

Chapter 9

GENERAL

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

General

- 9.01 Listing is always granted subject to the condition that, where the Exchange considers it necessary for the protection of investors or the maintenance of an orderly market, it may, at any time, halt, suspend or direct the resumption of dealings in an securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the issuer or not.
- 9.02 On-going suitability for listing will be assessed by reference to the requirements of Chapter 11 and the issuer's state of compliance with the continuing obligations set out in the GEM Listing Rules.

Trading halt or suspension

- 9.03 An issuer shall endeavour to avoid any trading halt or suspension of dealings in its securities.

Notes: 1 Recourse to a trading halt or suspension should only be made where necessary in the interests of all parties.

2 In many cases the appropriate course of action, which the Exchange expects all issuers to follow so far as reasonably practicable, will be for the issuer to publish an announcement to avoid the need for a trading halt or suspension.

3 Where a detailed announcement may take time to prepare, the issuer should, subject to rules 19.37 and 20.33 concerning announcements of notifiable and connected transactions, consider making a short announcement to disclose information which is or may be inside information (and for the purpose of avoiding a suspension). This could be followed, at the soonest practicable opportunity thereafter, with a detailed announcement giving all information required by the GEM Listing Rules.

- 9.04 Under rule 9.01, the Exchange may direct a trading halt or suspend dealings in an issuer's securities regardless of whether or not the issuer has requested the same and may do so in any circumstances, including:—

- (1) where the issuer goes into receivership or liquidation; or
- (2) where the Exchange considers there are insufficient securities in the hands of the public (see rule 11.23); or
- (3) where the Exchange considers that the issuer does not carry on a business as required under rule 17.26; or
- (4) where the Exchange considers that the issuer or its business is no longer suitable for listing; or
- (5) [Repealed 1 August 2018]

- (6) where the integrity and reputation of the market has been or may be impaired by dealings in the issuer's securities; or
- (7) where there are unexplained unusual movements in the price or trading volume of the issuer's listed securities or where a false market for the trading of the issuer's securities has or may have developed and the issuer's authorised representative cannot immediately be contacted to confirm that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of such securities or the development of a false market, or where the issuer delays in issuing an announcement in the form required under rule 17.11; or
- (8) where there is uneven dissemination or leakage of inside information in the market giving rise to an unusual movement in the price or trading volume of the issuer's listed securities.

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

2 Where the Exchange believes that an issuer or its advisers have permitted inside information regarding the issue of new securities to leak before its announcement, it will not normally consider an application for the listing of those securities.

3 Under the Statutory Rules, the Exchange will notify the Commission of trading halts, suspensions and restorations of dealings. In addition, the Exchange will halt or suspend dealings if the Commission directs under the Statutory Rules.

9.05 The Exchange retains a discretion to allow the trading halt or suspension of dealings in an issuer's securities in appropriate circumstances which may, on a case by case basis, include the following:—

- (1) where, for a reason acceptable to the Exchange, inside information cannot at that time be disclosed; or
- (2) where an issuer is subject to an offer, but only where terms have been agreed in principle and require discussion with and agreement by one or more major shareholders. Trading halts or suspensions will only normally be appropriate where no previous announcement has been made. In other cases, either the details of the offer should be announced, or if this is not yet possible, a "warning" announcement indicating that the issuer is in discussion which could lead to an offer, should be issued, without recourse to a trading halt or a suspension; or
- (3) where necessary to maintain an orderly market; or
- (4) in respect of certain levels of notifiable or connected transaction, for example, one involving substantial changes in the nature, control or structure of an issuer, where publication of full details is necessary to permit a realistic valuation to be made of the securities concerned.

Procedure

- 9.06 If the issuer believes that a trading halt or suspension cannot, in all of the circumstances, be avoided it should contact the Exchange at the earliest practicable opportunity.

Notes: 1 Any request for a trading halt or suspension of dealings should be directed by telephone to the Listing Division in accordance with rule 2.22. It will only be considered when it is received directly from the issuer's authorised representative, some other responsible officer, Compliance Adviser, financial adviser, or legal adviser. Confirmation may be requested as to the authority of the person requesting the trading halt or the suspension. A formal letter supporting the request will be required, although, if the circumstances are exceptionally urgent, this need not be delivered to the Listing Division at the time of the initial request.

2 Reason(s) for the trading halt or suspension must be given in support of the request and the issuer will be expected to explain why an announcement cannot be or could not have been issued to avoid the trading halt or the suspension.

3 A request for a trading halt or suspension of dealings (or continued trading halt or suspension of dealings) following the publication of an announcement based solely on a wish that the information should be allowed time to disseminate more widely will not be accepted by the Exchange.

- 9.07 An issuer must endeavour to ensure that any request for suspension is, so far as is reasonably practicable, made outside Exchange trading hours (and as early as is practicable before commencement of the next half-day trading session on GEM). Only in exceptional circumstances should a request be made during a trading session.

