
AMENDMENTS TO THE GEM LISTING RULES

Chapter 5

GENERAL

DIRECTORS, COMPANY SECRETARY, BOARD COMMITTEES, AUTHORISED REPRESENTATIVES AND CORPORATE GOVERNANCE MATTERS

Directors

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5.09 In assessing the independence of a non-executive director, the Exchange will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if the director:-

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- (3) is or was a director, partner or principal of a professional adviser which currently provides or has within ~~one year~~ two years immediately prior to the date of his proposed appointment provided services, or is or was an employee of such professional adviser who is or has been involved in providing such services during the same period, to:
- (a) the listed issuer, its holding company or any of their respective subsidiaries or core connected persons; or
 - (b) any person who was a controlling shareholder or, where there was no controlling shareholder, any person who was the chief executive or a director (other than an independent non-executive director), of the listed issuer within ~~one year~~ two years immediately prior to the date of the proposed appointment, or any of their close associates;
- (4) currently, or within one year immediately prior to the date of the person's proposed appointment, has or had a material interest in any principal business activity of or is or was involved in any material business dealings with the issuer, its holding company or their respective subsidiaries or with any core connected persons of the issuer;

...

(8) ...

Notes: 1. *The factors set out in rule 5.09 ...*

2. *When determining the independence of a director under rule 5.09, the same factors should also apply to the director's immediate family members. "Immediate family member" is defined under rule 20.10(1)(a).*

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

17.104 The nomination committee (or the board) shall have a policy concerning diversity of board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report.

Note: Board diversity will differ according to the circumstances of each issuer. Diversity of board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. Each issuer should take into account its own business model and specific needs, and disclose the rationale for the factors it uses for this purpose.

Appendix 15

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

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A.2 Chairman and Chief Executive

Code Provisions

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A.2.7 The chairman should at least annually hold meetings with the independent non-executive directors (including independent non-executive directors) without the presence of other executive directors present.

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A.3 Board composition

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Recommended Best Practice

A.3.3 The board should state its reasons if it determines that a proposed director is independent notwithstanding that the individual holds cross-directorships or has significant links with other directors through involvements in other companies or bodies.

Note: A cross-directorship exists when two (or more) directors sit on each other's boards.

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A.5 Nomination Committee

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Code Provisions

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A.5.5 Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

1. the process used for identifying the individual and why the board believes the individual why they believe he should be elected and the reasons why they it considers consider him the individual to be independent;
2. if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the board;
3. the perspectives, skills and experience that the individual can bring to the board; and
4. how the individual contributes to diversity of the board.

~~A.5.6 The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report.~~

~~Note: Board diversity will differ according to the circumstances of each issuer. Diversity of board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. Each issuer should take into account its own business model and specific needs, and disclose the rationale for the factors it uses for this purpose.~~

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A.6 Responsibilities of directors

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Code Provisions

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A.6.7 Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.

Generally they ~~They~~ should also attend general meetings to gain and develop a balanced understanding of the views of shareholders.

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C.3 Audit Committee

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Code Provisions

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C.3.2 A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of its audit committee for a period of 4 two years from the date of ~~his~~ the person ceasing:

(a) to be a partner of the firm; or

(b) to have any financial interest in the firm,

whichever is later.

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E.COMMUNICATION WITH SHAREHOLDERS

E.1 Effective communication

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Code Provisions

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E.1.5 The issuer should have a policy on payment of dividends and should disclose it in the annual report.

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CORPORATE GOVERNANCE REPORT
MANDATORY DISCLOSURE REQUIREMENTS

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L. BOARD COMMITTEES

The following information for each of the remuneration committee, nomination committee, audit committee, risk committee, and corporate governance functions:

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- (d) a summary of the work during the year, including:
- (ii) for the nomination committee, ~~determining~~ disclosing the policy for the nomination of directors, performed by the nomination committee or the board of directors (if there is no nomination committee) during the year. This includes the ~~The~~ nomination procedures and the process and criteria adopted by the nomination committee or the board of directors (if there is no nomination committee) to select and recommend candidates for directorship during the year. ~~If the nomination committee (or the board) has a policy concerning diversity, this~~ This section should also include the board's policy or a summary of the policy on board diversity, including any measurable objectives that it has set for implementing the policy, and progress on achieving those objectives;