

Consultation Conclusions

GEM Listing Reforms

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EXECUTIVE SUMMARY

Purpose

1. This paper sets out conclusions to the Exchange’s consultation on its GEM listing reform proposals.

Background

2. On 26 September 2023, the Exchange published its Consultation Paper to seek views on proposed changes to the Listing Rules. The key proposals included:
 - (a) introducing a new alternative GEM eligibility test targeting high growth enterprises that are heavily engaged in R&D;
 - (b) removing mandatory quarterly reporting and the alignment of GEM’s other ongoing obligations with those of the Main Board; and
 - (c) introducing a new streamlined transfer mechanism for eligible GEM companies to transfer to the Main Board without the need to appoint a sponsor to carry out due diligence and produce a “prospectus-standard” listing document.
3. The consultation period ended on 6 November 2023.

Market Feedback

4. The Exchange received 58 non duplicate¹ responses from a broad range of respondents. All the responses we received are available to view on the HKEX website ([link](#)) (except those from respondents who indicated that they did not wish their responses to be published).
5. All our proposals received support from a majority of respondents. A quantitative analysis of all the responses is set out in **Appendix II** to this paper.

Proposals Adopted

6. After considering the feedback, the Exchange has decided to implement the proposals set out in the Consultation Paper broadly as proposed, with minor modifications and clarifications as discussed in Chapter 2 of this paper.
7. The key proposals to be adopted are summarised in Table 1 below and compared to existing requirements.

¹ One response was identified as a duplicate response and was not counted for the purpose of a quantitative and qualitative analysis of responses.

Table 1: Key changes to be adopted

EXISTING REQUIREMENTS	KEY CHANGES	SECTION OF THIS PAPER
I. INITIAL LISTING REQUIREMENTS		
(A) Financial eligibility for listing on GEM		
<ul style="list-style-type: none"> • Trading record: at least two financial years • Market capitalisation: ≥HK\$150 million • Cash flow: ≥HK\$30 million in aggregate generated from operating activities for the last two financial years 	<ul style="list-style-type: none"> • Maintain existing financial eligibility requirements. • Introduce a new alternative “market capitalisation/ revenue/ R&D test” targeting high growth enterprises that are heavily engaged in R&D activities. GEM listing applicants using this new test must meet the following thresholds: <ul style="list-style-type: none"> ○ Trading record: at least two financial years; ○ Market capitalisation: ≥HK\$250 million; ○ Revenue: ≥HK\$100 million <u>in aggregate</u> for the last two financial years, with year-on-year growth over the two financial years; and ○ R&D expenditure: ≥HK\$30 million <u>in aggregate</u> for the last two financial years, where the R&D expenditure incurred for <u>each</u> financial year must be at least 15% of its total operating expenditure for the same period. 	Chapter 2 I(A) and I(C)
(B) Post-IPO lock-up on controlling shareholders of a GEM issuer		
<ul style="list-style-type: none"> • A GEM issuer’s controlling shareholder(s) is/are: <ul style="list-style-type: none"> ○ restricted from disposing of any shares within the first 12 months after listing; and ○ within the second 12 months after listing, restricted from disposing of shares that would result in them ceasing to be the controlling shareholder(s). 	<ul style="list-style-type: none"> • Shorten the post-IPO lock-up period on a GEM issuer’s controlling shareholder(s) as follows: <ul style="list-style-type: none"> ○ restricted from disposing of any shares within the first <u>six months</u> after listing; and ○ within the second <u>six months</u> after listing, restricted from disposing of shares that would result in them ceasing to be the controlling shareholder(s). 	Chapter 2 I(B)

EXISTING REQUIREMENTS	KEY CHANGES	SECTION OF THIS PAPER
II. CONTINUING OBLIGATIONS		
(A) Compliance officer of a GEM issuer		
<ul style="list-style-type: none"> • One executive director of a GEM issuer must be a compliance officer. 	<ul style="list-style-type: none"> • Remove requirement. 	Chapter 2 II(A)
(B) Compliance adviser of a GEM issuer		
<ul style="list-style-type: none"> • A GEM issuer must appoint and retain a compliance adviser until publication of financial results for the second full financial year after listing. • Additional obligations apply to a GEM issuer's compliance adviser.² 	<ul style="list-style-type: none"> • Shorten engagement period so that it ends on the date of publication of financial results for the <u>first</u> full financial year after listing. • Remove other requirements relating to a compliance adviser's responsibilities that only apply to GEM issuers. 	Chapter 2 II(A)
(C) Periodic reporting requirements for a GEM issuer		
<ul style="list-style-type: none"> • A GEM issuer must publish: <ul style="list-style-type: none"> ○ annual reports not later than three months; ○ half-yearly reports not later than 45 days; ○ preliminary announcements of results for the first six months of each financial year not later than 45 days; and ○ quarterly reports not later than 45 days after the date upon which the financial period ended. 	<ul style="list-style-type: none"> • Remove quarterly reporting as a mandatory requirement for GEM issuers and instead introduce it as a recommended best practice in GEM's Corporate Governance Code. • Bring GEM's periodic reporting requirements in line with Main Board requirements so that a GEM issuer must publish: <ul style="list-style-type: none"> ○ annual reports not later than <u>four months</u>; ○ interim reports not later than <u>three months</u>; and ○ preliminary announcements of results for the first six months of each financial year not later than <u>two months</u> after the date upon which the financial period ended. 	Chapter 2 II(B)

² Including: (a) due diligence on listing documents published, and dealing with the Exchange, in relation to certain transactions during the period of engagement of the compliance adviser; and (b) disclosure of interests of the compliance adviser for this purpose.

EXISTING REQUIREMENTS	KEY CHANGES	SECTION OF THIS PAPER
III. TRANSFERS TO THE MAIN BOARD		
(A) <i>New streamlined transfer mechanism</i>		
<ul style="list-style-type: none"> • A GEM issuer may transfer to the Main Board under Main Board Chapter 9A if it: <ul style="list-style-type: none"> (a) meets all the qualifications for listing on the Main Board; (b) has published its financial results for the first full financial year commencing after the date of its initial listing on GEM; and (c) in the 12 months preceding the transfer application and until the commencement of dealings in its securities on the Main Board, has not been the subject of any disciplinary investigation by the Exchange in relation to a serious breach or potentially serious breach of any Listing Rules. • A Main Board Chapter 9A transfer applicant must appoint a sponsor at least two months before the submission of a transfer application and issue a “prospectus-standard” listing document. 	<ul style="list-style-type: none"> • Maintain Main Board Chapter 9A route for transfers to the Main Board. • Implement a new streamlined transfer mechanism under proposed Main Board Chapter 9B. <p><u><i>Streamlined transfers under proposed Main Board Chapter 9B</i></u></p> <ul style="list-style-type: none"> • A streamlined transfer applicant is <u>not</u> required to appoint a sponsor to conduct due diligence for its transfer and issue a “prospectus-standard” listing document. • A streamlined transfer applicant must: <ul style="list-style-type: none"> (a) meet all the qualifications for listing on the Main Board; (b) comply with the Exchange’s requirements in respect of its financial results for <u>three</u> full financial years as a GEM listed issuer prior to its transfer, with (i) ownership continuity and control, and (ii) no fundamental change in its principal business, throughout that period; (c) have reached the Minimum Daily Turnover Threshold of HK\$50,000 on at least 50% of the trading days over the Reference Period (the “Daily Turnover Test”); (d) have a volume weighted average market capitalisation over the Reference Period that could meet the minimum market capitalisation requirement for listing on the Main Board (the “Volume Weighted Average Market Capitalisation Test”); and (e) (i) not have been held to have committed a serious breach of any Listing Rules in the 12 months preceding the transfer application and until the commencement of dealings in its securities on the Main Board; and (ii) not be the subject of any investigation by the Exchange, or any ongoing disciplinary proceedings under 	<p>Chapter 2 III(A) to III(D)</p>

EXISTING REQUIREMENTS	KEY CHANGES	SECTION OF THIS PAPER
	<p>Chapter 3 of the GEM Listing Rules or Chapter 2A of the Main Board Listing Rules, in relation to a serious breach or potentially serious breach of, any Listing Rules as at the date of the transfer application and the date when dealing in its securities commences on the Main Board.³</p> <ul style="list-style-type: none"> A streamlined transfer applicant is required to publish an announcement as soon as practicable before the intended date that dealings in the issuer's shares on the Main Board are expected to commence. This announcement will be pre-vetted by the Listing Division. 	
(B) Costs for transfers of listing		
<ul style="list-style-type: none"> A Main Board initial listing fee is payable on a transfer of listing to the Main Board. 	<ul style="list-style-type: none"> Exempt transfer applicants from the Main Board initial listing fee. 	Chapter 2 III(E)

8. We will also implement housekeeping Rule amendments for the purpose of the forthcoming expanded paperless listing regime as set out in Section IV of Chapter 2 of this paper.
9. During the consultation exercise, we received various comments that are not directly related to the proposals specifically consulted from respondents and the wider market. These comments, and the Exchange's response, are set out in Chapter 3 of this paper.

Implementation of the Listing Rules

10. The amendments to the Listing Rules form **Appendices IV** and **V** to this paper, in which:
 - (a) Part A sets out the GEM Reform Rule Amendments that will come into effect on Monday, 1 January 2024 ("**GEM Reform Effective Date**"); and
 - (b) Part B sets out housekeeping Rule amendments for the purpose of the forthcoming expanded paperless listing regime (see paragraph 8 above) that will come into effect on Sunday, 31 December 2023.
11. The GEM Reform Rule Amendments (see paragraph 10(a) above) will apply, from the GEM Reform Effective Date, to all GEM issuers, including:

³ This qualification requirement (e) will also apply to transfers of listing under Main Board Chapter 9A and will replace the existing compliance record requirement under MB Rule 9A.02(3).

- (a) all existing issuers listed before the GEM Reform Effective Date; and
- (b) all GEM listing applicants that are expected to be listed on or after the GEM Reform Effective Date.

12. This will mean that:

- (a) **Quarterly report:**⁴ a GEM issuer will not be required to publish a quarterly report / preliminary announcement of quarterly results if the due date for the publication of such a report / results announcement under the current GEM Listing Rules falls on a date on or after the GEM Reform Effective Date;
- (b) **Reporting timeframes:**⁵ the extended publication deadlines under the amended GEM Listing Rules will apply in respect of any financial report / results announcement for a financial year or half-year if the due date for the publication of such a report or results announcement, under the current GEM Listing Rules, falls on a date on or after the GEM Reform Effective Date; and
- (c) **Streamlined transfer mechanism:**⁶ any GEM issuer that wishes to use the streamlined transfer mechanism under the new Chapter 9B of the Main Board Listing Rules to transfer its listing to the Main Board will be required to submit a new transfer application on or after the GEM Reform Effective Date.

⁴ See Section II (B) in Chapter 2 of this paper.

⁵ See Section II (B) in Chapter 2 of this paper.

⁶ See Sections III (A) to (E) in Chapter 2 of this paper.

CHAPTER 1: INTRODUCTION

Number and Nature of Respondents

13. A full list of respondents to the Consultation Paper is set out in **Appendix I** to this Conclusions Paper. A breakdown of respondents by category are set out in Table 2 and Table 3 below.

Table 2: Institutional respondents by category

CATEGORY	NUMBER	%
Accounting Firms	4	9%
Corporate Finance Firms / Banks	5	11%
Investment Firm Specialising in SME Investment	1	2%
Law Firms	6	14%
GEM Listed Companies	6	14%
Professional Bodies / Industry Associations	18	41%
Other Companies / Organisations	4	9%
TOTAL⁷	44	100%

Table 3: Individual respondents by category

CATEGORY	NUMBER	%
Corporate Finance Firm / Bank Staff	6	43%
Lawyers	4	29%
Main Board Listed Company Staff	1	7%
GEM Listed Company Staff	3	21%
TOTAL⁸	14	100%

⁷ Total number excludes duplicate responses. The sum of percentages may not add up to 100% due to rounding.

⁸ Total number excludes duplicate responses. The sum of percentages may not add up to 100% due to rounding.

Response to Proposals

14. All of the proposals in the Consultation Paper received support from a majority of respondents, with both general and specific comments. Key comments from respondents, our responses to them and our conclusions are summarised in Chapter 2 of this paper.
15. A quantitative analysis of all responses forms **Appendix II** to this paper. The methodology we used to analyse responses forms **Appendix III** to this paper.

CHAPTER 2: MARKET FEEDBACK AND CONCLUSIONS

I. Initial Listing Requirements

A. New Alternative Eligibility Test

Proposal

16. The Exchange proposed to introduce an alternative financial eligibility test (referred to as the “**market capitalisation/ revenue/ R&D test**”) targeting high growth enterprises that are heavily engaged in R&D activities. GEM listing applicants using this new test must have:
- (a) an adequate trading record of at least two financial years;
 - (b) an expected market capitalisation of at least HK\$250 million at the time of listing;
 - (c) revenue of at least HK\$100 million in aggregate for the two most recent audited financial years, with year-on-year growth over the two financial years; and
 - (d) incurred R&D expenditure of at least HK\$30 million in aggregate for the two financial years prior to listing, where the R&D expenditure incurred for each financial year must be at least 15% of its total operating expenditure for the same period.^{9 10}

Responses

17. 92% of respondents who commented (48 respondents) supported the proposal to introduce an alternative eligibility test to enable the listing of high growth enterprises substantively engaged in R&D activities on GEM, while 8% of those who commented (four respondents) did not support the proposal.¹¹
18. In addition, 63% of respondents who agreed with the new alternative eligibility test proposal (30 respondents) provided comments on the proposed thresholds for the new test.¹²

⁹ See paragraphs 63 to 75 of the Consultation Paper.

¹⁰ See Box 1 of the Consultation Paper for the proposed meaning of “R&D expenditure” and “total operating expenditure” for the purpose of the proposed R&D requirement.

¹¹ See Question 1 of the Consultation Paper.

¹² See Question 2 of the Consultation Paper.

Key comments

19. In general, respondents agreed that the new alternative eligibility test would enable companies with good growth potential that cannot meet the existing cash flow test due to their substantial investment in R&D to list on GEM. They thought that the proposed test would facilitate a homegrown pipeline of such growth companies in Hong Kong and the GBA to seek funding on GEM, which was in line with the Government's strategic focus on driving innovation and the technology industry in the region.
20. Some respondents acknowledged that the proposed test would be complementary to the Exchange's existing listing regimes for Biotech Companies and Specialist Technology Companies. They thought it would bridge a funding gap for research intensive and high growth enterprises that are of a smaller scale and earlier stage of their development than listing candidates eligible to list under these Main Board regimes.
21. Some respondents however had reservations about the effectiveness of the proposed test in attracting new GEM listings. They cited potential challenges for SMEs to achieve what they thought were relatively high minimum market capitalisation, revenue and R&D-related thresholds (see paragraphs 27, 29 and 32 below).
22. Some other respondents commented that the proposed alternative test would not be able to address the fundraising needs of traditional SMEs that do not invest substantially in R&D even though they may demonstrate high growth potential and positive investment characteristics (see paragraph 23 below). These respondents also commented that the test favoured potential applicants that operated within technology industries and disadvantaged those from more traditional industries.
23. Some suggested replacing the proposed market capitalisation/ revenue/ R&D test with other alternative tests or requirements to cater for non-R&D intensive growth applicants. They suggested a pre-R&D operating cash flow test,¹³ an enhanced working capital sufficiency requirement,¹⁴ or revenue growth tests (see paragraph 30 below) to facilitate the listing of a wider variety of high growth SMEs.