- 9.08 Where dealings have been halted or suspended, the issuer must announce the reason(s) for the trading halt or suspension and, where halted or suspended at the request of the issuer, the known or anticipated timing of the lifting of the trading halt or suspension, having regard to the matters set out in rule 9.11.

Resumption

- 9.09 In the interests of a fair and continuous market, the Exchange requires any period of trading halt or suspension to be kept as short as reasonably practicable. In this regard, the issuer must use its reasonable endeavours to obtain all relevant consents (including regulatory consents) necessary to ensure the lifting of such trading halt or suspension.

Note: The Exchange considers that the continuation of any trading halt or suspension beyond such period as is absolutely necessary denies reasonable access to the market and prevents its proper functioning.

- 9.10 The procedure for lifting the trading halt or suspension will depend on the circumstances and the Exchange reserves the right to impose such conditions as it considers appropriate.

- 9.11 In the case of a trading halt or suspension pending an announcement of any matter which is or may be inside information, the issuer shall use its reasonable endeavours to issue the announcement before commencement of the next half-day trading session on GEM. If it is not possible, for whatever reason, to issue the announcement within this time scale, the issuer shall, if requested to do so by the Exchange:—

(1) issue a "holding" announcement on the Exchange's website, before commencement of the next half-day trading session on GEM; and

- (2) request a resumption of dealings in its securities with effect from commencement of the next half-day trading session on GEM.

Notes: 1 Any holding announcement required for the purpose of this rule should be in substantially the following form:—

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

The directors of [] are aware that there remains outstanding information relating to the Company which is or may be inside information and which it is not practicable to publish at this time.

An announcement concerning this information will be made in due course, at the soonest practicable opportunity.

As required under the GEM Listing Rules, the Company has requested the resumption of dealings in its securities with effect from []”

In the meantime, investors are advised to exercise caution when dealing in the securities of the Company.

Made by order of the Board of [], the directors of which collectively and individually accept responsibility for the accuracy of this announcement.”

- 2 A holding announcement of the type under Note 1 must be published in accordance with Chapter 16.

9.12 Under rule 9.01, the Exchange may direct the resumption of dealings in securities. In particular, the Exchange may:—

- (1) without prejudice to rule 9.11, require an issuer to publish an announcement, in such terms and within such period as the Exchange shall, in its discretion, direct, notifying the resumption of dealings in the issuer’s securities, following the publication of which the Exchange may direct the resumption of dealings; and/or
- (2) direct a resumption of dealings following the publication of an announcement by the Exchange notifying the resumption of dealings in the securities.

Note: The Exchange may set out the issuer’s submission for continued suspension in the Exchange’s announcement referred to in (2) above.

9.13 The power conferred upon the Exchange by rule 9.12 shall be subject to the review process set out in rule 4.06. The burden shall be on the issuer opposing the resumption to demonstrate that a continued trading halt or suspension would be appropriate.

Cancellation of listing

9.14 Pursuant to rule 9.01, the Exchange may cancel the listing of an issuer at any time and may do so in any circumstance including (but not limited to) those set out in rule 9.04 and in circumstances where the securities of an issuer have been continuously suspended for a prolonged period without the issuer taking adequate action to obtain a restoration of the listing.

- 9.14A (1) Without prejudice to its power under rule 9.14, the Exchange may cancel the listing of any securities that have been suspended from dealings for a continuous period of 12 months.
- (2) As a transitional arrangement,
- (a) Subject to (b), for an issuer whose securities have been suspended from dealings as at the effective date of rule 9.14A(1) (the “Effective Date”), the 12 month period referred to in rule 9.14A(1) commences from the Effective Date.
- (b) For issuers which are subject to a decision to commence the procedures to cancel a listing and a notice period for delisting immediately before the Effective Date, such decision and notice period continue to have effect on the relevant issuer. This is notwithstanding that the actual cancellation of listing has not taken place as at the Effective Date.
- 9.15 Without prejudice to rules 9.14 and 9.14A(1), in circumstances where the Exchange proposes to exercise its right to cancel a listing, it may:
- (1) publish an announcement naming the issuer and specifying the period (ordinarily, of 6 months) within which the issuer must have remedied those matters which have given rise to such circumstances. Where appropriate the Exchange will suspend dealings in the issuer’s securities. If the issuer fails to remedy those matters within the specified period, the Exchange will cancel the listing. The Exchange may treat any proposals to remedy those matters as if they were an application for listing from a new applicant for all purposes and, in which case, the issuer must comply with the requirements for new listing applications as set out in the GEM Listing Rules; or
- (2) cancel the listing of the issuers’ securities following the Exchange’s publication of an announcement notifying the cancellation of the listing.
- 9.15A For the purpose of rule 9.14A(1), the Exchange may cancel the listing of an issuer’s securities following the Exchange’s publication of an announcement notifying the cancellation of the listing.
- 9.16 On the expiry of any period specified for the purposes of rule 9.15, the Exchange may give notice to cancel the listing with immediate effect or, where the issuer has responded with proposals satisfactory to the Exchange, may, without prejudice to rule 9.14, exercise its discretion to extend the period within which the issuer will be expected to have remedied those matters that gave rise to the Exchange’s proposal to cancel the listing.
- 9.17 The issuer must publish an announcement on receiving notice from the Exchange pursuant to rule 9.15 to 9.16 and a further announcement on the expiry of any period specified for the purposes of those rules, in each case providing details of the Exchange’s decision or requirements and the consequences to holders of the issuer’s securities.
- 9.18 Any proposals to remedy matters pursuant to rules 9.15 to 9.16 may, at the discretion of the Exchange, result in the issuer being treated, for all purposes, as a new applicant for listing.

