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# GEM RULE AMENDMENTS RELATING TO DEFINITIONS OF CONNECTED PERSON AND ASSOCIATE

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## Chapter 1

### GENERAL

#### INTERPRETATION

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

...

**“associate”** has the meaning in rule 20.06(2)

...

**“close associate”** (a) in relation to an individual means:—

- (i) his spouse;
- (ii) any child or step-child, natural or adopted, under the age of 18 years of ~~such~~ the individual or of his spouse (together with (a)(i) above, the “family interests”);
- (iii) the trustees, acting in their capacity as ~~such~~ trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object; and
- (iv) [Repealed 3 June 2010]
- (v) any company in the equity capital of which he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or ~~such other~~ any amount as ~~may from time to time~~ be specified in the Takeovers Code as ~~being~~ the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this ~~other~~ company ~~which is its subsidiary~~; and

(b) in relation to a company means:—

- (i) ~~any other company which is~~ its subsidiary or holding company or ~~is~~ a fellow subsidiary of ~~any such~~ its holding company;

- (ii) the trustees, acting in their capacity as ~~such~~ trustees, of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to the company's knowledge) a discretionary object; and
- (iii) [Repealed 3 June 2010]
- (iv) any other company in the equity capital of which the company, ~~such other companies referred to in (b)(i) above~~ its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or ~~such other~~ any amount as ~~may from time to time be~~ specified in the Takeovers Code as ~~being~~ the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any subsidiary of this other company ~~which is its subsidiary~~.

*Notes: This definition is:—*

*1 modified in the context of:—*

*(a) ~~connected transactions, by virtue of rules 20.11, 20.12 and 20.12A; and~~*

*(b) ~~PRC issuers, by virtue of rule 25.04; and~~*

*2 extended so as to apply to Sponsors, by virtue of rule 6A.31, underwriters, by virtue of rules 16.13, 16.15 and 29.22, and significant shareholders, Sponsors and underwriters by virtue of rule 10.12;*

...

**“connected person”** has the meaning in rule 20.06(7)

*Note: The definition includes a person deemed to be connected by the Exchange under rule 20.07(6) only for the purpose of Chapter 20.*

**“core connected person” or  
“~~person connected~~”**

- (a) ~~in relation to~~for a company other than a PRC issuer, ~~and other than~~ or any subsidiaries of a PRC issuer, means a director, chief executive or substantial shareholder of ~~such~~the company or any of its subsidiaries or ~~an~~ close associate of any of them; and
- (b) ~~in relation to~~for a PRC issuer means a director, supervisor, chief executive or substantial shareholder of the PRC issuer or any of its subsidiaries or ~~an~~ close associate of any of them

*Note: This definition is modified for the purposes of Chapter 20 by virtue of the provisions of rules 20.11, 20.12 and 20.12A.*

...

**“family interests”**

the same meaning as in (a)(ii) of the definition of “close associate”

...

**“IFA group”**

- (a) the independent financial adviser;
- (b) ~~any~~ its holding company ~~of the independent financial adviser;~~
- (c) any subsidiary of ~~any~~ its holding company ~~of the independent financial adviser;~~
- (d) any controlling shareholder of:
- (i) the independent financial adviser; or
- (ii) ~~any~~ its holding company ~~of the independent financial adviser,~~
- ~~which controlling shareholder is not, itself, a holding company of the independent financial adviser; and~~
- (e) any close associate of any controlling shareholder referred to in paragraph (d) ~~above~~

...

## Chapter 2

### GENERAL

#### INTRODUCTION

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##### Material interest in a transaction

...

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

- (1) whether the shareholder is a party to the transaction or arrangement or a close associate (~~as defined in rule 1.01~~) of such a party; and
- (2) whether the transaction or arrangement confers upon the shareholder or his close associate a benefit (whether economic or otherwise) not available to the other shareholders of the issuer.

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

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

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## Chapter 5

### GENERAL

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

##### Directors

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

- (1) ...
- (2) has received an interest in any securities of the issuer as a gift, or by means of other financial assistance, from a core connected person or the issuer itself. However, subject to Note 1 to rule 5.09(1), the director will still be considered independent if he receives shares or interests in securities from the issuer or its subsidiaries (but not from core connected persons) as part of his director’s fee or pursuant to share option schemes established in accordance with Chapter 23;
- (3) is a director, partner or principal of a professional adviser which currently provides or has within one year immediately prior to the date of his proposed appointment provided services, or is an employee of such professional adviser who is or has been involved in providing such services during the same period, to:

- (a) the listed issuer, its holding company or any of their respective subsidiaries or core connected persons; or
  - (b) any person who was a controlling shareholder or, where there was no controlling shareholder, any person who was the chief executive or a director (other than an independent non-executive director), of the listed issuer within one year immediately prior to the date of the proposed appointment, or any of their close associates;
- (4) has a material interest in any principal business activity of or is involved in any material business dealings with the issuer, its holding company or their respective subsidiaries or with any core connected persons of the issuer;
  - (5) ...
  - (6) ...
  - (7) is, or has at any time during the 2 years immediately prior to the date of his proposed appointment been, an executive or a director (other than an independent non-executive director) of the issuer, of its holding company or of any of their respective subsidiaries or of any core connected persons of the issuer;

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

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

An independent non-executive director shall submit to the Exchange a written confirmation which must state:

- (a) his independence as regards each of the factors referred to in rule 5.09(1) to (8);
- (b) his past or present financial or other interest in the business of the issuer or its subsidiaries or any connection with any core connected person (as such term is defined in the GEM Listing Rules) of the issuer, if any; and
- (c) that there are no other factors that may affect his independence at the same time as the submission of his declaration, undertaking and acknowledgement in the relevant form set out in Appendix 6.

