

Set out below are relevant extracts of current GEM Listing Rules marked to show amendments that will become effective on 1 January 2007 subject to the transitional arrangements in Rule 6A.38.

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

...

“associate” ...

Notes: This definition is:-

...

2 *extended so as to apply to Sponsors, by virtue of rule ~~6.35~~ 6A.31 ...*

...

“Compliance Adviser” the same meaning as in rule 6A.01

...

“Principal” has the meaning given to it by the Commission’s Guidelines for Sponsors and Compliance Advisers from time to time

...

“Sponsor” any corporation or authorised financial institution licensed or registered under the Securities and Futures Ordinance for Type 6 regulated activity and permitted under its licence or certificate of registration to undertake work as a Sponsor and, as applicable, which is appointed as a Sponsor by a new applicant under pursuant to rule 6A.02

2.15 Having regard to the higher risk profile of GEM, the GEM Listing Rules impose additional responsibilities on the ~~Sponsor and~~ Compliance Adviser of an issuer by comparison to those imposed on a ~~sponsor or~~ Compliance Adviser to a company ~~proposing to list or~~ listed on the Main Board (see Chapters ~~6 and~~ 6A). Sponsors and Compliance Advisers are expected to play an important role in upholding and maintaining the standard of GEM issuers and hence the market’s confidence in GEM. ~~The GEM Listing Rules provide that the Exchange must have approved a Sponsor, in accordance with the provisions of Chapter 6, for admission to a list of Sponsors maintained by the Exchange, before it is entitled to act for any new applicant or listed issuer.~~

2.29 Of relevance to issuers, the details of the initial listing fee, annual listing fee, subsequent issue fee and other charges, together with details of the brokerage charge, transaction levies and trading fees on new issues are set out in Appendix 9. ~~In addition, of relevance to Sponsors, Appendix 9 sets out details of the application fee and review fee.~~

3.07 ~~[Repealed 1 January 2007] The GEM Listing Committee has reserved to itself the power to approve or reject the application of any prospective Sponsor for admission to the Exchange’s list of Sponsors, to remove any Sponsor from such list and to decide that any Sponsor admitted to such list should be regarded as ineligible to act in any particular case. This means that a prospective Sponsor will not have its application for admission to the list of Sponsors accepted or rejected, nor will a Sponsor be removed from such list nor will a Sponsor be ruled ineligible to act in any particular case unless the GEM Listing Committee has decided on the matter.~~

3.11 The sanctions in rule 3.10 may be imposed or issued against any of the following:—

- (a) a listed issuer or any of its subsidiaries;
- (b) any director of a listed issuer or any of its subsidiaries or any alternate of such director;
- (c) any member of the senior management of a listed issuer or any of its subsidiaries;
- (d) any substantial shareholder of a listed issuer;
- (e) any management shareholder or significant shareholder;

- (f) any professional adviser of a listed issuer or any of its subsidiaries;
- (g) the person fulfilling the role of the listed issuer's qualified accountant (as such role is prescribed in rule 5.15);
- (h) any authorised representative of a listed issuer;
- (i) any supervisor of a PRC issuer; and
- (j) the guarantor of an issuer in the case of a guaranteed issue of debt securities.

For the purposes of this rule “professional adviser” includes any financial adviser, lawyer, accountant, property valuer or any other person retained by an issuer to provide professional advice in relation to a matter governed by the GEM Listing Rules. It does not include Sponsors or Compliance Advisers.

Notes: 1. The scope of any disciplinary action taken, in particular any ban imposed on a professional adviser pursuant to rule 3.10(5), shall be limited to matters governed by or arising out of the GEM Listing Rules.

2. In exercising its powers of sanction the Exchange will recognise the differing roles and levels of responsibility of the persons against whom sanctions may lie in pursuance of rule 3.11. In particular, professional advisers’ obligations to use all reasonable efforts to ensure that their clients understand and are advised as to the scope of the GEM Listing Rules are subject to any relevant requirements of professional conduct, as policed and enforced by any professional body of which that adviser is a member.

~~*3. The Exchange’s powers of sanction against Sponsors and Compliance Advisers (and/or any director or employee of any Sponsor or Compliance Adviser) are set out in rules 6.67 and 6.68.*~~

- 3.12 The GEM Listing Committee will, if requested by any party to be reprimanded, criticised, censured or otherwise sanctioned in pursuance of the powers contained in rules 3.10 and 3.11 ~~or rules 6.67 and 6.68~~ (an “appellant”) give its reasons in writing for the decision made against that appellant pursuant thereto and that appellant shall have the right to have the decision against him referred to the GEM Listing Committee again for review. If the GEM Listing Committee modifies or varies the ruling of the earlier meeting, it will, if requested by the appellant, give its reasons in writing for the modification or variation and, in respect of decisions pursuant to rule 3.10(2), (3), (5), (7), (8) or (9) ~~or rule 6.69~~ only, the appellant shall have a right to a further and final review of the decision against the appellant by the Listing Appeals Committee. The decision of the Listing Appeals Committee on review shall be conclusive and binding on the appellant. If requested by the appellant, the Listing Appeals Committee will give reasons in writing for its decision on review.
- 3.37 The Listing Appeals Committee shall be the review body in respect of any decision of the GEM Listing Committee on any of the following matters:-
- (1) that an application for listing by a new applicant has been rejected solely on the grounds that the issuer or its business is unsuitable for listing;
 - (2) ~~[Repealed 1 January 2007] that a prospective Sponsor’s application for admission to the Exchange’s list of Sponsors has been rejected or that a Sponsor should be removed from such list or that a Sponsor or Compliance Adviser should be regarded as ineligible to act in any particular case;~~
 - (3) that a person’s appointment as an issuer’s compliance officer or authorised representative should be terminated;
 - (4) that an application for the lifting of a suspension of dealings in the securities of an issuer has been rejected where the suspension has been in place for more than 30 consecutive days;

- (5) that a request by an issuer for the suspension of dealings in its securities has been rejected or where a decision has been made to direct the resumption of dealings in the issuer's securities;
 - (6) that the listing of a listed issuer be cancelled; or
 - (7) any decision pursuant to rule 3.10 (2), (3), (5), (7), (8) or (9) ~~or rule 6.69.~~
- 4.07 The Listing Appeals Committee shall be the review hearing body in respect of any decision of the GEM Listing Committee or GEM Listing (Review) Committee on any of the following matters:-

...

- (2) ~~[Repealed 1 January 2007] Rejection of a Sponsor.~~

~~Where the GEM Listing Committee decides to reject any prospective Sponsor's application for admission to the Exchange's list of Sponsors or that any Sponsor admitted to the Exchange's list of Sponsors should be removed therefrom or that any Sponsor admitted to the Exchange's list of Sponsors should be regarded as ineligible to act in any particular case including as a Compliance Adviser, that prospective Sponsor or admitted Sponsor, as the case may be, shall have the right to have that decision reviewed by the Listing Appeals Committee whose decision shall be conclusive and binding.~~

- 4.11(8) ~~In the case of a review hearing sought by a prospective Sponsor or admitted Sponsor pursuant to rule 4.07(2) or a compliance officer or an authorised representative pursuant to rule 4.07(3), the Sponsor, compliance officer or authorised representative, as the case may be, shall have the right to attend the review hearing, to make submissions and may be accompanied by one legal adviser.~~

Repeal all of chapter 6. The only Rules from chapter 6 that will be retained are Rules 6.35 to 6.37 and 6.56 to 6.60. They will be moved to chapter 6A.

Chapter 6

[Repealed 1 January 2007]

GENERAL

ELIGIBILITY OF SPONSORS AND COMPLIANCE ADVISERS

Introduction

~~6.01 [Repealed 1 January 2005]~~

~~6.02 [Repealed 1 January 2005]~~

~~6.03 [Repealed 1 January 2005]~~

~~6.04 To be eligible to act as the Sponsor of a new applicant or the Compliance Adviser of a listed issuer, the party in question must have been approved by the Exchange for such purposes and admitted to a list of Sponsors maintained and published by the Exchange from time to time.~~

~~————— *Note: Unless the context otherwise requires, references to a Sponsor in the GEM Listing Rules shall be construed as applying equally to any co-Sponsor.*~~

~~6.05 Although the Exchange reserves the right to review a Sponsor's continuing eligibility at any time, it will ordinarily review the same on an annual basis, on or around the anniversary of the Sponsor's admission to the list of Sponsors.~~

~~6.06 As a minimum, any prospective Sponsor is expected to comply with the provisions of rules 6.12 to 6.19 before the Exchange will consider admitting it to the list of Sponsors. However, the Exchange reserves the right to waive any criteria or impose any other criteria, either generally or specifically, and has a discretion to refuse admission to the list of Sponsors even in circumstances where the applicant is capable of complying with the provisions of rules 6.12 to 6.19 and other criteria imposed.~~

~~6.07 In assessing a prospective Sponsor's suitability to act in that capacity, the Exchange will have regard to the following principles:-~~

- ~~(1) the overriding consideration will be to preserve the reputation and integrity of GEM;~~
- ~~(2) the Exchange must be satisfied that a prospective Sponsor is capable of upholding high professional standards; and~~
- ~~(3) the Exchange must be satisfied that a prospective Sponsor has sufficient resources and the experience, expertise and competence to discharge the responsibilities of a Sponsor under the GEM Listing Rules.~~

