out in Appendix 7I duly signed by the Sponsor; ~~and~~

~~(9) in the case of a new applicant only, duly completed undertakings from each of the controlling initial management shareholders (see rule 13.16) and each of the significant shareholders (see rule 13.17) substantially in the forms set out in Appendix 5G and 5H respectively, together with copies of all proposed form(s) of agreement(s) with relevant escrow agent(s), in all cases, to the extent not previously provided pursuant to rule 12.24(9).~~

Chapter 13

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

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 *[insert date]*] “excluded securities” means securities of the new applicant allotted or sold pursuant to the initial public offering (including any placing) conducted in conjunction with the application for listing;~~

(2) ~~[Repealed *[insert date]*] “initial management shareholder” means any management shareholder of the issuer immediately prior to the date of the issuer’s initial listing document and any person referred to in Note 1 below.~~

Notes: 1 The Exchange will normally regard the following persons, if they are shareholders of the issuer immediately prior to the listing date, to be initial management shareholders:—

(i) a member of the senior management of the issuer, including but not limited to any person identified as senior management in the issuer’s initial listing document;

(ii) a director of the issuer; or

(iii) a shareholder of the issuer who is represented on the board of directors of the issuer, including but not limited to an investment fund.

2 The Exchange reserves a power to deem any party to be an initial management shareholder in circumstances where, prior to the date of the issue of the listing document, that party has been a management shareholder and on or after the listing date, that party again becomes a management shareholder.

.....

(4) ~~[Repealed *[insert date]*] “relevant securities”, in relation to an initial management shareholder or significant shareholder, means:—~~

~~(a) securities of the issuer (other than excluded securities) in issue immediately prior to the listing date;~~

~~(b) securities of the issuer arising from the exchange, substitution or conversion of securities (other than excluded securities) in issue immediately prior to the listing date;~~

~~(c) securities of the issuer arising pursuant to the exercise of any options, warrants or similar rights (other than excluded securities) held immediately prior to the listing date;~~

~~(d) securities of the issuer allotted pursuant to any capitalisation issue effected after the~~

~~listing date, other than those allotted in respect of excluded securities (and provided always that no securities allotted by way of scrip dividend shall comprise relevant securities);~~

~~(e) securities of the issuer subscribed by any initial management shareholder pursuant to an issue of securities made in the manner described in rule 13.15(5)(b);~~

~~(f) securities of the issuer issued within 6 months of the listing date pursuant to rules 17.29(1), 17.29(2), 17.29(3), 17.29(4) or 17.29(5) and subscribed by or allotted to any such shareholder (or where rule 17.29(5) is applicable, any shareholder described in rule 17.29(5)(e)); and~~

~~(g) securities of the issuer returned to the shareholder as part of the stock lending arrangement described in rule 13.15(5)(a)(iii) in respect of which he is entitled to exercise or control the exercise of the voting power at general meetings of the issuer; and~~

(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 ~~and deposited with the escrow agent (see rules 13.16 and 13.17)~~ 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 20.31(3)(d) during the second six month period of the issuer’s listing date where:

(i) there is no change in the number of ~~relevant~~ 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 [insert date]]~~

~~A new applicant shall procure that every initial management shareholder who is a shareholder immediately prior to the listing date:~~

~~(1) places in escrow, with an escrow agent and on such terms as are acceptable to the Exchange, all his relevant securities for a period:~~

~~(a) commencing on the date by reference to which disclosure of the shareholding of the initial management shareholder is made in the listing document and ending on the date which is 12 months from the listing date; or~~

~~(b) where that shareholder's relevant securities represent no more than 1% of the issued share capital of the new applicant as at the listing date, commencing on the date by reference to which disclosure of the shareholding of the initial management shareholder is made in the listing document and ending on the date which is 6 months from the listing date;~~

~~(2) undertakes to the new applicant and the Exchange that, for the periods specified in rule 13.16(1), he will not, save as provided in rule 13.18:~~

~~(a) dispose of (nor enter into any agreement to dispose of) nor permit the registered holder to dispose of (or to enter into any agreement to dispose of) any of his direct or indirect interest in his relevant securities; or~~

~~(b) otherwise create (nor enter into any agreement to create) nor permit the registered holder to create (or to enter into any agreement to create) any options, rights, interests or encumbrances in respect of any such interest.~~

~~Notes: 1 The duly completed undertakings, including in respect of the further matters set out in rule 13.19, substantially in the form set out in Appendix 5G, must be delivered to the Exchange, at the latest, before dealings in the new applicant's securities commence on GEM (see rule 12.26(9)).~~

~~2 Any additional securities of the issuer (or interest therein) acquired by an initial management shareholder following the listing date (except for any relevant securities of the initial management shareholder of the kind described in rules 13.15(4)(e), (f) and (g)) may be disposed of without regard to the restrictions set out in this rule.~~

~~3 As a transitional measure for listed issuers who commenced dealing of their securities on GEM before 1 October 2001, reference to a "new applicant" in rule 13.16 shall be construed to mean such listed issuers.~~

~~4 Any offer for sale contained in a listing document shall not be subject to the restrictions set out in rule 13.16.~~

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 6 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 6 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 shareholder(s) is/are free to purchase additional securities and dispose of securities thus purchased in the relevant period, subject to compliance with the requirements of rule 11.23 to maintain an open market in the securities and a sufficient public float.

13.17 ~~[Repealed [insert date]]~~

A new applicant shall procure that every significant shareholder:—

~~(1) places in escrow, with an escrow agent and on such terms as are acceptable to the Exchange, all his securities for a period commencing on the date by reference to which disclosure of the shareholding of the significant shareholder is made in the listing document and ending on the date which is 6 months from the listing date; and~~

~~(2) undertakes to the new applicant and the Exchange that, for a period commencing on the date by reference to which disclosure of the shareholding of the significant shareholder is made in the listing document and ending on the date which is 6 months from the listing date, he will not, save as provided in rule 13.18:~~

~~(a) dispose of (nor enter into any agreement to dispose of) nor permit the registered holder to dispose of (or to enter into any agreement to dispose of) any of his direct or indirect interest in relevant securities; or~~

~~(b) otherwise create (nor enter into any agreement to create) nor permit the registered holder to create (or to enter into any agreement to create) any options, rights, interests or encumbrances in respect of any such interest.~~

Notes:

~~1 The duly completed undertakings, including in respect of the further matters set out in rule 13.19, substantially in the form set out in Appendix 5H must be delivered to the Exchange, at the latest, before dealings in the new applicant's securities commence on GEM (see rule 12.26(9)).~~

~~2 Any additional securities of the issuer (or interest therein) acquired by a significant shareholder following the listing date (except for any securities of the significant shareholder of the kind described in rules 13.15(4)(f) and (g)) may be disposed of without regard to the restrictions set out in this rule.~~

~~3 In the case of a significant controlling shareholder which is a professionally managed fund owned by multiple investors, the Exchange will normally be prepared to waive the escrow requirement referred to in rule 13.17(1).~~

~~4 Any offer for sale contained in a listing document shall not be subject to the restrictions set out in rule 13.17.~~

13.18 Nothing in rules 13.16A and 13.17 shall prevent the disposal of any interest of a controlling ~~n initial management shareholder or significant shareholder~~ in relevant 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 ~~initial management shareholder or significant~~ 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 ~~initial management shareholder and significant~~ controlling shareholder undertakes to the new applicant and the Exchange to comply with the following requirements:—

(1) in the event that the ~~initial management shareholder and significant~~ 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 ~~or the period specified in rule 13.17 (as the case may be)~~, 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 ~~relevant~~ 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.