...

*Note: ...*

...

### **Securities transactions by directors**

...

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

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

...

# Chapter 6A

## SPONSORS AND COMPLIANCE ADVISERS

### Definitions and interpretation

6A.01 In this Chapter:

- (1) ...  
...
- (9) “Sponsor group” means:
  - (a) a Sponsor;
  - (b) ~~any~~its holding company ~~of the Sponsor~~;
  - (c) any subsidiary of ~~any~~its holding company ~~of the Sponsor~~;
  - (d) any controlling shareholder of:
    - (i) the Sponsor; or
    - (ii) ~~any~~its holding company ~~of the Sponsor~~,  
~~which controlling shareholder is not, itself, a holding company of the Sponsor;~~  
and
  - (e) any close associate of any controlling shareholder referred to in paragraph (d) above; and
- (10) ...

6A.07 At least one Sponsor of a new applicant must be independent of ~~the new applicant~~. The Sponsor is required to demonstrate to the Exchange its independence or lack of independence and declare in accordance with the terms set out in Appendix 7K.

A Sponsor is not independent if any of the following circumstances exist at any time from the date of submission ~~to the Exchange~~ of an application for listing on Form 5A ~~in accordance with rule 12.13~~-up to the date of listing:-

- (1) the Sponsor group and any director or close associate of a director of the Sponsor collectively holds or will hold, directly or indirectly, more than 5% of the issued share capital of the new applicant, except where that holding arises as a result of an underwriting obligation;
- (2) the fair value of the direct or indirect current or prospective shareholding of the Sponsor group in the new applicant exceeds or will exceed 15% of the net equity shown in the latest consolidated financial statements of the Sponsor’s ultimate holding company or, where there is no ultimate holding company, the Sponsor;
- (3) any member of the Sponsor group or any director or close associate of a director of the Sponsor is ~~a~~ close associate or core connected person of the new applicant;

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

- (4) 15% or more of the proceeds raised from the initial public offering of the new applicant are to be applied directly or indirectly to settle debts due to the Sponsor group, except where those debts are on account of fees payable to the Sponsor group under its engagement ~~by the new applicant~~ for sponsorship services;
- (5) the aggregate of:
- (a) amounts due to the Sponsor group from the new applicant and its subsidiaries; and
  - (b) all guarantees given by the Sponsor group on behalf of the new applicant and its subsidiaries,
- exceeds 30% of the total assets of the new applicant;
- (6) the aggregate of:
- (a) amounts due to the Sponsor group from:
    - (i) the new applicant;
    - (ii) ~~the new applicant's~~ subsidiaries;
    - (iii) ~~any~~ controlling shareholder ~~of the new applicant~~; and
    - (iv) any close associates of ~~any~~ controlling shareholder ~~of the new applicant~~; and
  - (b) all guarantees given by the Sponsor group on behalf of:
    - (i) the new applicant;
    - (ii) ~~the new applicant's~~ subsidiaries;
    - (iii) ~~any~~ controlling shareholder ~~of the new applicant~~; and
    - (iv) any close associates of ~~any~~ controlling shareholder ~~of the new applicant~~,
- exceeds 10% of the total assets shown in the latest consolidated financial statements of the Sponsor's ultimate holding company or, where there is no ultimate holding company, the Sponsor;
- (7) the fair value of the direct or indirect shareholding of:
- (a) a director of the Sponsor;
  - (b) a director of ~~any~~ holding company ~~of the Sponsor~~;
  - (c) ~~an~~ close associate of a director of the Sponsor; or
  - (d) ~~an~~ close associate of a director of ~~any~~ holding company ~~of the Sponsor~~
- in the new applicant exceeds HKD 5 million;
- (8) an employee or director of the Sponsor who is directly engaged in providing the ~~subject~~ sponsorship services to the new applicant, or ~~an~~ his close associate ~~of this employee or director~~, holds or will hold shares in the new applicant or has or will have a beneficial interest in shares in ~~the new applicant~~;

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

- (a) any member of the Sponsor group;
- (b) an employee of the Sponsor who is directly engaged in providing the ~~subject~~ sponsorship services to the new applicant;
- (c) ~~an~~ close associate of an employee of the Sponsor who is directly engaged in providing the ~~subject~~ sponsorship services to the new applicant;
- (d) a director of any member of the Sponsor group; or
- (e) ~~an~~ close associate of a director of any member of the Sponsor group;

...

### Miscellaneous

...

6A.31 In relation to any application for listing by a listed issuer involving the proposed issue of a listing document of the type referred to in rule 6A.36 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, the Compliance Adviser (or any Sponsor that is appointed under rule 6A.37 to advise the issuer) must complete and submit to the Exchange, at the time of submitting the application for listing (passing a copy to the new applicant or listed issuer) a declaration in the prescribed form set out in Appendix 7H, giving details of all interests it, its directors and employees and its close associates have in relation to the issuer and that listing or transaction.

