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# AMENDMENTS TO THE GEM LISTING RULES RELATING TO SHARE SCHEMES

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## (A) Amendments to Chapter 23

### Chapter 23

#### EQUITY SECURITIES

#### SHARE OPTION SCHEMES

#### Application of Chapter 23

- 23.01 (1) ~~The following provisions apply, with appropriate modifications, to all~~ This Chapter deals with:
- (a) ~~share schemes involving the grant by a listed issuer or any of its subsidiaries of options over (i) new shares or other new securities of the listed issuer; or (ii) any of its subsidiaries options over new shares of the listed issuer, to, or for the benefit of, specified participants of such schemes (which includes a grant of any such shares or options to a trust or similar arrangement for the benefit of a specified participant and, for the purpose of this Chapter, "participant" includes any discretionary object of a participant which is a discretionary trust). (see rules 23.02 to 23.11);~~
  - (b) share schemes of a listed issuer that are funded by existing shares of the issuer (see rule 23.12);
  - (c) share schemes of a principal subsidiary of a listed issuer (see rules 23.13 to 23.15).
- (2) ~~Any arrangement involving the grant of options to participants over new shares or other new securities of a listed issuer or a principal subsidiary of the issuer any of its subsidiaries (including options over any such shares or securities) which, in the opinion of the Exchange, is analogous to a share option scheme as described in this rule 23.01 must comply with the requirements of this Chapter.~~
- (32) Where the shares or other securities of the listed issuer or the principal subsidiary concerned are also listed on another stock exchange or the Main Board, the more onerous requirements shall prevail and be applied in the event of a conflict or inconsistency between the requirements of this Chapter and the requirements of the other stock exchange or the Main Board.
- (3) ~~The term "grant" includes "offer", "issue" and any other term used by the scheme to describe the grant of options under it.~~

~~(4) Where there are two or more listed issuers within a group, each of the listed issuers must comply with the provisions of this Chapter in respect of its schemes and the schemes of any of its subsidiaries (whether the subsidiary concerned is listed on the Exchange or not). In particular, where the provisions require the scheme or any related matters to be approved by shareholders/ independent non-executive directors of a listed issuer whose holding company is also listed on the Exchange, such scheme or matters must simultaneously be approved by the shareholders/ independent non-executive directors of such listed issuer's holding company.~~

### **Definitions**

23.01A In this chapter, the following definitions apply:

<b><u>“1% individual limit”</u></b>	<u>has the meaning in rule 23.03D(1)</u>
<b><u>“award”</u></b>	<u>refers to shares granted or to be granted under a share award scheme</u>
<b><u>“eligible participant”</u></b>	<u>includes an employee participant, a service provider and a related entity participant</u>
<b><u>“employee participant”</u></b>	<u>has the meaning in rule 23.03A(1)</u>
<b><u>“grant”</u></b>	<u>includes “offer”, “issue” and any other term used by a share scheme to describe the grant of shares or options under the scheme</u>
<b><u>“principal subsidiary”</u></b>	<u>has the meaning in rule 23.14</u>
<b><u>“purchase price”</u></b>	<u>refers to the price payable by a grantee to purchase shares under a share award scheme</u>
<b><u>“related entity participant”</u></b>	<u>has the meaning in rule 23.03A(1)</u>
<b><u>“scheme mandate limit”</u></b>	<u>has the meaning in rule 23.03(3)</u>
<b><u>“senior manager”</u></b>	<u>refers to a senior manager disclosed in the issuer’s annual report as required under rule 18.39</u>
<b><u>“service provider”</u></b>	<u>has the meaning in rule 23.03A(1)</u>
<b><u>“service provider sublimit”</u></b>	<u>has the meaning in rule 23.03(3)</u>
<b><u>“schemes” or “share schemes”</u></b>	<u>include share option schemes and share award schemes</u>
<b><u>“share award scheme”</u></b>	<u>refers to a scheme involving the grant of shares</u>

by a listed issuer or its principal subsidiary (as the case may be)

**“share option scheme”** refers to a scheme involving the grant of options over shares of a listed issuer or a principal subsidiary of the issuer (as the case may be)

### **Share schemes involving issue of new shares by listed issuers**

#### **Adoption of a new scheme**

- 23.02 (1) (a) ~~The scheme of a listed issuer or any of its subsidiaries must be approved by shareholders of the listed issuer in general meeting. The listed issuer must publish an announcement on the outcome of the shareholders’ meeting for the adoption of the scheme in the manner as set out in rule 17.47(5), as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following such meeting, in accordance with the publication requirements in Chapter 16.~~
- (b) A scheme adopted by a new applicant prior to its listing does not need to be approved by its shareholders after listing. However, all material ~~the~~ terms of the scheme must be clearly set out in the prospectus. Where the scheme does not comply with the provisions of this Chapter, options and awards granted to, or for the benefit of, specified participants before listing may continue to be valid after listing (subject to the Exchange granting approval for listing of the new applicant’s shares securities to be issued in respect of upon exercise of such options and awards) but no further options or awards may be granted under the scheme after listing. The new applicant must also disclose in the prospectus full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect the exercise of such outstanding options or awards.

*Notes: 1 The Exchange reserves the right to review and consider these matters on a case-by-case basis.*

*2 Where the new applicant is a principal subsidiary of a listed issuer, the scheme must comply with rules 23.13 to 23.15 ~~be approved by shareholders of the listed issuer in general meeting. The terms of the scheme must comply with the provisions of this Chapter including, in particular, rule 23.03(9) (the basis of determination of the exercise price).~~*

- (2) The scheme document itself does not need to be circulated to shareholders of the listed issuer. However, if the scheme document is not so circulated, it must be published on the Exchange’s website and the issuer’s own website for a period of not less than 14 days before the date of the general meeting and made available for inspection at the general meeting and the terms of the shareholders’ resolution must approve the scheme as described in the ~~summary circulated circular~~ to the shareholders of the listed issuer. The circular must include the following information:

- (a) the provisions described in rule 23.03;
- (b) an explanation as to how the terms of the scheme, in particular, how the provisions described in rules 23.03(2), (6), (7) and (9) and (19), will serve align with the purpose of the scheme as set out in the scheme document;
- (c) information relating to any directors of the listed issuer who are trustees of the scheme or have a direct or indirect interest in the trustees; and
- (d) a statement in the form set out in paragraph 2 of Appendix 1, Part B; and
- (e) any additional information requested by the Exchange.

