
AMENDMENTS TO THE MAIN BOARD LISTING RULES

Chapter 7

EQUITY SECURITIES

METHODS OF LISTING

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Placing

7.09 A placing is the obtaining of subscriptions for or the sale of securities by an issuer or intermediary primarily from or to persons selected or approved by the issuer or intermediary.

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7.12A Placings of securities by a listed issuer will be allowed only in the following circumstances:—

(1) where the placing falls within any general mandate given to the directors of the listed issuer by the shareholders in accordance with rule 13.36(2); or

(2) where the placing is specifically authorised by the shareholders of the listed issuer in general meeting (“specific mandate placing”).

Note: See rule 7.27B for the additional requirements relating to rights issues, open offers and specific mandate placings.

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Rights Issue

7.18 A rights issue is an offer by way of rights to existing holders of securities which enables those holders to subscribe securities in proportion to their existing holdings.

7.19 (1) Rights issues need not be underwritten. Where rights issues are underwritten, normally the underwriters must satisfy the following requirements:

(a) the underwriters are persons licensed or registered under the Securities and Futures Ordinance for Type 1 regulated activity and their ordinary course of business includes underwriting of securities, and they are not connected persons of the issuers concerned; or

(b) the underwriters are the controlling or substantial shareholders of the issuers.

The rights issue announcement, listing document and circular (if any) must contain a statement confirming whether the underwriter(s) comply with rule 7.19(1)(a) or (b).

~~In normal circumstances, all rights issues must be fully underwritten.~~

~~Note: (1) — Underwriting provides a degree of certainty to an issuer through the commitment of sound financial institutions. It also enables an issuer to~~

~~plan on the basis of assured funds. Where an independent professional underwriter is used it also means that the issue is managed and reviewed by an independent professional party. However, there may be circumstances in which it is appropriate for an issuer to proceed without underwriting. This may occur where (by way of example and without limitation):—~~

~~(a) underwriting can only be obtained subject to a force majeure clause (or other similar terms and conditions) which is unacceptable to the directors; or~~

~~(b) the issuer has specific intended uses for the proceeds and can show that the additional costs of underwriting the issue are not justified in the particular circumstances; or~~

~~(c) an underwriting commitments has been terminated by the underwriter upon the occurrence of an event of force majeure (other than an event which also constitutes a breach of warrant by the issuer), after the offer has opened. In such circumstances, the issuer must have ensured that the conditions of the issue are structured in a manner which permits the issue to proceed on a non-underwritten basis, with the consent of the Exchange.~~

~~In appropriate circumstances, the Exchange will be prepared to permit an issue which is not fully underwritten to proceed, subject to the additional disclosure requirements set out in rule 7.19(3) below. In all such cases the issuer should contact the Exchange to seek informal and confidential guidance as to the requirements which will apply to an issue at the earliest opportunity.~~

~~(2) In order to facilitate fund raising by very substantial companies the Exchange will normally allow such companies to proceed with a rights issue on a non-underwritten basis, subject to prior notification of the Exchange. Even with very substantial companies the Exchange may still insist that a rights issue is fully underwritten in exceptional circumstances (e.g. if the issue is to raise funds for "general corporate purposes"). Companies will be considered as very substantial if they have:—~~

~~(a) a public shareholding with a market capitalisation at the time of the proposed issue of more than HK\$500 million; and~~

~~(b) made profits in each of the last two financial years.~~

- (2) If a rights issue is underwritten and the underwriter is entitled to terminate that underwriting upon the occurrence of any event of force majeure after dealings in the rights in nil-paid form have commenced, then the rights issue listing document must contain full disclosure of that fact. Such disclosure must:—
- (a) appear on the front cover of the listing document and in a prominent position at the front of the document;
 - (b) include a summary of the force majeure clause(s) and explain when its provisions cease to be exercisable;
 - (c) state that there are consequential risks in dealing in such rights; and
 - (d) be in a form approved by the Exchange.
- (3) If a rights issue is not fully underwritten the listing document must contain full disclosure of that fact and a statement of the minimum amount, if any, which must be raised in order for the issue to proceed. Such disclosure must:—
- (a) appear on the front cover of the listing document and in a prominent position at the front of the document; and
 - (b) be in a form approved by the Exchange.