*Notes: 1 For these purposes, the Compliance Adviser (or other adviser appointed under rule 6A.37) must provide details of all information which ought reasonably to be disclosed concerning the interests which it, its directors and employees and its close associates have in relation to the new applicant or listed issuer and the successful outcome of the listing or transaction in question, having taken all reasonable steps to ascertain such interests of its directors and employees and its close associates.*

2 *Without limiting the general nature of Note 1, the Compliance Adviser (or other adviser appointed under rule 6A.37) would be expected to disclose full and accurate details of:-*

- (a) *the interests which it or its close associates have or may, as a result of the listing or transaction, have in the securities of the issuer or any other company in the issuer's group (including options or rights to subscribe for such securities);*
- (b) *the interests which any director or employee involved in providing advice to the issuer has or may, as a result of the listing or transaction, have in the securities of the issuer or any company in the issuer's group (including options or rights to subscribe such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed by any such director or employee under an offer by way of public subscription made by the issuer); and*

- (c) any material benefit expected to accrue to the Compliance Adviser (or other adviser appointed under rule 6A.37) or its close associates as a result of the successful outcome of the listing or transaction, including, by way of example, the repayment of material outstanding indebtedness and payment of any underwriting commissions or success fees.

~~3 For the purposes of Note 2 above, “associate” shall have the same meaning as set out in rule 1.01, save that it shall be construed as applying to the Compliance Adviser (or other adviser appointed under rule 6A.37).~~

6A.32 The listing document in respect of any new applicant must comply with rule 6A.10(2), as applicable. All other listing documents and circulars relating to transactions on which the Compliance Adviser (or another adviser appointed under rule 6A.37) subsequently provides advice to the issuer (excluding any Explanatory Statement issued under rule 13.08) must disclose full and accurate details of the interests as advised by the Compliance Adviser and, if applicable, the interests as advised under rule 6A.31 by the Compliance Adviser appointed under rule 6A.37. In addition, each listed issuer’s annual report and accounts, half-year report and quarterly reports must include full and accurate details of such interests, as updated and notified by the Compliance Adviser to the issuer at the time of preparing such reports.

*Notes: 1 Each of the documents referred to in this rule is required to set out the interests of the Compliance Adviser (and its directors, employees and close associates) under a specific heading and both the heading and information must be given suitable prominence within the document.*

*2 The Compliance Adviser must take responsibility for the accuracy of the information relating to the interests of the Compliance Adviser (and its directors, employees and close associates), as set out in each of the documents referred to in this rule.*

## Chapter 9

### GENERAL

#### TRADING HALT, SUSPENSION AND RESUMPTION OF DEALINGS, CANCELLATION CANCELLATION AND WITHDRAWAL OF LISTING

...

##### Trading halt or suspension

9.04

*Notes: 1 The Exchange will not hesitate to direct a trading halt or suspend dealings where it considers that improper use is being made of inside information, whether by core connected persons ~~connected with~~ of the issuer or otherwise. It may require a detailed explanation from an issuer as to who may have had access to unpublished information, and why security had not been properly maintained. If it considers the result of its enquiries justify, it may publish its findings. It places great importance on the responsibility of the directors of an issuer to ensure not only proper security with regard to inside information, but also that relevant information is disclosed in a proper and equitable manner, in the interests of the market as a whole, and not to the benefit of a selected group or individual.*

...

# Chapter 10

## EQUITY SECURITIES

### METHODS OF LISTING

...

#### Placing

...

10.12 A placing by or on behalf of a new applicant or by or on behalf of a listed issuer of securities of a class new to listing must be supported by a listing document which must comply with the relevant requirements of Chapter 14 and such a placing must comply with the following specific requirements:—

(1) ...

...

(4) The announcement of the results of the placing required pursuant to rule 16.16 must include a brief generic description of the placees. If securities have been placed with different groups of placees, then the announcement must contain a description of each group and the number of shares placed with each group, provided that certain types of placee (as specified in Note 1 to this rule) must be identified on an individually-named basis, with the number of shares placed with each named placee also being disclosed. In the case of an initial public offering effected by way of a placing or which included a placing tranche, the announcement must also include information on:—

(a) ...

(b) ...

(c) ...

*Notes: 1 The purpose of this rule is to enable shareholders and investors to understand the broad composition of the ownership of the placed shares immediately prior to trading in those shares. The groups of placees which the issuer must identify in the announcement, to the extent applicable, include:—*

(a) ...

(b) *directors and their close associates (on an individually-named basis);*

(c) *substantial shareholders and their close associates (on an individually-named basis);*

(d) *in relation only to an initial public offering effected by way of a placing or which included a placing tranche, significant shareholders and their close associates (on an individually-named basis);*

(e) *employees;*

(f) *the Sponsor and its close associates;*

(g) *the lead broker and/or any distributor and any connected clients of either (as defined in Note 2 below);*

(h) *customers or clients of the issuer;*

(i) *suppliers to the issuer; and*

(j) *the underwriters (if any) and their close associates, if different from (f) or (g) above.*

The announcement should, if applicable, give particulars of any duplication between the descriptions of placees and must indicate the number and proportion of shares placed to the public.

2 ...