Application procedure

~~6.08 Application to become a Sponsor must be submitted to the GEM Listing Division on the prescribed form set out in Appendix 7A and must be accompanied by all documents required to be submitted with that form and a non refundable application fee in the amount specified in Appendix 9. Prospective Sponsors should note that they are required to undertake to the Exchange to accept the responsibilities of a Sponsor as outlined in the GEM Listing Rules, to discharge those responsibilities to the satisfaction of the Exchange and to comply with the GEM Listing Rules from time to time applicable to Sponsors.~~

~~6.09 The decision to approve or reject an application will be made by the GEM Listing Committee. Prospective Sponsors may be asked to attend for interview and/or provide further information during the assessment of their application by the Exchange.~~

~~Notes: 1 In respect of each applicant, the Exchange anticipates that the application process is likely to take a minimum period of 15 clear business days from the date of application and may take longer.~~

~~2 The reasons for the rejection of a prospective Sponsor will be given in writing and may be appealed to the Listing Appeals Committee in accordance with Chapter 4.~~

~~6.10 The Exchange reserves a discretion to admit a Sponsor to the list of Sponsors, subject to any conditions, restrictions or other requirements imposed by the Exchange at the time of admission or at any time thereafter and whether of a general nature or specific to any issuer for which the Sponsor acts or proposes to act including acting in the capacity of Compliance Adviser.~~

Warning

~~6.11 Admission of any applicant to the list of Sponsors shall be indicative only of the fact that the Exchange is satisfied, based solely on the information provided by the applicant, that the applicant has, as at the date of admission, satisfied the eligibility criteria set out in this Chapter. Such admission is not a guarantee of the quality or performance of the Sponsor or any issuer for which the Sponsor acts including acting in the capacity of Compliance Adviser.~~

Eligibility criteria

~~6.12 A prospective Sponsor must be a limited liability company incorporated under the Companies Ordinance or registered under Part XI of the Companies Ordinance.~~

~~6.13 A prospective Sponsor must be:-~~

- ~~(1) licensed under section 116(1) of the Securities and Futures Ordinance for Type 6 and other appropriate types of regulated activities; or~~
- ~~(2) registered under section 119(1) of the Securities and Futures Ordinance for Type 6 and other appropriate types of regulated activities; or~~
- ~~(3) registered as a securities dealer under the repealed Securities Ordinance, and deemed to be licensed under section 116(1) of the Securities and Futures Ordinance; or~~
- ~~(4) registered as an investment adviser under the repealed Securities Ordinance, and deemed~~

- to be licensed under section 116(1) of the Securities and Futures Ordinance; or
 - ~~(5) declared by the Commission to be an exempt dealer under the repealed Securities Ordinance, and deemed to be licensed under section 116(1) or registered under section 119(1) of the Securities and Futures Ordinance; or~~
 - ~~(6) a licensed bank which is deemed to be registered under section 119(1) of the Securities and Futures Ordinance.~~
- 6.14 ~~A prospective Sponsor must have sponsored initial public offering transactions and have other relevant corporate finance experience.~~

~~Notes: 1 For these purposes, a prospective Sponsor must demonstrate that it has:-~~

- ~~(a) acted as lead sponsor on at least 2 completed initial public offering transactions over the 5 year period prior to the application date or, failing which, it has acted as a co-sponsor on at least 3 completed initial public offering transactions over the same period; and~~
 - ~~(b) other relevant corporate finance experience.~~
- ~~2 For the purpose of this rule “corporate finance experience” includes experience derived from providing advice on matters such as notifiable transactions, connected transactions (or their equivalent under the rules of other stock exchanges), mergers and acquisitions, takeovers subject to the Takeovers Code (or its equivalent in other jurisdictions) and/or other appropriate and significant transactions or equity fund raising exercises.~~
- ~~3 The Exchange reserves the discretion to waive or relax the requirement set out in Note 1(a) above, in exceptional circumstances, where the prospective Sponsor can demonstrate to the satisfaction of the Exchange that it has proven experience in sponsoring initial public offering transactions and recognised expertise in this regard, as gained over a period in excess of 5 years prior to the application date.~~
- ~~4 The Exchange reserves the further discretion to waive or relax the requirements set out in this rule, where:-~~
- ~~(a) the prospective Sponsor, whilst not itself having the experience required under this rule, is a member of a group within which there exists entities that do have the requisite experience (as assessed by reference to Notes 1 to 3 above) and provided always that there is a sufficiently close nexus between the prospective Sponsor and those entities, based upon which the prospective Sponsor can be expected to benefit; or~~
 - ~~(b) in exceptional circumstances, the prospective Sponsor is newly formed and, in all respects other than this rule, complies with the criteria set out in rules 6.12 to 6.19.~~
- ~~For the purposes of sub paragraph (a) of this Note, the prospective Sponsor must provide details of the relevant experience of the named entities within the group, of the nexus between the prospective Sponsor and those entities and of how the relevant experience of those entities is expected to be shared with or imparted to the prospective Sponsor, to the satisfaction of the Exchange.~~
- ~~5 For the purposes of this rule, it is not an absolute requirement that the initial public offering transactions in question should have involved entities listed on the Main Board or on GEM and, accordingly, similar experience derived from initial public offering transactions on other stock exchanges may, on a case by case basis, be regarded as satisfactory by the Exchange.~~

6.15 ~~A prospective Sponsor must:-~~

- ~~(1) have a paid up share capital and/or non distributable reserves of not less than HK\$10,000,000; and a net tangible asset value after minority interests of not less than HK\$10,000,000 represented by unencumbered assets; or~~
- ~~(2) produce an unconditional and irrevocable guarantee from a company within the same group as the Sponsor or an authorised institution (as defined under the Banking Ordinance) that is, and in a form that is, acceptable to the Exchange in respect of the Sponsor's liabilities up to an aggregate amount of not less than HK\$10,000,000.~~

~~Notes: 1 For the purposes of sub paragraph (1) of this rule:-~~

- ~~(a) the amount of the paid up share capital and/or non distributable reserves and the net tangible asset value after minority interests must be evidenced, subject to the matters referred to in (b) below, by the balance sheet contained in the latest audited accounts of the prospective Sponsor and, in circumstances where such audited accounts are in respect of a period that ended more than 6 months prior to the date of application, then such matters must also be evidenced by the audited or unaudited balance sheet of the prospective Sponsor as at a date not more than 6 months prior to the date of application. Any unaudited balance sheet produced for this purpose must be signed by 2 directors of the prospective Sponsor;~~
- ~~(b) in circumstances where no audited accounts have been prepared in respect of a prospective Sponsor which is newly formed, the matters referred to in (a) above must be evidenced by the unaudited balance sheet of the prospective Sponsor, as at a date not more than 6 months prior to the date of application, signed by 2 directors of the prospective Sponsor; and~~
- ~~(c) the prospective Sponsor must confirm in its application form whether or not there has been any material adverse change in the prospective Sponsor's financial position since the date of the latest balance sheet (whether audited or unaudited) provided in accordance with (a) or (b) above.~~

~~2 For the purposes of sub paragraph (2) of this rule, the latest audited accounts and any subsequent published financial statements of the prospective guarantor (other than in respect of a prospective guarantor that is an authorised institution (as defined under the Banking Ordinance)) and/or any other information required by the Exchange must be submitted to the Exchange, which must be satisfied as to the financial standing of the prospective guarantor. In addition, the prospective form of guarantee must be submitted, which guarantee must be for the duration of the period over which the Sponsor is admitted to the Exchange's list of Sponsors.~~

~~6.16 A prospective Sponsor must have a minimum of 2 executive directors engaged in a full time capacity in the prospective Sponsor's corporate finance business in Hong Kong. Each of those executive directors must be either:~~

- ~~(1) a licensed representative under section 120(1) of the Securities and Futures Ordinance and approved by the Commission as a responsible officer under section 126(1) of the same Ordinance for Type 6 and other appropriate types of regulated activities; or~~
- ~~(2) a registered securities dealer or a registered investment adviser under the repealed Securities Ordinance, and deemed to be licensed under section 120(1) of the Securities and Futures Ordinance and approved under section 126(1) of the Securities and Futures Ordinance as a responsible officer;~~

~~(save in circumstances where the Sponsor is declared by the Commission to be an exempt dealer under the repealed Securities Ordinance, and deemed to be licensed under section 116(1) or~~

registered under section 119(1) of the Securities and Futures Ordinance for the purposes of rule 6.13). The prospective Sponsor must demonstrate that each of those executive directors has the requisite experience and expertise to advise new applicants and listed issuers. (For the purposes of the GEM Listing Rules, such individuals are referred to as “principal supervisors”).