Chapter 14

EQUITY SECURITIES

LISTING DOCUMENTS

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 [insert date]]the statement of active business pursuits, as described in rules 14.15 to 14.18;~~

(3) the statement of business objectives, as described in rules 14.19 to 14.21;

~~Statement of active business pursuits~~

~~14.15 [Repealed [insert date]]A new applicant must include in its listing document a statement of active business pursuits providing both qualitative and quantitative information, in a reasonable level of detail, about the activities and performance of the issuer over the period referred to in rule 11.12(2).~~

~~Notes: 1 In light of the wide range of companies that may wish to consider an application to list on GEM, it is not possible in the GEM Listing Rules to specify the contents of the statement of active business pursuits that would be applicable to all cases. The appropriate information to be disclosed in each case must be judged on the basis of the particular facts and circumstances of the case.~~

~~2 The purpose of the statement of active business pursuits is to set out the steps that have been taken to advance or operate the active business of the new applicant over the period referred to in rule 11.12(2). The statement should provide a balanced assessment of the applicant's progress and achievements, together with any material set backs or problems encountered, over that period.~~

~~3 In respect of each product, service or activity which forms part of the new applicant's focused line of business, the new applicant will be expected to describe the steps that have been taken to advance or operate the same. The description should be:—~~

~~(a) analysed by reference to such measurements of progress as appropriate. Examples of measurements which the Exchange would expect to see are set out in Note 4 below; and
(b) set out, so far as practicable, in compliance with rule 14.16.~~

~~4 Examples of measurements of progress that may be relevant are as follows:—~~

~~(a) sales and marketing activity (such as turnover, customer or client base, number of retail outlets or concessions, geographic mix and marketing strategy);
(b) production factors (such as equipment, premises and raw materials required and production processes);
(c) deployment of human resources (such as number, expertise, experience and~~

turnover of personnel);
(d) product and/or process developments (such as phase of development);
(e) licensing developments (including details of type, purpose, expiry date, parties, exclusivity and financial effect);
(f) patent or other intellectual property protection (such as status of trade mark and patent registration in each market);
(g) joint ventures, collaborations or other business arrangements into which the applicant has entered (including details of the parties thereto and the purpose of any such arrangement, expiry date and financial effect);
(h) funding arrangements (such as the equity and debt finance previously obtained);
(i) in the case of infrastructure project companies, details of projects, project locations, concessions or mandates awarded, phases of development, preconstruction or construction;
(j) regulatory approvals obtained; and
(k) such matters as are otherwise relevant to the product, service or activity in question.

~~5 Whilst various of these measurements of progress will be applicable, it is for the Sponsor to assist the new applicant in determining the most appropriate measurements in the relevant circumstances.~~

~~14.16 [Repealed [insert date]] The information provided in the statement of active business pursuits should, save in relation to the information provided in respect of the new applicant's current financial year, be set out by reference to the financial year/period(s) of the new applicant forming the subject of the accountants' report (rule 11.10), in order to facilitate comparisons between the statement of active business pursuits and the financial year/period(s) reported on.~~

~~Note: Since the statement of active business pursuits relates to a period which extends up to the date immediately preceding the date of the listing document, it is likely that the statement will not cover the same period as the accountants' report. Accordingly, part of the statement of active business pursuits should be set out by reference to the financial year/period(s) reported on in the accountants' report, with the balance of the statement applying to the current financial year up to the latest practicable date prior to issue of the listing document.~~

~~14.17 [Repealed [insert date]] The information provided in the statement of active business pursuits should be essentially factual and of a nature that can reasonably be verified by the Sponsor or other advisers to the new applicant or to the Sponsor.~~

~~14.18 [Repealed [insert date]] In order to provide a context for assessing the active business pursuits of the new applicant, the statement of active business pursuits or another part of the listing document referred to in the active business pursuits must include general information on the industry or market environment in which the new applicant has been operating over the period referred to in rule 11.12(2).~~

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 half-year reports, and setting 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 ~~active business pursuits~~ 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 ~~identified in its statement of active business pursuits~~ (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 ~~identified in the statement of active business pursuits~~. These projected trends should be:—

(a) analysed by reference to such measurements of progress ~~adopted in the statement of active business pursuits~~ 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.

14.21 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 rules 18.08A 43 (annual reports) and 18.62 (half-year reports)).

Chapter 15

EQUITY SECURITIES

PROSPECTUSES

Procedural requirements

15.08 On making an application for listing in accordance with rule 12.05, the draft prospectus must be passed to the ~~GEM~~ Listing Division. The ~~GEM~~ Listing Division may promulgate from time to time procedures to be followed in the submission of prospectuses for vetting.

15.09 Every issuer must notify the ~~GEM~~ Listing Division at least 10 clear business days in advance of the date on which it is proposed to register a prospectus.

Chapter 16

EQUITY SECURITIES

PUBLICATION REQUIREMENTS

Methods of publication and dissemination

16.06 ~~After any announcement or notice has been cleared for publication by the Exchange, and in all cases in relation to any other announcement or notice required to be published pursuant to the GEM Listing Rules, it shall, at the same time as being submitted for publication on the GEM website in accordance with rules 16.17 and 16.18, be sent in hard copy or electronic format, for information purposes, to all English language gazetted newspapers and all Chinese language gazetted newspapers.~~

~~Notes: 1~~

The Exchange reserves the right to require an issuer to publish any announcement, notice or other document in any ~~other format or and in any other manner~~ as may from time to time be prescribed by the Exchange, including by way of paid announcement in any gazetted newspapers.

~~Note: 2~~ *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.*

Publication on the GEM website

16.17 After the GEM 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 GEM website. The cleared version must be submitted in sufficient time so as to enable it to be published on the GEM 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 GEM 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:

.....

16.18(2) When submitting a document through HKEx-EPS for publication on the GEM website, the issuer must select all such headlines as may be appropriate from the list of headlines set out in Appendix 17 (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 Appendix 17 as he may consider necessary or desirable.

