

Submitted via Qualtrics

(Anonymous)
Company/Organisation view
GEM Listed Company

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.

We agree with introducing R&D test since some potential high growth enterprises may engage much in R&D activities. This alternative eligibility test may enables more potential high growth enterprises to meet the requirement of GEM board even they cannot meet the operating cashflow listing requirement.

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.

We would suggest that the market capitalisation reduce from HK\$250 million to HK\$150 million, revenue of at least HK\$100 million reduce to HK\$60 million in aggregate for the two most recent audited financial years as the companies are in the early commercialize stage and need fund platform to scale up. Also, they spent a large sum in R&D before. Besides, we suggest that we can introduce an alternative eligibility test for those green tech hubs in the environmental section, since they got many long-term projects with steady income for over 10 years.

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.

We agree with the reduction of post-IPO lock-up period for controlling shareholders since this is in line with main board requirement and the situation of shell activities before the 2018 Market Quality Reforms may not exist nowadays.

Question 4

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

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.

We agree that the Exchange may consider granting waivers, on a case-by-case basis, from strict compliance with the ownership continuity requirements for proposed market capitalisation/ revenue/R&D test and extend to the application to the market

capitalisation/ revenue/ cash flow and market capitalisation/ revenue tests in main board also.

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.

We agree with the proposal to remove GEM's compliance officer requirement since GEM is now a market for established SMEs and so their directors may be expected to have experience that is similar, in extent, to that of Main Board listed issuers. Therefore, GEM issuers may not have a greater need for compliance advice from a compliance officer than Main Board issuers. Besides, we would like to suggest adding a ESG advisor for both main board and GEM board listed issuers since ESG is an important consideration in evaluating a company. Appointing a ESG advisor can raise awareness from the listed issuers and the public towards the importance of sustainability and advise the listed issuers in ESG issues.

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.

We agree with the proposal to shorten the period of engagement of GEM issuers' compliance advisers and to remove the additional obligations currently imposed on a GEM issuers' compliance adviser since the GEM issuers are now well established by the time of their listing, we believe that additional compliance officer and compliance adviser requirements are no longer necessary.

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.

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.

We agree with changing quarterly financial reporting from mandatory requirement to recommended best practice since most of the GEM issuers are now well established with a long history of operations, therefore the disclosure obligations can be in line with main board requirement. Quarterly financial reporting mandatory requirement may not be necessary.

Besides, we would like to suggest remove the requirement of sending hard copy of annual and interim reports to the shareholders. Annual and interim reports in paperless format is one of the carbon neutrality solutions or at least paperless for interim report.

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.

We agree with the 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 since most of the GEM issuers are now well established with a long history of operations, therefore the disclosure obligations may be in line with main board requirement. Quarterly financial reporting mandatory requirement may not be necessary.

Besides, we support about the suggestions related to ESG report mentioned in paragraphs 104 of the consultation paper, which stated that taking a measured approach for GEM issuers and implementing ESG-related requirements in a manner that is proportionate to their circumstances.

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.

We agree with a streamlined mechanism introduction to enable qualified GEM issuers to transfer their listing to the Main Board since qualified GEM issuers already meet the requirement of listing to main board, therefore, it may not lead to a recurrence of shell activities. This may also encourage the companies to list on GEM first rather than wait to apply for listing on the Main Board directly.

Besides, we would like to suggest that (1) the main board listing requirement can be changed back to before the amendment in 2021 since the economic environment changed nowadays, keeping the amendment set in 2021 may not be appropriate, (2) setting a lower requirement for GEM board companies with long history and active operation to transfer to main board since this can provide a greater chance for a GEM board company to raise fund to support them to expand their operation, and the share price and trading volume of the GEM board company may be become more active due to the Southbound capital inflow from PRC, (3) setting a lower requirement for GEM board companies with environment background to transfer to main board, or setting requirement which is similar to section 18a, 18b and 18c for companies engaged in sustainability field since those GEM board companies can be entered into sustainability index after transferring to main board, (4) add a sustainability index in GEM 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.

We agree with removal of the requirement for the appointment of a sponsor for the purpose of a streamlined transfer since those GEM issuers have been previously subject to a due diligence process as part of its application for listing on GEM conducted by a sponsor. Therefore, it may not be necessary to perform the due diligence again when transferring to main board.

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.

We agree with the removal of the requirement for a “prospectus-standard” listing document since the GEM board issuers already published the information needed under the requirements of the GEM Listing Rules on an ongoing basis.

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?

Yes

Please give reasons for your views.

We agree with the proposal of track record requirements of three full financial years for a streamlined transfer applicant. It is suitable to extend to three financial years track record rather than just one year for streamlined transfer case since HKEX may ensure no change of ownership and control of those streamlined transfer applicant and no fundamental change in those streamlined transfer applicants’ principal business.

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?

Yes

Please give reasons for your views.

We agree with the daily turnover and volume weighted average market capitalisation requirements for a streamlined transfer applicant since using weighted average to calculate market capitalisation is both fair to the transfer applicant and HKEX may mitigate the risk that the minimum market capitalisation is met by a valuation which may be inflated or distorted by a limited number of trades.

Question 16

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

(c) Another figure (please specify)

Please give reasons for your views.

We would like to suggest the threshold may be set at HK\$30,000 since for main board issuers, there is no minimum daily turnover requirements for them, and HK\$30,000 is a more reasonable requirement for a GEM board company to meet.

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.

We agree with the proposed compliance record requirement for a streamlined transfer applicant since this amendment may ensure a GEM transfer applicant has a clean compliance record during the 12-month period prior to the transfer application and up to the date of transfer and may mitigate the risk that any disciplinary action later.

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.

We agree with the proposed modification to the existing compliance record requirement for a transfer from GEM to the Main Board since this amendment may ensure a GEM transfer applicant has a clean compliance record during the 12-month period prior to the transfer application and up to the date of transfer and may mitigate the risk that any disciplinary

action later.

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.

We agree with that the Exchange should exempt only half of the initial listing fee for the GEM transferees to the Main Board as this may encourage more potential companies to list on GEM first rather than wait to apply for listing on the Main Board directly. Besides, on the standpoint of the HKEX, they should receive reasonable fee for their service provided on reviewing the documents of the GEM board company.