

Chapter 1

GENERAL

INTERPRETATION

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

- “affiliated company”** a company which, in accordance with the Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants, is recorded using the equity method of accounting in an entity’s financial statements
- “approved share registrar”** a share registrar who is a member of an association of persons approved under Rule 3 of the Securities (Stock Exchange Listing) (Approved Share Registrar) Rules
- “Articles”** the Articles of Association of the Exchange
- “asset-backed securities”** debt securities backed by financial assets which, at the time of the relevant issues, are evidenced by agreements and intended to produce funds to be applied towards interest payments due on the securities and repayment of principal on maturity, except those debt securities which are directly secured, in whole or in part, on real property or other tangible assets
- “associate”**
- (a) in relation to any director, chief executive, substantial shareholder or management shareholder (being an individual) means:—
 - (i) his spouse and any child or step-child under the age of 18 years of the director, chief executive, substantial shareholder or management shareholder or of his spouse (“family interests”);
 - (ii) 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 a discretionary object; and
 - (iii) any company in the equity capital of which he and/or his family interests taken together are directly or indirectly interested so as to exercise or control the exercise of 35 per cent (or such lower amount as may from time to time be specified in the Takeover 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 other company which is its subsidiary or holding company or a fellow subsidiary of any such holding company; and

- (b) in relation to a substantial shareholder or management shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity capital of which it and/or such other company or companies taken together are directly or indirectly interested so as to exercise or control the exercise of 35 per cent (or such lower amount as may from time to time be specified in the Takeover 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

Notes: This definition is:—

1 *modified in the context of:—*

(a) *connected transactions, by virtue of rule 20.10; and*

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

2 *extended so as to apply to Sponsors, by virtue of rule 6.35, underwriters, by virtue of rules 16.13, 16.15 and 29.22, and significant shareholders, Sponsors and underwriters by virtue of rule 10.12;*

“authorised representative”	a person appointed as an authorised representative by a listed issuer under rule 5.19
“bank”	a bank licensed under the Banking Ordinance or a bank incorporated or otherwise established outside Hong Kong which is, in the opinion of the Hong Kong Monetary Authority, adequately supervised by an appropriate recognised banking supervisory authority in the place where it is incorporated or otherwise established
“bearer securities”	securities transferable to bearer
“Board”	the Directors of the Exchange elected or appointed in accordance with the Articles and, where the context so permits, any committee or sub-committee thereof
“business day”	any day on which the Exchange is open for the business of dealing in securities
“CCASS”	means the Central Clearing and Settlement System established and operated by HKSCC
“chief executive”	a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of a listed issuer

“Code on Share Repurchases”	the Code on Share Repurchases approved by the Commission as amended from time to time
“Commission”	the Securities and Futures Commission established under section 3 of the Securities and Futures Commission Ordinance
“company”	a body corporate wherever incorporated or otherwise established
“Company Law”	the Company Law of the PRC adopted at the Fifth Session of the Standing Committee of the Eight National People’s Congress on 29 December 1993 and effective from 1 July 1994, as amended, supplemented or otherwise modified from time to time
“connected person” or “person connected”	<p>(a) in relation to a company other than a PRC issuer, and other than any subsidiaries of a PRC issuer, means a director, chief executive, substantial shareholder or management shareholder of such company or an associate of any of them; and</p> <p>(b) in relation to a PRC issuer means a promoter, director, supervisor, chief executive, substantial shareholder or management shareholder of the PRC issuer or an associate of any of them</p> <p style="text-align: right;"><i>Note: This definition is extended for the purposes of Chapter 20 by virtue of the provisions of rules 20.10 and 20.11.</i></p>
“controlling shareholder”	any person who is or group of persons who are together entitled to exercise or control the exercise of 35 per cent (or such lower amount as may from time to time be specified in the Takeover Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the issuer or who is or are in a position to control the composition of a majority of the board of directors of the issuer; or in the case of a PRC issuer, the meaning ascribed to that phrase by rule 25.10
“convertible debt securities”	debt securities convertible into or exchangeable for equity securities or other property, and debt securities with non-detachable options, warrants or similar rights to subscribe or purchase equity securities or other property attached (which expression includes convertible bonds)
“convertible equity securities”	equity securities convertible into or exchangeable for shares and shares with non-detachable options, warrants or similar rights to subscribe or purchase shares attached (which expression excludes convertible bonds)
“corporate communication”	<p>any document issued or to be issued by an issuer for the information or action of holders of any of its securities, including but not limited to:—</p> <p>(a) the directors' report and its annual accounts together with a copy of the auditors' report thereon and, where applicable, its summary financial report;</p>

