

The following GEM Listing Rules are marked up to show the approved amendments. The amendment to Rule 3.22 becomes effective today, 3 February 2006. The balance of the amendments will become effective on a date to be announced but which will be in May 2006.

**3.18** Subject to casual vacancies from time to time ~~The~~ GEM Listing Committee shall consist of ~~28~~<sup>4</sup> members or such greater number of members as the Board may from time to time agree, comprising: ~~the following number of persons from the following categories:—~~

~~(1) Exchange Participants~~

~~4 individuals who are Exchange Participants or directors of Exchange Participants which are companies;~~

~~(2) Listed company representatives~~

~~4 individuals who are directors of listed issuers on GEM or the Main Board of varying sizes and business activities and who are neither Exchange Participants nor officers or employees of Exchange Participants;~~

~~(3) Market practitioners and users~~

~~12 individuals who are neither Exchange Participants nor officers or employees of Exchange Participants and who are:—~~

~~(a) a director or a partner of a company or firm principally engaged in the business of fund management;~~

~~(b) an officer or senior employee of a merchant bank;~~

~~(c) a barrister or a partner of a firm of solicitors in private practice in Hong Kong;~~

~~(d) a partner of an accounting firm;~~

~~(e) a senior member of an industrial body with an interest in furthering the development of technology or scientific based research; or~~

~~(f) a person who is otherwise involved in or experienced in the securities market and corporate finance matters or securities regulation;~~

~~A minimum of 1 member and a maximum of 4 members may come from any of the foregoing categories in this paragraph (3);~~

(1) at least eight individuals who the Listing Nominating Committee considers will represent the interests of investors;

(2) nineteen individuals who the Listing Nominating Committee considers will be a suitable balance of representatives of listed issuers and market practitioners including lawyers, accountants, corporate finance advisers and Exchange Participants or officers of Exchange Participants; and

~~(43) The Chief Executive of HKEC acting as ex officio member and, in his absence or if he so directs in any particular case, the Chief Executive to act as his alternate.~~

~~3.19 [Repealed May 2006] Each individual to be appointed a member of the GEM Listing Committee must meet the following criteria:—~~

~~(1) the individual must have relevant experience;~~

~~(2) the individual must be a highly regarded member of his profession/occupation; and~~

~~(3) the individual must be available to assume the duties and responsibilities of a member of the GEM Listing Committee for the duration of his term of office.~~

3.22 The persons eligible for appointment or re-appointment in each year as members of the GEM Listing Committee ~~under any of the categories set out in rule 3.18~~ shall be nominated by a Listing Nominating Committee comprising ~~the Chief Executive and 2-3 non-executive~~ members of the board of HKEC and the Chairman and 2 Executive Directors of the Commission. In their deliberations the Listing Nominating Committee shall seek the views of the current Chairman and Deputy Chairman of the GEM Listing Committee.

3.23 The Chairman and Deputy Chairman of the GEM Listing Committee shall be nominated by the Listing Nominating Committee and appointed by the Board. The Chief Executive of HKEC ~~or the Chief Executive (act as his alternate)~~ may not be elected as either Chairman or Deputy Chairman of the GEM Listing Committee.

3.26 Members of the GEM Listing Committee may only remain in office for a maximum of ~~36~~ consecutive years in addition to any period of appointment pursuant to rule 3.25 for the purpose of filling a casual vacancy. ~~Any person who serves as the Chairman or the Deputy Chairman of the GEM Listing Committee may remain in office for a total of 4 years.~~ A member ~~(including the Chairman and Deputy Chairman)~~ who has served for the maximum period permitted by this rule may be eligible for re-appointment after the lapse of 2 years from the date on which he last vacates office. Notwithstanding the foregoing, in exceptional circumstances, the Listing Nominating Committee shall have the discretion to nominate a person for re-appointment at any time before the lapse of 2 years from the date such person vacates office and the Board shall have the power to appoint such person.

3.27 The office of a member of the GEM Listing Committee shall be vacated if any one of the following events occurs:—

~~(1) in respect of a member appointed under the category referred to in rule 3.18(1), if he ceases to be an Exchange Participant or a director of an Exchange Participant which is a company;~~

~~(2)~~ if a receiving order is made against him or he makes any arrangement or composition with his creditors;

~~(3)~~ if he becomes insane or is found to be of unsound mind within the meaning of the Mental Health Ordinance (Cap. 136);

~~(4)~~ if by notice in writing to the Board and the GEM Listing Committee, he resigns from his office; or

~~(5)~~ if by reason of serious misconduct he is removed by the Board and a written statement setting out the reasons for his removal has been delivered to the Commission.<sup>7</sup>

Provided that the acts of such member shall nevertheless be treated as valid and effectual in all respects up to and until an entry of the vacation of office shall be entered in the minutes of the GEM Listing Committee.

**3.29** The GEM Listing Committee shall meet for the despatch of business, adjourn and otherwise regulate its meetings in accordance with the provisions of the rules made by the Board for this purpose, including rules governing members' conflicts of interest, subject to the provisions of this rule. The quorum necessary for the transaction of any business by the GEM Listing Committee shall be 5 members present in person. The Chief Executive of HKEC ~~or the Chief Executive (act as his alternate)~~ may be counted in the quorum for a meeting of the GEM Listing Committee (including a meeting at which the GEM Listing Committee is determining a matter in the first instance) except that he shall not be counted in the quorum for any meeting at which a decision of the GEM Listing Division or the GEM Listing Committee is under review pursuant to any disciplinary proceedings. The Chief Executive of HKEC ~~or the Chief Executive (act as his alternate)~~ may attend meetings of the GEM Listing Committee convened for such purpose and put forward his views (if any) on the matter under review pursuant to any disciplinary proceedings but he shall not thereafter be entitled to participate in the deliberations of the GEM Listing Committee or to vote on such matters. At any meeting held to review an earlier decision of the GEM Listing Committee pursuant to any disciplinary proceedings, all of the members present at the second meeting must be persons who were not present at the first meeting.

**4.11(3)** The Chief Executive of HKEC ~~or the Chief Executive (act as his alternate)~~ may be counted in the quorum for a meeting of the GEM Listing Committee (including a meeting at which the GEM Listing Committee is determining a matter in the first instance) except that he shall not be counted in the quorum for GEM Listing (Review) Committee at which a decision of the GEM Listing Division or the GEM Listing Committee is under review. The Chief Executive of HKEC ~~or the Chief Executive (act as his alternate)~~ may attend meetings of the GEM Listing (Review) Committee convened for such purpose and put forward his views (if any) on the matter under review but he shall not thereafter be entitled to participate in the deliberations of the GEM Listing (Review) Committee or to vote on such matters.