

**Submitted via Qualtrics**

**Professional Investors (PI) Association Limited  
Company/Organisation view  
Professional Body / Industry Association**

**Question 1**

**Do you agree that an alternative eligibility test should be introduced to enable the listing of high growth enterprises substantively engaged in R&D activities on GEM?**

Yes

**Please give reasons for your views.**

The existing cash flow requirement of GEM may impede the potential listing of high-potential companies that lack a track record of positive operating cash flow, especially those heavily engaged in research and development. An alternative eligibility test has the potential to attract technology and research-oriented companies that are growing in the new economy.

**Question 2**

**Do you have any comments on the proposed thresholds for the alternative eligibility test as set out in paragraphs 63 to 75 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

Although the proposed thresholds are comparable to the profiles of SME issuers listed on Selected Overseas Junior Markets, we suggest that the minimum R&D expenditure threshold and the minimum R&D expenditure ratio could be lowered to HK\$20 million and 10%, respectively. This adjustment would allow more high-potential companies to benefit from the new alternative eligibility test.

**Question 3**

**Do you agree with the proposal to reduce the post-IPO 24 month lock-up period imposed on controlling shareholders of GEM issuers to 12 months as set out in paragraph 76 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

The prolonged lock-up period since 2018 is no longer considered to be necessary.

**Question 4**

**Should any other existing eligibility requirement for a listing on GEM be amended?**

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No

**If so, please state the requirement(s) that should be amended and give reasons for your views.**

**Question 5**

**Do you agree with the proposed consequential and housekeeping amendments to the reverse takeover and extreme transaction Rules as set out in paragraphs 81 and 82 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

This enhances the consistency of the existing guidance.

**Question 6**

**Do you agree with the Exchange's proposal to remove GEM's compliance officer requirement as set out in paragraph 85(a) of the Consultation Paper?**

Yes

**Please give reasons for your views.**

This can align the ongoing compliance officer and compliance adviser obligations of a GEM issuer with those of the Main Board.

**Question 7**

**Do you agree with the Exchange's proposal to shorten the period of engagement of GEM issuers' compliance advisers and to remove the additional obligations currently imposed on a GEM issuer's compliance adviser as set out in paragraphs 85(b) and 86 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

Please refer to Question 6.

**Question 8**

**Should any other continuing obligation currently applicable to a GEM listed issuer also be removed?**

No

**If so, please state the requirement(s) and give reasons for your views.**

Please refer to Question 4.

**Question 9**

**Do you agree with the Exchange's proposal to remove quarterly financial reporting as a mandatory requirement for GEM issuers and instead introduce it as a recommended best practice in GEM's Corporate Governance Code?**

Yes

**Please give reasons for your views.**

As the Listing Rule requirements for GEM and the Main Board have progressively converged over the years, the original justification for imposing mandatory quarterly reporting on GEM issuers is now less relevant.

**Question 10**

**Do you agree with the Exchange's proposal to align the timeframes for GEM issuers to publish their annual reports, interim reports and preliminary announcements of results for the first half of each financial year with those for the Main Board, as set out in paragraphs 94 and 95 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

Please refer to Question 9.

**Question 11**

**Do you agree that a streamlined mechanism should be introduced to enable qualified GEM issuers to transfer their listing to the Main Board?**

Yes

**Please give reasons for your views.**

A streamlined transfer mechanism should encourage issuers to list on GEM instead of waiting to apply for direct listing on the Main Board.

**Question 12**

**Do you agree with the removal of the requirement for the appointment of a sponsor for the purpose of a streamlined transfer as set out in paragraph 108 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

Considering that (i) a transfer applicant would have undergone a due diligence process during its application for listing on GEM, conducted by a sponsor, and (ii) the transfer applicant would have been obligated to adhere to mandatory disclosure and audit requirements under the GEM Rules, its demonstration of compliance with these requirements over a three-year period should help alleviate the risks that the current sponsor appointment aims to mitigate.

**Question 13**

**Do you agree with, for the purpose of a streamlined transfer, the removal of the requirement for a “prospectus-standard” listing document and other requirements as set out in paragraphs 111 to 114 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

A transfer applicant would have already published the necessary information for investors to make informed investment decisions regarding the issuer's financial position and future prospects.

**Question 14**

**Do you agree with the track record requirements for a streamlined transfer applicant as set out in paragraphs 117 to 118 of the Consultation Paper?**

No

**Please give reasons for your views.**

We suggest that the track record requirement is only one full financial year commencing after the date of GEM listed issuer’s initial listing on GEM.

**Question 15**

**Do you agree with the daily turnover and volume weighted average market capitalisation requirements for a streamlined transfer applicant as set out in paragraphs 120 to 133 of the Consultation Paper?**

No

**Please give reasons for your views.**

There should be no requirement on daily turnover and volume weighted average market capitalisation for a streamlined transfer applicant because such requirements are highly related to the performance of stock market and are irrelevant to whether a GEM listed issuer is qualified to be transferred to the Main Board or not.

**Question 16**

**Should the Minimum Daily Turnover Threshold for the Daily Turnover Test be set at: -  
Selected Choice**

**Please give reasons for your views.**

**Question 17**

**Do you agree with the proposed compliance record requirement for a streamlined transfer applicant as set out in paragraph 134 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

The proposed amendments help guarantee that a GEM transfer applicant maintains a clean compliance record from the 12-month period preceding the transfer application until the transfer date. However, the requirement of not being the subject of any investigation by the Exchange should be removed because it violates the principle of "presumption of innocence".

**Question 18**

**Do you agree with the proposed modification to the existing compliance record requirement for a transfer from GEM to the Main Board as set out in paragraph 136 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

Please refer to Question 17.

**Question 19**

**Do you agree that the Exchange should exempt GEM transferees to the Main Board from the Main Board initial listing fee?**

Yes

**Please give reasons for your views.**

This can reduce the cost of transferring the listing from GEM to the Main Board.