- (b) the half-year report;
- (c) the quarterly report;
- (d) a notice of meeting;
- (e) a listing document; and
- (f) a circular.

“debt issuance programmes”

issues of debt securities where only part of the maximum principal amount or aggregate number of securities under the issue is issued initially and a further tranche or tranches may be issued subsequently

“debt securities”

debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities

“director”

includes any person who occupies the position of a director, by whatever name called

“domestic shares”

shares issued by a PRC issuer under PRC law, the par value of which is denominated in Renminbi, and which are subscribed for in Renminbi

“effective economic interest”

in relation to any entity means the direct and/or indirect attributable economic interest therein

“Eligible Security”

means an issue of securities which is from time to time accepted as eligible by HKSCC for deposit, clearance and settlement in CCASS, in accordance with the General Rules of CCASS, and where the context so requires shall include any particular security or securities of such an issue

“equity securities”

shares (including preference shares), convertible equity securities and options, warrants or similar rights to subscribe or purchase shares or convertible equity securities

“Executive Director – GEM Listing Division”

the person occupying the position of the Executive Director of the GEM Listing Division from time to time by whatever name such position is called

“Exchange”

The Stock Exchange of Hong Kong Limited

“Exchange Participant”

a person: (a) who, in accordance with the Rules of the Exchange, may trade on or through the Exchange; and (b) whose name is entered in a list, register or roll kept by the Exchange as a person who may trade on or through the Exchange

“expert”

includes engineer, valuer, accountant and any other person whose profession gives authority to a statement made by him

“family interests”	the same meaning as in (a)(i) of the definition of “associate”
“financial year”	the period in respect of which any profit and loss account of a company laid or to be laid before it in general meeting is made up, whether that period is a year or not
“foreign shares”	shares issued by a PRC issuer under PRC law, the par value of which is denominated in Renminbi, and which are subscribed for in a currency other than Renminbi
“formal notice”	a formal notice required to be published under rules 16.07, 16.08, 29.18, 29.19 or 30.37
“gazetted newspapers”	those newspapers which are, from time to time, specified in the list of newspapers issued and published in the Gazette for the purposes of section 71A of the Companies Ordinance by the Chief Secretary
“GEM”	the Growth Enterprise Market operated by the Exchange
“GEM Listing Committee”	the listing sub-committee of the Board with responsibility for GEM
“GEM Listing Division”	the Listing Division of the Exchange with responsibility for GEM
“GEM Listing Rules”	the rules governing the listing of securities on GEM made by the Exchange from time to time
“GEM website”	the internet website operated by the Exchange for the purposes of GEM
“group”	the issuer or guarantor and its subsidiaries, if any
“H Shares”	overseas listed foreign shares of a PRC issuer which are listed and traded on GEM
“HKEC”	Hong Kong Exchanges and Clearing Limited
“HKSCC”	means Hong Kong Securities Clearing Company Limited including, where the context so requires, its agents, nominees, representatives, officers and employees
“holding company”	the same meaning as in section 2 of the Companies Ordinance
“Hong Kong”	Hong Kong, the Special Administrative Region of the People’s Republic of China
“Hong Kong issuer”	an issuer incorporated or otherwise established in Hong Kong
“Hong Kong register”	for an overseas issuer including a PRC issuer, the part of its register of members or branch register located and maintained in Hong Kong pursuant to its articles of association
“issue”	includes circulate, distribute and publish