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

Pledging of shares by the controlling shareholder

17.19 A disclosure obligation arises where the controlling shareholder of the issuer has pledged its interest in shares of the issuer to secure debts of the issuer or to secure guarantees or other support of obligations of the issuer. In these circumstances, the information required to be announced, immediately thereafter, is as follows:—

- (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: The disclosure obligation set out in this rule is separate from the disclosure obligation arising from the pledging or charging of securities by ~~initial management shareholders and significant~~ controlling shareholders which is dealt with in rule 17.43.

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 half-year, quarterly 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 ~~initial management shareholders and significant~~ controlling shareholders.

General matters relevant to the issuer's business

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 independent shareholders of the issuer in general meeting pursuant to Rule 19.89, an issuer may not, during the period of 12 months from the date on financial year in which dealings in its securities commenced on GEM ~~or the 2 financial years thereafter~~, implement any such material change.

Note: See also rules ~~19.88 to 9 and~~ 19.90.

Suffici~~ent~~ of operations

17.26 An issuer ~~must, at all time,~~ shall carry out, directly or indirectly, a sufficient level of operations ~~or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Exchange~~ to warrant the continued listing of the issuer's securities.

No further issues of securities 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 form the subject of any agreement to such an issue 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 will be completed within 6 months from the commencement of dealing), except for:

.....

(5) any issue of shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed) which satisfies the following requirements:

(a) the issue is for the purpose of an acquisition of assets which would complement the listed issuer's ~~focused line of business referred to in rule 11.12 and~~ described in the listed issuer's initial listing document, and the acquisition does not constitute a major transaction, very substantial acquisition or reverse takeover pursuant to rules 19.06(3), (5) and (6) respectively;

.....

(c); and

(d); and

~~(e) where, after the issue, any person who subscribed for new shares or securities under the issue:~~

~~(i) would be entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the listed issuer;~~

~~(ii) would be a management shareholder; or~~

~~(iii) would be a director, be represented on the board of directors of the listed issuer or be a member of the senior management of the listed issuer,~~

~~such person must comply with the restrictions on disposal of securities set out in rule 13.17(1) (in the case of a person described in rule 17.29(5)(e)(i)), rule 13.16(1)(a) (in the case of a person described in rule 17.29(5)(e)(ii) or (iii) and holding more than 1% of the issued share capital of the listed issuer after the issue) or rule 13.16(1)(b) (in the case of a person described in rule 17.29(5)(e)(ii) or (iii) and holding no more than 1% of the issued share capital of the listed issuer after the issue), except that the period(s) specified in rule 13.16(1) or rule 13.17(1) (as the case may be) shall be deemed to have commenced on the date on which securities of the listed issuer commenced trading on GEM.~~

Notes: 4 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.

2 For the avoidance of doubt, the provisions of rules 13.18 to 13.20 shall apply to a person described in rule 17.29(5)(e) as if references to "initial management shareholder" or "significant shareholder" were references to such person.

Minimum prescribed public holdings

17.36 An issuer shall inform the Exchange immediately and publish an announcement, if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the minimum percentage prescribed by rule 11.23, ~~or in the case of a PRC issuer, rule 25.08.~~

17.37 Once the issuer becomes aware that the number of listed securities in the hands of the public has fallen below the minimum prescribed percentage, the issuer shall take steps to ensure that compliance is resumed from the earliest practicable opportunity.

Notes: 1 Pursuant to the provisions of Chapter 9, the Exchange reserves the right to suspend trading in the issuer's securities or cancel the listing of such securities where the Exchange considers that there are insufficient securities in the hands of the public.

2 In this regard, issuers should also be aware of the notes to rule 11.23 ~~or, in the case of PRC issuers, rule 25.08.~~

Sufficiency of public float

17.38A An issuer shall include in its annual report a statement of sufficiency of public float. The statement should be based on information that is publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report.

Note: GEM listed issuers that have been allowed a lower minimum prescribed percentage of public float (including those which have been granted a waiver under repealed GEM Rule 11.23(5)) have a grace period of three years to comply with the public float requirement under rule 11.23. Accordingly, all GEM issuers must comply with the public float requirement by no later than [insert date which is three years from the effective date of these revised rules].

General matters relevant to the issuer's securities

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 relevant securities of the issuer by any initial management controlling shareholder (as defined in rule 13.15) or significant shareholder (so far as known by the issuer). 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 halfyear, quarterly 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. ~~or rule 13.17 (as the case may be).~~

Meetings of holders of securities

17.47(6) In relation to any transactions or arrangements referred to in rules 17.47(4)(a), 17.47(4)(b), and 17.47(4)(d), 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 transaction or arrangement referred to in rules 17.47(4)(a), 17.47(4)(b), and 17.47(4)(d) 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.

Announcements, circulars and other documents

Review of documents

17.53 In addition to the specific requirements set out in the GEM Listing Rules, the issuer shall:—

.....

(4) submit to the Exchange copies of drafts, for review before they are issued, of any announcements, as required under rule 17.43, concerning the pledging or charging of interests in the securities of the issuer by any ~~initial management-controlling shareholder or significant shareholder~~; and

(5) not issue any of such documents until the Exchange has confirmed to the issuer that it has no further comments thereon.

Notes: 1 4 copies of each document are required, which should be submitted in sufficient time for review and, if necessary, re-submission prior to dissemination or final printing.

2 Upon submission, for review, of the first draft of any document by electronic means, the issuer or other responsible party, is required to notify the GEM Listing Division of such submission by telephone facsimile or letter.

.....

17.97(2) an undertaking, in the terms set out in Appendix [14] to:

(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.

Chapter 18

EQUITY SECURITIES

FINANCIAL INFORMATION

Annual reports

Information to accompany directors' report and annual accounts

18.08A In each annual report and half-year report published during at least the first 2 full financial years after listing, a statement by the directors 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;

(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 a statement of sufficiency of public float with information as required under rule 17.38A.

18.43 [Repealed [insert date]]

~~In the case of the annual accounts of an issuer for the financial year in which its securities are first admitted to listing on GEM and the annual accounts for the 2 financial years thereafter, a detailed statement by the directors as to the progress of the issuer by comparison of actual business progress to the information provided in the statement of business objectives (as set out in its listing document) for the equivalent period, together with an explanation of any material differences (including as to its use of proceeds, as indicated in the listing document).~~

~~Note: The statements required for the purposes of this rule should, so far as practicable, be set out adopting the same headings and format as the statement of business objectives (see rules 14.19 to 14.21).~~

18.62 [Repealed [insert date]]

~~In the case of the half-year report of an issuer for the financial year in which its securities are first admitted to listing on GEM (where the half-year end in question follows listing) and the half-year reports for the 2 financial years thereafter, a detailed statement by the directors as to the progress of the issuer by comparison of actual business progress to the information provided in the statement of business objectives (as set out in the listing document) for the equivalent period, together with an explanation of any material differences (including as to its use of proceeds, as indicated in the listing document).~~

~~Note: The statements required for the purposes of this rule should, so far as practicable, be set out adopting the same headings and format as the statement of business objectives (see rules 14.19 to 14.21).~~

Chapter 19

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

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. The enlarged group or the assets to be acquired must be able to meet the requirements of rule 11.12A and the enlarged group must be able to meet all the other basic conditions set out in Chapter 11. The listed issuer must comply with the requirements for all transactions set out in rules 19.34 to 19.37.