Track record requirement

24. Most respondents believed that the proposed two-year track record requirement was appropriate because it was consistent with the existing requirement and was sufficiently long for investors to evaluate the financial condition and future prospects of a listing applicant.
25. Some respondents thought that two financial years was not long enough to provide sufficient data for the purpose of judging whether a "start-up" enterprise would be able to successfully commercialise its products or services.

¹³ Requiring listing applicants to demonstrate positive operating cash flow after adding back R&D-related cash outflow.

¹⁴ Requiring listing applicants to demonstrate the availability of sufficient working capital for a longer runway than the currently required 12 months.

Market capitalisation requirement

26. Respondents generally agreed with the proposed HK\$250 million minimum market capitalisation requirement. They considered that this threshold (which was higher than the existing requirement of HK\$150 million) would provide an additional safeguard against the higher risk of failure faced by applicants with R&D intensive activities and no track record of positive operating cash flow.
27. Other respondents asked the Exchange to lower the market capitalisation requirement for the following reasons:
 - (a) the market capitalisation of an issuer is dependent on various external factors such as economic conditions, market sentiment, and investor appetite and may not accurately reflect an applicant's fundamental value;
 - (b) a company that could generate revenue of HK\$100 million, in aggregate, for two financial years may not be able to reach a market capitalisation of HK\$250 million without positive operating cash flow (even in the absence of a cash flow test); and
 - (c) the proposed threshold is only 50% lower than that required for a Main Board listing, which may lead to prospective listing applicants waiting to list until they were eligible for a direct Main Board listing instead.

These respondents suggested adopting a lower threshold (with suggestions ranging between HK\$150 million and HK\$225 million) to attract more innovation and technology enterprises to list on GEM.

Revenue requirement

28. In general, respondents considered that the minimum revenue threshold of HK\$100 million, in aggregate, for the two financial years prior to listing was reasonable for commercialised growth issuers and could provide sufficient investor protection. Further, most respondents agreed with the proposed requirement for a listing applicant to demonstrate a year-on-year revenue growth to serve as a reliable indicator of a listing applicant's growth potential and prospects.
29. A few respondents, however, expressed concerns that SMEs may face difficulties in meeting the minimum revenue threshold. They noted that growth companies require a substantial amount of capital to fund their R&D activities before being able to generate meaningful revenue. They therefore suggested lowering this threshold to somewhere between HK\$50 million and HK\$80 million, in aggregate, over the two-year track record period.
30. Some respondents asked the Exchange to consider introducing a bright line test on the revenue growth rate (of 30%) to help ensure that issuers using the alternative test would record genuine and substantial revenue growth.

R&D requirement

31. Most respondents supported the proposed R&D requirements as they would meaningfully reflect a listing applicant's commitment to, and focus on, R&D activities.
32. Some respondents however considered that the proposed R&D quantitative thresholds were overly stringent for growth enterprises, believing that the quantitative thresholds, when taken together, would imply a total operating expenditure of HK\$200 million for the two financial years prior to listing.¹⁵ This would mean that an applicant meeting the minimum revenue threshold of HK\$100 million (in aggregate for the two-year period) would incur aggregate net losses of HK\$100 million over the track record period. They believed such losses would raise concerns over the sustainability of the issuer's business.
33. These respondents suggested the following alternatives:
 - (a) lowering the minimum R&D expenditure threshold to a range between HK\$15 million and HK\$20 million (in aggregate for the two-year track record period);
 - (b) imposing one or other of the R&D expenditure requirements but not both, namely either the R&D expenditure requirement or the R&D expenditure ratio requirement; and
 - (c) applying the R&D expenditure ratio test to the aggregate R&D expenditure over the two financial years prior to listing (instead of on a yearly basis).
34. A few respondents raised concerns on the definition of R&D without clear reference to the domain and products or services to which that R&D would be applied. They commented that the meaning of R&D expenditure had been a subject of controversy from an accounting perspective. They thought that the R&D requirement may be easily circumvented if a listing applicant adopted a broad definition.
35. A considerable number of respondents suggested requiring listing applicants to enhance their disclosure on their R&D investment and experience¹⁶ in their listing documents, and on an ongoing basis, so that investors would better understand their R&D activities as well as the likelihood of product commercialisation.
36. Some respondents asked the Exchange to clarify whether a GEM listing applicant using the alternative test would be required to disclose a detailed breakdown of its R&D expenditure in its listing documents to demonstrate that it had met the R&D expenditure and R&D expenditure ratio requirements.

¹⁵ For example, a company may incur, at maximum, a total operating expenditure of HK\$200 million for the two financial years prior to listing if its R&D expenditure amounts to HK\$30 million (representing 15% of its total operating expenditure) in aggregate in that period.

¹⁶ For example: (a) R&D efforts, progress, and milestones; (b) applications for, and ownership of, any intellectual property rights; (c) engagement in any strategic partnerships with technology and innovation enterprises; and (d) R&D related industry awards.

Exchange conclusion

37. We welcome the general support for our proposal to introduce a new alternative eligibility test. We believe that our proposal will facilitate fundraising for high growth companies focusing on R&D activities.
38. We would like to clarify that the new alternative eligibility test is open to companies from all industries. It is not the Exchange's intention to restrict the use of this test to enterprises from technology related industries. Any company with substantial R&D investment in its own discipline would be able to apply for a GEM listing using the new test.
39. SMEs in traditional industries that do not invest heavily in R&D can still list on GEM if they meet the current cash flow test thresholds. As stated in our Consultation Paper, GEM's existing listing eligibility tests are already low compared to peer exchanges.¹⁷ So, maintaining our existing eligibility requirements should not result in unduly onerous eligibility conditions for traditional SMEs seeking a listing on GEM.

Track record requirement

40. The two-year track record requirement aims to enable investors to evaluate the track record performance of a listing applicant and determine its valuation based on that performance. This is also the minimum length of operational history over which we would expect a company to have engaged in R&D and commercialised its products or services if it wishes to use this alternative test for a GEM listing.
41. We recognise that an issuer may take more than two years to bring its products or services to commercialisation. The test is designed for applicants that are relatively well-established and have already commercialised and started generating revenue. It is not designed for "start-up" enterprises. Lengthening the track record requirement to provide more data for evaluation would substantially increase the cost of listing on GEM and, we believe, defeat the purpose of introducing the new test to facilitate the listing of a wider variety of issuers. On balance, we consider a two-year track record appropriate for the new alternative eligibility test.

Market capitalisation threshold

42. An issuer's market capitalisation is an indication that it is able to generate sufficient investor interest to justify its listing.¹⁸ The proposed minimum market capitalisation threshold of HK\$250 million for the new test is comparable to the lowest minimum

¹⁷ See paragraph 60 of the Consultation Paper.

¹⁸ GEM Listing Rule 11.22A.

market capitalisation threshold for listing on the BSE in Mainland China, one of the closest peer markets to GEM.¹⁹

Revenue requirement

Revenue threshold

43. Having considered the feedback from respondents we consider the proposed revenue threshold to be appropriate. We note that it is significantly lower than the revenue requirement for listing on peer markets, such as the BSE.²⁰ It also provides flexibility as it is required to be met on an aggregate basis over a two-year track record period.

Revenue growth

44. Revenue growth is a key indicator of a listing applicant's investment potential in the absence of a track record of positive operating cash flow. We prefer not to set a minimum revenue growth rate threshold as external factors, beyond the issuer's control, may affect a listing applicant's revenue growth over any particular two-year period.

R&D requirement

Quantitative thresholds

45. Our choice of quantitative thresholds for the R&D requirement was based on our analysis of profiles of SME issuers listed on comparable junior markets and the existing requirement for Commercial Companies under our listing regime for Specialist Technology Companies.²¹
46. We view the minimum R&D expenditure threshold and the minimum R&D expenditure ratio as complementary to each other and inseparable. The minimum R&D expenditure threshold helps ensure that the minimum R&D expenditure ratio cannot be met by limiting total operating expenditure. Likewise, setting a minimum R&D expenditure ratio helps ensure that the R&D is proportionate to an issuer's overall scale.
47. A loss-making company would still be suitable for listing as long as it met these R&D requirements for the purpose of its future growth. The profile of many growth companies is often that they are loss making for extended periods before becoming profitable at a later stage of their development.

¹⁹ Listing Standard I of the BSE, the listing standard with the lowest market capitalisation requirement on the BSE, requires that a listing applicant have a minimum market capitalisation of RMB200 million (HK\$218 million) at the time of listing. See the BSE Listing Rule 2.1.3(1).

²⁰ Listing Standard II of the BSE requires that a listing applicant have generated revenue of at least RMB100 million on average for the most recent two years (i.e., HK\$218 million in aggregate for the most recent two years). See the BSE Listing Rule 2.1.3(2).

²¹ See paragraphs 70 and 71 of the Consultation Paper.

Definition of R&D

48. Listing applicants are expected to comply with recognised accounting standards in determining what constitutes R&D expenditure. We expect listing applicants to also disclose the basis and methodology of their R&D expenditure calculation in their listing documents. The Exchange will review its guidance on the meaning of R&D expenditure and total operating expenditure, from time to time, to reflect the latest accounting methods and principles.
49. We acknowledge that the definition of R&D may vary for different companies. We have not attempted to define R&D ourselves as we do not wish to confine the use of the new test to specific industries (see also paragraph 38 above). Also, a broad and flexible definition of R&D is in line with peer markets' approach to recognising R&D investments.²²

Enhanced R&D disclosure

50. With regards to some respondents' suggestion for enhanced disclosure of a listing applicant's R&D activities, we will require a listing applicant to include a detailed breakdown of its R&D expenditure in its listing document for each of the two financial years over the track record period to demonstrate that it has met such R&D quantitative thresholds.
51. We do not intend to prescribe new or additional disclosures of a listing applicant's R&D activities and experience in their listing documents, or on an ongoing basis, as these applicants are expected to have already commercialised at the time of their initial listing on GEM and so investors should have less of a need to rely on their R&D disclosure to determine a valuation. This is also in line with our intention to reduce the listing costs for GEM listing applicants associated with their listing document preparation. However, this is subject to the issuer's compliance with its general obligation to disclose any matter relating to its R&D that is necessary to enable an investor to make an informed assessment of the issuer's activities, financial position, and prospects.²³
52. Regarding other possible eligibility tests that may be introduced in place of the proposed "market capitalisation/ revenue/ R&D test", we note that there was no general consensus from respondents on the type of eligibility test that should be adopted or the thresholds for such tests. We will implement the proposed new "market capitalisation/ revenue/ R&D test" but continue to monitor its effectiveness in practice and may adjust the test, as appropriate, based on the experience we gain applying it over time.

²² See the [BSE Guidelines for the Application of Rules for Public Issuance of Shares to Unspecified Qualified Investors and Listing Business No. 1 \(BSE No. 60 of 2021\)](#) (Simplified Chinese version only), Section 1-4.

²³ GEM Rule 14.08(7)(a).

B. Reduction of Post-IPO Lock-up Period for Controlling Shareholders

Proposal

53. The Exchange proposed to reduce the post-IPO 24-month lock-up period imposed on controlling shareholders of GEM issuers²⁴ to 12 months. In line with Main Board requirements,²⁵ controlling shareholders of an issuer would not be able to dispose of any of their interests in the issuer within the first six months of listing and would not be able to dispose of any interest in the second six months that would result in them no longer being its controlling shareholder.²⁶

Responses

54. 86% of respondents who commented (44 respondents) supported the proposal, while 14% of those who commented (seven respondents) did not support it.²⁷

Key comments

55. A majority of respondents agreed with reducing the post-IPO lock-up period imposed on controlling shareholders of GEM issuers to 12 months. These respondents thought that a shorter lock-up period would expand capital raising opportunities on GEM and help enhance its attractiveness by removing a potential delay on post-IPO fundraisings. These respondents also noted that the proposal would bring the GEM requirement in line with the requirements of the Main Board as well as a majority of the comparable overseas junior markets.
56. Some respondents considered the proposal conducive to increasing the liquidity of GEM, as it would allow shares held by controlling shareholders to be available for trading at an earlier time. They were of the view that the trading activities (whether retention or disposal of shares) of controlling shareholders offer insight to investors regarding their confidence in an issuer's prospects.
57. A few respondents disagreed with the proposal, stating that the shortening of the lock-up periods would result in operational instability (as it would throw doubt on the commitment of controlling shareholders) and also increase the risk of a recurrence of shell activities. They believed that the long-term commitment of controlling shareholders is crucial to the growth and development of SMEs.

²⁴ GEM Rule 13.16A(1).

²⁵ MB Rule 10.07(1).

²⁶ See paragraph 76 of the Consultation Paper.

²⁷ See Question 3 of the Consultation Paper.

Exchange conclusion

58. The lock-up period imposed on controlling shareholders of GEM issuers was previously extended to address our concerns regarding shell activities. These activities have largely ceased and the current Rules and guidance on reverse takeover²⁸ and sufficiency of operations,²⁹ in combination with a robust delisting regime,³⁰ continue to be in force to mitigate the risk of a reoccurrence- of these activities. Consequently, we believe the prolonged lock-up period is no longer necessary.
59. We believe that a 12-month lock-up period strikes the right balance between protecting the interests of issuers and investors by requiring controlling shareholders to demonstrate commitment for a substantial amount of time whilst allowing companies greater flexibility to conduct post-IPO fundraising for expansion subsequent to listing.
60. Also, we agree that shortening the lock-up period to 12 months could help enhance liquidity as it would mean that more of a new applicant's shares would be available for trading at an earlier time post-listing, contributing to a more active post-listing market.
61. In view of the majority support from respondents, we will adopt the proposal as set out in the Consultation Paper.

C. Existing Eligibility Requirements

Responses

62. 24 respondents provided suggestions on amendments to the existing eligibility requirements for a listing on GEM.³¹

Key comments

Market capitalisation requirement

63. A few respondents suggested lowering the existing minimum market capitalisation requirement of HK\$150 million for a GEM listing³² or abolishing this requirement. They thought that this would give GEM listing applicants greater flexibility in pricing their public offerings at a reasonable valuation to attract potential investors and remove the incentive to attempt to inflate their valuation solely for the purpose of meeting the test.

