

# Chapter 9

## GENERAL

### 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, suspend or direct the resumption of dealings in any 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.

#### Suspension

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

*Notes: 1 Recourse to 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 in order to avoid the need for a suspension.*

*3 In circumstances where a detailed announcement may take time to prepare, the issuer should, subject to rules 19.35 and 20.35 concerning announcements in respect of notifiable and connected transactions, consider making a short announcement to disclose information which is or may be of a price sensitive nature immediately it is the subject of a decision (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 Pursuant to rule 9.01, the Exchange may 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 have a sufficient level of operations to warrant the continued listing of the issuer's securities; or
- (4) where the Exchange considers that the issuer or its business is no longer suitable for listing; or
- (5) where there is a breach of the GEM Listing Rules, the severity of which, in the opinion of the Exchange, justifies suspension (and without prejudice to any other action which the Exchange may take under the GEM Listing Rules); or

- (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 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 where the issuer delays in issuing an announcement in the form required pursuant to rule 17.11; or
- (8) where there is uneven dissemination or leakage of price sensitive 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 suspend dealings where it considers that improper use is being made of unpublished price-sensitive information, be it by persons connected with the issuer concerned or otherwise. The Exchange may require a detailed explanation from an issuer as to who may have had access to unpublished information, and as to why security had not been properly maintained. If the Exchange considers the result of its enquiries justify such action, it may publish its findings. The Exchange places great importance on the responsibility of the directors of a listed issuer, not only to ensure proper security with regard to unpublished price-sensitive information, but to ensure that relevant information is disclosed in a proper, equitable manner, in the interests of the market as a whole, not to the benefit of a select group or individual.*

*2 Where the Exchange believes that a listed issuer or its advisers have permitted price-sensitive information regarding the issue of new securities to leak, prior to its proper publication, the Exchange will not normally consider an application for the listing of those securities.*

*3 In accordance with the provisions of the Statutory Rules, the Exchange will notify the Commission of suspensions and restorations of dealings. In addition, the Exchange will suspend dealings if directed to do so by the Commission pursuant to the provisions of the Statutory Rules.*

9.05 The Exchange retains a discretion to allow the 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, price-sensitive 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. 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 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 suspension cannot, in all of the circumstances, be avoided it should contact the Exchange at the earliest practicable opportunity.

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

*2 Reason(s) for the 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 in order to avoid the suspension.*

*3 A request for suspension of dealings (or continued 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 prior to 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 suspended, the issuer must announce the reason(s) for the suspension and, where suspended at the request of the issuer, the known or anticipated timing of the lifting of the 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 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 suspension.

*Note: The Exchange considers that the continuation of any 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 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 suspension pending an announcement of any matter which is or may be of a price sensitive nature, the issuer shall use its reasonable endeavours to issue the announcement before commencement of the next half-day trading session on GEM (or before the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day in the case of an announcement of a notifiable transaction (see rule 19.33) or a connected transaction (see rule 20.35)). In circumstances where 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 GEM 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. The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims 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 of a price sensitive nature 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 pursuant to 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 referred to in Note 1 above must be published in accordance with the requirements of Chapter 16.*

9.12 Pursuant to 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.

9.13 The power conferred upon the Exchange by rule 9.12 shall not be exercised without first giving the issuer of the securities subject to suspension the opportunity of having the matter reviewed in accordance with rule 4.07(5). At any hearing in connection with a direction for resumption, the burden shall be on the issuer opposing the resumption to satisfy the Exchange that a continued 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.

- 9.15 Without prejudice to rule 9.14, in circumstances where the Exchange proposes to exercise its right to cancel a listing, notice of the same will usually be given to the issuer by the Exchange indicating a period (ordinarily, of 6 months) within which the Exchange would expect the issuer to have remedied those matters that gave rise to the Exchange's proposal to cancel the listing (or otherwise to have submitted to the Exchange proposals intended to remedy the same).
- 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 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 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 the directors, chief executive and any controlling shareholder or their respective associates, do not vote and, at the shareholders meeting, a majority in number representing three-fourths in value of the shareholders present and voting either in person or by proxy at the meeting vote in favour; and

- (2) the shareholders and holders of any other class of listed securities, if applicable, other than the directors, chief executive and controlling shareholders, are offered a reasonable cash alternative or other reasonable alternative.