Note: Where the scheme includes service providers and/or related entity participants as eligible participants, the Exchange may require the circular to include the views of the independent non-executive directors of the issuer on whether the inclusion of these participants aligns with the purpose of the scheme and the long term interests of the issuer and its shareholders. As general guidance, this will include the views of the independent non-executive directors as to whether the proposed categories of service providers/related entity participants are in line with the issuer's business needs or the industry norm and whether the criteria for the selection of eligible participants and the terms of the grants (such as vesting requirements and performance targets, if any) align with the purpose of the scheme. The Exchange may apply this requirement having regard to, for example, the nature of the operations of the issuer and its relationship with the service providers and related entity participants, the history of grants by the issuer to the service providers and related entity participants, or other circumstances that suggest the scheme may allow for substantial grants of options or awards to non-employee participants.

- ~~(3) Where the scheme involves options over listed securities, the listed issuer is encouraged to disclose in the circular the value of all options that can be granted under the scheme as if they had been granted at the latest practicable date prior to the approval of the scheme. Where the listed issuer considers that disclosure of the value of options is not appropriate, it must state the reason for such non-disclosure in the circular. The listed issuer should use the Black-Scholes option pricing model, the binomial model or a comparable generally accepted methodology to calculate the value of options. The information described in (1), (2) and (4) in the Note to rule 23.08 should also be disclosed. The latest practicable date should be taken as the measurement date.~~
- ~~(4) All circulars and announcements required under this Chapter must contain on the front cover or inside front cover of the circular or at the top of the announcement (as the case may be) a prominent and legible disclaimer in the following terms:~~

~~"Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this [circular/announcement];~~

~~make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this [circular/announcement]."~~

- (35) The listed issuer must provide a summary of the terms of the scheme to all participants on joining the scheme (and a copy of the scheme document to any participant who requests such a copy). The listed issuer must provide to all participants all details relating to changes in the terms of the scheme during the life of the scheme immediately upon such changes taking effect.

### Terms of the scheme

23.03 The scheme document must include the following provisions and/or provisions as to the following (as the case may be):—

- (1) the purpose of the scheme;
- (2) the participants of the scheme and the basis of determining the eligibility of participants;

*Notes: (1) Listed issuers are reminded to seek legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, particularly where participation in the scheme is not restricted to executives and employees.*

*(2) See rule 23.03A for the requirements relating to participants of share schemes.*

- (3) the total number of shares securities which may be issued in respect of upon exercise of all options and awards to be granted under the scheme and any other schemes (the **scheme mandate limit**), together with the percentage of the issued shares that it represents at the date of approval of the scheme; and, where the participants of the scheme include service providers, the sublimit on the total number of shares that may be issued in respect of all options and awards to be granted to service providers (the **service provider sublimit**) within the scheme mandate limit;

*Note: See rules 23.03B and 23.03C for the requirements relating to the scheme mandate limit and the service provider sublimit.*

*Notes: 1. ~~The total number of securities which may be issued upon exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10 per cent of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the scheme (alternatively, in respect of a scheme of a subsidiary that will become effective only upon its separate listing, the 10% limit may be calculated by reference to the relevant class of securities of the subsidiary in issue as at the date of its listing). Options lapsed in accordance with the terms~~*

~~of the scheme will not be counted for the purpose of calculating the 10% limit.~~

~~The listed issuer may seek approval by its shareholders in general meeting for “refreshing” the 10 per cent limit under the scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the listed issuer (or the subsidiary) under the limit as “refreshed” must not exceed 10 per cent of the relevant class of securities in issue as at the date of approval of the limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. The listed issuer must send a circular to its shareholders containing the information required under rule 23.02(2)(d) and the disclaimer required under rule 23.02(4).~~

~~A listed issuer may seek separate approval by its shareholders in general meeting for granting options beyond the 10 per cent limit provided the options in excess of the limit are granted only to participants specifically identified by the listed issuer before such approval is sought. The listed issuer must send a circular to the shareholders containing a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose, the information required under rule 23.02(2)(d) and the disclaimer required under rule 23.02(4).~~

- ~~2. The limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme and any other schemes must not exceed 30 per cent of the relevant class of securities of the listed issuer (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the listed issuer (or the subsidiary) if this will result in the limit being exceeded.~~
- ~~3. If the listed issuer (or the subsidiary) conducts a share consolidation or subdivision after the 10% limit has been approved in general meeting, the maximum number of securities that may be issued upon exercise of all options to be granted under all of the schemes of the listed issuer (or the subsidiary) under the 10% limit as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.~~

- (4) the maximum entitlement of each participant under the scheme;

Note: See rule 23.03D for the limit on grants to individual participants.

~~Note: Unless approved by shareholders in the manner set out in this Note to rule 23.03(4), the total number of securities issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1 per cent of the relevant class of securities of the listed issuer (or the subsidiary) in issue. Where any further grant of options to a participant would result in the securities issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent of the relevant class of securities in issue, such further grant must be separately approved by shareholders of the listed issuer in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The listed issuer must send a circular to the shareholders and the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options previously granted to such participant), the information required under rule 23.02(2)(d) and the disclaimer required under rule 23.02(4). The number and terms (including the exercise price) of options to be granted to such participant must be fixed before shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note 1 to rule 23.03(9).~~

- (5) ~~the period within which the securities must be taken up under the~~an option may be exercised by the grantee under the scheme, which must not be more than 10 years from the date of grant of the option;
- (6) ~~the vesting period of options or awards to be granted under the scheme the minimum period, if any, for which an option must be held before it can be exercised;~~

Notes: See rule 23.03F for the requirements on the vesting period.

- (7) a description (which may be qualitative) of the performance targets, if any, attached to options or awards to be granted under the scheme that must be achieved before the options can be exercised or, if none, a negative statement to that effect. Such description may include a general description of the target levels and performance related measures and the method for assessing how they are satisfied;
- (8) the amount, if any, payable on application or acceptance of the option or award and the period within which payments or calls must or may be made or loans for such purposes must be repaid;
- (9) the basis of determination of the exercise price of options or the purchase price of shares awarded, if any;

Note: See rule 23.03E for the requirements on the exercise price of options.