²⁸ GEM Rules 19.06B, 19.06C and 19.06E; and HKEX guidance letter [HKEX-GL104-19 \(October 2019\) \(Updated in October 2020 and June 2021\)](#) (Guidance on application of the reverse takeover Rules).

²⁹ GEM Rule 17.26; and HKEX guidance letter [HKEX-GL106-19 \(October 2019\)](#) (Guidance on sufficiency of operations).

³⁰ GEM Rules 9.14, 9.14A and 9.15; and HKEX guidance letter [HKEX-GL95-18 \(May 2018\) \(Updated in September 2019, October 2019, June 2022 and October 2023\)](#) (Guidance on long suspension and delisting).

³¹ See Question 4 of the Consultation Paper.

³² GEM Rule 11.23(6).

Cash flow requirement

64. Some respondents commented that the current cash flow requirement of HK\$30 million³³ was too stringent and impractical to achieve, particularly in light of the significant deterioration in the Hong Kong economy due to the impact of the COVID-19 pandemic in recent years. These respondents suggested that the Exchange should lower the current threshold or grant temporary waivers to GEM listing applicants that are not able to meet the requirement due to current economic conditions.
65. A few respondents noted that pre-profit SMEs are unlikely to be able to list on GEM using the existing cash flow test as the cash flow from operations is obtained by adding changes in a company's working capital to its EBITDA and is so akin to a profit test. They asked the Exchange to provide an alternative route for pre-profit growth companies to list on GEM.
66. Alternatively, some respondents said that the Exchange should amend its eligibility tests to allow profitable companies that cannot meet the Exchange's current cash flow test to list on GEM. These respondents proposed introducing a minimum profit test of HK\$10 million to HK\$15 million in aggregate over the two-year track record period for this purpose.

Exchange conclusion

Market capitalisation requirement

67. As stated in the Consultation Paper, GEM's existing market capitalisation test is one of the factors we use as an indicator of the sufficiency of investor interest in the trading of a GEM listing applicant's shares upon listing.³⁴ The current minimum market capitalisation threshold of HK\$150 million is already lower than that of peer markets including BSE and the Nasdaq Capital Market.³⁵ For these reasons, we will maintain GEM's existing market capitalisation requirement.

Cash flow requirement

68. As explained in the Consultation Paper, cash flow is one of the criteria the Exchange uses to assess the sustainability of a GEM listing applicant's business over the long term³⁶ and is intended to be less stringent than a profitability test. This is because profit can be affected by significant valuation measurement adjustments and increased by one off items, whereas operating activities that generate a reasonable level of cash flow are more likely to indicate business sustainability.³⁷ Respondents to our previous consultation exercises have therefore indicated that a cash flow test is preferred to a

³³ GEM Rule 11.12A(1).

³⁴ See paragraph 59 of the Consultation Paper.

³⁵ See Table 6 of the Consultation Paper.

³⁶ See paragraph 59 of the Consultation Paper.

³⁷ HKEX, [Consultation Paper on the Growth Enterprise Market \(July 2007\)](#), paragraph 81.

profit test for GEM applicants.

69. A major incentive to list on our markets is the valuation an issuer can achieve and the funds it can raise by doing so. Issuers are reluctant to list in adverse economic conditions if they believe they could achieve a better valuation and raise more funds later when economic conditions improve. For this reason, during adverse economic conditions, lowering or waiving the current cash flow requirement is unlikely to have a significant effect on the number of GEM listing applications we receive. We note that temporary relief was offered to Main Board listing applicants, in 2009, from the profit record requirement³⁸ following the 2008 global financial crisis. However, this relief was used by very few issuers.
70. In view of the above, the Exchange will maintain GEM's existing eligibility requirements.

D. Consequential and Housekeeping Amendments

Proposals

Consequential amendment to the GEM Listing Rules

71. The Exchange proposed to extend the waivers on the management and ownership continuity requirements under the reverse takeover and extreme transaction Rules³⁹ so that they apply to the market capitalisation/ revenue/ R&D test.⁴⁰

Housekeeping amendment to the Main Board Listing Rules

72. The Exchange proposed to amend the Main Board Listing Rules⁴¹ to explicitly apply the waivers on the equivalent management and ownership continuity requirements to the market capitalisation/ revenue/ cash flow and market capitalisation/ revenue tests.^{42 43}

³⁸ HKEX, [Possible Waiver for Profit Test Requirement for Initial Listing Applicants on the Main Board](#), 5 June 2009.

³⁹ Where a reverse takeover or extreme transaction involves a series of transactions and/or arrangements and the acquisition targets cannot meet management and/or ownership continuity requirements under the cash flow test under GEM Rules 11.12A(2) and (3) solely as a result of the acquisition by the issuer, the Exchange may consider granting waivers, on a case-by-case basis, from strict compliance with these requirements. See note to GEM Rule 19.06C(2) and note 3 to GEM Rule 19.54.

⁴⁰ See paragraph 81 of the Consultation Paper.

⁴¹ Note to MB Rule 14.06C(2) and note 3 to MB Rule 14.54.

⁴² MB Rules 8.05(2)(b) and (c) and 8.05(3)(b) and (c).

⁴³ See paragraph 82 of the Consultation Paper.

Responses

73. 91% of respondents who commented (40 respondents) supported the proposed consequential and housekeeping amendments to the Listing Rules, while 9% of those who commented (four respondents) did not support the proposal.⁴⁴

Key comments

74. A majority of respondents supported the proposed amendments. Supporting respondents generally agreed that the Exchange should adopt a consistent approach regarding management and ownership continuity requirement waivers from the reverse takeover and extreme transaction Rules so that the continuity requirements would not become unintended barriers in reorganisation scenarios.

Exchange conclusion

75. In view of the majority support from respondents, we will adopt the proposal.

⁴⁴ See Question 5 of the Consultation Paper.

II. Continuing Obligations

A. Compliance Officer and Compliance Adviser

Proposals

Compliance officer

76. The Exchange proposed to remove the existing requirement for one of the executive directors of a GEM issuer to assume responsibility for acting as the issuer's compliance officer.^{45 46}

Compliance adviser

77. The Exchange proposed to:
- (a) shorten the period of engagement of the compliance adviser of a GEM issuer⁴⁷ so that it ends on the date on which the issuer publishes its financial results for the first (instead of the second) full financial year commencing after the date of its initial listing;⁴⁸ and
 - (b) remove GEM requirements relating to a compliance adviser's responsibilities with regards to: (i) due diligence on listing documents published, and dealing with the Exchange, in relation to certain transactions during the period of engagement of the compliance adviser; and (ii) disclosure of interests of the compliance adviser for this purpose.^{49 50}

⁴⁵ GEM Rule 5.19.

⁴⁶ See paragraph 85(a) of the Consultation Paper.

⁴⁷ GEM Rule 6A.19.

⁴⁸ See paragraph 85(b) of the Consultation Paper.

⁴⁹ These Rules are: (a) GEM Rules 6A.31 to 6A.33 relating to the requirement for a compliance adviser to ensure that neither it, its directors, employees nor its close associates has any interest in relation to the issuer and the listing or transaction and the relevant disclosure; (b) GEM Rule 6A.34 requiring a compliance adviser to: be responsible for dealing with the Exchange on all matters raised by the Exchange; be closely involved in the preparation of the listing document and to ensure that it has been verified; assist the issuer in preparing and submitting the application form for listing; and ensure that at least one Principal is actively involved in the work undertaken by the compliance adviser in connection with the application; (c) GEM Rule 6A.35 requiring a compliance adviser to have satisfied itself, to the best of its knowledge and belief, having made due and careful enquiries that the listing document is in compliance with the GEM Listing Rules; (d) GEM Rule 6A.36 setting out the types of listing documents subject to the aforementioned additional requirements; and (e) GEM Rule 6A.37 permitting a sponsor instead of a compliance adviser to assume responsibility for fulfilling the aforementioned additional requirements.

⁵⁰ See paragraph 86 of the Consultation Paper.

Responses

78. 94% of respondents who commented (49 respondents) supported the proposal to remove GEM's compliance officer requirement, while 6% of those who commented (three respondents) did not support the proposal.⁵¹
79. 83% of respondents who commented (43 respondents) supported the 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, while 17% of those who commented (nine respondents) did not support the proposal.⁵²

Key comments

Compliance officer

80. A majority of respondents supported the proposal to remove the compliance officer requirement for GEM issuers. They believed that the proposal would lower the cost of listing, thereby encouraging more companies to list on GEM.
81. Supporting respondents considered Listing Rule compliance to be the collective responsibility of the board of directors of a listed issuer.⁵³ They thought that the board should have the discretion to decide whether to appoint a specific director as the compliance officer or to monitor the company's compliance through usual board procedures.
82. Three respondents objected to the proposal. They said that a newly listed GEM issuer may have difficulty complying with the Listing Rules and the Exchange's guidance and a compliance officer could help ensure the issuer's compliance with its continuing obligations and sustain investor confidence in the GEM issuer.

Compliance adviser

83. A majority of respondents supported shortening the engagement period of GEM issuers' compliance advisers and removing additional obligations that were currently imposed only on GEM issuers' compliance advisers. They generally believed that the proposals could lower issuers' financial burden and ensure alignment between Main Board and GEM continuing obligations.
84. Supporting respondents thought that the disclosure of a compliance adviser's interest would be more relevant to pre-IPO transactions since an issuer should be capable of ensuring its own compliance upon listing on the Exchange.

⁵¹ See Question 6 of the Consultation Paper.

⁵² See Question 7 of the Consultation Paper.

⁵³ MB Rule 3.08 and GEM Rule 17.03.

85. Three respondents suggested retaining the two-year engagement period. They argued that resource constraints may disincentivise a GEM issuer from engaging an external compliance adviser to assist it and its board in the compliance with the Listing Rules, and having a compliance adviser for two financial years could help familiarise them with the Listing Rule requirements and maintain good corporate governance practice.

Exchange conclusion

Compliance officer

86. The Exchange concurs with the view that the board of directors are collectively responsible for ensuring Listing Rule compliance of an issuer and that retaining the compliance officer requirement only for GEM issuers is no longer necessary.
87. In view of the majority support from respondents, we will adopt the proposal to remove the existing requirement for a compliance officer for GEM issuers as set out in the Consultation Paper.

Compliance adviser

88. The Exchange is of the view that a compliance adviser is necessary to help ensure a GEM issuer is properly advised and guided through the initial period of its listing. However, given that most GEM applicants are relatively well-established at the time of their listing and the ongoing obligations of Main Board issuers and GEM issuers are almost identical, we believe that the length of engagement period for compliance advisers should also be aligned.
89. In view of the majority support from respondents, we will adopt the proposals on compliance advisers as set out in the Consultation Paper.

B. Periodic Reporting Requirements

Proposals

Quarterly reporting

90. The Exchange proposed removing quarterly financial reporting as a mandatory requirement for GEM issuers and instead introducing it as a recommended best practice in GEM's Corporate Governance Code.^{54 55}

Financial reporting timeframes

91. The Exchange also proposed aligning GEM's financial reporting timeframes with those of the Main Board, so that a GEM issuer is required to publish:

⁵⁴ Appendix 15 of the GEM Rules.

⁵⁵ See paragraph 92 of the Consultation Paper.

- (a) annual reports not later than four months after the end of each financial year;⁵⁶
- (b) interim reports not later than three months after the end of the first six months of each financial year;⁵⁷ and
- (c) preliminary announcements of results for the first six months of each financial year not later than two months after the end of that six month period.^{58 59}

Responses

- 92. 94% of respondents who commented (49 respondents) supported the 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, while 6% of those who commented (three respondents) did not support the proposal.⁶⁰
- 93. 100% of respondents who commented (50 respondents) supported the proposal to align GEM's financial reporting timeframes with those of the Main Board.⁶¹

Key comments

Removing quarterly financial reporting requirement

- 94. Most respondents supported our proposal to remove mandatory quarterly financial reporting to lower GEM issuers' compliance costs and to further align GEM ongoing requirements with those of the Main Board. Some stated that interim and annual reports, together with notifiable transactions disclosures, would provide sufficient financial information to investors and the public. They agreed that positioning quarterly financial reporting as a recommended practice would provide companies with more flexibility.
- 95. A few respondents commented that quarterly financial reporting should be retained to increase transparency of GEM issuers' financial performance. One respondent suggested adopting the US SEC approach of allowing smaller issuers to issue "scaled-down" quarterly reports to reduce their administrative burden while ensuring transparency.⁶² We also received feedback that the Exchange should consider following

⁵⁶ MB Rule 13.46.

⁵⁷ MB Rule 13.48(1).

⁵⁸ MB Rule 13.49(6).

⁵⁹ See paragraphs 94 and 95 of the Consultation Paper.

⁶⁰ See Question 9 of the Consultation Paper.

⁶¹ See Question 10 of the Consultation Paper.

⁶² Under Item 10(f)(1) of Regulation S-K, if a company is qualified as a 'smaller-reporting company', it may choose to prepare the disclosure in the prospectus relying on scaled disclosure requirements for smaller reporting companies in Regulation S-K and in Article 8 of Regulation S-X.

the risk-based approach⁶³ adopted by the SGX⁶⁴ by mandating quarterly reporting only in certain circumstances (e.g. where auditors have issued a disclaimer of their opinion).

Aligning GEM's financial reporting timeframes

96. Respondents unanimously supported our proposal to align GEM's financial reporting timeframes with those of the Main Board, given that both markets are subject to the same accounting standards and process of preparing financial reports. They also thought that giving sufficient time for issuers to prepare financial reports and results allows them to ensure accuracy and comprehensiveness.
97. One respondent suggested that the Exchange consider consequential amendments to the guidance letter HKEX-GL25-11 to reflect the change in the publication timeframes.

Exchange conclusion

Removing quarterly financial reporting requirement

98. The removal of the mandatory quarterly reporting requirement helps address major stakeholders' concerns by reducing the compliance costs of a GEM issuer. Also, we believe the annual and interim report requirements, together with ongoing disclosure obligations (including the disclosure of Inside Information and notifiable transactions), will continue to allow investors to make sufficiently informed assessments of a GEM issuer's financial position and future prospects.
99. We prefer to position quarterly reporting as a recommended best practice instead of implement the approaches taken by the SEC in the US and the SGX in Singapore as this will provide the greatest flexibility to GEM issuers and is in line with the approach for issuers on the Main Board. Where a GEM issuer has received a disclaimer of opinion from auditors, the trading of its securities will be suspended⁶⁵ and it will be required to make quarterly announcements of its developments to provide transparency to the market.⁶⁶
100. We will adopt the proposals 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 as proposed in the Consultation Paper.

⁶³ The SGX risk-based approach sets out that an issuer would only be required to undertake quarterly reporting if (a) it has received an adverse opinion, qualified opinion or disclaimer of opinion from its auditors on the issuer's latest financial statements; or (b) its auditors have expressed a material uncertainty relating to going concern on the issuer's latest financial statements.