In addition, the listing document must contain a statement of the intended application of the net proceeds of the issue according to the level of subscriptions and a statement in respect of each substantial shareholder as to whether or not that substantial shareholder has undertaken to take up his or its entitlement in full or in part and if so on what conditions, if any.

- (4) If a rights issue is not fully underwritten by a person or persons whose ordinary course of business includes underwriting, the listing document must contain full disclosure of that fact.
- (5) If a rights issue is not fully underwritten:—
- (a) the issuer must comply with any applicable statutory requirements regarding minimum subscription levels; and
 - (b) a shareholder who applies to take up his or its full entitlement may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

Note: In the circumstances set out in rule 7.19(5)(b), an issuer may provide for shareholders to apply on the basis that, if the issue is not fully taken up, their application can be "scaled" down to a level which does not trigger an obligation to make a general offer.

7.19A (16) A proposed rights issue must be made conditional on minority shareholders' approval in the manner set out in rule 7.27A if ~~if~~ the proposed rights issue would increase either the number of issued shares or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed rights issue or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers);

~~(a) the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders;~~

~~(b) the issuer shall set out in the circular to shareholders the purpose of the proposed rights issue, together with the total funds expected to be raised and a detailed breakdown and description of the proposed use of the proceeds. The issuer shall also include the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed rights issue, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount.; and~~

~~(c) the Exchange reserves the right to require the rights issue to be fully underwritten.~~

~~(27) Subject to rule 10.08, in the period of 12 months from the date on which dealings in the securities of a new applicant commence on the Exchange, the issuer shall not effect any rights issue, unless it is made conditional on minority shareholders' approval in the manner set out in rule 7.27A ~~the approval of shareholders in general meeting by a resolution on which any controlling shareholder and its associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders.~~~~

~~(8) Where shareholders' approval is required under rules 7.19(6) or 7.19(7), the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the general meeting:~~

~~(a) any parties who were controlling shareholders of the issuer at the time the decision for the transaction or arrangement involving the rights issue was made or approved by the board and their associates; or~~

~~(b) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision for the transaction or arrangement involving the rights issue was made or approved by the board, and their respective associates.~~

~~The issuer must disclose the information required under rule 2.17 in the circular to shareholders.~~

~~(9) Where shareholders' approval is required under rules 7.19(6) or 7.19(7), the issuer must comply with the requirements under rules 13.39(6) and (7), 13.40, 13.41 and 13.42.~~

Note: See rule 7.27B for the additional requirements relating to rights issues, open offers and specific mandate placings.

7.20 Offers of securities by way of rights are normally required to be conveyed by renounceable provisional letters of allotment or other negotiable instrument,

7.21 (1) In every rights issue the issuer ~~must~~ may make arrangements to:—

(a) dispose of securities not subscribed by allottees under provisional letters of allotment or their renounees by means of excess application forms, in which case such securities must be available for subscription by all shareholders and allocated on a fair basis; or

(b) dispose of securities not subscribed by allottees under provisional letters of allotment or their renounees by offering the securities to independent places in the market, if possible, for the benefit of the persons to whom they were offered by way of rights.

The arrangements described in rule 7.21(1)(a) or (b) must be fully disclosed in the rights issue announcement, listing document and any circular.

(2) Where any of the issuer's controlling or substantial shareholders acts as an underwriter or sub-underwriter of the rights issue, the issuer must make the arrangements described in rule 7.21(1)(b).

(3) Where arrangements described in rule 7.21(1)(a) are made:

(a) The offer of such securities and the basis of allocation of the securities available for excess applications must be fully disclosed in the rights issue announcement, listing document and any circular; and-

(b) the issuer should take steps to identify the excess applications made by any controlling shareholder and its associates (together, the "relevant shareholders"), whether in their own names or through nominees. The issuer should disregard their excess applications to the extent the total number of excess securities they have applied for exceeds a maximum number equivalent to the total number of securities offered under the rights issue minus the number of securities taken up by the relevant shareholders under their assured entitlements.