~~3 For the purposes of this rule, “associate” (in the context of any significant shareholder, the Sponsor or underwriters (if any)) shall have the same meaning as set out in rule 1.01, save that it shall be construed as also applying to a significant shareholder, Sponsor and an underwriter.~~

...

...

## Introduction

...

10.20 An issuer should apply to the Exchange as early as possible to obtain confirmation that an introduction will be an appropriate method of listing. The application must state the names and holdings of the ten largest beneficial holders of the securities (if known) and the total number of holders. A copy of the share register may be required by the Exchange. In addition, particulars of the holdings of the directors and their close associates must be included. If such approval to the method of listing is given, it does not necessarily mean that listing for the securities will ultimately be granted.

...

# Chapter 11

## EQUITY SECURITIES

### QUALIFICATIONS FOR LISTING

#### Preliminary

11.04 Full and accurate disclosure of any business or interest of each director, controlling shareholder and, in relation only to the initial listing document, substantial shareholder and the respective close associates of each that competes or may compete with the business of the group and any other conflicts of interest which any such person has or may have with the group must be disclosed in each listing document and circular required pursuant to the GEM Listing Rules (excluding any Explanatory Statement issued pursuant to rule 13.08) and in the annual report and accounts, half-year report and quarterly reports of the listed issuer.

*Notes: 1 [Repealed 3 June 2010]*

*2 Each of the documents referred to in this rule is required to set out the interests of directors and, in relation only to the initial listing document, substantial shareholders (including the interests of their respective close associates) under a specific heading and both the heading and information must be given suitable prominence within the document.*

*3 Of the interests required to be disclosed pursuant to this rule, a director or substantial shareholder must include any directorship or ownership of an entity engaged in a business which competes or is likely to compete with the business of the group. The disclosure should include the name of each such entity, the nature of its business and details of the directorship and/or ownership of the issuer’s directors and substantial shareholders and their respective close associates in such entity.*

*4 See also paragraph 27A of Appendix IA.*

...

## 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) ...

...

(11) ...

Notes: 1 ...

2 *The Exchange will not regard at any time,*

(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 a ~~an~~ close 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 a ~~an~~ close associate of any of them*

*as a member of “the public” or shares held by any such person as being “in public hands”.*

...

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 core 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 nonexecutive 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) ...

...

...

## Chapter 12

### EQUITY SECURITIES

#### APPLICATION PROCEDURES AND REQUIREMENTS

...

##### Applications

##### *General*

...

- 12.11 From the time of submission of the application for listing until listing is granted, there must be no dealing in the securities for which listing is sought by any core connected person of the issuer, except as permitted by rule 10.16. The directors of the issuer shall forthwith notify the Exchange of any such dealing or suspected dealing of which they become aware. If any of the directors or their close associates are found to have engaged in such dealing, the application may be rejected.

## Chapter 13

### EQUITY SECURITIES

#### RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

##### Restrictions on preferential treatment

...

- 13.02 With regard to any securities proposed to be placed by a new applicant:—
- (1) no preferential terms or treatment as to price or otherwise may be afforded to any placee (but not to others), save that with adequate disclosure in the listing document, preferential treatment may be given to placees in respect of the allocation of securities. For the purposes of this rule, the disclosure to be made in the listing document issued in connection with the placing must include details of existing shareholders or directors and their respective close associates (each identified on an individually-named basis) to whom it is proposed to place shares, indicating, in each case, the number and/or proportion of shares to be so placed. The Exchange reserves the right to reject any such proposed arrangements.

- (2) ...

...

**Restrictions and notification requirements on issuers purchasing  
their own shares on a stock exchange**

...

*Procedures to be complied with*

13.08 The issuer must send to its shareholders an Explanatory Statement (at the same time as the notice of the relevant shareholders' meeting) containing all the information reasonably necessary to enable those shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the purchase by the issuer of shares including the information set out below:—

(1) ...

...

(5) a statement of the name of any directors, and to the best of the knowledge of the directors having made all reasonable enquiries, any close associates of the directors, who have a present intention, in the event that the proposal is approved by shareholders, to sell shares to the issuer, or an appropriate negative statement;

...

(9) a statement as to whether or not any core connected persons of the issuer have notified the issuer that they have a present intention to sell shares to the issuer or have undertaken not to sell any of the shares held by them to the issuer, in the event that the issuer is authorised to make purchases of shares;

...

(11) ...

*Notes: 1 The Explanatory Statement need not contain the statement set out in rule 2.20 concerning the characteristics of GEM nor information on the interests (if any) of the Compliance Adviser (as referred to in rule 6A.31) and all directors, controlling shareholders and their respective close associates (as referred to in rule 11.04).*

2 ...

...

*Dealing restrictions*

13.11 The following dealing restrictions must be adhered to:—

(1) ...

(2) an issuer shall not knowingly purchase shares from a core connected person and a core connected person shall not knowingly sell his shares to the issuer, on GEM;

...

...

# Chapter 16

## EQUITY SECURITIES

### PUBLICATION REQUIREMENTS

...

#### Results of offers, rights issues and placings

- 16.13 In the case of an offer for subscription, offer for sale or open offer, an announcement of the results of the offer, the basis of allotment of the securities (including the extent to which securities have been allotted to the underwriters (if any) and their close associates) and, where relevant, the basis of any acceptance of excess applications must be published on the GEM website as soon as possible, but in any event not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or other relevant documents of title are posted.