~~Notes: 1 Subject to Note 2 to rule 23.03(9), the exercise price must be at least the higher of: (i) the closing price of the securities as stated in the Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the securities as stated in the Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. For the purpose of calculating the exercise price where an issuer has been listed for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.~~

~~2 Note (1) to rule 23.03(9) does not apply to a share option scheme of a subsidiary of the listed issuer if the subsidiary's securities are not listed on the Exchange. However, the scheme must provide that the exercise price of options granted after the listed issuer has resolved to seek a separate listing of such subsidiary on the Exchange, the Main Board or an overseas stock exchange and up to the listing date of the subsidiary must be not lower than the new issue price (if any). In particular, any options granted during the period commencing six months before the lodgement of Form 5A (or its equivalent for listing on the Main Board or the overseas stock exchange) up to the listing date of the subsidiary are subject to this requirement. The scheme must therefore provide for any necessary adjustment of the exercise price of options granted during such period to not lower than the new issue price.~~

- (10) the voting, dividend, transfer and other rights, including those arising on a liquidation of the listed issuer, attaching to the shares securities and (if appropriate) any such rights attaching to the options or awards themselves;
- (11) the life of the scheme, which must not be more than 10 years;
- (12) the circumstances under which options or awards will automatically lapse;
- (13) a provision for adjustment of the exercise or purchase price and/or the number of shares securities subject to options or awards already granted and to granted under the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital;

*Note: Any adjustments required under rule 23.03(13) must give a participant the same proportion of the equity capital, rounded to the nearest whole share, as that to which that person was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value (if any). The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the listed issuer's auditors must confirm to the directors in writing*



that the adjustments satisfy the requirements set out in this note.

- (14) a provision for the cancellation of options or awards granted ~~but not exercised~~;

*Note: Where a listed issuer cancels options or awards granted to a participant, and makes a new grant-issues new ones to the same participant option holder, the issue of such new options such new grant may only be made under a scheme with available scheme mandate unissued options (excluding the cancelled options) within the limit approved by shareholders as mentioned referred to in rule 23.03B or rule 23.03C Note (1) to rule 23.03(3). The options or awards cancelled will be regarded as utilised for the purpose of calculating the scheme mandate limit (and the service provider sublimit).*

- (15) ~~unless the shares securities~~ subject to the scheme must be separately designated unless they are identical with other shares securities of the issuer in issue, a provision that they must be separately designated;

- (16) where there is a provision for termination of the operation of the scheme before the end of its life, a provision for the treatment of options or awards granted under the scheme but not yet exercised or in respect of which shares are not yet issued to the participants at the time of termination;

*Note: Details of the options or awards granted, (including options exercised or outstanding, or shares issued and to be issued in respect of the awards granted) under the scheme and (if applicable) options or awards that become void or non-exercisable as a result of the termination must be disclosed in the circular to shareholders seeking approval of the first new scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.*

- (17) transferability of options or awards; and

*Note: Options or awards granted under the scheme must be personal to the respective grantee. No options or awards may be transferred or assigned. The Exchange may consider granting a waiver to allow a transfer to a vehicle (such as a trust or a private company) for the benefit of the participant and any family members of such participant (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the scheme and comply with other requirements of this Chapter. Where such waiver is granted, the Exchange shall require the issuer to disclose the beneficiaries of the trust or the ultimate beneficial owners of the transferee vehicle.*

- (18) the specific terms of the scheme that can be changed by directors or scheme administrators without the approval of shareholders of the listed issuer in general meeting; and-

*Notes: 1 Any alterations to the terms and conditions of a share scheme*

which are of a material nature or any alterations to the ~~The provisions relating to the matters set out in this rule 23.03 cannot be altered to the advantage of participants must be approved by without the prior approval of shareholders of the listed issuer in general meeting.~~

- 2 ~~Any alterations to the terms and conditions of a share option scheme of a listed issuer or any of its subsidiaries which are of a material nature or any change to the terms of options or awards granted must be to a participant must be approved by the board, the remuneration committee, the independent non-executive directors and/or the shareholders of the listed issuer (as the case may be) if the initial grant of the options or awards was approved by the board, the remuneration committee, the independent non-executive directors and/or the shareholders of the listed issuer (as the case may be).~~ This requirement does not apply ~~except~~ where the alterations take effect automatically under the existing terms of the scheme.
- 3 The amended terms of the scheme or the options or awards must still comply with the relevant requirements of this Chapter 23.
- 4 Any change to the authority of the directors or scheme administrators ~~in relation to any alteration to~~ alter the terms of the scheme must be approved by shareholders of the listed issuer in general meeting.

(19) where the listed issuer has established a clawback mechanism to recover or withhold the remuneration (which may include any options or awards granted) to any participants in the event of serious misconduct, a material misstatement in the issuer's financial statements or other circumstances, a description of the clawback mechanism or, if none, a negative statement to that effect.

### **Participants of the scheme**

23.03A (1) Participants of a scheme shall comprise one or more of the following:

- (a) directors and employees of the issuer or any of its subsidiaries (including persons who are granted options or awards under the scheme as inducement to enter into employment contracts with these companies) (employee participants);
- (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the issuer (related entities participants); and
- (c) persons who provide services to the issuer group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the issuer group (service providers).

Note: Service providers may include, for example, persons who work for the issuer as independent contractors where the continuity and frequency of their services are akin to those of employees. For the avoidance of doubt, service providers should exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions. They should also exclude professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

- (2) The scheme document must clearly identify each category of service providers and the criteria for determining a person's eligibility under each category.

**Scheme mandate limit and service provider sublimit**

23.03B (1) The scheme mandate limit must not exceed 10% of the relevant class of shares of the listed issuer in issue as at the date of approval of the scheme (alternatively, in respect of a scheme of a new applicant that will become effective only upon its separate listing, the 10% limit may be calculated by reference to the relevant class of shares of the applicant in issue as at the date of its listing).

- (2) Where the participants of the scheme include service providers, the service provider sublimit must be set within the scheme mandate limit and separately approved by shareholders of the issuer in general meeting. The circular must contain the basis for determining the service provider sublimit and an explanation as to why the service provider sublimit is appropriate and reasonable.

Notes: 1 Options or awards lapsed in accordance with the terms of the scheme will not be regarded as utilised for the purpose of calculating the scheme mandate limit (and the service provider sublimit, if any).

2 If the listed issuer conducts a share consolidation or subdivision after the scheme mandate limit or the service provider sublimit has been approved in general meeting, the maximum number of shares that may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate limit or the service provider sublimit as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

23.03C (1) (a) The listed issuer may seek approval by its shareholders in general meeting for "refreshing" the scheme mandate limit (and the service provider sublimit, if any) under the scheme after three years from the date of shareholders' approval for the last refreshment (or the adoption of the scheme).