~~(2) If no arrangements or arrangements other than those described in rule 7.21(1) are made for the disposal of securities not subscribed by the allottees under provisional letters of allotment or their renounees and the rights issue is wholly or partly underwritten or sub-underwritten by a director, chief executive or substantial shareholder of the issuer (or an associate of any of them), then the absence of such arrangements or the making of such other arrangements must be specifically approved by shareholders. Those persons who have a material interest in such other arrangements must abstain from voting on the matter at the meeting and the circular to shareholders must contain full details of the terms and conditions of that underwriting and/or sub-underwriting. The issuer must disclose the information required under rule 2.17 in the circular to shareholders.~~

- 7.22 A rights issue must be supported by a listing document which must comply with the relevant requirements of Chapter 11.

Open Offer

- 7.23 An open offer is an offer to existing holders of securities to subscribe securities, whether or not in proportion to their existing holdings, which are not allotted to them on renounceable documents. An open offer may be combined with a placing to become an open offer with a claw back mechanism, in which a placement is made subject to the rights of existing holders of securities to subscribe part or all of the placed securities in proportion to their existing holdings.

- 7.24 ~~(1) In relation to underwriting of open offers, the requirements under rules 7.19(1), (3), (4) and (5) apply in their entirety to open offers with the term "rights issue" replaced by "open offer".~~

~~In normal circumstances, all open offers must be fully underwritten.~~

~~Note: See Notes (1) and (2) to rule 7.19(1) which shall apply in their entirety to open offers with the following amendments:~~

~~(a) the term "rights issue" shall be replaced by the term "open offer"; and~~

~~(b) the reference to rule "7.19(3)" shall be replaced by "7.24(2)"~~

- ~~(2) If an open offer is not fully underwritten the listing document must contain full disclosure of that fact and a statement of the minimum amount, if any, which must be raised in order for the issue to proceed. Such disclosure must:~~

~~(a) appear on the front cover of the listing document and in a prominent position at the front of the document; and~~

~~(b) be in a form approved by the Exchange.~~

~~In addition, the listing document must contain a statement of the intended application of the net proceeds of the issue according to the level of subscriptions and a statement in respect of each substantial shareholder as to whether or not that substantial shareholder has undertaken to take up his or its entitlement in full or in part and if so on what conditions, if any.~~

- ~~(3) If an open offer is not fully underwritten by a person or persons whose ordinary course of business includes underwriting, the listing document must contain full disclosure of that fact.~~

- ~~(4) If an open offer is not fully underwritten:—~~

~~(a) the issuer must comply with any applicable statutory requirements regarding minimum subscription levels; and~~

~~(b) a shareholder who applies to take up his or its full entitlement may unwittingly incur an obligation to make a general offer under the Takeover Code, unless a waiver from the Executive (as defined in the Takeover Code) has been obtained.~~

Note: In the circumstances set out in sub-paragraph 7.24(4)(b), an issuer may provide for shareholders to apply on the basis that, if the issue is not fully taken up, their application can be "scaled" down to a level which does not trigger an obligation to make a general offer.

7.24A (1) A proposed open offer must be made conditional on minority shareholders' approval as set out in rule 7.27A unless the securities will be issued by the listed issuer under the authority of a general mandate granted to them by shareholders in accordance with rules 13.36(2)(b) and 13.36(5).

~~(5) If the proposed open offer would increase either the number of issued shares or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other open offers or rights issues announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed open offer or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—~~

~~(a) the open offer must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders;~~

~~(b) the issuer shall set out in the circular to shareholders the purpose of the proposed open offer, together with the total funds expected to be raised and a detailed breakdown and description of the proposed use of the proceeds. The issuer shall also include the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed open offer, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount; and~~

~~(c) the Exchange reserves the rights to require the open offer to be fully underwritten.~~

~~(26) Subject to rule 10.08, in the period of 12 months from the date on which dealings in the securities of a new applicant commence on the Exchange, the issuer shall not effect any open offer, unless it is made conditional on minority shareholders' approval as set out in rule 7.27A—the approval of shareholders in general meeting by a resolution on which any controlling shareholder and its associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders.~~