⁶⁴ SGX MB Rule [705\(2\)](#) and Catalist Rule [705\(2\)](#).

⁶⁵ GEM Rule 17.49B.

⁶⁶ GEM Rule 17.26A.

Aligning GEM's financial reporting timeframes

101. In view of the unanimous support from respondents, we will adopt the proposals 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 Main Board issuers. The Exchange will also amend the guidance letter HKEX-GL25-11 as proposed by the respondent in paragraph 97 above.

C. Other Continuing Obligations

Responses and key comments

102. A number of respondents provided suggestions on the removal of certain existing continuing obligations currently applicable to a GEM listed issuer.⁶⁷ They commented that the current reverse takeover and extreme transaction rules are too onerous for GEM issuers. They proposed that the Exchange relax the restrictions on acquisitions and the injection of new assets so that issuers have more freedom to explore new businesses for expansion and growth through such transactions.

Exchange conclusion

103. As stated in paragraph 28 of the Consultation Paper, shell activities have now largely ceased due to the regulatory efforts of the Exchange and the SFC. These included enhancements to reverse takeover Rules and the implementation of a more robust delisting framework. We believe these requirements remain necessary to prevent a recurrence of shell activities. The retention of these measures also means we are able to modify other measures that were originally put in place to curb shell activities, including the shortening of the lock-up period for controlling shareholders (see paragraph 61 above) and the introduction of the new streamlined transfer mechanism (see paragraph 115 below). We therefore do not propose making further amendments as proposed by certain respondents.

⁶⁷ See Question 8 of the Consultation Paper.

III. Transfers to the Main Board

A. New Streamlined Transfer Mechanism

Proposals

104. The Exchange proposed to implement a new streamlined mechanism to enable qualified GEM issuers⁶⁸ to transfer their listings to the Main Board.⁶⁹
105. For the purpose of the proposed mechanism, the Exchange proposed removing the requirements for: (a) the appointment of a sponsor to carry out relevant investigations and due diligence work prior to its transfer;⁷⁰ and (b) the issuance of a “prospectus-standard” listing document for a streamlined transfer to the Main Board.⁷¹
106. Instead, we proposed that a streamlined transfer applicant submit, at a minimum, the following documents to the Listing Division as part of its transfer application:
- (a) a formal application for listing (including directors’ confirmation that all relevant requirements for a transfer of listing are complied with);
 - (b) an advanced draft public announcement of the transfer for pre-vetting by the Listing Division; and
 - (c) a working capital sufficiency statement, together with relevant supporting information,⁷² confirming that:
 - (a) the working capital available for the group is sufficient for the next 12 months from the date of publication of the announcement under sub-paragraph (b); and
 - (b) the issuer’s financial advisers or auditors are satisfied that this confirmation has been given after due and careful enquiry and that persons or institutions providing finance have stated in writing that the relevant financing facilities exist.⁷³

⁶⁸ Such issuers shall meet all the qualifications for listing on the Main Board. See MB Rule 9A.02(1).

⁶⁹ See paragraph 105 of the Consultation Paper.

⁷⁰ See paragraph 108 of the Consultation Paper.

⁷¹ See paragraph 111 of the Consultation Paper.

⁷² Supporting information typically includes cashflow forecast memoranda, profit forecasts and written statements from persons or institutions providing finance.

⁷³ See paragraph 111 of the Consultation Paper.

107. The Exchange proposed that a streamlined transfer applicant must have obtained all necessary shareholders', board and/or regulatory approvals required for the transfer of listing.⁷⁴
108. The Exchange also proposed that a streamlined transfer applicant publish:
- (a) a short announcement informing the public of the application on the day of application for transfer;⁷⁵ and
 - (b) the announcement referred to in paragraph 106(b) above as soon as practicable after it has received from the Exchange formal in-principle approval for transfer of its listing (i.e. not later than one business day after its receipt of such formal in-principle approval and at least five clear business days before the intended date dealings in its shares on the Main Board are expected to commence).⁷⁶
109. The Exchange further proposed that the long-form announcement (referred to in paragraphs 106(b) and 108(b)) must contain information including: (a) a prescribed form disclaimer statement; (b) directors' responsibility statement; (c) confirmation of fulfilment of all pre-conditions to a transfer of listing;⁷⁷ (d) reasons for the transfer of listing; (e) a statement that various documents are displayed on the Exchange's website and the issuer's website, (f) a statement that the requisite approval has been granted by the Exchange; (g) issuer's stock codes on GEM and the Main Board; (h) a statement of CCASS eligibility; (i) if applicable, a statement of any listing of options, warrants etc., that will be transferred together with the underlying securities; (j) names of the directors; and (k) such information as directed by the Exchange.⁷⁸

Responses

110. 97% of respondents who commented (56 respondents) supported the proposal to introduce a streamlined mechanism to enable qualified GEM issuers to transfer their listing to the Main Board, while 3% of those who commented (two respondents) did not support the proposal.⁷⁹
111. Of those who supported the introduction of a new streamlined transfer mechanism:
- (a) 92% of respondents who commented (47 respondents) supported the removal of the requirement for the appointment of a sponsor for the purpose of a streamlined

⁷⁴ See paragraph 112 of the Consultation Paper.

⁷⁵ GEM Rule 9.26. This is not expected to contain substantial details and no content requirements will be included in the Listing Rules.

⁷⁶ See paragraph 113 of the Consultation Paper.

⁷⁷ This statement must include details of the calculations made to demonstrate that the transfer applicant has met the pre-conditions in respect of the volume weighted average market capitalisation and daily turnover of its securities.

⁷⁸ See paragraph 114 of the Consultation Paper.

⁷⁹ See Question 11 of the Consultation Paper.

transfer, while 8% of those who commented (four respondents) did not support the proposal;⁸⁰ and

- (b) 96% of respondents who commented (47 respondents) supported, for the purpose of a streamlined transfer, the removal of the requirement for a “prospectus-standard” listing document and the introduction of other requirements as set out in paragraphs 111 to 114 of the Consultation Paper, while 4% of those who commented (two respondents) did not support the proposals.⁸¹

Key comments

112. A majority of respondents supported the introduction of a new streamlined transfer mechanism. They thought that the existing transfer mechanism, whereby sponsor appointment and “prospectus-standard” listing document are required, is perceived by the market as unduly stringent and cost inefficient. They believed the proposed streamlined transfer mechanism would increase the accessibility to the Main Board and the efficiency of the transfer process. Overall, they believed that the proposal could generate greater interest from potential applicants in listing on GEM and bring more vibrancy and liquidity to trading on GEM.
113. Supportive respondents also thought the proposal to remove the requirement for a “prospectus-standard” listing document for the purpose of a streamlined transfer would avoid unnecessarily duplicative disclosures that have already been made under the continuing obligations of the GEM Listing Rules.
114. The removal of sponsor appointment also received support as respondents thought this would help save time and cost without undermining quality of the Main Board, given that GEM issuers have been under regulatory scrutiny and obliged to comply with ongoing obligations under the GEM Listing Rules during a track record period prior to transfer.

Exchange conclusion

115. The Exchange welcomes positive feedback on the streamlined transfer mechanism to revitalise GEM. In view of the majority support from respondents, we will adopt the proposal.

B. Track Record Requirements for Streamlined Transfers

Proposals

116. The Exchange proposed that a streamlined transfer applicant demonstrate a minimum track record of three full financial years as a GEM listed issuer prior to its transfer

⁸⁰ See Question 12 of the Consultation Paper.

⁸¹ See Question 13 of the Consultation Paper.

(instead of only one full financial year commencing after the date of its initial listing on GEM).^{82 83}

117. The Exchange proposed that a streamlined transfer applicant demonstrate that there has been, throughout its three-year financial track record period: (a) ownership continuity and control, and (b) no fundamental change in its principal business.⁸⁴

Responses

118. Of those who supported the introduction of a new streamlined transfer mechanism, 57% of respondents who commented (29 respondents) supported the proposed track record requirements for a streamlined transfer applicant, while 43% of those who commented (22 respondents) did not support the proposal.⁸⁵

Key comments

119. Supportive respondents commented that the three-year track record period could substantiate issuers' qualification for streamlined transfer by demonstrating a sufficient length of public market operations and regulatory compliance. They thought the track record period would also help substantiate the rationale for the removal of the sponsor due diligence and "prospectus-standard" listing document for a streamlined transfer without significantly increasing the cost of transfer to the Main Board.
120. It was also noted that the requirements for ownership continuity and control and no fundamental changes in the principal business during the three-year track record period would provide vital safeguards against the misuse of streamlined transfers by potential "shell companies".
121. A number of respondents however considered a three-year track record period too lengthy and suggested shortening it to one or two year(s) for the following reasons:
- (a) **A five-year pre-transfer track record period will deter GEM listings:** under our proposal, transfer applicants would have to demonstrate a track record of two years prior to listing on GEM followed by a three-year track record period as a listed GEM issuer. Issuers are required to demonstrate a three-year track record period only to list on the Main Board directly. These respondents believed there was no reason to delay the transfer of a GEM applicant that could meet all Main Board listing requirements for an additional two years. They also thought that this additional "waiting period" may send a negative signal to the market that GEM issuers were inferior in terms of investor protection and regulatory compliance compared to Main Board issuers;

⁸² See MB Rule 9A.02(2) for the existing requirement.

⁸³ See paragraph 117 of the Consultation Paper.

⁸⁴ See paragraph 118 of the Consultation Paper.

⁸⁵ See Question 14 of the Consultation Paper.

- (b) **Unnecessary and duplicative restrictions:** to list on GEM, issuers would have been subject to the same level of sponsor due diligence and gone through a vetting process that was as comprehensive and thorough as that for a Main Board listing. Consequently, it was not necessary to impose the Main Board track record period requirement of three years on streamlined transfer applicants;
 - (c) **The proposals are more stringent than the current transfer process:** the current transfer process (with sponsor due diligence and “prospectus-standard” listing document) requires only a one-year track record. Respondents noted that the Exchange explained, when this process was put in place, that it did not intend to set up an artificial barrier to make the GEM transfer process more difficult for issuers that preferred to use GEM as a relatively short-term stepping-stone to list on the Main Board;⁸⁶ and
 - (d) **Uncompetitive compared with peers:** respondents thought the pre-transfer three-year track record requirement more stringent than that required by GEM’s peer markets and that this would undermine the competitiveness of GEM. For example, AIM and the Nasdaq Capital Market do not have specific track record requirements for their transfer mechanisms. Also, Catalist and the BSE only require track record periods of two years and one year, respectively.
122. A few respondents disagreed with the requirement for there to be no fundamental change in business of a streamlined transfer applicant during its three-year pre-transfer period. They stated that it was not uncommon for start-ups or technology companies to change their business models as they grew. For this reason they thought that the proposed streamlined transfer may deter high-growth innovative and technology companies from choosing GEM as their listing venue.

Exchange conclusion

Rationale for three-year pre-transfer track record period

123. The rationale for removing the sponsor due diligence requirement for a streamlined transfer to the Main Board is based on a GEM listed issuer having demonstrated compliance with the ongoing obligations of the GEM Listing Rules, for a track record period prior to transfer, with continuity of ownership, management and business during that period. If this can be demonstrated, we believe that additional due diligence is not necessary.
124. The rationale for removing the requirement for a “prospectus-standard” listing document for transfer is based on a GEM transfer applicant having demonstrated that it has complied with all GEM Listing Rule disclosure requirements as a GEM listed issuer. Consequently, the information that is ordinarily necessary for investors to make an informed investment decision regarding a Main Board listing applicant is already publicly

⁸⁶ HKEX, [Consultation Conclusions on the Growth Enterprise Market \(May 2008\)](#), paragraphs 88 and 90.

available, without the need for the issuer to re-publish that information in the form of a listing document.

125. We proposed that a streamlined transfer applicant have a minimum track record of three full financial years as a GEM listed issuer prior to its transfer.⁸⁷ This would demonstrate a transferee’s compliance with post-listing GEM Listing Rule requirements (including disclosure requirements) for a period equal to the three-year track record reporting period for companies listing directly on the Main Board. We believe that this compliance record, as a GEM listed issuer, is necessary to justify the streamlined transfer arrangements.
126. We will retain the existing transfer mechanism in addition to the new streamlined transfer mechanism. The existing transfer mechanism requires a transferee to demonstrate a one-year pre-transfer track record period only after GEM listing. Consequently, GEM issuers will be able to choose the existing transfer route for a quicker transfer, if the benefit of doing so outweighs the cost of sponsor due diligence and the production of a “prospectus-standard” listing document.

Jurisdictional comparison

127. Although the track record requirements for the transfer mechanism among the Selected Overseas Junior Markets appear less stringent than our proposal, we wish to highlight the following differences of approaches in these markets.
128. AIM and Catalist are Sponsor Supervised Markets where sponsors or corporate financial advisers known as “Nomad” are required to advise issuers on compliance with listing rules throughout their listing (including the transfer process). Also, for the purpose of transfer, BSE requires issuers to appoint a sponsor to conduct due diligence,⁸⁸ and the sponsor’s opinion is required to be disclosed in a transfer report,⁸⁹ for the purpose of transfer to the ChiNext Market or the STAR Market.
129. In view of the majority support from respondents, we will adopt the proposal as set out in the Consultation Paper.

⁸⁷ See paragraph 117 of the Consultation Paper.

⁸⁸ Article 18 of [Trial Measures for Companies Listed on the Beijing Stock Exchange transferring to the STAR Market of the Shanghai Stock Exchange \(“STAR Market Trial Measures”\)](#) and Article 20 of [Trial Measures of Shenzhen Stock Exchange in relation to Companies Listed on the Beijing Stock Exchange transferring to ChiNext \(“ChiNext Trial Measures”\)](#).

⁸⁹ Article 16 of STAR Market Trial Measures and Article 21(1) of ChiNext Trial Measures.

C. Liquidity and Valuation Requirements for Streamlined Transfers

Proposals

Daily Turnover Test

130. The Exchange proposed that the daily turnover of a transfer applicant must have reached a Minimum Daily Turnover Threshold on at least 50% of the trading days over the 250 trading days immediately preceding the transfer application and until the commencement of dealings in its securities on the Main Board (the “**Reference Period**”).⁹⁰ For this purpose:
- (a) the “daily turnover” of a transfer applicant refers to the trading turnover in the applicant’s GEM shares (i.e. value of GEM shares traded) on a trading day as stated in the Exchange’s daily quotations sheets;⁹¹ and
 - (b) the reference to “trading days” excludes the number of trading days on which trading of the applicant’s securities were halted or suspended.⁹²
131. The Exchange proposed that the Minimum Daily Turnover Threshold be set at either HK\$100,000 or HK\$50,000.⁹³

Volume Weighted Average Market Capitalisation Test

132. The Exchange proposed that a streamlined transfer applicant must have a volume weighted average market capitalisation over the Reference Period that meets the minimum market capitalisation requirement⁹⁴ for listing on the Main Board.⁹⁵
133. For this purpose, the volume weighted average market capitalisation should be calculated as the sum of the daily market capitalisation multiplied by the ratio of the daily number of shares traded to the total number of shares traded for all the trading days over the Reference Period as adjusted for any applicable corporate actions.⁹⁶
134. The daily market capitalisation specified above is the number of total issued shares of the issuer as shown in an issuer’s relevant next day disclosure return or monthly return

⁹⁰ Such Reference Period covers both: (a) the 250 trading days immediately preceding the transfer application; and (b) the trading days between the transfer application and the commencement of dealings of the transfer applicant’s securities on the Main Board.