Very substantial acquisition circulars and reverse takeover listing documents

19.69 A circular issued in relation to a very substantial acquisition or a listing document issued in relation to a reverse takeover must contain:—

.....

(7) in the case of a listing document issued in relation to a reverse takeover, ~~a statement of active business pursuits (in respect of the period of 24 months immediately preceding the date of the listing document, or for listed issuers satisfying the conditions of rule 11.12(3), at least the 12 month period set out in rule 11.12(2)(b)) (see rules 14.15 to 14.18);~~ and 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

.....

Material changes

19.88 A listed issuer shall not, during ~~the period of 12 months from the date on the financial year in which dealings in its securities commenced on GEM or the 2 financial years thereafter,~~ 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.

.....

Restriction on disposal

19.91 A listed issuer may not dispose of its existing business for a period of 24 months after a change in control (as defined in the Takeovers Code) unless 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 requirement of rule 11.12A.

Chapter 25

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

Chapter 11 – Qualifications for Listing

25.08 [Repealed [insert date]]

In the case of a PRC issuer, the requirements of rule 11.23 are replaced in their entirety by the following provisions and the provisions of rule 25.09:

(1) There must be an open market in the securities for which listing is sought. This shall normally mean that:—

(a) at least the “minimum prescribed percentage” of any class of listed securities must at all times be held by the public. The minimum prescribed percentage of securities which must be in the hands of the public is set out in (2) below; and

(b) in the case of a class of securities new to listing, as at the time of listing, there must 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 securities in the hands of the public should, as at the time of listing, be held among at least 100 persons (including those whose securities are held through CCASS).

(2) The “minimum prescribed percentage” of any class of listed securities which the PRC issuer must at all times be in the hands of the public is determined as follows:

(a) if at any time there are existing issued securities of the PRC issuer other than H shares, then:—

(i) — 100% of H shares must be held by the public, except as otherwise and permitted by the Exchange in its discretion;

(ii) — H shares held by the public must normally constitute not less than 10% of the total existing issued share capital of the PRC issuer; and

(iii) — the aggregate amount of H shares and such other securities which are held by the public must constitute not less than the minimum prescribed percentage of the total issued share capital of the issuer; or

(b) if there are no existing issued securities of the PRC issuer other than H shares, then H shares held by the public must constitute not less than the minimum prescribed percentage of the total existing issued share capital of the PRC issuer.

Notes:

1 For the purposes of the GEM Listing Rules, the “minimum prescribed percentage” for any class of equity securities of a PRC issuer shall be established by reference to the expected market capitalisation of the PRC issuer at the time of listing in accordance with the following principles: table:—

Market capitalisation of the total existing issued share capital (determined as at the time of	Minimum prescribed percentage of securities to be in public hands
--	---

listing)	
Not exceeding HK\$4,000m	25 %
Over HK\$4,000m	The higher of: i) the percentage that would result in the market value of the securities to be in public hands equal to HK\$1,000m (determined as at the time of listing); and ii) 20 %

2 PRC issuers which commenced dealings of their securities on GEM before 1 October 2001 should at all times comply with the following “minimum prescribed percentage” requirement:—

Market capitalisation of the total existing issued share capital (determined as at the time of listing)	Minimum prescribed percentage of securities to be in public hands
Not exceeding HK\$1,000m	20 %
Over HK\$1,000m but not exceeding	The percentage that would result in the HK\$1,333m market value of the securities to be in public hands equal to HK\$200m (determined as at the time of listing)
Over HK\$1,333m	15 %

For the purposes of the GEM Listing Rules, the “minimum prescribed percentage” for any class of equity securities of a PRC issuer shall be established by reference to the expected market capitalisation of the PRC issuer at the time of listing in accordance with the following principles:

Exceptionally, the Exchange may accept lower percentages under this rule where it is satisfied that the number of securities concerned and the extent of their distribution would enable the market in Hong Kong to operate properly with a lower percentage.

Notes:

1 Where a PRC issuer has existing issued securities other than H shares, rule 25.08(2)(a)(i) requires all H shares to be in public hands except as otherwise permitted by the Exchange in its discretion. In exercising such discretion, the Exchange normally will have regard to, among other considerations the maximum percentage of the total amount of foreign shares (and, if applicable, H shares) permitted under applicable PRC law and the minimum percentage required under the PRC issuer’s articles of association to pass a special resolution of holders of domestic shares or foreign shares (and, if applicable, H shares) at a separate meeting of such holders.

2 If at the time of listing a PRC issuer has no existing issued securities other than H shares but proposes at any time thereafter to issue any other securities ranking pari passu with its H shares and which are not being listed on GEM, then the PRC issuer must take action to ensure that it will be in compliance with the minimum public percentage requirements of rule 25.08(2)(a) upon issuance of any such securities.

3 PRC issuers should note that the minimum prescribed percentage of securities set forth in rule 25.08(2)(a)(iii) and the minimum prescribed percentage of H shares set forth in rules

~~25.08(2)(a)(i), 25.08(2)(a)(ii) and 25.08(2)(b) must remain in public hands at all times. If any of these percentages falls below their respective prescribed minimum, the Exchange has the right to cancel the listing or suspend trading until appropriate steps have been taken to restore the respective minimum percentage in public hands. If the Exchange is satisfied that, even though any of these percentages has fallen below the minimum, there remains an open market in the securities, the Exchange may refrain from suspension against receipt of an undertaking from the controlling shareholder(s) of the PRC issuer to take appropriate steps to ensure restoration of the respective minimum percentage to public hands within a specified period. At any time when the percentage of securities or H shares in public hands is less than the required minimum, and the Exchange has permitted trading in the H shares to continue, the Exchange will monitor closely all trading in the H shares to ensure that a false market does not develop and will suspend the H shares promptly if there is any unusual price movement.~~

~~4 The Exchange will not regard:—~~

~~(a) at any time, any connected person of the PRC issuer;~~

~~(b) at the time of listing and for the duration of the periods referred to in rule 13.16, any initial management shareholder (as defined in rule 13.15);~~

~~(c) at the time of listing and for the duration of the 6-month period referred to in rule 13.17, any significant shareholder; or~~

~~(d) at the time of listing, any employee of the PRC issuer or its subsidiaries or an associate of such employee (for the purposes of this Note, “associate” shall have the same meaning as set out in rule 25.04(1), save that it shall be construed as applying to the employee)~~

~~as a member of “the public” or shares held by any such person (in the case of an initial management shareholder (as defined in rule 13.15) or significant shareholder, being shares held by him during the period referred to in rule 13.16 or rule 13.17 (as the case may be) as being “in public hands”.~~