*Notes: 1 The announcement should include information regarding the spread of applications and basis of allocation.*

~~2 For the purposes of rules 16.13 and 16.15, "associate" shall have the same meaning as set out in the definition of associate in rule 1.01, save that it shall be construed as applying to underwriters.~~

~~3~~ *2 In case of a new class of securities to be listed, the announcement should include the minimum prescribed percentage applicable to that class of securities pursuant to rule 11.23 if such information has not been previously disclosed.*

...

- 16.15 In the case of a rights issue, an announcement of the results of the issue (including the extent to which securities have been allotted to the underwriters (if any) and their close associates) and of the basis of any acceptance of excess applications must be published on the GEM website as soon as possible, but in any event not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or other relevant documents of title are posted.

...

# Chapter 17

## EQUITY SECURITIES

### CONTINUING OBLIGATIONS

...

#### General matters relevant to the issuer's business

...

*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:

(1) ...

...

(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) ...

(b) ...

(c) the issue and any transaction related to it is made subject to the approval of shareholders with the following persons abstaining from voting: -

(i) any core connected person and its close associates; and

(ii) ...

(d) ...

*Note: The circular must include:*

(i) ...

...

(x) *details of the persons who would receive the new shares or securities and their connection, if any, with any core connected persons of the listed issuer; and*

...

...

...

#### Meetings

...

*Voting of directors at board meeting*

17.48A Subject to the exceptions set out in paragraphs (1), (2), (4) and (5) of Note 5 to Appendix 3, a director of an issuer shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting.

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

...

## Miscellaneous obligations

...

### *Independent financial advisers*

17.92 An independent financial adviser appointed under rule 17.47(6)(b) or rule 24.05(6)(a)(ii) must take all reasonable steps to satisfy itself that:

(1) ...

...

*Notes:* 1. *For the purposes of this rule, the Exchange expects that the reasonable steps an independent financial adviser will typically perform will include the following:*

(a) ...

...

(d) *without limiting the generality of paragraph (c) above, in relation to any third party expert providing an opinion or valuation relevant to the transaction:*

(i) *interviewing the expert including as to its expertise and any current or prior relationships with the issuer, other parties to the transaction, and core connected persons of either the issuer or another party to the transaction;*

...

...

17.96 An independent financial adviser must be independent from any issuer for whom it acts. An independent financial adviser is not independent if any of the following circumstances exist as at the time of making the declaration required by rule 17.97(1):

(1) the IFA group and any director or close associate of a director of the independent financial adviser holds, directly or indirectly, in aggregate more than 5% of the issued share capital of the issuer, another party to the transaction, or ~~an~~ close associate or core connected person of the issuer or another party to the transaction;

(1A) in the case of a connected transaction, the independent financial adviser holds more than 5% of the issued share capital of an associate of another party to the transaction;

(2) any member of the IFA group or any director or close associate of a director of the independent financial adviser is ~~an~~ close associate or core connected person of the issuer or another party to the transaction;

(2A) in the case of a connected transaction, the independent financial adviser is an associate of another party to the transaction;

(3) any of the following exceeds 10% of the total assets shown in the latest consolidated financial statements of the independent financial adviser's ultimate holding company or, where there is no ultimate holding company, the independent financial adviser:

(a) the aggregate of:

(i) amounts due to the IFA group from:

(A) the issuer;

(B) ~~the issuer's~~ its subsidiaries;

- (C) ~~any its controlling shareholder of the issuer;~~ and
  - (D) any close associates of ~~any its controlling shareholder of the issuer;~~ and
- (ii) all guarantees given by the IFA group on behalf of:
- (A) the issuer;
  - (B) ~~the issuer's its subsidiaries;~~
  - (C) ~~any its controlling shareholder of the issuer;~~ and
  - (D) any close associates of ~~any its controlling shareholder of the issuer;~~
- (b) the aggregate of:
- (i) amounts due from the IFA group to:
- (A) the issuer;
  - (B) ~~the issuer's its subsidiaries;~~ and
  - (C) ~~any its controlling shareholder of the issuer;~~ and
- (ii) all guarantees given on behalf of the IFA group by:
- (A) the issuer;
  - (B) ~~the issuer's its subsidiaries;~~ and
  - (C) ~~any its controlling shareholder of the issuer;~~
- (c) the aggregate of:
- (i) amounts due from the IFA group to any of the following (referred to in this rule as “the Other Parties”):
- (A) another party to the transaction;
  - (B) any holding company of another party to the transaction;
  - (C) any subsidiary of any holding company of another party to the transaction;
  - (D) any controlling shareholder of:
    - (1) another party to the transaction; or
    - (2) any holding company of another party to the transaction;~~which controlling shareholder is not, itself, a holding company of another party to the transaction;~~ and
  - (E) any close associate of any controlling shareholder referred to in paragraph (D) above; and