⁹¹ Accessible on the Exchange’s [website](#).

⁹² See paragraph 120 of the Consultation Paper.

⁹³ See paragraph 121 of the Consultation Paper.

⁹⁴ Based on the minimum market capitalisation threshold applicable to the test via which the transfer applicant seeks to list its shares on the Main Board.

⁹⁵ See paragraph 125 of the Consultation Paper.

⁹⁶ See paragraph 126 of the Consultation Paper.

(whichever is more recent) multiplied by the intraday VWAP of the listed issuer's securities, which should be calculated by dividing the daily turnover by the daily number of shares traded for that trading day.⁹⁷

Responses

135. Of those respondents who supported the introduction of a new streamlined transfer mechanism, 52% who commented (27 respondents) supported the proposed daily turnover and volume weighted average market capitalisation requirements for a streamlined transfer applicant, while 48% of those who commented (25 respondents) did not support the proposal.⁹⁸
136. Table 4 sets out the preferred Minimum Daily Turnover Thresholds of those who supported, and indicated a preference for, the proposed Daily Turnover Test for the purpose of a streamlined transfer.⁹⁹

Table 4: Preferred Minimum Daily Turnover Thresholds

PREFERRED MINIMUM DAILY TURNOVER THRESHOLD	NUMBER	%
> HK\$100,000	2	8%
HK\$100,000	6	25%
HK\$50,000	11	46%
HK\$30,000 to HK\$35,000	2	8%
Alternative suggestions ¹⁰⁰	3	13%
TOTAL¹⁰¹	24	100%

Key comments

137. A majority of respondents supported the liquidity and valuation requirements for the purpose of a streamlined transfer. They agreed that these requirements could help foster investor confidence by ensuring that transfer applicants would have adequate investor demand for their securities.

⁹⁷ See paragraph 127 of the Consultation Paper.

⁹⁸ See Question 15 of the Consultation Paper.

⁹⁹ See Question 16 of the Consultation Paper.

¹⁰⁰ See paragraph 145 of this paper.

¹⁰¹ Total number only includes respondents who responded "Yes" to Question 15 of the Consultation Paper and commented on Question 16 of the Consultation Paper. The sum of percentages may not add up to 100% due to rounding.

Daily Turnover Test

138. Supporting respondents considered that high daily turnover would be an indicator of positive investment attributes of a GEM issuer and support the issuer's suitability for listing on the Main Board.
139. Those who did not support the proposed test were of the view that the level of liquidity of a company's shares would be influenced by a variety of external factors such as industry downturns, market sentiments and interest rate policies. The daily turnover of a company's shares may therefore not be reflective of the company's own growth potential and profitability.
140. Some respondents noted that a Main Board listing applicant is currently not required to meet equivalent liquidity-based requirements for an Exchange listing. They thought that profit and/or revenue-based tests are more relevant than liquidity-based tests to identify high quality transfer applicants.
141. Some respondents cautioned that, in the absence of a market making mechanism, the proposal may encourage transfer applicants to arrange "window dressing" transactions to meet the proposed daily turnover requirement. So, the tests may increase the likelihood of market manipulation impairing GEM's overall market quality.
142. Two respondents thought that, if the Exchange decided to impose a liquidity-based test on applicants for a streamlined transfer, the Daily Turnover Test should be replaced by a minimum quantitative threshold on the aggregate turnover or trading volume of shares to provide more flexibility.

Minimum Daily Turnover Threshold

143. Of the respondents who supported the Daily Turnover Test, the highest number of respondents thought that the Minimum Daily Turnover Threshold should be set at HK\$50,000. They thought that this would be sufficient to address the need for a transfer applicant to demonstrate its investor demand while providing flexibility to GEM issuers whose shares are less liquid because of factors beyond their control. It was also noted that strategic investors of a high quality growth company may be inclined to hold the company's shares for the long term rather than trade frequently, so as to maximise their return on its growth. Accordingly, it would be sensible to set a lower Minimum Daily Turnover Threshold.
144. A few respondents supported a higher Minimum Daily Turnover Threshold of HK\$100,000 as they believed that daily turnover of HK\$50,000 was too low to demonstrate genuine liquidity in an issuer's shares.
145. In light of a lack of liquidity in GEM securities in recent years, three respondents suggested setting a dynamic Minimum Daily Turnover Threshold with reference to the average daily turnover of small-cap issuers listed on the Main Board or the average daily turnover of GEM issuers over a set period. They thought that such a dynamic threshold could better reflect the prevailing market conditions (especially trading activities on GEM) and so would be less arbitrary.

Volume Weighted Average Market Capitalisation Test

146. Respondents who supported the proposed test welcomed the standardised approach represented by the volume weighted average market capitalisation test. They agreed that the proposed test could minimise the risk of market manipulation to meet the minimum market capitalisation requirement.
147. In respect of the proposed calculation methodology, supporting respondents generally agreed that this would provide sufficient certainty to potential transfer applicants as they could easily evaluate their eligibility for the new streamlined transfer based on publicly available information. Some suggested that the Exchange set out illustrative examples in its guidance to the market to facilitate issuers and investors' understanding of the new requirement.
148. Dissenting respondents thought that the proposed test represented an additional hurdle for a GEM issuer wishing to transfer its listing to the Main Board, given that a new applicant for listing on the Main Board would not be required to meet the same requirement. They believed that the current market capitalisation requirement for a Main Board listing would already provide sufficient regulatory safeguards.

Exchange conclusion

Daily Turnover / Volume Weighted Average Market Capitalisation Tests

149. We continue to believe that the Daily Turnover Test, together with the Volume Weighted Average Market Capitalisation Test, help ensure the market capitalisation of a streamlined transfer applicant is supported by evidence of investor demand.¹⁰²
150. A Volume Weighted Average Market Capitalisation Test (when combined with the Daily Turnover Test) helps mitigate the risk that the minimum market capitalisation threshold is achieved by a valuation that is inflated or distorted by a limited number of trades and help ensure that there is adequate investor demand for an issuer's securities.¹⁰³
151. In view of the majority support from respondents, we will implement the Daily Turnover Test and the Volume Weighted Average Market Capitalisation as set out in the Consultation Paper.

Minimum Daily Turnover Threshold

152. The Exchange prefers not to set a dynamic Minimum Daily Turnover Threshold benchmarked against the average performance of Main Board or GEM listed issuers as it may substantially increase the uncertainty as to whether a GEM listing applicant can meet the Daily Turnover Test during periods of high trading volatility.

¹⁰² See paragraph 122 of the Consultation Paper.

¹⁰³ See paragraph 129 of the Consultation Paper.

153. Having taken into consideration feedback from respondents, we will implement the proposals set out in our consultation paper, with a Minimum Daily Turnover Threshold set at HK\$50,000.
154. To aid issuers and market practitioners' understanding, the Exchange will provide illustrative examples in its guidance materials showing how to calculate the volume weighted average market capitalisation of an issuer.

D. Compliance Record Requirement for GEM Transfers

Proposals

Compliance record requirement for streamlined transfers

155. The Exchange proposed to require that a streamlined transfer applicant must:
- (a) not have been held to have committed a serious breach of any Listing Rules in the 12 months preceding the transfer application and until the commencement of dealings in its securities on the Main Board; and
 - (b) not be the subject of any investigation by the Exchange, or any ongoing disciplinary proceedings under Chapter 3 of the GEM Listing Rules, in relation to a serious breach or potentially serious breach of, any Listing Rules as at (i) the date of the transfer application and (ii) the date when dealing in its securities commences on the Main Board.¹⁰⁴

Housekeeping amendment

156. The Exchange proposed to amend the current Main Board Listing Rules so that the proposed "good behaviour" requirement above (of paragraph 155) applies to all transfers of listing from GEM to the Main Board.¹⁰⁵

Responses

157. Of those who supported the introduction of a new streamlined transfer mechanism, 98% of respondents who commented (46 respondents) supported the proposed compliance record requirement for a streamlined transfer applicant, while 2% of those who commented (one respondent) did not support the proposal.¹⁰⁶
158. 98% of respondents who commented (48 respondents) supported the housekeeping amendment to the existing compliance record requirement for a transfer from GEM to

¹⁰⁴ See paragraph 134 of the Consultation Paper.

¹⁰⁵ See paragraph 136 of the Consultation Paper.

¹⁰⁶ See Question 17 of the Consultation Paper.

the Main Board. The same respondent who objected to the proposal in paragraph 157 also did not support the proposal.¹⁰⁷

Key comments

159. A majority of respondents supported the proposed compliance record requirement for a streamlined transfer as well as the transfer under Chapter 9A of the Main Board Listing Rules. They considered the requirement an important safeguard to protect the interests of investors and maintain market integrity. They thought it helped ensure that issuers transferring to the Main Board demonstrated a commitment to robust regulatory standards and a history of fulfilling their obligations to shareholders. They also thought the requirements set clear, objective, and transparent criteria.
160. Some respondents did not agree with our proposal that a transferee should not be the subject of any investigation by the Exchange (see paragraph 155(b) above) during its track record period prior to transfer. They thought this violated the principle of “presumption of innocence”. On this basis, one of them suggested that the “good behaviour” criteria should only be applied to a GEM transferee at the time when the formal in-principle approval was to be granted by the Listing Committee.
161. A few respondents commented that it would be disruptive and costly to call off the transfer application if a transfer applicant was only made aware that it was under the Exchange’s investigation at the time of the transfer application. They thought that an investigation, even if it does not result in a finding that there was a serious breach of the Listing Rules, could delay the transfer application for a qualified GEM issuer.
162. A respondent asked us to clarify whether a streamlined transfer applicant who had been held to have committed a serious breach of any Listing Rules would be prevented from transferring even though such a decision was subsequently overturned by the GEM Listing Review Committee.
163. Another respondent asked us to expand on the types of investigation (referred to in paragraph 155(b) above) that would prevent a transfer. They thought these investigations should include those initiated by the SFC and other relevant overseas and local regulatory authorities, in or outside of Hong Kong.

Exchange conclusion

164. The Exchange’s “good behaviour” track record proposals help mitigate the risk that disciplinary action would be taken, or a serious breach of the Listing Rules would be subsequently held against an applicant *after* it has transferred to the Main Board. Such a material breach of the Listing Rules may call into question its suitability for listing after investors had already made investment decisions on the basis of its assumed clean

¹⁰⁷ See Question 18 of the Consultation Paper.

compliance record.¹⁰⁸ The demonstration of a clean compliance record free from any investigation by the Exchange helps mitigate this risk.

165. We will require a GEM transferee to be free from any investigation by the Exchange as at the date of its transfer application. This brings certainty as to the suitability of a transfer applicant and avoids a waste of time and resources for the applicant and the Exchange, during the transfer vetting period, if the investigation eventually leads to disciplinary proceedings against the applicant.
166. We wish to clarify that a GEM issuer may apply for a transfer under Chapter 9A and Chapter 9B of the Main Board Listing Rules, respectively, in each of the following scenarios:
- (a) if investigations by the Exchange are not leading or have not led to any disciplinary proceedings; or
 - (b) upon the conclusion of disciplinary proceedings where there is a finding of no serious breach of the Listing Rules.
167. As set out in the current FAQs in relation to Chapter 9A of the Main Board Listing Rules,¹⁰⁹ a GEM issuer may request a confirmation letter from the Listing Division on whether the GEM issuer is the subject of any investigation by the Exchange in relation to a serious breach or potential serious breach of any Listing Rules in the past 12 months. If additional information that alters such a confirmation comes to light within two months of the date of the letter, the Exchange will notify the GEM issuer in writing.
168. This means that a GEM issuer may seek this confirmation in advance of its transfer application to inform its decision on whether to apply for the transfer application or not, thereby minimising any possible disruption caused to the transfer process due to last-minute information regarding the Exchange's investigations.
169. A GEM issuer is required to disclose details of any investigation by regulatory authorities, other than the Exchange, to the extent permitted by law as such details would likely constitute Inside Information. As with all Main Board listings, the investigation details will form part of the Exchange's assessment of the issuer's suitability for listing.^{110 111} We therefore believe it would not be necessary for the "good behaviour" track record requirement to include non-Exchange investigations.
170. In view of the majority support from respondents, we will adopt the proposals as set out in our Consultation Paper.

¹⁰⁸ HKEX guidance letter [HKEX-GL96-18 \(June 2018\) \(Updated in March 2019, October 2019\)](#) (Guidance on listed issuer's suitability for continued listing), paragraphs 3 and 19.

¹⁰⁹ Frequently Asked Questions Series 5, Question 22.

¹¹⁰ HKEX guidance letter [HKEX-GL68-13 \(December 2013\) \(Updated in June 2015 and March 2019\)](#) (Guidance on suitability for listing for new applicants).

¹¹¹ MB Rule 8.04.

E. Costs for Transfers of Listing

Proposal

171. The Exchange proposed to exempt GEM transferees to the Main Board from the Main Board initial listing fee.^{112 113}

Responses

172. 96% of respondents who commented (46 respondents) supported the proposal, while 4% of those who commented (two respondents) did not support it.¹¹⁴

Key comments

173. A majority of respondents supported the exemption for GEM transferees to the Main Board from the Main Board initial listing fee. They generally thought that the exemption could lower the cost of transferring from GEM to the Main Board and incentivise potential and qualified companies to transfer to the Main Board through the streamlined transfer mechanism.
174. Supporting respondents also commented that a transfer of listing under the Exchange's proposals would require the Exchange to use far fewer of its resources than a direct listing on the Main Board, justifying an exemption from the standard Main Board initial listing fee.

Exchange conclusion

175. In view of the majority support from respondents, we will adopt the proposal to exempt GEM transferees from the Main Board initial listing fee.

¹¹² As currently required under the Main Board Listing Rules, Appendix 8, paragraph 1.

¹¹³ See paragraph 139 of the Consultation Paper.

¹¹⁴ See Question 19 of the Consultation Paper.

IV. Housekeeping Rule Amendments

176. We have taken the opportunity to make housekeeping Listing Rule amendments to follow our Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments.¹¹⁵ These housekeeping amendments do not involve any change to policy direction and will take effect from 31 December 2023:

- (a) reinstate Note 5 to MB Rule 13.52, which was incorrectly marked as deleted in the conclusions due to a typographic error;
- (b) amend GEM Rule 21.07(7) to align the GEM Listing Rules with the corresponding amendments to the Main Board Rules;¹¹⁶ and
- (c) rectify the paragraph numbers in the section “B. Board of Directors” under “Part 1 – Mandatory Disclosure Requirements” in Appendix C1 to the amended GEM Listing Rules so that these paragraphs are in alphabetical order.