~~5 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 a connected person; or~~

~~(b) any person who is accustomed to take instructions from a connected person in relation to the acquisition, disposal, voting or other disposition of securities of the PRC issuer registered in that person’s name or otherwise held by that person.~~

~~6 With regard to Note 4(d) above, it is the PRC issuer’s responsibility to ensure that sufficient information is obtained in relation to securities held by such employee or its associate in determining whether the PRC issuer meets the requirements for minimum prescribed percentage/market capitalisation of equity securities in public hands.~~

25.09 [Repealed [insert date]]

Regarding securities for which listing is sought, a PRC issuer which is a new applicant must have such securities held by the public (in accordance with rule 25.08) which have an expected market value of not less than the higher of:

(1) HK\$30,000,000; or

~~(2) the expected initial market capitalisation of the applicable minimum prescribed percentage under rule 25.08 of the class of listed securities,~~

~~at the time of listing, or such other amount, in either case, as the Exchange may from time to time prescribe. In the case of options, warrants or similar rights to subscribe or purchase shares or other securities for which listing is sought, the expected initial market capitalisation must, in the case of both new applicants and listed issuers, be at least HK\$6,000,000. Further issues of securities of a class already listed are not subject to these limits. In exceptional cases, a lower expected initial market capitalisation may be acceptable where the Exchange is satisfied as to marketability.~~

~~*Note: The fact that an applicant is able to satisfy the minimum market capitalisation criterion does not of itself mean that the applicant will be acceptable as suitable for listing.*~~

25.10 Under rule 11.04, the Exchange requires a new applicant to make disclosure where it has a director, ~~management or controlling~~ management or controlling shareholder and, in relation only to the initial listing document, substantial shareholder (including the respective associates of each) with a business or interest which competes or may compete with the business of the group. ~~For the purpose of the GEM Listing Rules, a controlling shareholder will, in all cases, be deemed to be a management shareholder.~~ 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 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.

Pre-emptive rights

25.23 The requirements of rules 17.39 to 17.41 are replaced in their entirety by the following provision:—

.....

“17.41 No such approval as is referred to in rule 17.39 shall be required in the case of authorising, allotting or issuing shares if, but only to the extent that,

(1) the shareholders of the PRC issuer have by special resolution of its shareholders in general meeting given approval, either unconditionally or subject to such terms and conditions as may be specified in the resolution, for the PRC issuer to authorise, allot or issue, either separately or concurrently once every twelve months, not more than twenty per cent of each of the existing issued domestic shares and overseas listed foreign shares of the PRC issuer; or

(2) such shares are part of the PRC issuer’s plan at the time of its establishment to issue domestic shares and overseas listed foreign shares and which plan is implemented within fifteen months from the date of approval by China Securities Regulatory Commission or such other competent state council securities regulatory authority.

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 rule 20.31(3).

2 Notwithstanding any issue of securities pursuant to a general mandate given under rule 17.41, the PRC issuer must at all times comply with the prescribed minimum percentage requirements concerning shares held by the public, as set out in rule 11.23 25-08(2).”

Chapter 28
DEBT SECURITIES
(OTHER THAN SELECTIVELY MARKETED SECURITIES)
APPLICATION PROCEDURES AND REQUIREMENTS
Preliminary

28.02 The issuer must contact the ~~GEM~~ 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 ~~GEM~~ Listing Division on the prescribed form set out in Appendix 5C 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:—

.....

28.08 All publicity material released in Hong Kong relating to an issue of debt securities by a new applicant must be reviewed by the Exchange before release and must not be released until the Exchange has confirmed to the issuer that it has no further comments thereon. In addition, such publicity material must comply with all applicable 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 telex (or its equivalent in another medium) 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. Such 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~~ prior to the meeting of the Exchange held to consider such application ~~hearing by the Listing Division of 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 prior review by the Exchange ~~before the such hearing meeting of the GEM Listing Committee to consider the application~~, the Exchange may postpone ~~that such hearing meeting~~ by up to 1 month.

Chapter 30

DEBT SECURITIES

SELECTIVELY MARKETED SECURITIES

Documentary requirements

30.26 The documents set out in rule 30.27 must be lodged with the Exchange, in the case of an issuer applying for the simultaneous listing of both equity securities and debt securities, in accordance with the timetable relevant to the application to list such securities and otherwise at least 10 clear business days prior to the date on which the Listing Division or the GEM Listing Committee, as applicable, may consider the issuer's application for listing or such other period as may be agreed with the Exchange.

Note: The listing fee, must be submitted to the Exchange at the same time as the documents referred to in rule 30.27. Details of the listing fee and other charges (if applicable) are set out in Appendix 9.

Chapter 36

Listing of HKEC

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 [insert date]] references to "Listing Division" were replaced with "GEM Listing Division";~~

(e) references to "the Executive Director – Listing" were replaced with "the Executive Director – ~~GEM Listing Division~~"; and

(f) references to "Chapters 2A and 2B" were replaced with "Chapters 3 and 4".

Practice Note 2

to the Rules Governing the Listing of Securities
on the Growth Enterprise Market 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

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 in respect of the new applicant's compliance with all the conditions in Chapter 11 of the GEM Listing Rules, in particular, rules 11.02, 11.04, 11.05, 11.07, 11.08, 11.10, 11.11, 11.12A, 11.14, 11.15, 11.18, 11.20, 11.21, 11.24, 11.25, 11.26, 11.27, 11.28, 11.30, 11.31 and 11.32 taking into account the extent to which compliance with those rules has been waived by the Exchange.

The Stock Exchange of Hong Kong Limited

Practice Note 3

to the Rules Governing the Listing of Securities
on the Growth Enterprise Market 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 to the satisfaction of the Exchange the changes in the beneficial ownership of the entity's issued share capital 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, non-management 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 in two situations:

- (i) where, under rule 19.07, any of the percentage ratios of the transaction is 25% or more; and
- (ii) where, under rule 17.39, Newco is a “major subsidiary” of the Parent and is making a new issue of shares “so as materially to dilute” the Parent’s interest. A “major subsidiary” means a subsidiary where the value of its total assets, profits or revenue represents 5% or more under any of the percentage ratios as defined under rule 19.04(9). “Material dilution” is as defined in Note 4 to rule 17.39 or rule 25.23.

(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)(i) or (1)(ii) 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) Where any shareholder is required to abstain from voting, the Parent must comply with the requirements under rules 17.47(4) and (5).

(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

A spin-off listing application is different from an ordinary listing application in that it is of material, price-sensitive effect for an existing listed issuer. The Exchange accordingly considers that the latest time at which a formal announcement under rule 17.10 should be made is the time of lodgement of 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 prior to any such filing. Until the publication of the announcement in accordance with rules 16.17 to 16.19, strict confidentiality should be maintained and, in the event of a leakage of information or of a significant, unexplained movement in the price or turnover volume of the Parent's securities, an earlier announcement would be required.