- (ii) all guarantees given by any of the Other Parties on behalf of the IFA group; and
- (d) the aggregate of:
  - (i) amounts due to the IFA group from any of the Other Parties; and
  - (ii) all guarantees given by the IFA group on behalf of any of the Other Parties;
- (4) any of the following has a current business relationship with the issuer or another party to the transaction, or a director, subsidiary, holding company or substantial shareholder of the issuer or another party to the transaction, which would be reasonably considered to affect the independent financial adviser's independence in performing its duties as set out in the GEM Listing Rules, or might reasonably give rise to a perception that the independent financial adviser's independence would be so affected, ~~save and~~ except where that relationship arises ~~pursuant to~~ under the independent financial adviser's appointment ~~for the purpose of providing to provide~~ the ~~subject~~ advice:
  - (a) any member of the IFA group;
  - (b) an employee of the independent financial adviser who is directly engaged in providing the ~~subject~~ advice to the issuer;
  - (c) ~~a~~ close associate of an employee of the independent financial adviser who is directly engaged in providing the ~~subject~~ advice to the issuer;
  - (d) a director of any member of the IFA group; or
  - (e) ~~a~~ close associate of a director of any member of the IFA group;
- (5) within 2 years prior to making the declaration pursuant to rule 17.97(1):
  - (a) a member of the IFA group has served as a financial adviser to:
    - (i) the issuer or its subsidiaries;
    - (ii) another party to the transaction or its subsidiaries; or
    - (iii) a core connected person of the issuer or another party to the transaction; or
  - (b) without limiting paragraph (a), an employee or a director of the independent financial adviser who is directly engaged in providing the subject advice to the issuer:
    - (i) was employed by or was a director of another firm that served as a financial adviser to any of the entities referred to at paragraphs (a)(i) to (a)(iii) above; and
    - (ii) in that capacity, was directly engaged in the provision of financial advice to the issuer or another party to the transaction;

...

# Chapter 18

## EQUITY SECURITIES

### FINANCIAL INFORMATION

...

*Information in the annual report which is outside the scope of the auditor's report*

...

18.40 Additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

(1) ...

...

(5) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors own more than 5% of the listed issuer's share capital) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;

...

...

18.45 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.

...

*Content of half-year reports*

...

18.63 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.

...

*Content of quarterly reports*

...

18.75 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.

...

# Chapter 19

## EQUITY SECURITIES

### NOTIFIABLE TRANSACTIONS

...

19.33 The table below summarises the notification, publication and shareholders' approval requirements which will generally apply to each category of notifiable transaction. However, listed issuers should refer to the relevant rules for the specific requirements.

...

*Notes: 1 ...*

2 *Any shareholder and his close associates must abstain from voting if such shareholder has a material interest in the transaction.*

...

...

19.46 The Exchange will require any shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such shareholder has a material interest in the transaction and will not accept written approval for the transaction.

...

19.49 A very substantial disposal and a very substantial acquisition must be made conditional on approval by shareholders in general meeting. No written shareholders' approval will be accepted in lieu of holding a general meeting. The Exchange will require any shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such shareholder has a material interest in the transaction.

...

19.55 A reverse takeover must be made conditional on approval by shareholders in general meeting. No written shareholders' approval will be accepted in lieu of holding a general meeting. The Exchange will require any shareholder and his close associates to abstain from voting at the relevant general meeting on the relevant resolution(s) if such shareholder has a material interest in the transaction. Furthermore, where there is a change in control of the listed issuer as referred to in rule 19.06(6) and any person or group of persons will cease to be a controlling shareholder (the "outgoing controlling shareholder") by virtue of a disposal of his shares to the person or group of persons gaining control (the "incoming controlling shareholder"), any of the incoming controlling shareholder's close associates or an independent third party, the outgoing controlling shareholder and his close associates may not vote in favour of any resolution approving an injection of assets by the incoming controlling shareholder or his close associates at the time of the change in control.

*Note: The prohibition against the outgoing controlling shareholder and his close associates voting in favour of a resolution approving an injection of assets does not apply where the decrease in the outgoing controlling shareholder's shareholding is solely the result of a dilution through the issue of new shares to the incoming controlling shareholder rather than any disposal of shares by the outgoing controlling shareholder.*

...

19.63 A circular for a major transaction, very substantial disposal or very substantial acquisition and a listing document for a reverse takeover sent by a listed issuer to holders of its listed securities must:—

(1) ...

- (2) if voting or shareholders' approval is required:
  - (a) ...
  - ...
  - (d) contain a statement that any shareholder with a material interest in a proposed transaction and his close associates will abstain from voting on resolution(s) approving that transaction; and

19.66 A circular relating to a major transaction must contain the following:—

- (1) ...
- ...
- (9) information as to the competing interests (if any) of the Compliance Adviser and each of the directors, employees and close associates (as referred to in rule 6A.32) and each of the directors and any proposed director of the issuer and his/her respective close associates (as if each of them were treated as a controlling shareholder under rule 11.04);

## Chapter 21

### EQUITY SECURITIES

#### OPTIONS, WARRANTS AND SIMILAR RIGHTS

21.07 Without prejudice to the generality of rule 21.06, where an issuer proposes to issue new warrants to existing warrantholders and/or alter the exercise period or the exercise price of existing warrants (save for any alterations that take effect automatically under the terms of such existing warrants) (defined for the purposes of this rule as the “warrant proposal”), the Exchange will not approve the warrant proposal unless the following requirements, in addition to those set out in rule 21.02(2) are met:—