“issuer”	any company or other legal person any of whose equity or debt securities are the subject of an application for listing on GEM or some or all of whose equity or debt securities are already listed on GEM
“listed issuer”	in the case of equity securities means any company or other legal person some of whose equity securities are already listed on GEM, and in the case of debt securities means a company or other legal person some of whose equity or debt securities are already listed on GEM
“listing”	the grant of a listing of and permission to deal in securities on GEM and “listed” shall be construed accordingly
“Listing Appeals Committee”	the listing appeals sub-committee of the Board
“listing document”	a prospectus, circular or any equivalent document (including the composite document in relation to a scheme of arrangement and/or an introduction document) issued or proposed to be issued in connection with an application for listing
“Main Board”	the stock market operated by the Exchange prior to the establishment of GEM (excluding the options market) and which stock market continues to be operated by the Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM.
“Main Board Listing Rules”	the rules governing the listing of securities on the Main Board made by the Exchange from time to time
“management shareholder”	means any person who is (or group of persons who together are) entitled to exercise or control the exercise of 5 per cent or more of the voting power at general meetings of the issuer and who is (or are) able, as a practical matter, to direct or influence the management of the issuer;
	<p><i>Notes:</i></p> <p>1 <i>The Exchange will not ordinarily consider a shareholder with board representation, including but not limited to a professionally managed fund, as a management shareholder if it can be demonstrated that it does not actively participate in the management of the issuer’s business.</i></p> <p>2 <i>For the purposes of the GEM Listing Rules, a controlling shareholder will, in all cases, be deemed to be a management shareholder.</i></p>
“new applicant”	in the case of equity securities means an applicant for listing none of whose equity securities are already listed on GEM and in the case of debt securities means an applicant for listing none of whose equity or debt securities are already listed on GEM
“notifiable transaction”	any of the transactions specified in rule 19.06
“overseas issuer”	an issuer incorporated or otherwise established outside Hong Kong

“overseas listed foreign shares”	in respect of a PRC issuer means foreign shares which are listed outside the PRC
“PRC”	for the purposes of the GEM Listing Rules means the People’s Republic of China, other than the regions of Hong Kong, Macau and Taiwan
“PRC issuer”	an issuer which is duly incorporated in the PRC as a joint stock limited company
“PRC law”	the applicable provisions of the PRC constitution, or any statute, ordinance, regulations, rule or normative statement from time to time in force in the PRC, as the context may require
“PRC property”	property located in the PRC
“PRC stock exchange”	the Shanghai Stock Exchange or the Shenzhen Stock Exchange
“professional accountant”	a person registered as a professional accountant under the Professional Accountants Ordinance
“promoter”	in relation to any PRC issuer, any person who undertook the establishment of such issuer, subscribed for shares of such issuer and assumes liability for such issuer’s establishment, prepared the initial articles of association of such issuer and convened the inaugural meeting of the subscribers of shares of such issuer, or any person who performed a similar role under PRC law in the establishment of a PRC issuer
“prospectus”	the same meaning as in section 2(1) of the Companies Ordinance
“the public”	the meaning ascribed to that phrase by rule 11.23 and “in public hands” shall be construed accordingly
“published on the GEM website”	published, in the form prescribed by the GEM Listing Rules, in both the English and Chinese languages on the GEM Website
“Regulations”	the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies issued by the State Council of the PRC on 4 August 1994, as amended, supplemented or otherwise modified from time to time
“reporting accountant”	the professional accountant who is responsible for the preparation of the accountants’ report included in a listing document or circular in accordance with Chapter 7
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance as amended from time to time