~~Notes: 1 The Exchange is seeking to ensure that every principal supervisor has advised, in a substantive capacity, on initial public offering transactions on the Main Board and/or on GEM and has other relevant corporate finance experience derived in respect of companies listed on the Main Board and/or on GEM. In this regard, a prospective Sponsor must submit, together with its application, declarations in the prescribed form set out at Appendix 7B signed by each person which it proposes will be one of its principal supervisors, providing certain background details and demonstrating that each has:-~~

~~(a) played a substantial role on at least 2 completed initial public offering transactions on the Main Board and/or on GEM over the 5 year period prior to the date of declaration, by virtue of his employment with an entity that has sponsored companies listing on the Main Board and/or on GEM; and~~

~~(b) other relevant corporate finance experience derived in respect of companies listed on the Main Board and/or on GEM over the 5 year period prior to the date of declaration.~~

~~2 For the purposes of this rule, “corporate finance experience” has the same meaning as set out in Note 2 to rule 6.14.~~

~~3 The Exchange reserves a discretion to waive or relax the requirements set out in this rule in exceptional circumstances where:-~~

~~(a) the proposed principal supervisor, whilst not having played a substantial role on 2 completed initial public offering transactions over the 5 year period in question, can nevertheless demonstrate that he has proven experience of public offering transactions on the Main Board and/or on GEM and recognized expertise in this regard, as gained over a period in excess of 5 years prior to the date of declaration; and/or~~

~~(b) some part of the proposed principal supervisor’s corporate finance experience for the purposes of Note 1(b) above has been derived overseas by virtue of advising companies listed on other stock exchanges, provided always that a substantial part of the proposed principal supervisor’s experience has been derived in respect of companies listed on the Main Board and/or on GEM.~~

~~4 It is not necessary that the proposed principal supervisors should have been working for the prospective Sponsor throughout all or any of the period to which their experience relates.~~

~~5 A prospective Sponsor is entitled to submit declarations from more than 2 proposed principal supervisors.~~

~~6.17 In addition to the principal supervisors, a prospective Sponsor must have a minimum of 2 other members of staff, engaged in a full time capacity in the prospective Sponsor’s corporate finance business in Hong Kong. Each of those staff members must be either:-~~

~~(1) a licensed representative under section 120(1) of the Securities and Futures Ordinance for Type 6 and other appropriate types of regulated activities; or~~

~~(2) a registered securities dealer or registered investment adviser or registered securities dealer’s representative or investment representative under the repealed Securities Ordinance, and deemed to be licensed under section 120(1) of the Securities and Futures Ordinance, and deemed to be licensed under section 120(1) of the Securities and Futures Ordinance,~~

Ordinance;

~~(save in circumstances where the Sponsor is declared by the Commission to be an exempt dealer under the repealed Securities Ordinance, and deemed to be licensed under section 116(1) or registered under section 119(1) of the Securities and Futures Ordinance for the purposes of rule 6.13). The prospective Sponsor must demonstrate that each of those staff members has the requisite experience and expertise to advise new applicants and listed issuers. (For the purposes of the GEM Listing Rules, such individuals are referred to as “assistant supervisors”).~~

~~Notes: 1 The Exchange is seeking to ensure that every assistant supervisor has relevant corporate finance experience derived in respect of companies listed on the Main Board and/or on GEM. In this regard, a prospective Sponsor must submit, together with its application, declarations in the prescribed form set out at Appendix 7C signed by each person which it proposes will be one of its assistant supervisors, providing certain background details and demonstrating that each has relevant corporate finance experience derived in respect of companies listed on the Main Board and/or on GEM over the 3 year period prior to the date of declaration.~~

~~2 For the purposes of this rule, “corporate finance experience” has the same meaning as set out in Note 2 to rule 6.14.~~

~~3 The Exchange reserves a discretion to waive or relax the requirements set out in this rule in exceptional circumstances where some part of the proposed assistant supervisor’s corporate finance experience has been derived overseas by virtue of advising companies listed on other stock exchanges, provided always that a substantial part of the proposed assistant supervisor’s experience has been derived in respect of companies listed on the Main Board and/or on GEM.~~

~~4 It is not necessary that the proposed assistant supervisors should have been working for the prospective Sponsor throughout all or any of the period to which their experience relates.~~

~~5 A prospective Sponsor is entitled to submit declarations from more than 2 proposed assistant supervisors.~~

~~6.18 A prospective Sponsor must have appropriate internal controls or procedures in place to ensure that all staff are adequately supervised and managed in connection with the roles they respectively perform for the Sponsor and that no staff who actively participate in the business of providing corporate finance advice act beyond their proper authority. Such internal procedures should be in writing and should be kept up to date and made available to the Exchange on request.~~

Other matters relevant to eligibility

~~6.19 In the application form to become a Sponsor, the applicant must provide details of:-~~

~~(1) any public censure, public statement involving criticism, private reprimand or any other disciplinary action made or taken by either the Exchange, the Commission or any other regulatory authority, in Hong Kong or elsewhere, within the 5 years prior to the application date, in respect of:-~~

~~(a) the prospective Sponsor; and /or~~

~~(b) any director or member of staff of the prospective Sponsor who actively participates in the business of providing general corporate finance advice, investment advice and/ or securities dealing and who remains a director or member of staff as at the date of application; and~~

~~(2) having regard to rule 6.07, such other information as ought reasonably to be brought to the attention of the Exchange in the context of its considering the application of the~~

prospective Sponsor.

~~Notes: 1 For the purposes of this rule, “general corporate finance advice” includes advice in respect of the matters set out in Note 2 to rule 6.14.~~

~~2 For the purposes of this rule, if the prospective Sponsor or any director or member of staff whom it is proposed will be engaged in providing advice to new applicants or listed issuers has been publicly censured within the 5 years prior to the prospective Sponsor’s application, it is unlikely that the prospective Sponsor will be regarded as suitable for admission to the Exchange’s list of Sponsors.~~

~~3 The prospective Sponsor must provide details of any such disciplinary action taken against any member of the group of which it forms part where this may be relevant. For example, the Exchange would consider such information relevant in circumstances where the prospective Sponsor has provided details of the experience of other members of the group for the purposes of rule 6.14.~~

General continuing obligations

~~6.20 The Sponsor must comply (and undertakes pursuant to its application to become a Sponsor (Appendix 7A), once it has been admitted to the list of Sponsors, to comply) with the GEM Listing Rules applicable to Sponsors and, to the extent applicable, Compliance Advisers. Without prejudice to the generality of the foregoing, the Sponsor must, subject to rule 6.21, use all reasonable endeavours to ensure that it continues to satisfy all of the eligibility criteria set out in rules 6.12 to 6.19, any other criteria imposed under rule 6.06 and any conditions imposed under rule 6.10 or 6.30.~~

~~6.21 With regard to the Sponsor’s on-going net tangible asset value after minority interests referred to in rule 6.15(1), the Sponsor:-~~

~~(1) must not, in the event such value falls below HK\$10,000,000, take on new sponsorship or Compliance Adviser roles, until such time as its net tangible asset value after minority interests has been restored to an amount of no less than HK\$10,000,000 (or until it can produce an unconditional and irrevocable guarantee from a company within the same group as the Sponsor or an authorised institution (as defined under the Banking Ordinance) that is, and in a form that is, acceptable to the Exchange in respect of the Sponsor’s liabilities up to an aggregate amount of not less than HK\$10,000,000), provided always that nothing in this rule shall limit or restrict the Sponsor’s or Compliance Adviser’s on-going obligations and responsibilities with regard to issuers for which it already acts as at the time such value falls below HK\$10,000,000; and~~

~~(2) must use all reasonable endeavours to ensure such value does not fall below HK\$5,000,000, and provided that if, for any reason, it does, the Sponsor must take immediate steps to rectify the position and will be expected to have restored its net tangible asset value after minority interests to no less than HK\$5,000,000 within 30 days of the date on which it breaches this rule.~~

~~Notes: 1 It is recognised that the Sponsor will incur liabilities during the conduct of its corporate finance business and accordingly, the Exchange will allow a Sponsor’s net tangible asset value after minority interests to fall below HK\$10,000,000, subject to its retaining, at all times, a minimum value of HK\$5,000,000.~~

~~2 This rule is designed to ensure, among other things, that should any Sponsor take the decision to phase out its business of acting as a Sponsor and Compliance Adviser, it must, for the duration of the outstanding period over which it is obliged to act as the Sponsor or Compliance Adviser of any issuer and in the absence of guarantee arrangements acceptable to the Exchange, have~~

a minimum net tangible asset value after minority interests of HK\$5,000,000.

~~6.22~~ The Sponsor must inform the Exchange immediately if the Sponsor becomes aware that:

- ~~(1)~~ it no longer continues to satisfy the eligibility criteria set out in rules 6.12 to 6.19 (as varied by the provisions of rule 6.21 concerning the Sponsor's on-going net tangible asset value after minority interests), any other criteria imposed under rule 6.06 and any conditions imposed under rule 6.10 or 6.30; or
- ~~(2)~~ any information provided by it to the Exchange in connection with its application to be admitted to the list of Sponsors or in connection with any subsequent review, as referred to in rule 6.29, has changed adversely in any material respect or become misleading in any material respect.