The above are set forth as general principles intended 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.'

Appendix 1

CONTENTS OF LISTING DOCUMENTS

Part A

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

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 associate thereof) after listing, and particulars of the matters that it relied on in making such statement.

33. (1) A statement showing the sales turnover figures or gross trading income 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 turnover or income and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

Note: A new applicant satisfying the conditions under rule 11.12(3) must also disclose the turnover of the group in the last 12 months reported upon in the accountants' report included in the financial information section of its initial listing document.

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, for the 24 months immediately preceding the date of the listing document, 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 applicable to the issuer's statement of active business pursuits (as referred to in rule 11.12A).

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 initial management shareholders and significant shareholders concerning restrictions on disposal of shares of the issuer (as referred to in rules 13.15 to 13.20).

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.

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.

NOTES

.....

10. [Repealed [insert date]]

~~Where the new applicant fulfils the conditions specified in rule 11.12(3) and has an active business pursuits period of at least 12 months pursuant to rule 11.12(2)(b) (and, accordingly, an accountants' report covering at least 12 months), the period in respect of which information is required under this Part A of Appendix 1 shall be such period as may be deemed appropriate by the Exchange having regard to the circumstances of the case. Such period will normally not be shorter than the period covered by the accountants' report in the listing document or the period of active business pursuits.~~

Appendix 5

FORMS RELATING TO LISTING

FORM A

Application Form - Equity securities (of an issuer no part of whose share capital is already listed)

This form must be lodged, duly completed, at least 25 clear business days prior to the provisional hearing date of the application by the GEM Listing Division Committee.

To: The ~~GEM~~ Listing Division,
The Stock Exchange of Hong Kong Limited

20. Issuer's Undertaking:

We, ___[Limited], the Issuer hereby undertake:—

(a) for so long as any of our securities are listed on GEM, to comply at all times with all of the requirements of the GEM Listing Rules from time to time in force (save for any that are stated not to apply);

(b) to advise the Exchange if any change of circumstance arises prior to the hearing date of the application by the GEM Listing Division Committee that would render any information contained in this application form or the draft listing document submitted herewith misleading in any material respect;

NOTES

(2) All applicants should note that:—

(a) pursuant to rule 12.12, the Sponsor should contact the ~~GEM~~ Listing Division to ascertain a date on which the GEM Listing Division Committee may consider the applicant's application for listing. The Exchange reserves the right to change the provisional hearing date;

Appendix 5 FORMS RELATING TO LISTING

FORM B Application Form - Equity securities (of an issuer part of whose share capital is already listed)

In circumstances where the application is required to be supported by a listing document this form must be lodged, duly completed, at least 10 clear business days prior to the date on which the issuer proposes to bulk print the listing document and, in circumstances where the application is not required to be supported by a listing document, this form must be submitted at least 4 clear business days prior to the proposed date for issuing the securities.

To: The GEM Listing Division,
The Stock Exchange of Hong Kong Limited

Appendix 5 FORMS RELATING TO LISTING

FORM C Application Form - Debt securities

This form, must be lodged, duly completed, in the case of an issuer applying for the simultaneous listing of both equity and debt securities, in accordance with the timetable relevant to the application to list such equity securities and, otherwise, as follows:

(i) in circumstances where the application is required to be supported by a listing document at least 10 clear business days prior to the provisional hearing date of the application by the GEM Listing Committee or, in the case of a selectively marketed issue, such other period as may be agreed with the Exchange; or

(ii) 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.

To: The GEM Listing Division,
The Stock Exchange of Hong Kong Limited

Appendix 5 FORMS RELATING TO LISTING

FORM D Marketing statement (concerning a placing of equity securities)

A separate marketing statement in this form must be completed by the lead broker, any distributor(s) and every Exchange Participant with whom or through whom the securities are placed in the following circumstances:—

(1) a placing of equity securities by or on behalf of a new applicant

(2) a placing of equity securities of a class new to listing by or on behalf of a listed issuer.

Rule 10.12 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and the Notes accompanying this form should be read before completing this statement.

To: The GEM Listing Division,
The Stock Exchange of Hong Kong Limited

Appendix 5
FORMS RELATING TO LISTING
FORM E
Declaration of compliance

The following is a suggested form of declaration which may be amended to meet individual cases.

To: The GEM Listing Division
The Stock Exchange of Hong Kong Limited

Appendix 5
FORMS RELATING TO LISTING
FORM G

Restrictions on disposals of shares by an Initial Management Shareholder

This form must be completed, in duplicate, and returned to the Issuer in time for the Issuer to submit one copy to the Exchange before commencement of dealings in the Issuer's shares.

To: The Directors
[], Limited (the "Issuer"); and
The GEM Listing Division
The Stock Exchange of Hong Kong Limited (the "Exchange").

Dear Sirs,
[I]/[We], being an initial management shareholder of the Issuer (for the purposes of The Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules")), having an interest in or entitled to exercise or control the exercise of voting rights in respect of ___ [number] shares of ___ [currency and nominal value] each in the Issuer (excluding any shares subscribed or purchased pursuant to the initial public offering of the issuer) representing []% of the issued share capital of the Issuer as at the date hereof, hereby undertake to the Issuer and the Exchange to comply with the requirements of rules 13.16 and 13.19 of the GEM Listing Rules in respect of such shares.

Yours faithfully,

Signed: ___
Name: ___

Note: This form must be adapted if the initial management shareholder is interested in options, warrants or similar rights that comprise "relevant securities" as defined in rule 13.15 of the GEM Listing Rules.
9/04

Appendix 5

FORMS RELATING TO LISTING

FORM H

~~Restrictions on disposals of shares by a Significant Shareholder~~

~~This form must be completed, in duplicate, and returned to the Issuer in time for the Issuer to submit one copy to the Exchange before commencement of dealings in the Issuer's shares.~~

To : The Directors

[], Limited (the "Issuer"); and

The GEM Listing Division
The Stock Exchange of Hong Kong Limited (the "Exchange").

H___

Dear Sirs,

~~[I]/[We], being a significant shareholder of the Issuer (for the purposes of The Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules")), having an interest in or entitled to exercise or control the exercise of voting rights in respect of ___ [number] shares of ___ [currency and nominal value] each in the Issuer (excluding any shares subscribed or purchased pursuant to the initial public offering of the issuer) representing [] % of the issued share capital of the Issuer as at the date hereof, hereby undertake to the Issuer and the Exchange to comply with the requirements of rules s 13.17 and 13.19 of the GEM Listing Rules in respect of such shares.~~

Yours faithfully,

Signed: ___
Name: ___

Note: This form must be adapted if the significant shareholder is interested in options, warrants or similar rights that comprise "relevant securities" as defined in rule 13.15 of the GEM Listing Rules.