- (b) Any "refreshment" within any three year period must be approved by shareholders of the issuer subject to the following provisions:

- (i) any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
  - (ii) the issuer must comply with the requirements under rules 17.47(6) and 17.47(7) and rules 17.47A, 17.47B and 17.47C.
- (c) The requirements under paragraphs (i) and (ii) of rule 23.03C(1)(b) do not apply if the refreshment is made immediately after an issue of securities by the issuer to its shareholders on a pro rata basis as set out in rule 17.41(1) such that the unused part of the scheme mandate (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole share.
- (2) The total number of shares which may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate as "refreshed" must not exceed 10% of the relevant class of shares in issue as at the date of approval of the refreshed scheme mandate. The listed issuer must send a circular to its shareholders containing the number of options and awards that were already granted under the existing scheme mandate limit and the existing service provider sublimit (if any), and the reason for the "refreshment".
- (3) A listed issuer may seek separate approval by its shareholders in general meeting for granting options or awards beyond the scheme mandate limit provided the options or awards in excess of the limit are granted only to participants specifically identified by the listed issuer before such approval is sought. The listed issuer must send a circular to the shareholders containing the name of each specified participant who may be granted such options or awards, the number and terms of the options or awards to be granted to each participant, and the purpose of granting options or awards to the specified participants with an explanation as to how the terms of the options or awards serve such purpose. The number and terms of options or awards to be granted to such participant must be fixed before shareholders' approval. In respect of any options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the exercise price under rule 23.03E.

#### **Limit on granting options or awards to individual participants**

- 23.03D (1) Where any grant of options or awards to a participant would result in the shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of shares of the listed issuer in issue (the 1% **individual limit**), such grant must be separately

approved by shareholders of the listed issuer in general meeting with such participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting. The listed issuer must send a circular to the shareholders.

- (2) The circular must disclose the identity of the participant, the number and terms of the options or awards to be granted (and those previously granted to such participant in the 12-month period), the purpose of granting options or awards to the participant and an explanation as to how the terms of the options or awards serve such purpose. The number and terms of the options or awards to be granted to such participant must be fixed before shareholders' approval. In respect of any options to be granted, the date of the board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under rule 23.03E.

### **Exercise price of options**

23.03E The exercise price of options must be at least the higher of: (i) the closing price of the shares as stated in the Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the shares as stated in the Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. For the purpose of calculating the exercise price where an issuer has been listed for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

*Note: Rule 23.03E does not apply to a share award scheme.*

### **Vesting period**

23.03F The vesting period for options or awards shall not be less than 12 months. Options or awards granted to employee participants may be subject to a shorter vesting period under specific circumstances as set out in the scheme document. Any such specific circumstances and an explanation by the issuer's board of directors (or the remuneration committee where the arrangements relate to grants of options or awards to the issuer's directors and/or senior managers) as to why the arrangements are appropriate and how the grants align with the purpose of the scheme must be clearly disclosed in the circular for the adoption of the scheme.

### **Granting options or awards to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates**

~~23.04 (1) In addition to the shareholders' approval set out in Note 1 to rule 23.03(3) and the Note to rule 23.03(4), each~~Any grant of options or awards to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, under a scheme of the listed issuer or any of its subsidiaries must comply with the requirements of this rule 23.04(1). Each grant of options to any of these persons must be approved by the independent non-executive directors of the listed issuer (excluding any independent non-executive director who is the grantee of the options or awards).

(2) Where any grant of awards (excluding grant of options) to a director (other than an

independent non-executive director) or chief executive of the issuer, or any of their associates would result in the shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of shares in issue, such further grant of awards must be approved by shareholders of the listed issuer in general meeting in the manner set out in rule 23.04(4).

(3) Where any grant of options or awards to a substantial shareholder or an independent non-executive director or a substantial shareholder of the listed issuer, or any of their respective associates, would result in the shares securities issued and to be issued upon exercise in respect of all options and awards already granted and to be granted (excluding any options and awards lapsed in accordance with the terms of the scheme including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) — representing in aggregate over 0.1% of the relevant class of shares securities in issue; and

(b) — (where the securities are listed on the Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of options or awards must be approved by shareholders of the listed issuer in general meeting in the manner set out in rule 23.04(4).

Note: See also the recommended practice relating to the grant of options or awards to independent non-executive directors under E.1.9 of the Corporate Governance Code in Appendix 15 to the Rules.

(4) In the circumstances described in rule 23.04(2) or (3), the The listed issuer must send a circular to the shareholders. The grantee, his/her associates and all core connected persons of the listed issuer must abstain from voting in favour at such general meeting. (2) — Listed issuers The listed issuer must comply with the requirements set out in rules 17.47A, 17.47B and 17.47C.

(5)(3) The circular must contain:

(a) details of the number and terms (including the exercise price) of the options or awards to be granted to each participant, which must be fixed before the shareholders' meeting; and In respect of any options to be granted, the date of the board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price under rule 23.03E Note 1 to rule 23.03(9);

Note: The description of the terms of the options or awards must include the information required under rules 23.03(5) to 23.03(10) and rule 23.03(19).

(b) a recommendation from the views of the independent non-executive directors of the listed issuer (excluding any independent non-executive director who is the

grantee of the options or awards) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the issuer and its shareholders as a whole, and their recommendation to the independent shareholders as to voting;

- (c) the information required under rules 23.02(2)(c) and (d) and the disclaimer required under rule 23.02(4); and
- (d) the information required under rule 2.28.

*Notes: 1 ~~Shareholders' approval as required under rule 23.04(1) is also required for any~~ Any change in the terms of options or awards granted to a participant who is a director, chief executive or substantial shareholder or an independent non-executive director of the listed issuer, or any of their respective associates, must be approved by shareholders of the issuer in the manner as set out in rule 23.04(4) if the initial grant of the options or awards requires such approval (except where the changes take effect automatically under the existing terms of the scheme).*

*2 The requirements for the ~~grant granting of options to a director or chief executive of a listed issuer set out in this rules 23.04(1), (2) and (3) do not apply where the participant is only a proposed director or chief executive of the listed issuer.~~*

#### **Restriction on the time of grant of options or awards**

23.05 An issuer may not grant any options or awards after inside information has come to its knowledge until (and including) the trading day after it has announced the information. In particular, it may not grant any options or awards during the period commencing one month immediately before the earlier of:

- (1) the date of the board meeting (as such date is first notified to the Exchange under rule 17.48) for approving the issuer's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
- (2) the deadline for the issuer to announce its results for any year, half year or quarter-year period under rule 18.49, 18.78 or 18.79 or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement.