Notes: ~~1~~ *The Sponsor must, pursuant to this rule, inform the Exchange immediately if, among other things:-*

- ~~(a)~~ *it ceases to have the prescribed minimum number of principal supervisors and assistant supervisors; or*
- ~~(b)~~ *any of its principal supervisors or assistant supervisors ceases to be engaged in the Sponsor's corporate finance business or is convicted of any indictable offence; or*
- ~~(c)~~ *its net tangible asset value after minority interests falls below the amounts specified in rule 6.21(1) (assuming that it has not previously put in place guarantee arrangements acceptable to the Exchange); or*
- ~~(d)~~ *there is any material adverse change in the financial standing of the Sponsor's guarantor (if any); or*
- ~~(e)~~ *it becomes aware that any of the persons to which rule 6.19(1) relates has been the subject of any disciplinary action of the sort referred to in rule 6.19(1) including disciplinary action taken by any professional body.*

~~2~~ *The Sponsor must advise the Exchange of the action it proposes to take to remedy the situation and must comply with any grace period prescribed by the Exchange for remedying the same.*

~~6.23~~ In respect of any Sponsor the liabilities of which have not been guaranteed in accordance with rule 6.15(2), the Exchange reserves the right, where applicable, to disclose that its net tangible asset value after minority interests has fallen below HK\$10,000,000 and, if applicable, below HK\$5,000,000 (in either case, if no guarantee arrangement acceptable to the Exchange is put in place):

~~6.24~~ If the Sponsor becomes aware that it no longer continues to satisfy the eligibility criteria set out in rules 6.12 to 6.19 or any other criteria imposed under rule 6.06 or any conditions imposed under rule 6.10 or 6.30, it may not take on new sponsorship or Compliance Adviser roles, provided always that nothing in this rule shall immediately limit or restrict the Sponsor's or Compliance Adviser's ongoing obligations and responsibilities with regard to issuers for which it already acts as at the time of breach.

~~Note:~~ *In these circumstances, the Sponsor or Compliance Adviser must promptly inform the Exchange, which may decide upon the extent of the Sponsor's or Compliance Adviser's ongoing involvement on a case by case basis.*

~~6.25~~ The Sponsor must designate ~~2~~ of its executive directors to act, at all times, as the principal channel of communication with the Exchange concerning matters relevant to the Sponsor including, as relevant, in its role as a Compliance Adviser. Those individuals must supply the Exchange with details in writing of how they can be contacted, including office, mobile and home telephone numbers, facsimile number and electronic mail address.

~~6.26 The Sponsor must continue to engage a sufficient number of staff to ensure that it can, at all times, properly discharge its responsibilities as a Sponsor and, as relevant, a Compliance Adviser (taking into account the number of issuers for which it acts and its other commitments).~~

~~6.27 The Sponsor must provide to the Exchange such information in such form and within such time limits as the Exchange may require, whether in respect of the Sponsor, any issuer for which the Sponsor acts or any other matter relating to GEM.~~

Continuing eligibility

~~6.28 If, at any time after the Sponsor has been admitted to the Exchange's list of Sponsors, the Exchange:-~~

- ~~(1) considers that the Sponsor no longer continues to satisfy the eligibility criteria set out in rules 6.12 to 6.19 (as varied by the provisions of rule 6.21 concerning the Sponsor's ongoing net tangible asset value after minority interests), any other criteria imposed under rule 6.06 and any conditions imposed under rule 6.10 or 6.30; or~~
- ~~(2) has reasonable grounds to suspect that the Sponsor has failed to disclose fairly and accurately any information that ought reasonably to have been disclosed, whether pursuant to rule 6.19 or 6.22 or otherwise; or~~
- ~~(3) considers that the Sponsor has breached or failed to discharge its responsibilities or obligations under the GEM Listing Rules or is no longer competent to act properly as a Sponsor or Compliance Adviser; or~~
- ~~(4) considers that the integrity or reputation of the Main Board or GEM may be or may have been impaired as a result of the conduct or judgement of the Sponsor,~~

~~it may, subject to rule 6.31, remove the Sponsor from the list of Sponsors, thereby rendering it ineligible to act as a Sponsor or Compliance Adviser for new applicants or listed issuers and/or take any other disciplinary action against the Sponsor.~~

~~6.29 Without prejudice to rule 6.28, the Exchange will review each Sponsor's continued inclusion on the list of Sponsors on an annual basis. However, the Exchange reserves the right to conduct the review at any time prior to the anniversary of the date on which the Sponsor was admitted to the list of Sponsors or of the date on which the Sponsor was last reviewed by the Exchange. The review will be carried out in the following manner:-~~

- ~~(1) If a Sponsor wishes to continue to be included on the list of Sponsors or is otherwise obliged under its existing commitments to any listed issuer to continue to act as a Compliance Adviser, it must submit a review form for continuing eligibility, in the prescribed form set out in Appendix 7D, together with all documents required to be submitted with that form and a non-refundable review fee in the amount specified in Appendix 9.~~

~~Notes: 1 The form, documents and fee should be submitted to the GEM Listing Division no later than:-~~

- ~~(a) 1 month prior to the anniversary of the date on which the Sponsor was admitted to the list of Sponsors;~~
- ~~(b) 1 month prior to the anniversary of the date on which the Sponsor was last reviewed; or~~
- ~~(c) any period specified by the Exchange for such purpose, as applicable.~~

~~2 Sponsors should note that the form requires them to confirm whether or not they continue to meet the eligibility criteria set out in rules 6.12 to 6.19 and any other criteria imposed under rule 6.06 and any conditions imposed under rule 6.10 or 6.30.~~

~~3 If the Sponsor does not continue to meet the eligibility criteria set out in rules~~

~~6.12 to 6.19 (as varied by the provisions of rule 6.21 concerning the Sponsor's on-going net tangible asset value after minority interests) or any other criteria imposed under rule 6.06 or any conditions imposed under 6.10 or 6.30, full details, including the reasons therefor, must be provided to the Exchange.~~

~~4 In this regard, if the net tangible asset value after minority interests of the Sponsor has fallen below HK\$10,000,000 and in circumstances where no guarantee has been provided (as referred to in rule 6.15(2)), the Exchange must be specifically advised of this matter, notwithstanding that, by virtue of rule 6.21, such value may fall to a minimum of HK\$5,000,000.~~

~~5 Sponsors should note that, save as regards the requirement concerning its on-going net tangible asset value after minority interests (see rule 6.21), the Exchange will review the Sponsor each year as if it were a prospective Sponsor seeking admission to the list of Sponsors. Accordingly, the experience criteria, for each of the Sponsors and the requisite minimum number of principal supervisors and assistant supervisors, must continue to be satisfied on an on-going basis.~~

~~6 Among the documents required to be submitted by the Sponsor together with the form are:-~~

~~(a) its latest audited accounts and, in circumstances where the Sponsor's last financial year end was more than 6 months before the date of submission, the audited or unaudited balance sheet of the Sponsor as at a date not more than 6 months prior to the date of submission (signed, in the case of the unaudited balance sheet, by 2 directors of the Sponsor);~~

~~(b) in the case of a Sponsor the liabilities of which have been guaranteed (as referred to in rule 6.15(2)), the latest audited accounts and any subsequent published financial statements of the guarantor (other than in respect of a guarantor that is an authorised institution (as defined under the Banking Ordinance)), together with confirmation that the form of guarantee, as approved by the Exchange, remains in full force and effect;~~

~~(c) review forms in the form set out in Appendix 7E and 7F, respectively, from each of the Sponsor's continuing principal supervisors and assistant supervisors; and~~

~~(d) completed declarations in the form set out in Appendix 7B and/or 7C in respect of any proposed additional principal supervisors and/or assistant supervisors as the case may be.~~

~~7 Any failure by a Sponsor to submit the form may result in the Exchange removing the Sponsor from the list of Sponsors and/or taking any other disciplinary action against the Sponsor.~~

~~(2) The review of a Sponsor's continued inclusion on the list of Sponsors will be considered by the GEM Listing Committee. Sponsors may be asked to attend for interviews and/or provide further information for the purposes of the review.~~

~~Note: The Exchange reserves the right to change the date for which the review of any Sponsor has been scheduled.~~

~~(3) The GEM Listing Committee, in forming its view, may take into consideration the information provided in the continuing review form and the documents submitted with that form and, having regard to rule 6.07, any other matters considered by it to be relevant.~~

~~6.30 The Exchange reserves a discretion to continue to include a Sponsor on the list of Sponsors, subject to any conditions, restrictions or other requirements imposed by the Exchange at any time~~

and whether of a general nature or specific to any issuer for which the Sponsor acts or proposes to act either as a Sponsor or Compliance Adviser.

~~6.31~~ If, at any time, the Exchange exercises its power to remove a Sponsor from the list of Sponsors, the Exchange shall give written notice to the Sponsor informing it of the intention to remove the Sponsor, stating the reasons therefor and advising the Sponsor of its rights to appeal to the Listing Appeals Committee in accordance with Chapter 4.

Obligations on the principal supervisors and assistant supervisors

~~6.32~~ Each principal supervisor and assistant supervisor of the Sponsor is under an obligation to inform the Exchange of any material adverse change to the particulars provided by him in the form set out in Appendix 7B or 7C as appropriate (as updated pursuant to the forms set out in Appendix 7E or 7F, as appropriate) immediately after he becomes aware of such change.

~~6.33~~ Principal supervisors and assistant supervisors are required to comply with the provisions of rules 6.49 and 6.50.

Interests of the Sponsor

~~6.34~~ [Repealed 1 January 2005]

~~6.35~~ In relation to any application for listing by a listed issuer involving the proposed issue of a listing document of the type referred to in rule 6.58 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, the Compliance Adviser (or any party admitted to the Exchange's list of Sponsors that is appointed pursuant to rule 6.60 to advise the issuer) must complete and submit to the Exchange, at the time of submitting the application for listing (passing a copy to the new applicant or listed issuer) a declaration in the prescribed form set out in Appendix 7H, giving details of all interests it, its directors and employees and its associates have in relation to the issuer and that listing or transaction.