Appendix 6
附錄六
DIRECTOR'S AND SUPERVISOR'S FORMS
董事及監事的表格
FORM A
A表格
Director's Declaration, Undertaking and Acknowledgement
董事的聲明、承諾及確認

Notes

附註：

(9)

(g) The person to whom requests under paragraph (e) are to be addressed are as follows:—
根據(e)段提出要求的人士應聯絡：

Executive Director
The GEM Listing Division
11th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong
香港
中環
港景街1號國際金融中心一期
11樓
創業板上市科
執行總監

Part 2
第二部分
UNDERTAKING AND ACKNOWLEDGEMENT
承諾及確認

1. Undertake with the Stock Exchange of Hong Kong Limited that: —
向香港聯合交易所有限公司承諾：—

(c) I shall co-operate in any investigation conducted by the GEM Listing Division (as such term is defined in rule 1.01 of the GEM Listing Rules) and/or the GEM Listing Committee (as such term is defined in rule 1.01 of the GEM Listing Rules) of The Stock Exchange of Hong Kong Limited, including answering promptly and openly any questions addressed to me, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which I am requested to appear;

本人將在香港聯合交易所有限公司創業板上市科（按《創業板上市規則》第1.01條界定）及／或創業板上市委員會（按《創業板上市規則》第1.01條界定）所進行的任何調查中與交易所合作，包括及時及坦白地答覆向本人提出的任何問題，及時地提供任何有關文件的正本或副本，並出席任何被要求出席的會議或聽證會；

(d) I hereby give my irrevocable authority to the Executive Director of the GEM Listing Division, or to any person authorised by him, to disclose any of the foregoing particulars given by me to members of the GEM Listing Committee and, with the approval of the Chairman or a Deputy Chairman of The Stock Exchange of Hong Kong Limited, to such other persons, as the said Executive Director of the GEM Listing Division may from time to time think fit; and 本人茲授予創業板上市科執行總監（或獲其授權的任何人士）不可撤回的權力，讓他將本人提供的上述資料向創業板上市委員會委員披露；並在香港聯合交易所有限公司主席或一位副主席批准的情況下，向創業板上市科執行總監不時認為適當的其他人士披露；及

(e) I will, for so long as I remain a director of the issuer and for the further period of 3 years from the date on which I cease to be a director of the issuer, inform the Stock Exchange of Hong Kong Limited, by notice in writing to the Executive Director of the GEM Listing Division, of any change to my residential address as set out in Part 1 of this Form as soon as reasonably practicable and in any event within 1 month of my so changing residence for the purpose of facilitating correspondence with the Exchange; and

在本人擔任發行人董事期間及本人不再擔任發行人董事之日起計三年內，如本人於本表格第一部分所填報的住址有任何更改，本人會在合理可行的情況下盡快而無論如何於本人更改住址後一個月內，以書面通告形式通知創業板上市科執行總監，以便與交易所進行函件往來；及

Appendix 6

附錄六

DIRECTOR'S AND SUPERVISOR'S FORMS

董事及監事的表格

FORM B

B表格

Director's Declaration and Undertaking and Acknowledgement (PRC Issuer)

董事的聲明、承諾及確認（適用於中國發行人）

(9) Notice in relation to the Personal Data (Privacy) Ordinance (the "Ordinance"): —
有關《個人資料（私隱）條例》（「《條例》」）的通告：

.....

(g) The person to whom requests under paragraph (e) are to be addressed are as follows: —
根據(e)段提出要求的人士應聯絡：

Executive Director
The GEM-Listing Division
11th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong
香港
中環
港景街1號國際金融中心一期
11樓
創業板上市科
執行總監

Part 2
第二部分
UNDERTAKING AND ACKNOWLEDGEMENT
承諾及確認

1. undertake with the Stock Exchange of Hong Kong Limited that:—
向香港聯合交易所有限公司承諾：—

(b) I shall cooperate in any investigation conducted by the GEM Listing Division (as such term is defined in rule 1.01 of the GEM Listing Rules) and/or the GEM Listing Committee (as such term is defined of rule 1.01 of the GEM Listing Rules) of The Stock Exchange of Hong Kong Limited, including answering promptly and openly any questions addressed to me, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which I am requested to appear;

本人將在香港聯合交易所有限公司創業板上市科（按《創業板上市規則》第1.01條界定）及／或創業板上市委員會（按《創業板上市規則》第1.01條界定）所進行的任何調查中與本交易所合作，包括及時及坦白地答覆向本人提出的任何問題，及時地提供任何有關文件的正本或副本，並出席任何被要求出席的會議或聽證會；及

(c) I hereby give my irrevocable authority to the Executive Director of the GEM Listing Division, or to any person authorised by him, to disclose any of the foregoing particulars given by me to members of the GEM Listing Committee and, with the approval of the Chairman or a Deputy Chairman of The Stock Exchange of Hong Kong Limited, to such other persons, as the said Executive Director of the GEM Listing Division may from time to time think fit; and 本人茲授予創業板上市科執行總監（或獲其授權的任何人士）不可撤回的權力，讓他將本人提供的上述資料向創業板上市委員會委員披露；並在香港聯合交易所有限公司主席或一位副主席批准的情況下，向創業板上市科執行總監不時認為適當的其他人士披露；及

(d) I will, for so long as I remain a director of the issuer and for the further period of 3 years from the date on which I cease to be a director of the issuer, inform the Stock Exchange of Hong Kong Limited, by notice in writing to the Executive Director of the GEM Listing Division, of any change to my residential address as set out in Part 1 of this Form as soon as reasonably practicable and in any event within 1 month of my so changing residence for the purpose of facilitating correspondence with the Exchange; and

在本人擔任發行人董事期間及本人不再擔任發行人董事之日起計三年內，如本人於本表格第一部分所填報的住址有任何更改，本人會在合理可行的情況下盡快而無論如何於本人更改住址後一個月內，以書面通告形式通知創業板上市科執行總監，以便與交易所進行函件往來；及

Appendix 6

附錄六

DIRECTOR'S AND SUPERVISOR'S FORMS

董事及監事的表格

FORM C

C表格

Supervisor's declaration and undertaking and acknowledgement in respect of an issuer incorporated in the People's Republic of China ("PRC")

監事的聲明、承諾及確認

（適用於中華人民共和國（「中國」）註冊成立的發行人）

(9) Notice in relation to the Personal Data (Privacy) Ordinance (the "Ordinance"): —
有關《個人資料(私隱)條例》(「《條例》」)的通告：

(g) The person to whom requests under paragraph (e) are to be addressed are as follows:
根據(e)段提出要求的人士應聯絡：

Executive Director
The GEM Listing Division
11th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong
香港
中環
港景街1號國際金融中心一期
11樓
創業板上市科