- (1) ...
- ...
- (5) the relevant circulars to shareholders and warrantholders must both contain the information set out in rule 21.03 concerning the warrants forming the subject matter of the warrant proposal and details of any dealings by the issuer, and, where relevant, the manager of the issue of the new warrants, or any of their respective close associates and any dealings by any core connected persons of the issuer (so far as is known to the issuer or any director of the issuer after making reasonable enquiries) in the existing warrants and the underlying securities to which the warrants relate, during the period commencing 3 months prior to the announcement of the warrant proposal and ending on the date of the relevant circular. If such disclosure reveals that any such persons have been actually dealing in either the warrants or the underlying securities, the Exchange reserves the right not to approve the issue of the new warrants or the proposed alteration to the terms of the existing warrants;

# Chapter 23

## EQUITY SECURITIES

### SHARE OPTION SCHEMES

#### Terms of the scheme

23.03 The scheme document must include the following provisions and/or provisions as to the following (as the case may be):—

- (1) ...
- ...
- (4) the maximum entitlement of each participant under the scheme;

*Note: Unless approved by shareholders in the manner set out in this Note to rule 23.03(4),... . Where any further grant of options to a participant would result in the securities issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the listed issuer in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting... .*

*~~“Associate” for this purpose shall have the meaning ascribed to it in rule 1.01 in relation to any director, chief executive or substantial shareholder (being an individual).~~*

...

#### **Granting options to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates**

23.04 (1) In addition to the shareholders’ approval set out in Note 1 to rule 23.03(3) and the Note to rule 23.03(4), each grant of options to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, under a scheme of the listed issuer or any of its subsidiaries must comply with the requirements of this rule 23.04(1). Each grant of options to any of these persons must be approved by the independent nonexecutive directors of the listed issuer (excluding independent non-executive director who is the grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive director of the listed issuer, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) (where the securities are listed on the Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by shareholders of the listed issuer. The listed issuer must send a circular to the shareholders. The grantee, his associates and all ~~All~~-core connected persons of the listed issuer must abstain from voting in favour at such general meeting.

...

...

## Chapter 25

### EQUITY SECURITIES

#### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

##### Definitions

25.04 In this Chapter

- (1) the term "close associate" means:—
- (a) in relation to an individual means:—
    - (i) his spouse;
    - (ii) any child or step-child, natural or adopted, under the age of 18 years of ~~such~~the individual or of his spouse (together with (a)(i) above, the “family interests”);
    - (iii) the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object;
    - (iv) [Repealed 3 June 2010]
    - (v) any company (including an equity joint venture established under PRC law) in the equity capital of which he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or ~~such other~~any 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, or to control the composition of a majority of the board of directors and any subsidiary of this other company ~~which is its subsidiary~~; and
    - (vi) any company with which or individual with whom he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested in a cooperative or contractual joint venture (whether or not constituting a separate legal person) under PRC law where he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together directly or indirectly have 30% (or ~~such other~~any 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 interest either in the capital and/or assets contributions to such joint venture or in the contractual share of profits or other income from such joint venture; and
  - (b) in relation to a company means:—

- (i) ~~any other company which is its subsidiary or holding company or is a fellow subsidiary of any such~~ its holding company;
- (ii) the trustees, acting in their capacity as ~~such~~ trustees, of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to the company's knowledge) a discretionary object;
- (iii) [Repealed 3 June 2010]
- (iv) any other company (including an equity joint venture established under PRC law) in the equity capital of which the company, ~~such other companies referred to in (b)(i) above~~ its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or ~~such other~~ any 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, or to control the composition of a majority of the board of directors and any subsidiary of this other company ~~which is its subsidiary~~; and
- (v) any other company with which or any individual with whom the company, ~~such other companies referred to in (b)(i) above~~ its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested in a cooperative or contractual joint venture (whether or not constituting a separate legal person) under PRC law where it, ~~such other companies referred to in (b)(i) above~~ its subsidiary or holding company, a fellow subsidiary of its holding company, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together directly or indirectly have 30% (or ~~such other~~ any 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 interest either in the capital and/or assets contributions to such joint venture or in the contractual share of profits or other income from such joint venture,

*Notes: 1 — This definition is modified in the context of connected transactions by virtue of rules 20.11, 20.12 and 20.12A.*

*2 — Under rule 25.14, the Exchange may from time to time determine that certain persons or entities should be treated as connected persons of a PRC issuer for purposes of the connected transaction provisions of Chapter 20.*

...

- 25.10 Under rule 11.04, the Exchange requires a new applicant to make disclosure where it has a director, or controlling shareholder and, in relation only to the initial listing document, substantial shareholder (including the respective close associates of each) with a business or interest which competes or may compete with the business of the group. In this connection, in the case of a new applicant which is a PRC issuer, “controlling shareholder” means any shareholder or other person or group of persons together entitled to exercise, or control the exercise of 30% (or such other amount as may from time to time be specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more of the voting power at general meetings of the new applicant 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.

...

## Chapter 29

### DEBT SECURITIES

#### LISTING DOCUMENTS

...

- 29.22 In the case of an offer for subscription or an offer for sale, an announcement of the results of the offer, the basis of allotment of the debt securities (including the extent to which securities have been taken up by the underwriters (if any) and their close associates) and the amount actually issued if not underwritten must be published on the GEM website, in accordance with the requirements of Chapter 16, as soon as possible but, in any event, not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or other documents of title are posted.