¹¹⁵ See the [Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments \(June 2023\)](#).

¹¹⁶ Paragraph 4(f) of Practice Note 4 to the MB Rules.

CHAPTER 3: OTHER MARKET COMMENTS

Comments on Matters not Covered by Consultation

177. In addition to responses to questions raised in the Consultation Paper, the Exchange also received the following market feedback. This chapter summarises these comments and the Exchange's responses to them.

GEM's positioning

178. We received feedback that the Exchange should clarify its overall vision and objectives for the future of GEM and the kind of investors it wished to target, as this could have a bearing on the extent to which regulatory requirements on listing could be relaxed and the level of corporate governance safeguards required.

179. Two respondents suggested enhancing GEM's role of supporting the development of green and sustainable finance in Hong Kong by making fundraising channels available to green technology, green finance, and new energy companies. It was believed that such positioning would capitalise on the advantages of Hong Kong as a fundraising platform and transform Hong Kong into a leading hub for green industries.

Listing process

180. Several respondents expressed a concern that the Exchange's IPO vetting process was overly stringent and lengthy, particularly with regards to the listing applications of SMEs, and that this contributed significantly to the high costs of a GEM listing. They urged the Exchange to improve the transparency and efficiency of its IPO vetting process by:

- (a) establishing key performance indicators for vetting small and mid-cap listing applications so that the time required for listing SMEs could be reduced; and
- (b) publishing statistics on the Exchange's adherence to its service level standards.

181. Three respondents suggested reverting to the disclosure-based approach adopted when GEM (formerly known as the "Growth Enterprise Market") was established in 1999 as a "buyer beware" market for the admission of growth companies. They thought this would improve the efficiency of the listing process because listing applicants would no longer have to be vetted against merit-based criteria.

Suitability for listing

182. Three respondents questioned the Exchange's approach to vetting an applicant's "suitability" for listing.¹¹⁷ They thought the criteria that the Exchange used for this purpose, as outlined in the Exchange's guidance (Guidance Letter HKEX-GL68-13A), were disproportionately stringent in light of the significant reduction in shell activities in

¹¹⁷ GEM Rules 2.06(1) and 2.09.

recent years. They believed that these criteria (e.g. high listing expenses relative to the size of the applicant) would always be present for issuers with small market capitalisations¹¹⁸ and so prevented SME listings.

183. These respondents also said that it was not appropriate for the Exchange to strongly question an applicant's rationale for listing,¹¹⁹ stating that this should be a purely commercial decision for the applicant, and its advisers, to consider. They said that there may be various reasons why companies sought to list on GEM, some of which were not related to fund raising for future growth. They asked the Exchange to shift its approach towards more objective and transparent criteria when assessing a listing applicant's suitability for listing.

Marketing initiatives and supporting measures

184. Two respondents suggested that the Exchange more actively engage with SMEs and growth companies and facilitate investor outreach to help these companies market their securities and create liquidity, stating that the Exchange has a duty to serve companies of all types and sizes.
185. Two respondents asked the Exchange to consider introducing a market making mechanism for the shares traded on GEM with reference to similar approaches currently adopted by the NEEQ, the BSE and AIM. They thought that such mechanism could help enhance the overall liquidity of GEM because market makers would quote two sided prices on a regular and ongoing basis to maintain price continuity with reasonable depth.

Other suggestions

186. We note some market feedback thought the needs of SMEs could be better served by: (a) setting up a new standalone market, similar to Nasdaq, to cater to the needs of SMEs and new economy companies; (b) launching an over-the-counter trading platform serving issuers delisted from the Main Board and GEM; and (c) adopting a two-way transfer mechanism to allow Main Board issuers to transfer to GEM (as well as GEM issuers to transfer to the Main Board).
187. Respondents thought that the above measures would help enhance the competitiveness and attractiveness of Hong Kong as a fundraising centre for SMEs.

Exchange conclusion

GEM's positioning

188. Following the implementation of the reforms set out in this paper, GEM will be positioned as a market for both well-established SMEs and growth companies heavily engaged in R&D. It would not be positioned as a market for "start-ups" as we believe that the risks associated with such companies are best borne by professionals such as private equity

¹¹⁸ HKEX guidance letter [HKEX-GL68-13A](#) (Guidance on IPO vetting and suitability for listing), paragraph 1.4(i).

¹¹⁹ HKEX guidance letter [HKEX-GL68-13A](#) (Guidance on IPO vetting and suitability for listing), paragraph 1.3.

/ venture capital investors. GEM would be a market suitable for all types of investors, both professional and retail, and all would be welcome to trade securities listed on GEM.

189. We note the suggestion on positioning GEM as a market to support the development of green and sustainable finance (see paragraph 179). We believe that this is one of the many sectors that will benefit from the new “market capitalisation/ revenue/ R&D test”.

Listing process

190. The Exchange treats all listing applications equally. The length of our vetting process is dependent upon many factors but is predominantly determined by the quality of submissions the Exchange receives from a listing applicant (via their advisers) and the timeliness of the applicant’s responses to the Exchange’s comments on those submissions.
191. Between 2020 and 2022, the Exchange took 17 business days, on average, from the date of an applicant’s listing application, to issue its first comment letter for the successful listing applications.¹²⁰ After issuing the first comment letter, the average period for the Exchange to issue all subsequent comments to applicants was 41 business days whilst it took, on average, 89 business days for applicants to submit responses to the Exchange’s comments. The quality of the listing applicant’s initial submission and its subsequent responses will also determine how many rounds of comments the Exchange issues.
192. A timetable to listing can also be influenced by other factors such as: (a) whether guidance is required on certain novel and complex issues; and (b) general market conditions. For example, listing applicants may voluntarily delay their listing to a time when the conditions are most favourable so that they can achieve the highest price for their offer shares.

Measures taken to address comments

193. The Exchange has implemented various measures to enhance the transparency of its vetting statistics and listing requirements.
194. Since September 2023, the Exchange has disclosed the number of comment letters issued in respect of IPO applications in each month and the corresponding average time it has taken to issue such letters.¹²¹ In November 2023, the Exchange published its new guidance for listing applicants after consolidating, editing and re-formatting the relevant guidance materials to reflect the latest initial listing requirements and facilitate market practitioners’ preparation of high quality disclosure.¹²² We believe these measures will help address some of the concerns raised by respondents (see paragraph 180).

¹²⁰ Based on 343 Main Board and GEM issuers that were successfully listed between 2020 and 2022.

¹²¹ The monthly reports are accessible on the Exchange’s [website](#).

¹²² HKEX, [Exchange Publishes the Guide for New Listing Applicants](#), 29 November 2023.

195. Regarding the suggestion that the Exchange revert to the more disclosure-based approach to vetting SMEs adopted when GEM was established (see paragraph 181), we are mindful that such approach may increase the risk of information asymmetry, market manipulation, and fraud. Although markets in the US (including the Nasdaq Capital Market) place more emphasis on disclosure and less emphasis on “suitability” for listing, this approach is supplemented by a class action regime, which allows investors to jointly claim, on their own behalf, against issuers for their loss due to fraudulent acts through a representative proceeding. Under this regime, shareholders are able to retain counsel on a contingency fee basis and a company is required to pay the shareholders’ legal fees in a derivative action if the lawsuit is successful. This is believed to result in heightened scrutiny of corporate actions and generally act as a deterrent to mis-governance.
196. However, a class action regime is not currently available in Hong Kong. Without such a regime, private actions initiated by shareholders require considerable cost, time and effort and so they are much less available means of shareholders obtaining redress from the potential abuses that may arise from the suggested move towards a more disclosure-based regulatory approach.

Suitability for listing

197. The “Guidance on IPO Vetting and Suitability for Listing”¹²³ was put in place at a time, among other developments, when shell activities were more prevalent. The objective of the requirements was to enhance the overall quality and suitability of both Main Board and GEM listing applicants and combat potential market misconduct and manipulation jeopardising the interests of the investing public.
198. We acknowledge that shell activities have significantly reduced in recent years, which we believe is due to the measures we, together with the SFC, have taken to curb them. In view of this development and taking into account respondents’ comments (see paragraphs 182 and 183), we have reviewed, and made appropriate updates to, our suitability requirements to ensure they are still fit for purpose.¹²⁴

Marketing initiatives and supporting measures

199. As stated in the Consultation Paper, the Exchange has undertaken a suite of initiatives designed to bolster the support it provides to issuers, start-up enterprises and entrepreneurs, including connection programmes and a dedicated platform (IR Connect) for issuers to increase their outreach and visibility within the investment community.¹²⁵
200. One of the main goals of the Exchange is to support and accommodate the changing needs of a diverse group of issuers. To this end, the Exchange has put forward various initiatives to help revive the market in the current economic downturn. For instance, in

¹²³ HKEX guidance letter [HKEX-GL68-13A](#) (Guidance on IPO vetting and suitability for listing).

¹²⁴ See Chapter 1.2 A of the new [Guide for Listing Applicants](#) on “Business Sustainability”.

¹²⁵ See paragraph 39 of the Consultation Paper.

October 2023, the Exchange published a consultation paper¹²⁶ on proposed amendments to share buy-back arrangements with the aim of providing issuers greater flexibility in managing their capital structure through share buy-backs and resale of treasury shares.

201. The Exchange has also announced the introduction of a fixed fee enterprise data package and a reduction of the mobile market data service fee as part of its efforts in attracting the participation of retail investors in Hong Kong's securities market.¹²⁷ Further, the Exchange has been actively engaging with the HKSAR Government, financial regulators and other market stakeholders to position Hong Kong's markets to capture the significant opportunities ahead. As stated in the Hong Kong Chief Executive's 2023 Policy Address, the Exchange will work with financial regulators to review and explore reducing the minimum trading spreads to facilitate the price discovery process and support more trading activities.¹²⁸
202. We will continue to work with various stakeholders (e.g., industry associations and professional bodies) to foster a positive market environment where issuers of all sizes and all sectors, including SMEs, can grow and flourish.

Other comments

203. We thank respondents for their feedback on how our markets could be re-structured to better serve SMEs (see paragraphs 186 and 187). The purpose of our consultation exercise was to consider GEM's positioning, market perception, and viability as an alternative to the Main Board. Consequently, such structural reforms are beyond the remit of this review.

¹²⁶ HKEX, [Consultation Paper on Proposed Amendments to Listing Rules Relating to Treasury Shares \(October 2023\)](#).

¹²⁷ HKEX, [HKEX to Introduce New Market Data Subscription Options and Reduce Mobile Market Data Service Fee](#), 22 November 2023.

¹²⁸ The Chief Executive's 2023 Policy Address, paragraph [71](#).

DEFINITIONS

TERM	DEFINITION
“AIM”	AIM operated by the London Stock Exchange plc
“Biotech Company”	as defined in MB Rule 18A.01
“BSE”	Beijing Stock Exchange
“Catalist”	Catalist operated by SGX
“ChiNext Market”	ChiNext Market of Shenzhen Stock Exchange
“compliance adviser”	has the same meaning as “Compliance Adviser” as defined in MB Rule 3A.01(1) and GEM Rule 6A.01(1)
“Conclusions Paper”	this Consultation Conclusions on GEM Listing Reforms
“Consultation Paper”	Consultation Paper on GEM Listing Reforms published on 26 September 2023
“Daily Turnover Test”	the daily turnover test as a qualification requirement for a streamlined transfer of listing from GEM to the Main Board, as defined in MB Rule 9B.03(5) in Appendix V to this paper
“EBITDA”	earnings before interest, taxes, depreciation and amortisation
“FAQs”	frequently asked questions
“GBA”	the Guangdong-Hong Kong-Macao Greater Bay Area
“GEM Listing Rules” or “GEM Rules”	Rules Governing the Listing of Securities on GEM
“GEM”	GEM operated by the Exchange
“GEM Reform Effective Date”	1 January 2024
“GEM Reform Rule Amendments”	amendments to the Listing Rules for the purpose of implementing the GEM listing reform proposals as set out in <u>Part A</u> of Appendices IV and V to this paper
“HKEX”	Hong Kong Exchanges and Clearing Limited
“HKSAR”	Hong Kong Special Administrative Region

TERM	DEFINITION
“Inside Information”	as defined in Section 307A of the Securities and Futures Ordinance (Cap. 571)
“IPO”	initial public offering
“IR Connect”	the digital investor relations platform launched by HKEX
“Listing Committee”	the Main Board and GEM listing sub-committee of the Exchange’s board
“Listing Division”	the Listing Division of the Exchange
“Listing Rules” or “Rules”	the Main Board and GEM Listing Rules
“Main Board Listing Rules” or “MB Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the main board of the Exchange
“Mainland China”	for the purpose of this paper, means the People’s Republic of China, other than the regions of Hong Kong, Macau and Taiwan
“market capitalisation/ revenue/ R&D test”	the proposed financial eligibility test of initial listing on GEM as set out in Chapter 3 , Section I of the Consultation Paper
“Minimum Daily Turnover Threshold”	has the meaning defined in paragraph 120 of Chapter 3 of the Consultation Paper
“Nasdaq Capital Market”	a market tier for companies with relatively small levels of market capitalisation operated by Nasdaq
“Nasdaq”	The Nasdaq Stock Market LLC
“NEEQ”	National Equities Exchange and Quotation
“Nominated Adviser” or “Nomad”	corporate finance adviser approved by the London Stock Exchange that has the responsibility to advise and guide a company on its responsibilities in relation to its admission to AIM and its continuing obligations once listed on AIM
“R&D”	research and development
“Reference Period”	has the meaning defined in paragraph 130 of Chapter 2 of this paper

TERM	DEFINITION
“Regulation S-K”	SEC regulation that outlines how registrants should disclose material qualitative descriptors of their business on registration statements, periodic reports, and any other filings.
“SEC”	U.S. Securities and Exchange Commission
“SEHK” or “Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of HKEX
“Selected Overseas Junior Markets”	a number of overseas junior stock markets selected for comparison to GEM for the purpose of Consultation Paper, namely the BSE, Nasdaq Capital Market, Catalist and AIM
“SFC”	Securities and Futures Commission
“SGX MB Rules”	the SGX-ST listing rules for the SGX Main Board
“SGX”	Singapore Exchange
“SME”	small and/or medium-sized enterprise
“Specialist Technology Company”	as defined in MB Rule 18C.01
“Sponsor Supervised Markets”	junior stock markets amongst the Selected Overseas Junior Markets that adopt a sponsor supervised model (as opposed to a regulator supervised model), i.e. Catalist and AIM
“STAR Market”	Science and Technology Innovation Board of Shanghai Stock Exchange
“US”	the United States of America
“Volume Weighted Average Market Capitalisation Test”	the volume weighted average market capitalisation test as a qualification requirement for a streamlined transfer of listing from GEM to the Main Board, as defined in MB Rule 9B.03(2) in Appendix V to this paper
“VWAP”	volume weighted average price