Part 2

第二部分

UNDERTAKING AND ACKNOWLEDGEMENT

承諾及確認

(g) I hereby give my irrevocable authority to the Executive Director of the GEM Listing Division (as such term is defined in rule 1.01 of the GEM Listing Rules), or to any person authorised by him, to disclose any of the foregoing particulars given by me to members of the GEM Listing Committee (as such term is defined in rule 1.01 of the GEM Listing Rules) and, with the approval of the Chairman or a Deputy Chairman of The Stock Exchange of Hong Kong Limited, to such other persons, as the said Executive Director of the GEM Listing Division may from time to time think fit; and

本人茲授予創業板上市科執行總監(按《創業板上市規則》第1.01條界定)(或獲其授權的任何人士)不可撤回的權力,讓他將本人提供的上述資料向創業板上市委員會(按《創業板上市規則》第1.01條界定)委員披露;並在香港聯合交易所有限公司主席或一位副主席批准的情況下,向創業板上市科執行總監不時認為適當的其他人士披露;及

(h) I will, for so long as I remain a supervisor of the issuer and for the further period of 3 year from the date on which I cease to be a supervisor of the issuer, inform the Stock Exchange of Hong Kong Limited, by notice in writing to the Executive Director of the GEM Listing Division, of any change to my residential address as set out in Part 1 of this Form as soon as reasonably practicable and in any event within 1 month of my so changing residence for the purpose of facilitating correspondence with the Exchange; and

在本人擔任發行人監事期間及本人不再擔任發行人監事之日起計三年內,如本人於本表格第一部分所填報的住址有任何更改,本人會在合理可行的情況下盡快而無論如何於本人更改住址後一個月內,以書面通告形式通知創業板上市科執行總監,以便與交易所進行函件往來;及

Appendix 7
SPONSOR'S FORMS
FORM G
Sponsor's Declaration in support of a New Applicant

To: The GEM Listing Division
The Stock Exchange of Hong Kong Limited

Appendix 7
SPONSOR'S FORMS
FORM H
Compliance Adviser's Declaration of Interests

This declaration must be lodged, duly completed, at the time a new applicant or a listed issuer submits its listing application.

To: The GEM Listing Division
The Stock Exchange of Hong Kong Limited

Appendix 7
SPONSOR'S FORMS
FORM I
Sponsor's Declaration of Compliance concerning a New Applicant

This declaration must be lodged, duly completed, prior to the commencement of dealing of the securities of the new applicant.

To: The GEM Listing Division
The Stock Exchange of Hong Kong Limited

Appendix 7
SPONSOR'S FORMS
FORM J
Declaration in relation to certain
Listing Documents issued by an Issuer

This declaration must, in the circumstances referred to in rule 6A.35 of the GEM Listing Rules, be lodged with The Stock Exchange of Hong Kong Limited (the "Exchange"), duly completed, prior to the issue of the listing document.

To: The GEM Listing Division
The Stock Exchange of Hong Kong Limited

NOTES

(2) Where a listed issuer appoints, in connection with the issue, a party admitted to the Commission's public register of licensed persons and registered institutions ~~Exchange's list of Sponsors~~ other than the Compliance Adviser appointed by the issuer for the purposes of rules 6A.19 and 6A.20, the newly appointed adviser is responsible for completing and lodging this form (see rule 6A.37).

**Appendix 7
SPONSOR'S FORMS
FORM K**

Sponsor's statement relating to independence

To: The ~~GEM~~ Listing Division
The Stock Exchange of Hong Kong Limited

**Appendix 7
SPONSOR'S FORMS
FORM M**

Compliance Adviser's undertaking

To: The ~~GEM~~ Listing Division
The Stock Exchange of Hong Kong Limited

**Appendix 8
FORM OF SHARE BUYBACK REPORT TO
THE STOCK EXCHANGE OF HONG KONG LIMITED ("THE EXCHANGE")**

To: The ~~GEM~~ Listing Division
The Stock Exchange of Hong Kong Limited

**Appendix 9
LISTING FEES, TRANSACTION LEVIES AND TRADING FEES
ON NEW ISSUES AND BROKERAGE**

1. Equity Securities

...

(2) Annual Listing Fee

...

(b) (i) Annual listing fees shall be payable in advance in one instalment. The fee shall be payable within 7 days of receiving a debit note or, in any event if earlier, and in the case of a new applicant, before dealings in the relevant securities commence. Annual listing fees shall not be refundable. Regardless of the day of the month on which the securities are listed, the annual listing fees will be calculated from the first day of that month and pro rata payment in respect of that month is not permitted.

(ii) For the purpose of calculating the total amount payable for the year, the issuer should assume that there will be no change in the numbers upon which the fee is calculated for and throughout the year for which advance payment is being made.

(iii) If an issuer withdraws its listing or is delisted, then regardless of the date on which the issuer withdraws its listing or is delisted, as the case may be, the annual listing fee paid will not be refundable.

(iv) If an issuer transfers its listing from GEM to the Main Board during a term in respect of which the annual listing fee has been pre-paid, the portion pre-paid in respect of the remainder of the year in which the listing is transferred will be refunded. The amount to be refunded will be 1/12 of the total pre-payment for each full calendar month remaining in the 12-month period to which the pre-payment relates. Regardless of the day of the month on which the listing is transferred, the annual listing fee will not be refunded in respect of that month.

Appendix 14

INDEPENDENT FINANCIAL ADVISER'S UNDERTAKING

To: The GEM Listing Division
The Stock Exchange of Hong Kong Limited

Appendix 15

CODE ON CORPORATE GOVERNANCE PRACTICES

A.5 Responsibilities of directors

Principle

Every director is required to keep abreast of his responsibilities as a director of an issuer and of the conduct, business activities and development of that issuer. 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.

Note: These duties are summarised in "Non-statutory Guidelines of Directors' Duties" issued by the Companies Registry in October 2007 January 2004. In determining whether a director has met the requisite standard of care, skill and diligence expected of him, courts will generally have regard to a number of factors. These include the functions that are to be performed by the director concerned, whether the director is a full-time executive director or a part-time non executive director and the professional skills and knowledge of the director concerned.

Appendix 17

Headline categories

The following documents are submitted by issuers for publication on our website as listed companies information:–

Equity

1. Headline Categories for Announcements and Notices (as set out in Schedule 1)
2. Headline Categories for Circulars (as set out in Schedule 2)
3. Headline Categories for Listing Documents (as set out in Schedule 3)
4. Headline Categories for Financial Statements (as set out in Schedule 4)
5. Headline Category – Share Buyback Reports
6. Headline Category – Proxy Forms
7. Headline Category – Company Information Sheet (GEM)
8. Headline Category – Trading Information of Exchange Traded Funds
9. Headline Category – Constitutional Documents

Debt and Structured Products

- 9 10. Headline Categories for Debt and Structured Products (as set out in Schedule 5)

Schedule 1

Headline Categories for Announcements and Notices

New Listings (Listed Issuers/New Applicants)

Allotment Results
Formal Notice
Listing of Securities by way of Introduction
Striking Price on Offer for Subscription or for Sale by Tender
Supplemental Information regarding IPO
Transfer of listing from GEM to Main Board