*Note: No option or award may be granted during any period of delay in publishing a results announcement.*

#### **Voting of unvested shares**

23.05A The trustee holding unvested shares of a share scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the GEM Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's

direction and such a direction is given.

### **Despatch of circular**

23.06 ~~The~~Any circular required under this Chapter should be despatched to the shareholders no later than the date on which the listed issuer gives notice of the general meeting to approve the scheme or ~~related~~other matters as required under this Chapter.

### **Announcement on grant of options or awards**

23.06A (1) ~~As soon as possible upon the granting by the listed issuer of any options or awards under the scheme, the listed issuer must publish an announcement in accordance with the requirements of Chapter 16 setting out the following details: in rule 23.06B.~~

~~(2) The disclosure must be made, on an individual basis, if the grantee is:~~

~~(a) a director, chief executive or substantial shareholder of the listed issuer, or an associate of any of them;~~

~~(b) a participant with options and awards granted and to be granted exceeding the 1% individual limit; or~~

~~(c) a related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue.~~

~~(3) Information relating to grants of options or awards to other grantees may be disclosed by category. The Exchange may require the issuer to submit a list of the grantees in the format it prescribed for the time being.~~

23.06B The announcement must set out the following details in a tabular format:

(1) the date of grant;

(2) (a) where disclosure on an individual basis is required, the name of the grantee (and where the grantee is not a natural person, the name of its ultimate beneficial owner) and the relationship between the grantee and the issuer. Where the grantee is a related entity participant or service provider, the nature of services provided to the issuer; or

(b) where disclosure on an individual basis is not required, a description of each of the categories of grantees;

(3) the number of options or awards granted;

(4) the exercise price of options or purchase price of awards granted;

(5) the market price of the shares its securities on the date of grant;

~~(6) where any of the grantees is a director, chief executive or substantial shareholder of~~



~~the listed issuer, or an associate of any of them, the names of such grantees and the number of options granted to each of them; and~~

- ~~(6) the exercise period of the options validity period of the options;~~
- ~~(7) the vesting period of the options or awards. In the case of grants of options or awards to employee participants with a shorter vesting period as set out in rule 23.03F, the relevant circumstances that are specifically permitted by the scheme. Where the options or awards are granted to the issuer's directors and/or senior managers, the remuneration committee's views on why a shorter vesting period is appropriate;~~
- ~~(8) a description (which may be qualitative) of the performance targets attached to the options or awards granted, if any, and the clawback mechanism for the issuer to recover or withhold any awards or options granted, if any. Where options or awards are granted to the issuer's directors and/or senior managers without performance targets and/or clawback mechanism, the views of the remuneration committee on why performance targets and/or a clawback mechanism is/are not necessary and how the grants align with the purpose of the scheme;~~
- ~~(9) where options or awards are granted to a service provider or a related entity participant, the reasons for the grant and the views of the board how the grant aligns with the purpose of the scheme; and~~
- ~~(10) arrangements, if any, for the issuer or any of its subsidiaries to provide financial assistance to the grantee(s) to facilitate the purchase of shares under the scheme.~~

~~*Note: The issuer must comply with Chapter 20 for providing financial assistance to any grantee who is a connected person.*~~

23.06C The announcement must also disclose the number of shares available for future grant under the scheme mandate and the service provider sublimit (if applicable).

#### **Disclosure in annual report and interim report requirements**

23.07 ~~In relation to each scheme of a listed issuer or any of its subsidiaries, the~~The listed issuer must disclose in its annual report and half-year report the following information in relation to options and awards granted and to be granted under its share scheme(s) to: (i) each of the directors, chief executive or substantial shareholders of the listed issuer, or their respective associates; (ii) each participant with options and awards granted and to be granted in excess of the 1% individual limit; (iii) each related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue; aggregate figures for employees working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance; (iv) aggregate figures for suppliers of goods or services; and (ivv) all other employee participants, related entity participants and service providers by category as an aggregate whole:—

- (1) a table showing the following details of awards and options granted to each participant or category of participants:

- (a) name of the grantee or a description of each of the categories of grantees;
- (b4) particulars of the outstanding options and unvested awards at the beginning and at the end of the financial year/ period, including the number of options and unvested awards, date of grant, vesting period, exercise period and exercise/purchase price;
- (c2) particulars of the options and awards granted during the financial year/period, including (i) the number of options and awards, (ii) the date of grant, (iii) the vesting period, exercise period, and exercise/purchase price and performance targets (if any), and (iv) (where the shares are for options over-listed securities) the closing price of the shares securities immediately before the date on which the options or awards were granted, and (v) the fair value of options and awards at the date of grant and the accounting standard and policy adopted;

Note: The listed issuer should calculate the fair value of options and awards in accordance with the accounting standards and policies adopted for preparing its financial statements and disclose the methodology and assumptions used, including but not limited to:

(1) In the case of options, a description of the option pricing model and details of the significant assumptions and inputs used in that pricing model such as the expected volatility, expected dividends and the risk-free interest rate. The issuer should include an explanation of how these significant assumptions and inputs were determined.

(2) In the case of awards, a description of the basis for fair value measurement and information on whether and how the features of the awards (for example, the expected dividends) are incorporated into the measurement of fair value.

- (d3) the number of options exercised and awards vested during the financial year/period with the exercise/purchase price and (where the shares are for options over-listed securities) the weighted average closing price of the shares securities immediately before the date on which the options or awards were exercised or vested;
  - (e4) the number of options and awards cancelled during the financial year/period together with the exercise/purchase price of the cancelled options and awards; and
  - (f5) the number of options and awards which lapsed in accordance with the terms of the scheme during the financial year/period.
- (2) the number of options and awards available for grant under the scheme mandate and the service provider sublimit (if applicable) at the beginning and the end of the financial year/period; and

- (3) the number of shares that may be issued in respect of options and awards granted under all schemes of the issuer during the financial year/period divided by the weighted average number of shares of the relevant class in issue for the year/period.