Withdrawal of listing

- 9.19 Subject to rule 9.23, an issuer that has an alternative listing on another regulated, regularly operating, open stock exchange or securities market recognised for this purposes by the Exchange, may not voluntarily withdraw its listing on GEM unless:—
- (1) the prior approval of shareholders has been obtained by way of an ordinary resolution passed at a duly convened meeting of the shareholders of the issuer;

- (2) the prior approval of holders of any other class of listed securities, if applicable, has been obtained; and
- (3) the issuer has given its shareholders and holders of any other class of listed securities, if applicable, at least 3 months notice of the proposed withdrawal of the listing. This minimum notice period must run from the date on which the shareholders approve the voluntary withdrawal of listing and such notice must include details of how to transfer securities to and trade those securities on the alternative market.

In deciding whether an alternative listing is acceptable the Exchange must be satisfied that the alternative market is open and readily accessible by Hong Kong investors. A market to which access by Hong Kong investors is restricted (for example, by foreign exchange controls) will not be acceptable.

9.20 Subject to rule 9.23, if the issuer has no such alternative listing, the issuer may not voluntarily withdraw its listing on GEM without the permission of the Exchange unless:—

- (1) the issuer has obtained the prior approval of its shareholders and holders of any other class of listed securities, if applicable, at a duly convened meeting of shareholders and a separate meeting of holders of any other class of listed securities, if applicable, at which any controlling shareholders and their respective associates shall abstain from voting in favour. Where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.28 in the circular to shareholders;
- (2) the approval of withdrawal of the listing referred to in rule 9.20(1) must be given by at least 75% of the votes attaching to any class of listed securities held by holders voting either in person or by proxy at the meeting. For the purpose of determining the percentage, the listed securities held by directors, the chief executive and any controlling shareholders or their respective associates that vote against the resolution at the meeting are to be included;
- (3) the number of votes cast against the resolution is not more than 10% of the votes attaching to any class of listed securities held by holders permitted under rule 9.20(1) to vote in person or by proxy at the meeting. For the purpose of determining the percentage, the listed securities held by directors, the chief executive and any controlling shareholders or their respective associates that vote against the resolution at the meeting are to be included; and
- (4) the shareholders and holders of any other class of listed securities, if applicable, other than the directors (excluding independent non-executive directors), chief executive and controlling shareholders, are offered a reasonable cash alternative or other reasonable alternative.

9.21 In relation to any withdrawal of listing under rule 9.20, the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the meeting:

- (1) any parties who were controlling shareholders of the issuer at the time the decision for the transaction or arrangement involving the withdrawal of listing was made or approved by the board, and their associates; and
- (2) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision for the transaction or arrangement involving the withdrawal of listing was made or approved by the board, and their respective associates.

The issuer must disclose the information required under rule 2.28 in the circular to shareholders.

9.22 In relation to any withdrawal of listing under rule 9.20, the issuer must comply with the requirements under rules 17.47(6) and 17.47(7) and rules 17.47A, 17.47B and 17.47C.

9.23 An issuer may voluntarily withdraw its listing on the Exchange, irrespective of whether it has an alternative listing or not, if:–

- (1) after a general offer a right to compulsory acquisition is exercised pursuant to applicable laws and regulations (the requirements of which are, where the issuer is not a company incorporated in Hong Kong, at least as onerous as those applicable if it were) resulting in the acquisition of all the listed securities of the issuer, or
- (2) the issuer is privatised by way of a scheme of arrangement or capital reorganisation which is governed by the Takeovers Code and all the relevant requirements, including the shareholders' approval requirements, under the Takeovers Code have been complied with,

and, in either case, it has given its shareholders notice of the proposed withdrawal of the listing by way of an announcement and the intention not to retain the issuer's listing on the Exchange has been stated in a circular to shareholders.

Transfer of listing

9.24 (1) An issuer with equity securities listed on GEM, which satisfies the requirements as set out in Main Board Listing Rule 9A.02, 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 by the same day an application is submitted to the Exchange for a transfer of listing from GEM to the Main Board, the issuer shall announce the relevant facts to inform the market.