~~(7) Where shareholders' approval is required under rules 7.24(5) or 7.24(6), the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the general meeting:~~

~~(a) any parties who were controlling shareholders of the issuer at the time the decision for the transaction or arrangement involving the open offer was made or approved by the board, and their associates; or~~

~~(b) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision for the transaction or arrangement involving the open offer was made or approved by the board, and their respective associates.~~

~~The issuer must disclose the information required under rule 2.17 in the circular to shareholders.~~

~~(8) Where shareholders' approval is required under rules 7.24(5) or 7.24(6), the issuer must comply with the requirements under rules 13.39(6) and (7), 13.40, 13.41 and 13.42.~~

Note: See rule 7.27B for the additional requirements relating to rights issues, open offers and specific mandate placings.

7.25 Offers of securities by way of an open offer must remain open for acceptance for a minimum period of 10 business days. ...

7.26 ~~[Repealed 3 July 2018] If the securities are not offered to existing holders in proportion to their existing holdings then, unless the securities will be issued by the directors under the authority of a general mandate granted to them by shareholders in accordance with rule 13.36(2), an open offer requires the prior approval of the shareholders in general meeting.~~

7.26A (1) In every open offer the issuer ~~must~~ may make arrangements to:-

~~(a) dispose of securities not validly applied for by shareholders under in excess of their assured allotments by means of excess application forms, in which case such securities must be available for subscription by all shareholders and allocated on a fair basis; or~~

~~(b) dispose of securities not validly applied for by shareholders under their assured allotments by offering the securities to independent places for the benefit of those shareholders.~~

The arrangements described in rule 7.26A(1)(a) or (b) must be fully disclosed in the open offer announcement, listing document and any circular.

(2) Where any of the issuer's controlling or substantial shareholders acts as an underwriter or sub-underwriter of the open offer, the issuer must make the arrangements described in rule 7.26A(1)(b).

(3) Where arrangements described in rule 7.26A(1)(a) are made:

~~(a) The offer of such securities and the basis of allocation of the securities available for excess applications must be fully disclosed in the open offer announcement, listing document and any circular; and-~~

(b) the issuer should take steps to identify the excess applications made by any controlling shareholder and its associates (together, the "relevant shareholders"), whether in their own names or through nominees. The issuer should disregard their excess applications to the extent the total number of

excess securities they have applied for exceeds a maximum number equivalent to the total number of securities offered under the open offer minus the number of securities taken up by the relevant shareholders under their assured entitlements.

- ~~(2) If no arrangements or arrangements other than those described in rule 7.26A(1) are made for the disposal of securities not validly applied for and the open offer is wholly or partly underwritten or sub-underwritten by a director, chief executive or substantial shareholder of the issuer (or an associate of any of them), then the absence of such arrangements or the making of such other arrangements must be specifically approved by shareholders. Those persons who have a material interest in such other arrangements must abstain from voting on the matter at the meeting and the circular to shareholders must contain full details of the terms and conditions of that underwriting and/or sub-underwriting. The issuer must disclose the information required under rule 2.17 in the circular to shareholders.~~

7.27 An open offer must be supported by a listing document which must comply with the relevant requirements of Chapter 11.

7.27A Where minority shareholders' approval is required for a rights issue or open offer under rule 7.19A or 7.24A:

- (1) the rights issue or open offer must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour;
- (2) the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the general meeting:
 - (a) any parties who were controlling shareholders of the issuer at the time the decision for the transaction or arrangement involving the rights issue or open offer was made or approved by the board, and their associates; or
 - (b) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision for the transaction or arrangement involving the rights issue or open offer was made or approved by the board, and their respective associates;
- (3) the issuer must set out in the circular to shareholders:
 - (a) the purpose of the proposed rights issue or open offer, together with the total funds expected to be raised and a detailed breakdown and description of the proposed use of the proceeds. The issuer shall also include the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed rights issue or open offer, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount; and
 - (b) the information required under rule 2.17 in the circular to shareholders; and
- (4) the issuer must comply with the requirements under rules 13.39(6) and (7), 13.40, 13.41 and 13.42.