23.07A The listed issuer must disclose in its remuneration report or corporate governance report a summary of material matters relating to share schemes that were reviewed and/or approved by the remuneration committee during the financial year. For matters relating to any grants of options or awards to the issuer's directors and senior managers as set out in rule 23.03(F) and rules 23.06B(7) and (8), the remuneration committee must explain why it was appropriate to approve those matters, the factors that it took into account and how the grants align with the purpose of the scheme (including how the grants align the grantees' interests with those of the issuer and its shareholders).

~~23.08 [Repealed 1 January 2023] In respect of options granted during the financial year/period over listed securities, the listed issuer is encouraged to disclose in its annual report and half year report the value of options granted to participants set out in (i) to (v) of rule 23.07 during the financial year/period, and the accounting policy adopted for the share options. Where the listed issuer considers that disclosure of value of options granted during the financial year/period is not appropriate, it must state the reason for such non-disclosure in its annual report or half year report.~~

~~*Note: In respect of the disclosure of the value of options in annual report or half year report, the listed issuer should use the Black-Scholes options pricing model, the binomial model or a comparable generally accepted methodology to calculate the value of options. The listed issuer should also disclose, in the annual report or half year report, the following information:*~~

- ~~(1) — a description of the model and significant assumptions used to estimate the value of the option, taking into account factors such as risk-free interest rate, expected life, expected volatility and expected dividend, if applicable;~~
- ~~(i) — Where the calculation of the value is referable to a risk-free interest rate, such rate should be the rate prevailing on debt securities issued by the state, such as the Exchange Fund Notes in the case of Hong Kong based entities.~~
- ~~(ii) — The listed issuer should set out the expected volatility used in calculating the value, with an explanation of any deviations from the historical volatility of the securities. The listed issuer may choose the period of time that it considers appropriate for calculating such historical volatility. However, such period may not be less than one year or, where securities have been listed for less than one year from the date of commencement of dealings in such securities, such period is to be from the date of commencement of such dealings to the date of the calculation.~~
- ~~(iii) — Expected dividends should be based on historical dividends, with an explanation of any adjustments made for publicly available information indicating that future performance is reasonably expected to differ from past performance.~~

- ~~(2) — the measurement date which should be the date on which the options were~~

granted;

- ~~(3) the treatment of forfeiture prior to the expiry date; and~~
- ~~(4) a warning statement with regard to the subjectivity and uncertainty of the values of options to the effect that such values are subject to a number of assumptions and with regard to the limitation of the model.~~

23.09 The listed issuer must include in its annual report a summary of each share option scheme approved by its shareholders setting out:

- (1) the purpose of the scheme;
- (2) the participants of the scheme;
- (3) the total number of shares ~~securities~~ available for issue under the scheme together with the percentage of the issued shares that it represents as at the date of the annual report;
- (4) the maximum entitlement of each participant under the scheme;
- (5) the period within which the ~~securities must be taken up under an option~~ may be exercised by the grantee under the scheme;
- (6) the vesting period of options or awards granted under the scheme ~~the minimum period, if any, for which an option must be held before it can be exercised;~~
- (7) the amount, if any, payable on application or acceptance of the option or award and the period within which payments or calls must or may be made or loans for such purposes must be repaid;
- (8) the basis of determining the exercise price of options granted or the purchase price of shares awarded, if any; and
- (9) the remaining life of the scheme.

#### **Transitional arrangements**

#### **Other requirements**

23.10 [Repealed 1 October 2020]

23.11 Listed issuers must comply with the terms of their share option schemes in addition to the requirements of this Chapter 23. A breach of any such terms or requirements will constitute a breach of the GEM Listing Rules.

#### **Share schemes involving existing shares of listed issuers**

23.12 In respect of share scheme(s) of a listed issuer involving its existing shares:

- (1) The issuer must disclose in its annual report:
- (a) the information set out in rule 23.07(1) relating to grants of options and awards to (i) each director of the issuer; (ii) the five highest paid individuals during the financial year in aggregate; and (iii) other grantees in aggregate; and
  - (b) a summary of each share scheme as required under rule 23.09.
- (2) Rule 23.05A applies to unvested shares held by the trustee of the scheme.

**Share schemes involving new or existing shares  
of a principal subsidiary of a listed issuer**

23.13 Rules 23.02 to 23.04 and rules 23.06 to 23.09, with appropriate modifications, apply to share schemes of a principal subsidiary of a listed issuer (whether they involve new shares issued by the subsidiary or existing shares of the subsidiary held by or for the issuer) as if they were share schemes of the issuer as described in rule 23.01(1).

23.14 A “principal subsidiary” refers to a subsidiary whose revenue, profits or total assets accounted for 75% (or more) of that of the issuer under the percentage ratios in any of the latest three financial years.

23.15 The following modifications apply:

- (1) The scheme mandate limit, the service provider sublimit, the 1% individual limit, the limits on grants to the issuer’s directors, chief executive and substantial shareholders (and their respective associates) under rule 23.04 and the limit on grants to service providers and related entity participants under rule 23.06A(1)(c) are to be calculated with reference to the total issued shares of the subsidiary.
- (2) Rule 23.03E does not apply to share option schemes of the subsidiary if the subsidiary's shares are not listed on the Exchange. However, the scheme must provide that the exercise price of options granted after the listed issuer has resolved to seek a separate listing of such subsidiary on the Exchange, the Main Board or an overseas stock exchange and up to the listing date of the subsidiary must be not lower than the new issue price (if any). In particular, any options granted during the period commencing six months before the lodgement of Form 5A (or its equivalent for listing on the Main Board or the overseas stock exchange) up to the listing date of the subsidiary are subject to this requirement. The scheme must therefore provide for any necessary adjustment of the exercise price of options granted during such period to not lower than the new issue price.

## **(B) Amendments to Other Chapters**

### **Chapter 5**

#### **GENERAL**

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

...

##### **Directors**

...

5.09 In assessing the independence of non-executive directors, 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:—

- (2) has received an interest in any securities of the issuer as a gift, or by means of other financial assistance, from a core connected person or the issuer itself. However, subject to Note 1 to rule 5.09(1), the director will still be considered independent if he receives shares or interests in securities from the issuer or its subsidiaries (but not from core connected persons) as part of his director's fee or pursuant to share option-schemes established in accordance with Chapter 23;

...

##### *Interpretation*

5.52 For the purpose of the required standard of dealings:

...

- (4) notwithstanding the definition of “dealing” under rule 5.52(1), the following dealings are not subject to the required standard of dealings:

...

(g) ... ; ~~and~~

(h) dealing where the beneficial ownership is transferred from another party by operation of law-; and

(i) acceptance or vesting of shares pursuant to the terms of share awards granted by a listed issuer before a period during which dealing is prohibited under this code at the purchase price, if any, fixed at the time of grant of the awards.