~~Notes: 1 For these purposes, the Compliance Adviser (or other adviser appointed pursuant to rule 6.60) must provide details of all information which ought reasonably to be disclosed concerning the interests which it, its directors and employees and its associates have in relation to the new applicant or listed issuer and the successful outcome of the listing or transaction in question, having taken all reasonable steps to ascertain such interests of its directors and employees and its associates.~~

~~2 Without limiting the general nature of Note 1, the Compliance Adviser (or other adviser appointed pursuant to rule 6.60) would be expected to disclose full and accurate details of:-~~

~~(a) the interests which it or its associates have or may, as a result of the listing or transaction, have in the securities of the issuer or any other company in the issuer's group (including options or rights to subscribe for such securities);~~

~~(b) the interests which any director or employee involved in providing advice to the issuer has or may, as a result of the listing or transaction, have in the securities of the issuer or any company in the issuer's group (including options or rights to subscribe such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed by any such director or employee pursuant to an offer by way of public subscription made by the issuer); and~~

~~(c) any material benefit expected to accrue to the Compliance Adviser (or other adviser appointed pursuant to rule 6.60) or its associates as a result of the successful outcome of the listing or transaction, including, by way of example, the repayment of material outstanding indebtedness and payment~~

of any underwriting commissions or success fees.

~~3 For the purposes of Note 2 above, “associate” shall have the same meaning as set out in rule 1.01, save that it shall be construed as applying to the Compliance Adviser (or other adviser appointed pursuant to rule 6.60).~~

~~6.36 The listing document in respect of any new applicant must comply with rule 6A.10(2), as applicable. All other listing documents and circulars relating to transactions on which the Compliance Adviser (or another adviser appointed pursuant to rule 6.60) subsequently provides advice to the issuer (excluding any Explanatory Statement issued pursuant to rule 13.08) must disclose full and accurate details of the interests as advised by the Compliance Adviser and, if applicable, the interests as advised pursuant to rule 6.35 by the Compliance Adviser appointed pursuant to rule 6.60. In addition, each listed issuer’s annual report and accounts, half-year report and quarterly reports must include full and accurate details of such interests, as updated and notified by the Compliance Adviser to the issuer at the time of preparing such reports.~~

~~Notes: 1 Each of the documents referred to in this rule is required to set out the interests of the Compliance Adviser (and its directors, employees and associates) under a specific heading and both the heading and information must be given suitable prominence within the document.~~

~~2 The Compliance Adviser must take responsibility for the accuracy of the information relating to the interests of the Compliance Adviser (and its directors, employees and associates), as set out in each of the documents referred to in this rule.~~

~~6.37 In circumstances of any doubt as to the prospective impact of an actual or potential conflict of interest or as to the interests that are required to be disclosed, the Compliance Adviser or other adviser must consult with the Exchange at the earliest practicable opportunity.~~

Responsibilities of the Sponsor

~~6.38 [Repealed 1 January 2005]~~

~~6.39 [Repealed 1 January 2005]~~

~~6.40 [Repealed 1 January 2005]~~

~~6.41 [Repealed 1 January 2005]~~

~~6.42 In respect of each issuer, the Sponsor and Compliance Adviser must retain its internal records for a minimum period of 6 years after the date on which such records have, from time to time, been taken, including those relating to all due diligence conducted on the issuer in preparation for its application for listing on GEM and those relating to any book building or placing exercise; and such records must, subject to applicable laws, be made available to the Exchange on request.~~

~~6.43 [Repealed 1 January 2005]~~

~~6.44 [Repealed 1 January 2005]~~

~~6.45 [Repealed 1 January 2005]~~

~~6.46 [Repealed 1 January 2005]~~

~~6.47 The Sponsor, together with the new applicant, must complete the application for listing in the form set out in Appendix 5A.~~

~~6.48 The Sponsor shall submit such other completed forms or documents in connection with the application for listing by a new applicant as are required pursuant to the GEM Listing Rules, including, before dealings in the new applicant’s shares commence, the declaration of compliance in the form set out in Appendix 7I (as referred to in rule 12.26).~~

~~6.49 At least one of the principal supervisors and one of the assistant supervisors must be actively involved in the work undertaken by the Sponsor in connection with any proposed application for~~

~~listing by a new applicant. The Sponsor's declaration referred to in rule 6A.13 must, save in exceptional circumstances, be signed on behalf of the Sponsor by the principal supervisor and assistant supervisor who have been most actively involved in the work undertaken by the Sponsor and will be treated by the Exchange as an acknowledgement of their personal active involvement in the matter.~~

Responsibilities concerning each listed issuer for which the Sponsor acts

~~6.50 The Sponsor shall ensure that a principal supervisor and an assistant supervisor remain actively involved in the provision of on-going advice and guidance sought by a listed issuer for which that Sponsor acts as a Compliance Adviser.~~

~~6.51 [Repealed 1 January 2005]~~

~~6.52 [Repealed 1 January 2005]~~

~~6.53 [Repealed 1 January 2005]~~

~~6.54 [Repealed 1 January 2005]~~

~~6.55 [Repealed 1 January 2005]~~

~~6.56 In relation to an application for listing by a listed issuer involving the proposed issue of a listing document of the type referred to in rule 6.58 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, the Compliance Adviser:-~~

- ~~(1) shall be responsible for dealing with the Exchange on all matters raised by the Exchange;~~
- ~~(2) must be closely involved in the preparation of the listing document and must ensure that it has been verified to a standard that enables the Compliance Adviser to submit to the Exchange the declaration referred to in rule 6.57;~~
- ~~(3) must assist the issuer in preparing and submitting the application form for listing, together with such other completed forms or documents as are required pursuant to the GEM Listing Rules to be submitted in connection therewith; and~~
- ~~(4) must ensure that at least one of the principal supervisors and one of the assistant supervisors are actively involved in the work undertaken by the Compliance Adviser in connection with the application.~~

~~6.57 The Compliance Adviser must, prior to the issue of a listing document of the type referred to in rule 6.58 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, submit to the Exchange a declaration in the form set out in Appendix 7J confirming that:-~~

- ~~(1) all the documents required by the GEM Listing Rules to be submitted to the Exchange prior to issue of the listing document have been so submitted; and~~
- ~~(2) the Compliance Adviser has satisfied itself, to the best of its knowledge and belief, having made due and careful enquiries that the listing document is in compliance with the GEM Listing Rules and that:-~~
 - ~~(a) the information contained in the listing document is accurate and complete in all material respects and not misleading;~~
 - ~~(b) there are no other matters the omission of which would make any statement in the listing document misleading;~~
 - ~~(c) all opinions of the directors of the issuer expressed in the listing document have been arrived at after due and careful consideration on their part and are founded on bases and assumptions that are fair and reasonable; and~~
 - ~~(d) the directors of the issuer have made sufficient enquiries so as to enable them to give the confirmations set out in the "responsibility statement" contained in the listing document.~~

~~—————~~ *Note: Such declaration must, save in exceptional circumstances, be signed on behalf of the Compliance Adviser by the principal supervisor and assistant supervisor who have been most actively involved in the work undertaken by the Compliance Adviser and will be treated by the Exchange as an acknowledgement of his/their personal active involvement in the matter.*

~~6.58~~ The following listing documents are relevant for the purposes of rules 6.56 and 6.57:—

- ~~(1)~~ any listing document which constitutes a prospectus for the purposes of the Companies Ordinance;
- ~~(2)~~ any listing document issued in relation to a rights issue or open offer (whether or not it constitutes a prospectus); or
- ~~(3)~~ any listing document issued in relation to a transaction or connected transaction (pursuant to Chapters 19 and 20 respectively).

~~—————~~ *Note: In respect of any listing document in relation to a connected transaction, the declaration by the Compliance Adviser required pursuant to rule 6.57 will not be expected to give any form of confirmation on the opinions of the independent non executive director(s) or the letter from the independent financial adviser.*

Co-sponsorships and additional Sponsors

~~6.59~~ [Repealed 1 January 2005]

~~6.60~~ Where a listed issuer proposes to issue a listing document of the type referred to in rule 6.58 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, it is permissible for any party admitted to the Exchange's list of Sponsors, other than the Compliance Adviser appointed by the issuer for the purposes of rule 6A.19 or 6A.20, to act as the adviser to the issuer in relation to the transaction in question. In these circumstances, the newly appointed adviser must assume responsibility for the particular matters referred to in rules 6.56 and 6.57.

Note: The term of appointment of any party engaged for these purposes as adviser to the listed issuer may not expire until the relevant securities of the listed issuer have been admitted to listing on GEM (or, if applicable, until the application for listing has been rejected by the Exchange).

Termination of the Sponsor's role and appointing a replacement Sponsor

~~6.61~~ [Repealed 1 January 2005]

~~6.62~~ [Repealed 1 January 2005]

~~6.63~~ If a Compliance Adviser resigns or its engagement is terminated, a listed issuer must, as soon as practicable, publish an announcement, in accordance with Chapter 16, and make arrangements to replace the Compliance Adviser pursuant to rule 6A.27. Immediately after a replacement Compliance Adviser has been appointed, the listed issuer must inform the Exchange and publish a further announcement.