“selectively marketed securities”	debt securities marketed to or placed with any number of registered dealers or financial institutions either with a view to their reselling such securities as principals off-market, nearly all of which, because of their nature, will normally be purchased and traded by a limited number of investors who are particularly knowledgeable in investment matters or placing such securities with a limited number of such investors and “selective marketing” shall be construed accordingly
“significant shareholder”	any person other than a management shareholder who, immediately prior to the date of the new applicant’s initial listing document and immediately prior to the date on which securities of the new applicant commence trading on GEM, is (or group of persons who together are) entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the new applicant <i>Note: The Exchange reserves a power to deem any party to be a significant shareholder in circumstances where, prior to the date of issue of the new applicant’s initial listing document, that party has been entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the new applicant and, on or after the new applicant’s listing, that party again becomes entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the issuer.</i>
“Sponsor”	the entity appointed by a new applicant or a listed issuer to act as its sponsor for the purposes of Chapter 6
“Statutory Rules”	the Securities (Stock Exchange Listing) Rules as amended from time to time, a copy of which is set out in Appendix 12
“subsidiary”	the same meaning as in section 2 of the Companies Ordinance
“substantial shareholder”	in relation to a company means a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the company <i>Note: This definition is qualified in the case of connected transactions falling within rule 20.12(1)(b)(i).</i>
“summary financial report”	a summary financial report of a company, which complies with section 141CF(1) of the Companies Ordinance
“supervisor”	a member elected to the supervisory committee of a PRC issuer which under PRC law performs a supervisory function in relation to such issuer’s board of directors, the manager and other officers
“Takeover Code”	the Code on Takeovers and Mergers approved by the Commission as amended from time to time

“tap issues”	issues of debt securities where the subscription thereof may continue or further tranches thereof may be issued after listing has been granted
“temporary documents of title”	allotment letters, letters of allocation, split receipts, letters of acceptance, letters of rights, renounceable share certificates and any other temporary documents of title
“title certificates”	<p>for the purposes of PRC property must comprise:—</p> <p>(a) a state-owned land use rights certificate (國有土地使用證); or</p> <p>(b) a building ownership certificate (房屋所有權證); or</p> <p>(c) a real estate ownership certificate (房地產權證),</p> <p>provided that the Exchange may, at its discretion, be prepared to accept other certificates or evidence of title in respect of a PRC property as title certificates for the purposes of the GEM Listing Rules, in which regard early consultation with the Exchange is required.</p>

- 1.02 The GEM Listing Rules include all the appendices hereto and all practice notes issued by the Exchange from time to time concerning GEM and all of the notes set out in the Chapters hereof and appendices hereto. For the avoidance of doubt, the GEM Listing Rules do not include the Main Board Listing Rules.
- 1.03 In the GEM Listing Rules, references to a document being certified shall mean certified to be a true copy or extract (as the case may be) by a director, the secretary or other authorised officer of the issuer (or by a member of its governing body in the case of an overseas issuer) or by a member of the issuer’s auditors or solicitors or by a notary and references to a translation being certified shall mean certified to be a correct translation by a professional translator.
- 1.04 Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.
- 1.05 Where definitions in the GEM Listing Rules are wider than or the obligations and requirements imposed by the GEM Listing Rules are more onerous than the provisions of any ordinance, regulation or other statutory provision from time to time in force in Hong Kong, the provisions of the GEM Listing Rules shall prevail provided that where any provision of the GEM Listing Rules is in conflict with the provisions of any such ordinance, regulation or other statutory provision, the provisions of such ordinance, regulation or other statutory provision shall prevail.
- 1.06 The GEM Listing Rules shall be interpreted, administered and enforced by the Exchange. The decisions of the Exchange in respect thereof shall be conclusive and binding.
- 1.07 The Exchange may issue practice notes, from time to time, to assist issuers and guarantors, in the case of a guaranteed issue, Sponsors and other advisers in interpreting and complying with the GEM Listing Rules.
- 1.08 The GEM Listing Rules have been issued in the English language with a separate Chinese language translation. If there is any conflict in the GEM Listing Rules between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.