...

## Chapter 17

### EQUITY SECURITIES

#### CONTINUING OBLIGATIONS

...

#### General matters relevant to the issuer's securities

##### *Changes in issued shares – Next day disclosure return and monthly return*

- 17.27B A listed issuer shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website a monthly return in relation to movements in the listed issuer's equity securities, debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities, debt securities and any other securitised instruments, as applicable, issued and which may be issued pursuant to options, warrants, convertible securities or any other agreements or arrangements.

Note: The Exchange may require the issuer to submit a list of grantees and the movements of shares and/or options granted to each of them under Chapter 23 in the format it prescribed from time to time.

...

##### *No further issues of securities within 6 months of listing*

- 17.29 No further shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within 6 months from the date on which securities of the listed issuer first commence dealing on GEM (whether or not such issue of shares or securities will be completed within 6 months from the commencement of dealing), except for:
- (1) the issue of shares, the listing of which has been approved by the Exchange, pursuant to a share option scheme under Chapter 23;
  - (2) ...

...

### *Announcement of issues of securities*

17.30 ...

...

- (15) any other material information with regard to the issue (including any restrictions on the ability of the issuer to issue further securities or any restrictions on the ability of the allottees to dispose of shares issued to them or any restrictions on the ability of existing shareholders to dispose of their securities arising in connection with the allotment).

*Notes:* (1) *This rule does not apply to a grant of options or awards or issue of securities under a share ~~option~~-scheme which complies with Chapter 23. For these, the issuer must follow the announcement requirements under rules 23.06A, 23.06B and 23.06C.*

(2) ...

...

17.41 No such consent as is referred to in rule 17.39 shall be required:—

(1) ...

(2) ... to add such repurchased securities to the 20% general mandate; or

*Notes:* ...

(3) issue of shares under a share scheme that complies with Chapter 23.

...

## **Meetings**

### *Meetings of holders of securities*

17.47A Parties that are required to abstain from voting in favour at the general meeting pursuant to rules 9.20(1), 9.21, 10.29(1), 10.29A, 10.39(1), 10.39A, 17.42A(1), 17.42A(2), 19.89(2), 19.90(1), 23.03C(1), ~~23.04(1)~~ may vote against the resolution at the general meeting of an issuer provided that their intention to do so has been stated in the relevant listing document or circular to shareholders. Any such party may change his mind as to whether to abstain or vote against the resolution, in which case the issuer must, if it becomes aware of the change before the date of the general meeting, immediately despatch a circular to its shareholders or publish an announcement notifying its shareholders of the change and, if known, the reason for such change. Where the circular is despatched or the



announcement is published less than 10 business days before the date originally scheduled for the general meeting, the meeting must be adjourned before considering the relevant resolution to a date that is at least 10 business days from the date of despatch or publication by the chairman or, if that is not permitted by the issuer's constitutional documents, by resolution to that effect.

...

## **Announcements, circulars and other documents**

### *Review of documents*

17.53 Subject to rule 17.53A, where an issuer is obliged to publish any announcements, circulars or other documents for the purposes of the GEM Listing Rules, the documents need not be submitted to the Exchange for review before they are issued unless the documents fall within rule 17.53(1) or (2).

(1) The issuer shall submit to the Exchange drafts of the following documents for review before they are issued:

...

(e) circular to the issuer's shareholders seeking their approval of:

(i) ...

(ii) any matter relating to share option-scheme required under Chapter 23 of the GEM Listing Rules; or

...

## **Chapter 18**

### **EQUITY SECURITIES**

### **FINANCIAL INFORMATION**

...

#### *Information to accompany directors' report and annual financial statements*

18.07 The listed issuer shall include the disclosures required under the relevant accounting standards adopted and the information set out in rules 18.07A to 18.47 in its directors' report and annual financial statements. Unless stated to the contrary the financial information specified in these rules may be included outside the financial statements and will therefore be outside the scope of the auditors' report on the financial statements. The statement of profit or loss and other comprehensive income and statement of financial position set out in the financial statements must include at least the information set out in

rule 18.50B. Banking companies (meaning banks, restricted licence banks and deposit-taking companies as defined in the Banking Ordinance) shall, in addition, comply with the Guideline on the Application of the Banking (Disclosure) Rules as issued by the Hong Kong Monetary Authority.

Notes: 1 ...

*4 An annual report shall contain the following information required under other parts of the GEM Listing Rules:*

...

*(i) share ~~option~~ schemes under rules 23.07, ~~23.08~~ and 23.09; and*

...

18.17A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

(1) ...

...

Notes:

(1) ...

(2) ...

*(3) For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1)(b) of the GEM Listing Rules.*

...

18.17B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

(1) ...

...

Notes:

(1) ...

(2) ...

- (3) *For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1)(b) of the GEM Listing Rules.*

...

- 18.41 A discussion and analysis of the group's performance during the year and the material factors underlying its results and financial position. It should emphasise trends and identify significant events or transactions during the year under review. As a minimum the directors of the listed issuer should comment on the following:—

...

- (7) where applicable, details of the number and remuneration of employees, remuneration policies, bonus and share ~~option~~-schemes and training schemes;

...

#### *Content of half-year reports*

- 18.55 Each half-year report shall contain the disclosures required under the relevant accounting standards adopted and the information set out below:

...

- (9) the further information set out in rules 18.56 to 18.64.

*Notes: ...*

- 10 *A half-year report shall contain the following information required under other parts of the Listing Rules:*

...

- (h) *share ~~option~~-schemes under rules 23.07 and ~~23.08~~.*

...

## Chapter 19

### EQUITY SECURITIES

#### NOTIFIABLE TRANSACTIONS

...

19.04 For the purposes of this Chapter:—

(1) any reference to a “transaction” by a listed issuer:

...

(h) excludes a disposal or deemed disposal of interests in a principal subsidiary as a result of the grant of share options or share awards under a share scheme of the subsidiary that complies with Chapter 23.

...

#### Share schemes of subsidiaries

19.32A This rule applies to the disposal (or deemed disposal) of a listed issuer’s interests in a subsidiary from the grant of new or existing shares of the subsidiary or options over any such shares under a share scheme (other than a share scheme of a principal subsidiary set out in rule 19.04(1)(h)).