Note: Refer to rules 6A.26 and 6A.27 regarding circumstances in which the termination or resignation of a Compliance Adviser is permitted.

~~6.64~~ [Repealed 1 January 2005]

~~6.65~~ If the Sponsor is removed from the list of Sponsors, the Sponsor must immediately inform each of the issuers for which it acts as Sponsor or Compliance Adviser. The Exchange reserves the rights to publish an announcement concerning such removal.

Note: Pending removal, in circumstances where a Sponsor has been informed by the Exchange of its intention to remove the Sponsor from the list of Sponsors, the Sponsor shall, unless the Exchange requires otherwise, continue to advise the existing issuers for which it acts

~~as a Sponsor or Compliance Adviser but must have cautioned such issuers as to the relevant circumstances.~~

Designation

~~6.66 A Sponsor will be able, but not required, to state on its business documentation that it is a “Sponsor registered with the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited” or a “GEM registered Sponsor”. No designations of principal supervisors or assistant supervisors will be allowed.~~

Sanctions against the Sponsor

~~6.67 If the Exchange considers that a Sponsor (including acting in the capacity of a Compliance Adviser) has breached or failed to discharge any of its responsibilities or obligations under the GEM Listing Rules, it may do one or more of the following:~~

- ~~(1) issue a private reprimand;~~
- ~~(2) issue a public statement which involves criticism;~~
- ~~(3) issue a public censure;~~
- ~~(4) the Sponsor from the list of Sponsors maintained by the Exchange whether or not for a stated period;~~
- ~~(5) bar the Sponsor from representing a specified party in relation to a stipulated matter or matters coming before the GEM Listing Division or the GEM Listing Committee for a stated period;~~
- ~~(6) report the Sponsor’s conduct to the Commission or any other regulatory authority in Hong Kong or elsewhere;~~
- ~~(7) request that the Commission considers withdrawing or revoking the Sponsor’s registration under Part V of the Securities and Futures Ordinance;~~
- ~~(8) require a breach to be rectified or other remedial action to be taken within a stipulated period;~~
- ~~(9) take such other action as it considers appropriate in the circumstances; and/or~~
- ~~(10) publish what action it has taken and the reasons for that action.~~

~~6.68 The sanctions referred to in rule 6.67 may also or instead be imposed by the Exchange on any of the directors or employees of the Sponsor.~~

~~*Note: In exercising its powers of sanction, the Exchange will recognise the differing roles and levels of responsibility of the persons against whom sanctions may lie in pursuance of this rule.*~~

~~6.69 Any decisions of the Exchange in relation to disciplinary action taken against a Sponsor pursuant to rule 6.67(2), (3), (4), (5), (8) or (9) or equivalent action taken against any director or employee of the Sponsor pursuant to rule 6.68 may be appealed to the Listing Appeals Committee in accordance with the provisions of Chapter 3.~~

6A.01 In this Chapter:

- (1) “Compliance Adviser” means any corporation or authorised financial institution acceptable to the Exchange, licensed or registered under the Securities and Futures Ordinance for Type 6 regulated activity and permitted under its licence or certificate of registration under applicable laws to advise on corporate finance matters and to undertake work as a Sponsor and, as applicable, which is appointed pursuant to rule 6A.19 or rule 6A.20 to undertake work as a Compliance Adviser;

6A.02 A new applicant must appoint a Sponsor to assist it with its initial application for listing. ~~The Sponsor must be admitted to the list of Sponsors under rule 6.04.~~

6A.19 A listed issuer must appoint a Compliance Adviser for the period commencing on the date of initial listing of the listed issuer's equity securities and ending on the date on which the listed issuer complies with rule 18.03 in respect of its financial results for the second full financial year commencing after the date of its initial listing. ~~The Compliance Adviser must be acceptable to the Exchange.~~

Miscellaneous

~~6A.29-6.63~~ If a Compliance Adviser resigns or its engagement is terminated, a listed issuer must, as soon as practicable, publish an announcement, in accordance with Chapter 16, and make arrangements to replace the Compliance Adviser pursuant to rule 6A.27. Immediately after a replacement Compliance Adviser has been appointed, the listed issuer must inform the Exchange and publish a further announcement.

Note: Refer to rules 6A.26 and 6A.27 regarding circumstances in which the termination or resignation of a Compliance Adviser is permitted.

~~6A.30-6.65~~ ~~—If the Sponsor the licence or registration of a Sponsor or a Compliance Adviser is revoked, suspended, varied or restricted such that it is no longer permitted to undertake work as a Sponsor or a Compliance Adviser, respectively is removed from the list of Sponsors, the Sponsor or Compliance Adviser, as applicable, must immediately inform each of the issuers for which it acts as Sponsor or Compliance Adviser. The Exchange reserves the rights to publish an announcement concerning such situation.~~

~~*Note: Pending removal, in circumstances where a Sponsor has been informed by the Exchange of its intention to remove the Sponsor from the list of Sponsors, the Sponsor shall, unless the Exchange requires otherwise, continue to advise the existing issuers for which it acts as a Sponsor or Compliance Adviser but must have cautioned such issuers as to the relevant circumstances.*~~

~~6A.31-6.35~~ In relation to any application for listing by a listed issuer involving the proposed issue of a listing document of the type referred to in rule ~~6A.366-58~~ within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, the Compliance Adviser (or any ~~party admitted to the Exchange's list of Sponsors~~ that is appointed pursuant to rule ~~6A.376-60~~ to advise the issuer) must complete and submit to the Exchange, at the time of submitting the application for listing (passing a copy to the new applicant or listed issuer) a declaration in the prescribed form set out in Appendix 7H, giving details of all interests it, its directors and employees and its associates have in relation to the issuer and that listing or transaction.

Notes: 1 For these purposes, the Compliance Adviser (or other adviser appointed pursuant to rule ~~6A.376-60~~) must provide details of all information which ought reasonably to be disclosed concerning the interests which it, its directors and employees and its associates have in relation to the new applicant or listed issuer and the successful outcome of the listing or transaction in question, having taken all reasonable steps to ascertain such interests of its directors and employees and its associates.

2 Without limiting the general nature of Note 1, the Compliance Adviser (or other adviser appointed pursuant to rule ~~6A.376-60~~) would be expected to disclose full and accurate details of:-

(a) the interests which it or its associates have or may, as a result of the listing or transaction, have in the securities of the issuer or any other company in the issuer's group (including options or rights to subscribe for such securities);

- (b) *the interests which any director or employee involved in providing advice to the issuer has or may, as a result of the listing or transaction, have in the securities of the issuer or any company in the issuer's group (including options or rights to subscribe such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed by any such director or employee pursuant to an offer by way of public subscription made by the issuer); and*
 - (c) *any material benefit expected to accrue to the Compliance Adviser (or other adviser appointed pursuant to rule 6A.376.60) or its associates as a result of the successful outcome of the listing or transaction, including, by way of example, the repayment of material outstanding indebtedness and payment of any underwriting commissions or success fees.*
- 3 For the purposes of Note 2 above, "associate" shall have the same meaning as set out in rule 1.01, save that it shall be construed as applying to the Compliance Adviser (or other adviser appointed pursuant to rule 6A.376.60).

6A.32 ~~6.36~~ The listing document in respect of any new applicant must comply with rule 6A.10(2), as applicable. All other listing documents and circulars relating to transactions on which the Compliance Adviser (or another adviser appointed pursuant to rule 6A.376.60) subsequently provides advice to the issuer (excluding any Explanatory Statement issued pursuant to rule 13.08) must disclose full and accurate details of the interests as advised by the Compliance Adviser and, if applicable, the interests as advised pursuant to rule 6A.316.35 by the Compliance Adviser appointed pursuant to rule 6A.376.60. In addition, each listed issuer's annual report and accounts, half-year report and quarterly reports must include full and accurate details of such interests, as updated and notified by the Compliance Adviser to the issuer at the time of preparing such reports.

- Notes:
- 1 *Each of the documents referred to in this rule is required to set out the interests of the Compliance Adviser (and its directors, employees and associates) under a specific heading and both the heading and information must be given suitable prominence within the document.*
 - 2 *The Compliance Adviser must take responsibility for the accuracy of the information relating to the interests of the Compliance Adviser (and its directors, employees and associates), as set out in each of the documents referred to in this rule.*

6A.33 ~~6.37~~ In circumstances of any doubt as to the prospective impact of an actual or potential conflict of interest or as to the interests that are required to be disclosed, the Compliance Adviser or other adviser must consult with the Exchange at the earliest practicable opportunity.

6A.34 ~~6.56~~ In relation to an application for listing by a listed issuer involving the proposed issue of a listing document of the type referred to in rule 6A.366.58 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, the Compliance Adviser:-

- (1) shall be responsible for dealing with the Exchange on all matters raised by the Exchange;
- (2) must be closely involved in the preparation of the listing document and must ensure that it has been verified to a standard that enables the Compliance Adviser to submit to the Exchange the declaration referred to in rule 6A.356.57;
- (3) must assist the issuer in preparing and submitting the application form for listing, together with such other completed forms or documents as are required pursuant to the GEM Listing Rules to be submitted in connection therewith; and
- (4) must ensure that at least one of the principal supervisors and one of the assistant supervisors ~~are~~ actively involved in the work undertaken by the Compliance Adviser in

connection with the application.