APPENDIX I: LIST OF RESPONDENTS

Named Respondents

<i>Accounting Firms</i>
Deloitte Touche Tohmatsu
Ernst & Young
KPMG
PricewaterhouseCoopers
<i>Corporate Finance Firms / Banks</i>
Emperor Corporate Finance Limited
Maxa Capital Limited
Merdeka Corporate Finance Limited
Quam Capital Limited
<i>GEM Listed Company</i>
Taste Gourmet Group Limited
<i>Law Firms</i>
Clifford Chance
King & Wood Mallesons
MUNG
Simmons & Simmons
Slaughter and May
Stevenson, Wong & Co.
<i>Professional Bodies / Industry Associations</i>
British Chamber of Commerce in Hong Kong
CFA Society Hong Kong
Democratic Alliance for the Betterment and Progress of Hong Kong

Federation of Hong Kong Industries
Hong Kong Capital Market Practitioners Association
Hong Kong General Chamber of Commerce
Hong Kong Institute of Certified Public Accountants
Hong Kong Professionals and Senior Executives Association
Hong Kong Securities and Futures Professionals Association
Hong Kong Securities Association
Hong Kong Women Professionals & Entrepreneurs Association
Professional Investors (PI) Association Limited
The Chamber of Hong Kong Listed Companies
The Hong Kong Chartered Governance Institute
The Hong Kong Finance Association
The Hong Kong Institute of Directors
The Law Society of Hong Kong
<i>Other Company / Organisation</i>
Office of Hon. Duncan Chiu
<i>Individuals</i>
Mr. Allen HE
Mr. Chow Shiu Wing Joseph
Mr. IU Kwan Yuen
Mr. Raymond Lau
Mr. Steven Lo
Mr. 張亮

Anonymous Respondents

CATEGORY	NUMBER
Corporate Finance Firm / Bank	1
GEM Listed Companies	5
Investment Firm Specialising in SME Investment	1
Professional Body / Industry Association	1
Other Companies / Organisations	3
Individuals	9
TOTAL	20

APPENDIX II: QUANTITATIVE ANALYSIS OF RESPONSES

The table below summarises the quantitative responses from respondents to all questions in the Consultation Paper. The total number for each question excludes respondents who did not comment on that question. The sum of percentages for each row may not add up to 100% due to rounding.

NO.	QUESTION	YES	%	NO	%	TOTAL
Q1	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?	48	92%	4	8%	52
Q2	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?	30	67%	15	33%	45
Q3	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?	44	86%	7	14%	51
Q4	Should any other existing eligibility requirement for a listing on GEM be amended?	24	52%	22	48%	46
Q5	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?	40	91%	4	9%	44
Q6	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?	49	94%	3	6%	52
Q7	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?	43	83%	9	17%	52
Q8	Should any other continuing obligation currently applicable to a GEM listed issuer also be removed?	12	29%	29	71%	41
Q9	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?	49	94%	3	6%	52
Q10	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?	50	100%	0	0%	50

NO.	QUESTION	YES	%	NO	%	TOTAL
Q11	Do you agree that a streamlined mechanism should be introduced to enable qualified GEM issuers to transfer their listing to the Main Board?	56	97%	2	3%	58
Q12	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?	47	92%	4	8%	51
Q13	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?	47	96%	2	4%	49
Q14	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?	29	57%	22	43%	51
Q15	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?	27	52%	25	48%	52
Q16	Should the Minimum Daily Turnover Threshold for the Daily Turnover Test be set at: (a) HK\$100,000; (b) HK\$50,000; or (c) another figure?	<i>Note: Please refer to Table 4 on page 34 of this paper for the quantitative responses to this question.</i>				
Q17	Do you agree with the proposed compliance record requirement for a streamlined transfer applicant as set out in paragraph 134 of the Consultation Paper?	46	98%	1	2%	47
Q18	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?	48	98%	1	2%	49
Q19	Do you agree that the Exchange should exempt GEM transferees to the Main Board from the Main Board initial listing fee?	46	96%	2	4%	48

APPENDIX III: METHODOLOGY

Purpose of the Exchange's Methodology

1. In reviewing and drawing conclusions from the consultation responses, the Exchange's goal is to ensure that we come to a balanced view in the best interest of the market as a whole and in the public interest.
2. The effectiveness of this process depends on the submission of original responses from a broad range of respondents that give considered and substantive reasons for their views. The Exchange's methodology, accordingly, aims to accurately categorise respondents and identify different viewpoints. In line with the Exchange's past publicly stated practice, this requires a qualitative assessment of the responses in addition to a quantitative assessment.

Identifying the Category of a Respondent

3. In this paper, each respondent is categorised according to whether their response represented the view of:
 - (a) an institution or an individual;
 - (b) for an institution, one of the following: "Accounting Firm", "Corporate Finance Firm / Bank", "HKEX Participant", "Investment Firm Specialising in SME Investment", "Other Investment Firm", "Law Firm", "Main Board Listed Company", "GEM Listed Company", "Professional Body / Industry Association", "Prospective GEM Listing Applicant" or "Other Company / Organisation"; and
 - (c) for an individual, one of the following: "Accountant", "Corporate Finance Staff", "HKEX Participant Staff", "Staff at Investment Firm Specialising in SME Investment", "Staff at Other Investment Firm", "Lawyer", "Main Board Listed Company Staff", "GEM Listed Company Staff", "Prospective GEM Listing Applicant Staff", "Retail Investor" or "Other Individual".
4. The Exchange used its best judgement to categorise each respondent using the most appropriate description above.
5. The Exchange categorised "Professional Bodies / Industry Associations" as a single group rather than strictly assigning them individually to other categories (e.g., by assigning qualified accountants' associations to the "Professional Bodies / Industry Associations" category instead of the "Accounting Firms" category). This is in line with the Exchange's past practice. Subjective judgement is required to assign professional bodies to other categories, and some do not fit easily with other categories of respondents.
6. It is not the Exchange's practice to categorise "Investment Firms" by the size of their assets under management for the purposes of analysing consultation responses, as the

Exchange believes that the size of an institution's global assets does not mean that the Exchange should necessarily attach more insight to their arguments or viewpoints. This would also raise issues as to the treatment of representative bodies that have considerable variances in number and type of members. Similarly, it is not the Exchange's practice to categorise professional bodies by their size and nature of their membership.

Respondents by category

7. Breakdowns of institutional respondents and individual respondents to this consultation by category are set out in Table 5 and Table 6 below, respectively.

Table 5: Institutional respondents by category

CATEGORY	NUMBER	%
Accounting Firms	4	9%
Corporate Finance Firms / Banks	5	11%
Investment Firm Specialising in SME Investment	1	2%
Law Firms	6	14%
GEM Listed Companies	6	14%
Professional Bodies / Industry Associations	18	41%
Other Companies / Organisations	4	9%
TOTAL¹	44	100%

Table 6: Individual respondents by category

CATEGORY	NUMBER	%
Corporate Finance Firm / Bank Staff	6	43%
Lawyers	4	29%
Main Board Listed Company Staff	1	7%
GEM Listed Company Staff	3	21%
TOTAL²	14	100%

¹ Total number excludes duplicate responses. The sum of percentages may not add up to 100% due to rounding.

² Total number excludes duplicate responses. The sum of percentages may not add up to 100% due to rounding.

Qualitative Analysis

8. The Exchange performed a qualitative analysis to enable it to properly consider the broad spectrum of respondents and their views. A qualitative analysis enabled the Exchange to give due weight to responses submitted on behalf of multiple persons or institutions and the underlying rationale for a respondent's position.

Quantitative Analysis

9. The Exchange also performed an analysis to determine the support, in purely numerical terms, for the consultation proposals. The result of this analysis forms **Appendix II**.
10. For the purpose of its quantitative analysis, the Exchange placed each response into one of the following four categories based on the content of the response with respect to each of the consultation proposals:
 - (a) support;
 - (b) not support; or
 - (c) no comment.

Counting responses not respondents

11. For the purpose of its quantitative analysis, the Exchange counted the number of responses received not the number of respondents those submissions represented. This means:
 - (a) a submission by a professional body is counted as one response even though that professional body may represent many individual members;
 - (b) a submission representing a group of individuals is counted as one response; and
 - (c) a submission by a law firm representing a group of market practitioners (e.g., sponsor firms or banks) is counted as one response.
12. However, when undertaking qualitative analysis of responses, the Exchange has taken into account the number and nature of the persons or firms represented by other respondents.
13. The Exchange's method of counting responses, not respondents they represent, is the Exchange's long established publicly stated policy.

Duplicate responses

14. One response was identified as a duplicate response and was not counted for the purpose of our quantitative and qualitative analysis of responses.

Anonymous Responses

15. 20 respondents requested their responses be published anonymously (see **Appendix I** for the number of these respondents in each category). We have included these responses in the list of responses published on the HKEX website, identified by category only (e.g. “Individuals”).
16. Saved for any duplicate responses, we counted these responses for the purpose of both our qualitative and quantitative assessment of responses.

APPENDIX IV: AMENDMENTS TO THE GEM LISTING RULES

Part A

This part sets out the amendments to the GEM Listing Rules that will take effect from 1 January 2024 following this paper.

Chapter 1

GENERAL

INTERPRETATION

1.01 ...

“close associate” ...

(b) in relation to a company means:—

...

Notes: This definition is:—

...

2 *extended so as to apply to Sponsors, by virtue of rule 6A.31, underwriters, by virtue of rules 16.13, 16.15 and 29.22, and significant shareholders, Sponsors and underwriters by virtue of rule 10.12;*

...

“corporate communication”

any document issued or to be issued by an issuer for the information or action of holders of any of its securities or the investing public, including but not limited to:—

...

(b) the interim~~half-year~~ report and, where applicable, its summary interim~~half-year~~ report;

(c) [Repealed 1 January 2024]~~the quarterly~~ report;

...

...

Chapter 2

GENERAL

INTRODUCTION

...

Characteristics of GEM

...

2.13 ...

(2) A listed issuer is required to publish audited annual accounts and ~~half-year and quarterly~~interim reports, which ~~reports~~ need not be audited (see Chapter 18); and

...

(4) The directors of an issuer are collectively and individually responsible for ensuring the issuer's full compliance with the GEM Listing Rules; and

...

2.15 ~~Having regard to the higher risk profile of GEM, the GEM Listing Rules impose additional responsibilities on the Compliance Adviser of an issuer by comparison to those imposed on a Compliance Adviser to a company listed on the Main Board (see Chapter 6A). Sponsors and Compliance Advisers are expected to play an important role in upholding and maintaining the standard of GEM issuers and hence the market's confidence in GEM.~~

...

Disclaimer and GEM characteristics statements

...

2.20 Any listing document or circular and every annual report and accounts (including, where applicable, a summary financial report) and interim report, ~~half-year~~ (including, where applicable, a summary interim~~half-year~~ report) ~~and quarterly report~~ issued by an issuer pursuant to the GEM Listing Rules (excluding any Explanatory Statement issued pursuant to rule 13.08) must contain, at a prominent position in the document, and in bold type, a statement in the following terms concerning the characteristics of GEM:—

...

Chapter 4

GENERAL

REVIEW PROCEDURE

...

Review cases of a ~~compliance officer or an authorised representative~~ to be considered by the GEM Listing Committee and the GEM Listing Review Committee

- 4.06A (1) Where the Listing Division decides that a person's appointment as an issuer's ~~compliance officer appointed under rule 5.19 or authorised representative under rule 5.24~~ should be terminated, that ~~compliance officer or authorised representative, as the case may be,~~ shall have the right to have that decision referred to the GEM Listing Committee for review.
- (2) Where the GEM Listing Committee endorses, modifies or varies the Listing Division's decision, that ~~compliance officer or authorised representative, as the case may be,~~ shall have the right to have that decision reviewed by the GEM Listing Review Committee, whose decision shall be conclusive and binding on both the listed issuer and that ~~compliance officer or authorised representative, as the case may be.~~

...

Conduct of review hearing

4.11 ...

- (8) In the case of a review hearing sought by a ~~compliance officer or an authorised representative under rule 4.06A,~~ the ~~compliance officer or authorised representative, as the case may be,~~ shall have the right to attend the review hearing, to make submissions and may be accompanied by his legal adviser.

...

Aggrieved party

- 4.15 Any person, other than a listed issuer, a new applicant, its Sponsor ~~and compliance officer~~, Compliance Adviser or authorised representatives, who is aggrieved by a decision of the Listing Division or the GEM Listing Committee may express his views, in writing, to the Chairman of the GEM Listing Committee. The GEM Listing Committee may, in its sole discretion, decide to fully review the matter, having regard to the rights of any third party which may have been created in reliance upon the earlier decision.

...

Chapter 5

GENERAL

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

...

~~Compliance officer~~

5.19 ~~[Repealed 1 January 2024]Every issuer must ensure that, at all times, one of its executive directors assumes responsibility for acting as the issuer's compliance officer.~~

Note: This rule and rule 5.23 do not apply to an issuer of debt securities, the equity securities of which are not listed on GEM.

5.20 ~~[Repealed 1 January 2024]The compliance officer's responsibilities must include, as a minimum, the following matters:—~~

- ~~(1) advising on and assisting the board of directors of the issuer in implementing procedures to ensure that the issuer complies with the GEM Listing Rules and other relevant laws and regulations applicable to the issuer; and~~
- ~~(2) responding promptly and efficiently to all enquiries directed at him by the Exchange.~~

5.21 ~~[Repealed 1 January 2024]A person appointed as the compliance officer should only terminate his appointment after first notifying the Exchange of such proposed termination and the reasons therefor; and except in exceptional circumstances the issuer should not terminate the appointment of any person as the compliance officer until it has appointed a replacement. Where a person's appointment as the compliance officer is terminated, both the issuer and the individual concerned should immediately notify the Exchange of such termination, in each case stating the reason why such appointment was terminated.~~

5.22 ~~[Repealed 1 January 2024]If the Exchange is not satisfied that any person appointed as the compliance officer is fulfilling his responsibilities adequately, it may require the issuer to terminate his appointment as compliance officer and appoint or designate a replacement.~~

5.23 ~~[Repealed 1 January 2024]If, at any time, the issuer fails to appoint or does not have a compliance officer, the issuer must immediately announce this matter in accordance with the publication requirements set out in Chapter 16, failing which the Exchange reserves the right to announce the same.~~

...

Securities transactions by directors

...

Absolute prohibitions

...

5.56 (a) A director must not deal in any securities of the listed issuer on any day on which its financial results are published and:

...

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

...

...

...