(1) When a subsidiary of a listed issuer adopts a share scheme (whether involving new shares issued by the subsidiary and/or existing shares of the subsidiary held by or for the issuer), the issuer must consider whether the disposal of interests in the subsidiary constitutes a notifiable transaction. The percentage ratios for the transaction classification are to be calculated based on the size of the scheme mandate (being the maximum number of shares of the subsidiary which may be issued or transferred in respect of awards and/or options to be granted under such mandate). If the subsidiary has more than one share scheme, the issuer shall aggregate the number of shares available for future grants under the scheme and other existing schemes for the purpose of calculating the percentage ratios.

Note: If the validity period of the scheme mandate is less than 12 months, the issuer shall aggregate the scheme mandate with any other awards and options granted by the subsidiary within a 12-month period for the purpose of calculating the percentage ratios.

(2) The announcement, circular and shareholders’ approval requirements under this chapter apply to the disposal according to the transaction classification. In addition, the circular (or the announcement if a circular is not required) must contain the major terms of the share scheme.

(3) Rules 19.32A(1) and (2) also apply if the subsidiary proposes to increase or refresh

the scheme mandate or to effect a material change to the terms of the scheme.

Note: Rules 19.72 to 19.77 do not apply to options granted under a subsidiary's share scheme if the issuer has complied with the requirements of this rule.

...

## Chapter 20

### EQUITY SECURITIES

#### CONNECTED TRANSACTIONS

...

#### Issues of new securities by the listed issuer or its subsidiary

- 20.90 An issue of new securities by a listed issuer or its subsidiary to a connected person is fully exempt if:
- (1) ...
  - (2) ...
  - (3) the securities are issued to the connected person under:
    - (a) a share ~~option~~-scheme that complies with Chapter 23; or
    - (b) a share ~~option~~-scheme adopted by the listed issuer before its securities first start dealing on the Exchange, and where the Exchange has approved the listing of the securities to be issued under the scheme; or

...

## Chapter 25

### EQUITY SECURITIES

#### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

#### Chapter 23 – Share ~~Option~~ Schemes

- 25.34D The Exchange may waive the exercise price requirement under ~~Note 1 to rule 23.03E~~<sup>(9)</sup> for a share option scheme of a PRC issuer dually listed on the Exchange and a PRC stock

exchange, provided that: (i) the scheme involves only shares listed on the PRC stock exchange; and (ii) the scheme contains provisions to ensure that the exercise price of the options is no less than the prevailing market price of the relevant shares on the PRC stock exchange at the time of grant of the options.

...

## **Appendix 1**

### **CONTENTS OF LISTING DOCUMENTS**

#### **Part A**

#### **Equity Securities**

#### **In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed**

...

#### **General information about the group's activities**

28. ...

- (7) The number of people employed by the group and changes therein in the last 24 months, if such changes are material in the context of the group, with, if possible a breakdown of persons employed by main category of activity. Details of the remuneration of employees, remuneration policies, bonus and share option schemes and training schemes should be provided where relevant.

...

44. Details of any share option schemes to which Chapter 23 applies.

...

## Appendix 1

### CONTENTS OF LISTING DOCUMENTS

#### Part B

#### Equity Securities

In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed

...

#### General information about the issuer, its advisers and the listing document

37. Details of any share option-schemes to which Chapter 23 applies.

...

## Appendix 15

### CORPORATE GOVERNANCE CODE

...

#### Part 1 – Mandatory disclosure requirements

...

#### E. BOARD COMMITTEES

The following information for each of the ..., remuneration committee, ..., and corporate governance functions:

...

- (d) a summary of the work during the year, including:

...

- (ii) for the remuneration committee, determining the policy for the remuneration of executive directors, assessing performance of executive directors, and approving the terms of executive directors' service contracts, and reviewing and/or approving matters relating to share schemes under Chapter 23 (see rule 23.07A), performed by the remuneration committee. ...

...

**PART 2 – PRINCIPLES OF GOOD CORPORATE GOVERNANCE,  
CODE PROVISIONS AND RECOMMENDED BEST PRACTICES**

...

**E. REMUNERATION**

...

**Code Provisions**

...

E.1.2 The remuneration committee's terms of reference should include, as a minimum:-

...

(g) ...; ~~and~~

(h) ... remuneration-; and

(i) to review and/or approve matters relating to share schemes under Chapter 23 of the Rules.

...

**Appendix 17**

**Headline Categories**

...

**Schedule 1**

**Headline Categories for Announcements and Notices**

...

**Securities/Share Capital**

Announcement pursuant to Code on Share Buy-backs  
Bonus Issue (Announcement Form)  
Capital Reorganisation  
Capitalisation Issue  
Change in Board Lot Size  
Change in Terms of Securities or Rights attaching to Securities  
Change of Dividend Payment Date  
Closure of Books or Change of Book Closure Period  
Consideration Issue



Conversion of Securities  
Intention to Sell Shares of Untraceable Member  
Issue of Convertible Securities  
Issue of Debt Securities  
Issue of Preference Shares  
Issue of Securities by Major Subsidiary  
Issue of Shares under a General Mandate  
Issue of Shares under a Specific Mandate  
Issue of Warrants  
Movements in Issued Share Capital  
Open Offer  
Placing  
Rights Issue  
Share ~~Option~~-Scheme  
Trading Arrangements (other than Change in Board Lot Size)

**Schedule 2**  
**Headline Categories for Circulars**

**Securities/Share Capital**

Capitalisation Issue  
Change in Terms of Securities or Rights attaching to Securities  
Document issued pursuant to Code on Share Buy-backs  
Exchange or Substitution of Securities  
Explanatory Statement for Repurchase of Shares  
General Mandate  
Issue of Convertible Securities  
Issue of Debt Securities  
Issue of Preference Shares  
Issue of Securities by Major Subsidiary  
Issue of Securities within 6 Months of Listing  
Issue of Shares  
Issue of Warrants  
Open Offer  
Rights Issue  
Share ~~Option~~-Scheme

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# HOUSEKEEPING AMENDMENT TO THE GEM LISTING RULES

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## Appendix 9

### LISTING FEES, LEVIES AND TRADING FEES ON NEW ISSUES AND BROKERAGE

...

1. **Equity Securities**

...

(3) **Subsequent Issue Fee**

...

- (c) An issuer shall pay any subsequent issue fees ~~at the time of submission of the application form in accordance with rule 42.17~~within 7 days of receiving a debit note or, in any event if earlier, before dealings in the relevant securities commence.

...