6A.35 ~~6.57~~ The Compliance Adviser must, prior to the issue of a listing document of the type referred to in rule 6A.36~~6.58~~ within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, submit to the Exchange a declaration in the form set out in Appendix 7J confirming that:-

- (1) all the documents required by the GEM Listing Rules to be submitted to the Exchange prior to issue of the listing document have been so submitted; and
- (2) the Compliance Adviser has satisfied itself, to the best of its knowledge and belief, having made due and careful enquiries that the listing document is in compliance with the GEM Listing Rules and that:-
 - (a) the information contained in the listing document is accurate and complete in all material respects and not misleading;
 - (b) there are no other matters the omission of which would make any statement in the listing document misleading;
 - (c) all opinions of the directors of the issuer expressed in the listing document have been arrived at after due and careful consideration on their part and are founded on bases and assumptions that are fair and reasonable; and
 - (d) the directors of the issuer have made sufficient enquiries so as to enable them to give the confirmations set out in the “responsibility statement” contained in the listing document.

Note: Such declaration must, save in exceptional circumstances, be signed on behalf of the Compliance Adviser by the ~~p~~Principal/s ~~supervisor and assistant supervisor~~ who has/have been most actively involved in the work undertaken by the Compliance Adviser and will be treated by the Exchange as an acknowledgement of his/their personal active involvement in the matter.

6A.36 ~~6.58~~ The following listing documents are relevant for the purposes of rules 6A.34 and 6A.35~~6.56 and 6.57~~:-

- (1) any listing document which constitutes a prospectus for the purposes of the Companies Ordinance;
- (2) any listing document issued in relation to a rights issue or open offer (whether or not it constitutes a prospectus); or
- (3) any listing document issued in relation to a transaction or connected transaction (pursuant to Chapters 19 and 20 respectively).

Note: In respect of any listing document in relation to a connected transaction, the declaration by the Compliance Adviser required pursuant to rule 6A.35~~6.57~~ will not be expected to give any form of confirmation on the opinions of the independent non-executive director(s) or the letter from the independent financial adviser.

6A.37 ~~6.60~~ Where a listed issuer proposes to issue a listing document of the type referred to in rule 6A.36~~6.58~~ within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, it is permissible for any ~~party admitted to the Exchange's list of~~ Sponsors, other than the Compliance Adviser appointed by the issuer for the purposes of rule 6A.19 or 6A.20, to act as the adviser to the issuer in relation to the transaction in question. In these circumstances, the newly appointed adviser must assume responsibility for the particular matters referred to in rules 6A.34 and 6A.35~~6.56 and 6.57~~.

Note: The term of appointment of any party engaged for these purposes as adviser to the listed issuer may not expire until the relevant securities of the listed issuer have been admitted to listing on GEM (or, if applicable, until the application for listing has been rejected by the

Exchange).

6A.38 This Rule sets out transitional arrangements with regard to the regulation of Sponsors and Compliance Advisers for the purpose of these GEM Listing Rules. It shall cease to have effect on such date as the Exchange may determine and promulgate.

For the purposes of this Rule:

“old Rules” means the GEM Listing Rules as they were on 31 December 2006;

“new Rules” means the GEM Listing Rules as they were on 1 January 2007 i.e. incorporating update number 22;

“pending disciplinary case” means those cases where:

(1) the GEM Listing Division has sent a report to the GEM Listing Committee identifying conduct and asking for the deployment of the GEM Listing Committee’s powers under rule 6.67 or rule 6.68 of the old Rules; and

(2) the matter has not yet been finally determined by the delivery of a written decision by the GEM Listing Committee or, as applicable, the Listing Appeals Committee and the publication of any announcement required by that final decision;

“pending non-disciplinary case” means those cases which the Executive Director – GEM Listing Division may in his absolute discretion determine on a case by case basis.

All pending disciplinary cases and all pending non-disciplinary cases involving Sponsors or Compliance Advisers commenced under the old Rules which have not been disposed of on 1 January 2007 are to continue and be disposed of as if the new Rules had not replaced the old Rules.

12.17 The listing application form must be accompanied by:—

...

(2) in circumstances where the listed issuer is required to have (or otherwise retains) a Compliance Adviser (or other adviser appointed pursuant to rule ~~6.60~~ 6A.37), the adviser’s declaration of interests in the form set out in Appendix 7H; and

...

12.24 The following must be lodged with the Exchange, in the case of a new applicant, as soon as practicable after the hearing of the application by the GEM Listing Committee but on or before the date of issue of the listing document and, in the case of a listed issuer, on or before the date of issue of the listing document:—

...

(1) in the case of a new applicant, the signed Sponsor’s declaration in the form set out in Appendix 7G, as referred to in rules 6A.13 to 6A.16 and in the case of a listed issuer proposing to issue a listing document of the type referred to in rule ~~6.58~~ 6A.36 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, the signed declaration in the form set out in Appendix 7J as referred to in rule ~~6.57~~ 6A.35;

...

13.08 ...

Notes: 1. The Explanatory Statement need not contain the statement set out in rule 2.20 concerning the characteristics of GEM nor information on the interests (if any) of the Compliance Adviser (as referred to in rule ~~6.35~~ 6A.31) and all directors, management shareholders and their respective associates (as referred to in rule 11.04).

...

Remove the heading “Sponsor-related matters” above Rules 17.81 to 17.87. The Rules that were sponsor-related were repealed in January 2005. The heading is now superfluous.

18.45 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and associates, as notified to the issuer pursuant to rule ~~6.36-6A.32~~ and all directors and management shareholders of the issuer and their respective associates as referred to in rule 11.04.

18.63 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and associates, as notified to the issuer pursuant to rule ~~6.36-6A.32~~ and all directors and management shareholders of the issuer and their respective associates as referred to in rule 11.04.

18.75 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and associates, as notified to the issuer pursuant to rule ~~6.36-6A.32~~ and all directors and management shareholders of the issuer and their respective associates as referred to in rule 11.04.

19.64 All circulars relating to discloseable transactions must contain the following:

...

- (9) information as to the competing interests (if any) of the Compliance Adviser and each of the directors, employees and associates (as referred to in rule ~~6.36-6A.32~~) and each of the directors of the listed issuer and his/her respective associates (as would be required to be disclosed under rule 11.04 if each of them were a controlling shareholder); and

...

20.59 The circular must contain at least:

...

- (12) information as to the competing interests (if any) of the Compliance Adviser and its directors, employees and associates (as referred to in rule ~~6.36-6A.32~~) and all directors of the issuer and their respective associates (as would be required to be disclosed under rule 11.04 if each of them were a controlling shareholder);

...

Change the heading immediately above Rule 25.05 from “Chapter 6 – Sponsors” to “Chapter 6A – Sponsors”.

27.04 Chapter 6A does not apply to initial listings of debt securities. However:-

- (1) where a new applicant (or holding company of the new applicant), that seeks a listing of debt securities on GEM, seeks such listing at the same time as seeking to list its (or its holding company’s) equity securities on GEM, then the Sponsor appointed by the new applicant pursuant to rule 6A.02 (or another Sponsor firm party admitted to the Exchange’s list of Sponsors and specifically appointed for the purpose) must advise the new applicant in connection with the issue and listing of the debt securities;
- (2) a new applicant (or holding company of the new applicant) seeking a listing of debt securities on GEM in circumstances other than those described in paragraph (1) above, must appoint a financial adviser, acceptable to the Exchange, to advise the new applicant in connection with the issue and listing of the debt securities.

27.04A In exercising its discretion under rule 27.04 to determine whether a ~~Sponsor~~ or financial adviser is acceptable, the Exchange may have regard to paragraphs (3) to (7) of the test of independence set out in rule 6A.07 as those paragraphs would apply to the relationships

between the ~~Sponsor or~~ financial adviser and the issuer.

28.14 On or before the date of issue of the listing document, the following documents must be supplied to the Exchange:—

- (1) in the case of a new applicant or a listed issuer proposing to issue a listing document of the type referred to in rule ~~6.58(1)~~6A.36(1) within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20 during which the issuer or the issuer's holding company is required to appoint a Compliance Adviser, the signed declaration in the form set out in Appendix 7J as referred to in rule ~~6.57~~6A.35;

...

30.08 Chapter 6A does not apply to initial listings of debt securities. However:

- (1) where a new applicant (or holding company of the new applicant), that seeks a listing of debt securities on GEM, seeks such listing at the same time as seeking to list its (or its holding company's) equity securities on GEM, then the Sponsor appointed by the new applicant pursuant to rule 6A.02 (or another ~~Sponsor party admitted to the Exchange's list of Sponsors~~ and specifically appointed for the purpose) must advise the new applicant in connection with the issue and listing of the debt securities;
- (2) a new applicant (or holding company of the new applicant) seeking a listing of debt securities on GEM in circumstances other than those described in paragraph (1) above, must appoint a financial adviser, acceptable to the Exchange, to advise the new applicant in connection with the issue and listing of the debt securities.

30.08A In exercising its discretion under rule 30.08(2) to determine whether a ~~Sponsor or~~ financial adviser is acceptable, the Exchange may have regard to paragraphs (3) to (7) of the test of independence set out in rule 6A.07 as those paragraphs would apply to the relationships between the ~~Sponsor or~~ financial adviser and the issuer.