Restrictions on rights issues, open offers and specific mandate placings

7.27B A listed issuer may not undertake a rights issue, open offer or specific mandate placing that would result in a theoretical dilution effect of 25% or more (on its own or when aggregated with any other rights issues, open offers, and/or specific mandate placings announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed issue or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues, open offers and/or specific mandate placings), unless the issuer can satisfy the Exchange that there are exceptional circumstances (for example, the issuer is in financial difficulties and the proposed issue forms part of the rescue proposal).

Notes: 1. Theoretical dilution effect of an issue refers to the discount of the “theoretical diluted price” to the “benchmarked price” of shares.

(a) The “theoretical diluted price” means the sum of (i) the issuer’s total market capitalization (by reference to the “benchmarked price” and the number of issued shares immediately before the issue) and (ii) the total funds raised and to be raised from the issue, divided by the total number of shares as enlarged by the issue.

(b) The “benchmarked price” means the higher of:

(i) the closing price on the date of the agreement involving the issue; and

(ii) the average closing price in the 5 trading days immediately prior to the earlier of:

(1) the date of announcement of the issue;

(2) the date of the agreement involving the issue; and

(3) the date on which the issue price is fixed.

(c) Where aggregation of a series of rights issues, open offers and/or specific mandate placings is required, the theoretical dilution effect would be calculated as if the relevant rights issues, open offers and/or specific mandate placings were all made at the same time as the first issue of the series.

For the purpose of determining the theoretical diluted price in paragraph (a) above, the total funds raised and to be raised from the issues would be calculated by reference to (i) the total number of new shares issued and to be issued and (ii) the weighted average of the price discounts of the issues (each price discount is measured by comparing the issue price against the benchmarked price at the time of that issue).

2. Issuers should consult the Exchange before they announce rights issues, open offers or specific mandate placings that may trigger the 25% threshold set out in rule 7.27B.

7.27C The Exchange may exercise its discretion to withhold approval for, or impose additional requirements on, any rights issue, open offer or specific mandate placing that does not

fall into rule 7.27B if in the opinion of the Exchange, such issue is inconsistent with the general principles of listing set out in rule 2.03, having regard to its terms (for example, a very large issue size or price discount).

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Chapter 13

EQUITY SECURITIES

CONTINUING OBLIGATIONS

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Pre-emptive rights

13.36 (1) (a) Except in the circumstances mentioned in rule 13.36(2), the directors of the issuer (other than a PRC issuer, to which the provisions of rule 19A.38 apply) shall obtain the consent of shareholders in general meeting prior to allotting, issuing or granting:—

- (i) shares;
- (ii) securities convertible into shares; or
- (iii) options, warrants or similar rights to subscribe for any shares or such convertible securities.

...

(2) No such consent as is referred to in rule 13.36(1)(a) shall be required:-

(a) for the allotment, issue or grant of such securities pursuant to an offer made to the shareholders of the issuer ... pro rata (apart from fractional entitlements) to their existing holdings; or

Notes: 1. ...

2. ...

3. The exemption for the shareholders' approval requirement under rule 13.36(2)(a) does not apply to the allotment, issue or grant of securities under an open offer.

(b) if, but only to the extent that, the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to allot or issue such securities or to grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of, whether during the continuance of such mandate or thereafter, subject to a restriction that the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of (i) 20% of the number of issued shares of the issuer as at the date of the resolution granting the general mandate (or in the case of a scheme of arrangement involving an introduction in the circumstances set out in rule 7.14(3), 20% of the number of issued shares of an overseas issuer following the implementation of such scheme) and (ii) the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the number of issued shares of the issuer as at the date of the resolution granting the repurchase mandate), provided that the existing shareholders of the issuer have by a separate

ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate.

...

...