*Note: ——— For the purposes of this rule, “associate” shall have the same meaning as set out in the definition of associate in rule 1.01, save that it shall be construed as applying to underwriters.*

...

## The Stock Exchange of Hong Kong Limited

### 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

...

14. Typical due diligence inquiries in relation to the expert sections of the listing document include:
- (a) ...
- ...

- (g) where the standard of independence is not set by a relevant professional body, obtaining written confirmation from the expert that it is independent from the new applicant and its directors and controlling shareholder(s), and being satisfied that there is no cause to inquire further about the truth of this confirmation. This would include confirming that the expert does not have a direct or indirect material interest in the securities or assets of the new applicant, its core connected persons, or any close associate of the new applicant beyond that allowed by rule 6A.07.

...

## 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**

27A. Details of any controlling shareholder of the issuer, including the name or names of any such controlling shareholder, the amount of its or their interest in the share capital of the issuer and a statement explaining how the issuer is satisfied that it is capable of carrying on its business independently of the controlling shareholder (including any close associate thereof) after listing, and particulars of the matters that it relied on in making such statement.

28A. (1) (a) ...

(b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

(i) ...  
...

(v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5 per cent of the issuers' share capital) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

...

...

54. Information:

- (1) as required by rule 6A.10(2) regarding interests of the Sponsor and its directors, employees and close associates; and
- (2) as to the interests of all directors, controlling shareholders and substantial shareholders of the issuer and their respective close associates (as referred to in rule 11.04). (Note 9)

...

# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part B

#### Equity Securities

##### **In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed**

...

26. (1) (a) ...
- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—
- (i) ...
- ...
- (v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5 per cent of the issuers' share capital) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

...

43. Information as to the interests (if any) of the Sponsor or Compliance Adviser, as applicable, and its directors, employees and close associates (as referred to in rule 6A.32) and of all directors, and controlling shareholders of the issuer and their respective close associates (as referred to in rule 11.04).  
(Note 8)

...

# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part C

#### Debt Securities

##### In the case where listing is sought for debt securities

...

54. Information as to the interests (if any) of the Sponsor (if required) and its directors, employees and close associates (as referred to in rule 6A.32) and of all directors and controlling shareholders and, in relation only to the initial listing document, substantial shareholders of the issuer and their respective close associates (as referred to in 11.04).

...

# Appendix 3

## ARTICLES OF ASSOCIATION

### As regards Directors

4. (1) That, subject to such exceptions specified in the articles of association as the Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting.  
(Note 5)

...

### NOTES

1. ...

...

5. *Articles of Association will be acceptable to the Exchange if they provide exceptions from the requirements of paragraph 4(1) of this Appendix in respect of the following matters:—*

- (1) *the giving of any security or indemnity either:—*
- (a) *to the director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries; or*
  - (b) *to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his close associate(s) has himself / themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;*
- (2) *any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;*

- (3) *any proposal concerning any other company in which the director or his close associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his close associate(s) is/are beneficially interested in shares of that company, provided that the director and any of his close associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his close associates is derived) or of the voting rights;*
- (4) *any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:—*
- (a) *the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his close associate(s) may benefit; or*
- (b) *the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his close associates and employees of the issuer or any of its subsidiaries and does not provide in respect of any director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and*
- (5) *any contract or arrangement in which the director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.*

...

## **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) ...

(2) ...

...

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

##### **A. GENERAL**

...

## C. ANALYSIS OF DISTRIBUTION

10.

	Number of holders	Amount or number of securities	% of placing
By the undersigned to: <i>(Note 5)</i>			
(1)...	.....	.....	.....
(2) Directors/substantial shareholders and significant shareholders * of the issuer and their respective <u>close</u> associates (*significant shareholders in respect only of an initial public offer)	.....	.....	.....

...  
...

## 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 Listing Division  
The Stock Exchange of Hong Kong Limited

Dear Sirs,

Re: .....  
(state name of issuer) (the "Issuer")

We,....., the Compliance Adviser of the above-named Issuer hereby confirm that:

- (1) neither ourselves nor our close associates have or may, as a result of the listing or transaction, have any interest in any class of securities of the Issuer, or any other company in the Issuer's group (including options or rights to subscribe such securities); (Note 2)
- (2) ...
- (3) neither ourselves nor our close associates expect to have accrued any material benefit as a result of the successful outcome of the listing or transaction, including by way of example, the repayment of material outstanding indebtedness and payment of any underwriting commissions or success fees; and

...

#### NOTES:

(1) ...

~~(2) For the purposes of paragraphs 1 and 3, "associate" shall have the same meaning as set out in rule 1.01 of the GEM Listing Rules, save that it shall be construed as applying to the Compliance Adviser.~~

~~(3) ...~~

...

## Appendix 11

### ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

#### PART B

#### THE CAYMAN ISLANDS

...

**5. As to directors**

- (1) ...
- (2) The articles of association shall restrict the making of loans to directors and their close associates and shall import provisions at least equivalent to the provisions of Hong Kong law prevailing at the time of the adoption of the articles of association.
- ...

## Appendix 15

### CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

...

**A. DIRECTORS**

**A.1 The Board**

**Principle**

...

**Code Provisions**

...

- A.1.7 If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

*Note:* ...

...