30.28 The following documents must be supplied to the Exchange after notification of listing approval:—

- (1) in the case of a new applicant or a listed issuer proposing to issue a listing document of the type referred to in rule ~~6.58(1)~~6A.36(1) within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20 during which the issuer or the issuer's holding company is required to appoint a Compliance Adviser, the signed declaration in the form set out in Appendix 7J as referred to in rule ~~6.57~~6A.35;

...

Appendix 1B ...

43. Information as to the interests (if any) of the Sponsor or Compliance Adviser, as applicable, and its directors, employees and associates (as referred to in rule ~~6.36~~6A.32) and of all directors, and management shareholders of the issuer and their respective associates (as referred to in rule 11.04). (Note 8)

Appendix 1C ...

54. Information as to the interests (if any) of the Sponsor (if required) and its directors, employees and associates (as referred to in rule ~~6.36~~6A.32) and of all directors and management shareholders and, in relation only to the initial listing document, substantial shareholders of the issuer and their respective associates (as referred to in 11.04).

Appendix 5A: Application Form - Equity securities (of an issuer no part of whose share capital is already listed) ...

2. ~~Details (name/phone/fax/e-mail) of the principal supervisor and assistant supervisor at the Sponsor (or at each of the Sponsors), who are involved in this application.~~ Please indicate the person or

persons to whom the Exchange should respond in relation to this application (*Note 1*):

...

13. ~~[Repealed 1 January 2007] Particulars of the principal supervisor and assistant supervisor to be (or expected to be) engaged by the Compliance Adviser for the purposes of rule 6.50 on behalf of the new applicant after listing:-~~

~~(a) Principal supervisor:~~

Name: (English) (Chinese)
Telephone (Office) (Home)
Number: (Mobile)
Fax Number:
E-mail:

~~(b) Assistant supervisor:~~

Name: (English) (Chinese)
Telephone (Office) (Home)
Number: (Mobile)
Fax Number:
E-mail:

...

21. Sponsor's Undertaking

- ...
- (d) to lodge with the Exchange, before dealings in the Issuer's securities commence, the declaration of compliance (Appendix 7I) as referred to in rules ~~6.48 and~~ 12.26(8) of the GEM Listing Rules.
- ...

Yours faithfully,
Signed:
Name:
Director, Secretary or other duly authorised officer *
For and on behalf of
Name of Issuer:
.....
*Delete as appropriate

Yours faithfully,
Signed:
Name:
Director
(Principal Supervisor)
For and on behalf of
Name of Sponsor:

.....
NOTES

....
(8) To the extent that this form is required to be signed on behalf of the Sponsor, the Exchange expects that it would usually be signed by the Principal/s who has/have been most actively involved in the work undertaken by the Sponsor. However, notwithstanding who signs this form on behalf of the Sponsor, the Management (as defined in the Commission's Guidelines for Sponsors and Compliance Advisers) of the Sponsor will be ultimately responsible for supervision of the work carried out by the Sponsor firm and quality assurance in respect of that work. The Exchange reminds Sponsors of their obligations to have effective internal systems and controls and proper supervision and oversight including but not limited to those obligations under the Commission's Guidelines for Sponsors and Compliance Advisers.

Appendix 5B: Application Form – Equity securities (of an issuer part of whose share capital is already listed) ...

2. ~~Details (name/phone/fax/e-mail) of the principal/s supervisor and assistant supervisor at the Sponsor (or at each of the Sponsors) who are involved in this application, if applicable.~~ Please indicate the person or the persons at the relevant Sponsor to whom the Exchange should respond in relation to this application, if applicable, (Note 1): ...

....
NOTES

(1) ~~Please refer to rule 6.56-6A.34 of the GEM Listing Rules. In circumstances where a listed issuer proposes to issue a listing document of the type referred to in rule 6.58-6A.36 within the minimum period referred to in rule in 6A.19 or any period fixed for the purposes of rule 6A.20, the Issuer's Compliance Adviser (or adviser appointed under rule 6.60-6A.37) shall be responsible for dealing with the Exchange.~~

....
Appendix 5C: Application Form – Debt securities ...

2. ~~Details (name/phone/fax/e-mail) of the principal supervisor and assistant supervisor at the Sponsor (at each of the Sponsors) who are involved in this application, if applicable.~~ Please indicate the person or the persons at the relevant Sponsor to whom the Exchange should respond in relation to this application, if applicable, (Note 2): ...

....
NOTES

....
(2) ~~Please refer to rules 6.56-6A.34, 27.04 and 30.08 of the GEM Listing Rules for guidance. In circumstances where the Issuer proposes to issue a listing document of the type referred to in rule 6.58-6A.36 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20 the Sponsor or adviser of the Issuer or the Issuer's holding company shall be responsible for dealing with the Exchange.~~

....
Repeal all of:

- Appendix 7A Sponsor's Forms – Application Form
- Appendix 7B Sponsor's Forms – Declaration by Principal Supervisor
- Appendix 7C Sponsor's Forms – Declaration by Assistant Supervisor
- Appendix 7D Sponsor's Forms – Review Form for Continuing Eligibility
- Appendix 7E Sponsor's Forms – Review Form for Principal Supervisor

▪ Appendix 7F Sponsor’s Forms – Review Form for Assistant Supervisor

Appendix 7G: Sponsor’s Declaration in support of a New Applicant

...

NOTES:

- (1) The Exchange expects that usually this form would be signed by the Principal/s who has/have been most actively involved in the work undertaken by the Sponsor. However, notwithstanding who signs this form on behalf of the Sponsor, the Management (as defined in the Commission’s Guidelines for Sponsors and Compliance Advisers) of the Sponsor will be ultimately responsible for supervision of the work carried out by the Sponsor firm and quality assurance in respect of that work. The Exchange reminds Sponsors of their obligations to have effective internal systems and controls and proper supervision and oversight including but not limited to those obligations under the Commission’s Guidelines for Sponsors and Compliance Advisers.
- (2) *Each and every director of the Sponsor, and any officer or representative of the Sponsor supplying information sought in this form, should note that this form constitutes a record or document which is to be provided to the Exchange in connection with the performance of its functions under “relevant provisions” (as defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance, Cap 571) and is likely to be relied upon by the Exchange. In relation to this, you should be aware that giving to the Exchange any record or document, which is false or misleading in a material particular, will render relevant persons liable for prosecution for an offence under subsection 384(3) of the Securities and Futures Ordinance. If you have any queries you should consult the Exchange or your professional adviser immediately.*

Appendix 7H: Sponsor’s Forms – Compliance Adviser’s Declaration of Interests

...

Yours faithfully,
Signed:
Name:
(Principal-supervisor)
For and on behalf of
Name of Compliance Adviser:...

NOTES

...

- (3) *Please refer to rules ~~6.34 and 6.35~~ 6A.31 of the GEM Listing Rules for guidance. ...*

Appendix 7I: Sponsor’s Declaration of Compliance Concerning a New Applicant

...

- (5) All of the provisions of the GEM Listing Rules, insofar as applicable and required to be fulfilled prior to the grant of listing, have been complied with, and we confirm that we have complied with all of the requirements laid down in Chapters ~~6 and~~ 6A of the GEM Listing Rules concerning the application for listing.

...

Yours faithfully,
Signed:
Name:
(Principal-supervisor)
For and on behalf of
Name of Sponsor:.....

Appendix 7J: Sponsor's Forms – Declaration in relation to certain Listing Documents issued by an Issuer

....

This declaration must, in the circumstances referred to in rule ~~6.57~~ 6A.35 of the GEM Listing Rules, be lodged with The Stock Exchange of Hong Kong Limited (the "Exchange"), duly completed, prior to the issue of the listing document.

....

Yours faithfully,

Signed:

Name:

(Principal ~~supervisor~~)

Signed:

Name:

(Principal Assistant supervisor)

For and on behalf of

Name of Sponsor:

NOTES

...

- (2) *Where a listed issuer appoints, in connection with the issue, a party admitted to the Exchange's list of Sponsors other than the Compliance Adviser appointed by the issuer for the purposes of rules 6A.19 and 6A.20, the newly appointed adviser is responsible for completing and lodging this form (see rule ~~6.60~~ 6A.37).*

Appendix 9: Listing fees, transaction levies and trading fees on new issues and brokerage ...

5. Sponsors

[Repealed 1 January 2007]

- (1) ~~An applicant seeking admission to the list of Sponsors maintained by the Exchange must pay an initial application fee of HK\$30,000, in advance, at the same time as it submits the prescribed form of application, in accordance with rule 6.08. This initial application fee is not refundable.~~
- (2) ~~If a Sponsor wishes to continue to be included on the list of Sponsors or is otherwise obliged under its existing commitments to any listed issuer to continue to act as a Sponsor, it must pay a review fee of HK\$10,000, in advance, at the same time as it submits the prescribed review form in accordance with rule 6.29(1). This review fee is not refundable and covers a period of 12 months of review.~~
- (3) ~~In the event that the Exchange exercises its power to review a Sponsor's continued inclusion on the list of Sponsor at any time prior to the anniversary of the date on which the Sponsor was first included on such list or the anniversary of the date on which the Sponsor was last reviewed, the Exchange reserves a right to charge the review fee on a pro rata basis for any period for which the review fee is unpaid. Such fee shall be payable within 7 days of receiving a debit note.~~