- (5) In the case of a placing or open offer of securities for cash consideration, the issuer may not issue any securities pursuant to a general mandate given under rule 13.36(2)(b) if the relevant price represents a discount of 20% or more to the benchmarked price of the securities, such benchmarked price being the higher of:
- (a) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate; and
 - (b) the average closing price in the 5 trading days immediately prior to the earlier of:
 - (i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate;
 - (ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate; and
 - (iii) the date on which the placing or subscription price is fixed,

unless the issuer can satisfy the Exchange that it is in a serious financial position and that the only way it can be saved is by an urgent rescue operation which involves the issue of new securities at a price representing a discount of 20% or more to the benchmarked price of the securities or that there are other exceptional circumstances. The issuer shall provide the Exchange with detailed information on the allottees to be issued with securities under the general mandate.

- (6) The issuer may not issue securities convertible into new shares of the issuer for cash consideration pursuant to a general mandate given under rule 13.36(2)(b), unless the initial conversion price is not lower than the benchmarked price (as defined in rule 13.36(5)) of the shares at the time of the placing.
- (7) The issuer may not issue warrants, options or similar rights to subscribe for (i) any new shares of the issuer or (ii) any securities convertible into new shares of the issuer, for cash consideration pursuant to a general mandate given under rule 13.36(2)(b).

...

Trading limits

13.64 Where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

13.64A The issuer must not undertake a subdivision or bonus issue of shares if its share price adjusted for the subdivision or bonus issue is less than HK\$1 based on the lowest daily

closing price of the shares during the six-month period before the announcement of the subdivision or bonus issue.

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Chapter 14A

EQUITY SECURITIES

CONNECTED TRANSACTIONS

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What are connected transactions

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14A.24 “Transactions” include both capital and revenue nature transactions, whether or not conducted in the ordinary and usual course of business of the listed issuer’s group. This includes the following types of transactions:

...

- (6) issuing new securities of the listed issuer or its subsidiaries, including underwriting or sub-underwriting an issue of securities;

...

Issues of new securities by the listed issuer or its subsidiary

14A.92 An issue of new securities by a listed issuer or its subsidiary to a connected person is fully exempt if:

- (1) the connected person receives a pro rata entitlement to the issue as a shareholder;
- (2) the connected person subscribes for the securities in a rights issue or open offer:
 - (a) through excess application (see rule 7.21(1) or 7.26A(1)); or
 - (b) ~~[Repealed 3 July 2018] in his or its capacity as an underwriter or sub-underwriter of the rights issue or open offer, and rule 7.21 or 7.26A (arrangements to dispose of any excess securities) has been complied with. In this case, the listing document must contain the terms and conditions of the underwriting arrangement;~~

~~Note: Any commission and fees payable by the listed issuer’s group to the connected person for the underwriting arrangement are not exempt under this exemption.~~

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Appendix 16

DISCLOSURE OF FINANCIAL INFORMATION

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Information in annual reports

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11. In the case of any issue for cash of equity securities (including securities convertible into equity securities) ~~made otherwise than shareholdings in proportion to their shareholdings and which has not been specifically authorised by the shareholders,~~ a listed issuer shall disclose:-

(1) ...

...

~~(8) the use of proceeds.~~

(8) the total funds raised from the issue and details of the use of proceeds including:

(a) a detailed breakdown and description of the proceeds for each issue and the purposes for which they are used during the financial year;

(b) if there is any amount not yet utilized, a detailed breakdown and description of the intended use of the proceeds for each issue and the purposes for which they are used and the expected timeline; and

(c) whether the proceeds were used, or are proposed to be used, according to the intentions previously disclosed by the issuer, and the reasons for any material change or delay in the use of proceeds.

Note: Issuers are recommended to present the above information in tabular format to show separately the amounts used and the purposes for which they are used, and compare each of the actual or intended uses against the intention and expected timeframe previously disclosed by the issuer.

...

11A. To the extent that there are proceeds brought forward from any issue of equity securities (including securities convertible into equity securities) made in previous financial year(s), the listed issuer shall disclose the amount of proceeds brought forward and details of the use of such proceeds as set out in paragraph 11(8).

...

41A. A listed issuer shall include in its interim report the information in relation to any issue for cash of equity securities (including securities convertible into equity securities) during the interim period as set out in paragraph 11, and where applicable, the information required under paragraph 11A.

...