Disclosure

5.68 In relation to securities transactions by directors, an issuer shall disclose in its interim~~half-year~~ reports (and summary interim~~half-year~~ reports, if any) and the Corporate Governance report contained in its annual reports (and summary financial reports, if any):

...

Chapter 6A

GENERAL

SPONSORS, COMPLIANCE ADVISERS, OVERALL COORDINATORS AND OTHER CAPITAL MARKET INTERMEDIARIES

...

Appointment of a Compliance Adviser

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

...

Miscellaneous

...

- 6A.31 ~~[Repealed 1 January 2024]~~In relation to any application for listing by a listed issuer involving the proposed issue of a listing document of the type referred to in rule 6A.36 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, the Compliance Adviser (or any Sponsor that is appointed under rule 6A.37 to advise the issuer) must ensure that neither it, its directors, employees nor its close associates has any interest in relation to the issuer and that listing or transaction.

Notes: 1 ~~For these purposes, if there is such interests, the Compliance Adviser (or other adviser appointed under rule 6A.37) must provide the Exchange (by way of submission) details of all information which ought reasonably to be disclosed concerning the interests which it, its directors and employees and its close associates have in relation to the new applicant or listed issuer and the successful outcome of the listing or transaction in question, having taken all reasonable steps to ascertain such interests of its directors and employees and its close associates.~~

2 ~~Without limiting the general nature of Note 1, in assessing whether the Compliance Adviser, its directors, employees or its close associates has any interests, the following non-exhaustive factors should be assessed:—~~

~~(a) the interests which it or its close associates have or may, as a result of the listing or transaction, have in the~~

~~securities of the issuer or any other company in the issuer's group (including options or rights to subscribe for such securities);~~

- ~~(b) the interests which any director or employee involved in providing advice to the issuer has or may, as a result of the listing or transaction, have in the securities of the issuer or any company in the issuer's group (including options or rights to subscribe such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed by any such director or employee under an offer by way of public subscription made by the issuer); and~~
- ~~(c) any material benefit expected to accrue to the Compliance Adviser (or other adviser appointed under rule 6A.37) or its close associates as a result of the successful outcome of the listing or transaction, including, by way of example, the repayment of material outstanding indebtedness and payment of any underwriting commissions or success fees.~~

~~If there are any such interests or benefits, the Compliance Adviser (or other adviser appointed under rule 6A.37) would be expected to disclose full and accurate details of the interests or benefits.~~

6A.32 ~~[Repealed 1 January 2024]~~The listing document in respect of any new applicant must comply with rule 6A.10(2), as applicable. All other listing documents and circulars relating to transactions on which the Compliance Adviser (or another adviser appointed under 6A.37) subsequently provides advice to the issuer (excluding any Explanatory Statement issued under rule 13.08) must disclose full and accurate details of the interests as advised by the Compliance Adviser and, if applicable, the interests as advised under rule 6A.31 by the Compliance Adviser appointed under rule 6A.37. In addition, each listed issuer's annual report and accounts, half-year report and quarterly reports must include full and accurate details of such interests, as updated and notified by the Compliance Adviser to the issuer at the time of preparing such reports.

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

- 6A.33 ~~[Repealed 1 January 2024]~~In circumstances of any doubt as to the prospective impact of an actual or potential conflict of interest or as to the interests that are required to be disclosed, the Compliance Adviser or other adviser must consult with the Exchange at the earliest practicable opportunity.
- 6A.34 ~~[Repealed 1 January 2024]~~In relation to an application for listing by a listed issuer involving the proposed issue of a listing document of the type referred to in rule 6A.36 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, the Compliance Adviser:—
- ~~(1) shall be responsible for dealing with the Exchange on all matters raised by the Exchange;~~
 - ~~(2) must be closely involved in the preparation of the listing document and must ensure that it has been verified to a standard that enables the Compliance Adviser to submit to the Exchange the declaration referred to in rule 6A.35;~~
 - ~~(3) must assist the issuer in preparing and submitting the application form for listing, together with such other completed forms or documents as are required under the GEM Listing Rules to be submitted in connection therewith; and~~
 - ~~(4) must ensure that at least one Principal is actively involved in the work undertaken by the Compliance Adviser in connection with the application.~~
- 6A.35 ~~[Repealed 1 January 2024]~~The Compliance Adviser must, prior to the issue of a listing document of the type referred to in rule 6A.36 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, be satisfied that:—
- ~~(1) all the documents required by the GEM Listing Rules to be submitted to the Exchange prior to issue of the listing document have been so submitted; and~~
 - ~~(2) to the best of its knowledge and belief, having made due and careful enquiries that the listing document is in compliance with the GEM Listing Rules and that:—~~
 - ~~(a) the information contained in the listing document is accurate and complete in all material respects and not misleading;~~
 - ~~(b) there are no other matters the omission of which would make any statement in the listing document misleading;~~
 - ~~(c) all opinions of the directors of the issuer expressed in the listing document have been arrived at after due and careful consideration on their part and are founded on bases and assumptions that are fair and reasonable; and~~

- (d) ~~the directors of the issuer have made sufficient enquiries so as to enable them to give the confirmations set out in the “responsibility statement” contained in the listing document.~~

6A.36 ~~[Repealed 1 January 2024]The following listing documents are relevant for the purposes of rules 6A.34 and 6A.35:—~~

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

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

6A.37 ~~[Repealed 1 January 2024]Where a listed issuer proposes to issue a listing document of the type referred to in rule 6A.36 within the minimum period referred to in rule 6A.19 or any period fixed for the purposes of rule 6A.20, it is permissible for any Sponsor, other than the Compliance Adviser appointed by the issuer for the purposes of rule 6A.19 or 6A.20, to act as the adviser to the issuer in relation to the transaction in question. In these circumstances, the newly appointed adviser must assume responsibility for the particular matters referred to in rules 6A.34 and 6A.35.~~

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

...

Chapter 7

GENERAL

ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

...

Accounting standards

...

7.14 ...

Notes:

...

4. *An overseas issuer with a dual listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its accountants' reports must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual ~~and~~ interim ~~and quarterly~~ financial statements that fall due under the GEM Listing Rules, and are published, after the first anniversary of the date of its de-listing.*

...

Pro Forma Financial Information

...

7.31 ...

- (5) The unadjusted information must be derived from the most recent:
- (a) audited published financial statements, published ~~interim half-year~~ reports or published ~~interim half-year~~ or annual results announcements;

...

Chapter 9

GENERAL

TRADING HALT, SUSPENSION AND RESUMPTION OF DEALINGS, CANCELLATION AND WITHDRAWAL OF LISTING

...

Transfer of listing

- 9.24 (1) An issuer with equity securities listed on GEM, which satisfies the requirements as set out in Main Board Listing Rule 9A.02 or 9B.03, may apply for a transfer of its listing from GEM to the Main Board. The relevant provisions are set out in Chapters 9A and 9B of the Main Board Listing Rules.

...

Chapter 11

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

Preliminary

...

- 11.04 Full and accurate disclosure of any business or interest of each director, controlling shareholder and, in relation only to the initial listing document, substantial shareholder and the respective close associates of each that competes or may compete with the business of the group and any other conflicts of interest which any such person has or may have with the group must be disclosed in each listing document and circular required pursuant to the GEM Listing Rules (excluding any Explanatory Statement issued pursuant to rule 13.08) and in the annual report and accounts and interim, half-year report and quarterly reports of the listed issuer.

...

General conditions applicable to all issuers

...

- 11.07 The issuer must have persons appointed to the following offices and, or to perform the following roles and the issuer must ensure that such persons have satisfied the following rules prior to appointment:—

...

- (3) [Repealed 1 January 2024] ~~compliance officer — rule 5.19;~~

...

Additional conditions applicable to new applicants

...

Conditions for listing

- 11.12A A new applicant must satisfy either the cash flow test (see sub-paragraphs (1) to (3) below) or the market capitalisation/ revenue/ research and development test (see sub-paragraph (4) below).

The cash flow test

- (1) A new applicant or its group (excluding any associated companies, joint ventures and other entities whose results are recorded in the issuer's financial statements using the equity method of accounting or proportionate

consolidation) must have an adequate trading record of at least two financial years comprising a positive cash flow generated from operating activities in the ordinary and usual course of business before changes in working capital and taxes paid. Such positive cash flow from operating activities carried out by the new applicant, or its group, that are to be listed, must be of at least HK\$30,000,000 in aggregate for the two financial years immediately preceding the issue of the listing document;

Note: A statement of cash flow prepared using the indirect method for submission to the Exchange for the purpose of satisfying rule 11.12A(1) must also be included in the prospectus for disclosure purpose, if it is not already included in the accountants' report. Details regarding cash flow statements prepared under the indirect method are further described under the relevant accounting standard dealing with cash flow statements in accordance with HKFRS, IFRS or CASBE.

- (2) The applicant must have had continuity of ownership and control throughout the full financial year immediately preceding the issue of the listing document and up until the date of listing; and
- (3) The applicant must have been under substantially the same management throughout the ~~2~~two full financial years immediately preceding the issue of the listing document and up until the date of listing.

The market capitalisation/ revenue/ research and development test

- (4) A new applicant must have each of the following:
 - (a) an adequate trading record of at least two financial years;
 - (b) continuity of ownership and control throughout the full financial year immediately preceding the issue of the listing document and up until the date of listing;
 - (c) management continuity throughout the two full financial years immediately preceding the issue of the listing document and up until the date of listing;
 - (d) a market capitalisation of at least HK\$250,000,000 at the time of listing;
 - (e) revenue of at least HK\$100,000,000 in aggregate for the two financial years immediately preceding the issue of the listing document, with a year-on-year growth of revenue over the two financial years;
 - (f) expenditure on research and development of at least HK\$30,000,000 in aggregate for the two financial years immediately preceding the issue of the listing document; and

(g) expenditure on research and development amounting to at least 15% of its total operating expenditure for each of the two financial years immediately preceding the issue of the listing document.

Note 1: For the purpose of rule 11.12A(4)(e), only revenue arising from the principal activities of the new applicant and not items of revenue and gains that arise incidentally will be recognised. Revenue arising from “book” transactions, such as banner barter transactions or writing back of accounting provisions or other similar activities resulting from mere book entries, will be disregarded.

Note 2: For the purpose of rules 11.12A(4)(f) and (4)(g), the Exchange will publish guidance on the Exchange’s website, as amended from time to time, on the items that qualify as: (a) expenditure on research and development; and (b) total operating expenditure.

...

11.14 The Exchange may accept a trading record period of less than two financial years for the purposes of rule 11.12A(1) (and an accountants’ report covering a shorter period than that specified in rule 11.10) and waive or vary the ownership and management requirements in rule 11.12A(2) and (3) for prospective new applicants with reasons acceptable to the Exchange in the following cases:

...

Chapter 13

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

...

Restrictions and notification requirements on issuers purchasing their own shares on a stock exchange

...

Procedures to be complied with

...

13.08 ...

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

...

Dealing restrictions

13.11 The following dealing restrictions must be adhered to:—

...

(4) an issuer shall not purchase its shares on GEM at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 1 month immediately preceding the earlier of:

...

(ii) the deadline for the issuer to announce its results for any year or, half-year ~~or quarter year period~~ under rules 18.49 or, 18.78 ~~or 18.79~~ or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

...

...

Restrictions on disposal of shares following the listing of a new applicant

...

13.16A (1) A person or group of persons shown by the listing document issued at the time of the issuer's application for listing to be controlling shareholders of the issuer shall not and shall procure that the relevant registered holder(s) shall not:—

- (a) in the period commencing on the date by reference to which disclosure of the shareholding of the controlling shareholders is made in the listing document and ending on the date which is ~~12~~six months from the date on which dealings in the securities of a new applicant commence on the Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the issuer in respect of which he is or they are shown by that listing document to be the beneficial owner(s); or
- (b) in the period of ~~12~~six months commencing on the date on which the period referred to in rule 13.16A(1)(a) expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in rule 13.16A(1)(a) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that person or group of persons would cease to be a controlling shareholder.

...

...

Chapter 14
EQUITY SECURITIES
LISTING DOCUMENTS

...

Statement of business objectives

- 14.19 A new applicant must include in its listing document a statement of business objectives, having due regard to the disclosure requirements under Rule 18.08A in its annual reports and interim~~half-year~~ reports, and set out at least the following information:—

...

Profit forecasts

...

- 14.30 A profit forecast appearing in a listing document should normally cover a period which is coterminous with the issuer's financial year-end. If, exceptionally the profit forecast period ends at a half ~~or quarter~~-year-end, the interim report for that half ~~or quarter~~ year must be audited. Profit forecast periods not ending on the financial year-end or, half ~~or quarter~~-year-end will not be permitted.

...

Chapter 16

EQUITY SECURITIES

PUBLICATION REQUIREMENTS

...

Methods of publication and dissemination

16.04 Without in anyway limiting the publication, notice or dissemination requirements relevant to an issuer under applicable laws or the issuer's own constitutional documents, the following documents shall be subject to the following minimum publication requirements under these Exchange's Listing Rules:—

...

- (2) all listing documents, annual reports and accounts (and, where applicable, summary financial reports) and interim, ~~half-year~~ reports (and, where applicable, summary interim ~~half-year~~ reports) ~~and quarterly reports~~, and all circulars to shareholders required under the GEM Listing Rules, must be submitted for publication on the Exchange's website in accordance with rules 16.17 and 16.18; and

...

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

...

Specific matters relevant to the issuer's business

...

Continuing disclosure requirements

17.22 Where the circumstances giving rise to a disclosure obligation under rule 17.15 continue to exist at the issuer's ~~interim half-yearly or quarterly~~ period end or annual financial year end, the information specified under rule 17.17, as at such period end or year end, shall be included in the ~~interim half-year, quarterly~~ or annual report as applicable.

17.23 Where an obligation arises under rules 17.19, 17.20, 17.21 or 17.43, the disclosures required by these rules should be included in subsequent ~~interim half-year, quarterly~~ and annual reports for so long as the circumstances giving rise to the obligation continue to exist.

...

17.24 Where the circumstances giving rise to a disclosure under rule 17.18 continue to exist at the issuer's ~~interim half-yearly or quarterly~~ period end or annual financial year end, its ~~interim half-year, quarterly~~ or annual report must include a combined balance sheet of affiliated companies as at the latest practicable date. The combined balance sheet of affiliated companies should include significant balance sheet classifications and state the issuer's effective economic interest in the affiliated companies. If it is not practicable to prepare the combined balance sheet of affiliated companies, the Exchange, on the issuer's application, may consider accepting, as an alternative, a statement of the indebtedness, contingent liabilities and capital commitments as at the end of the period reported on by affiliated companies.

...

General matters relevant to the issuer's securities

...

Information on the pledging of securities in the issuer

17.43 ...

Note: 1 Pursuant to rule 17.23, where any obligation arises under rule 17.43, the requisite disclosure made pursuant to this rule should also be included in subsequent interim~~half-year, quarterly~~ and annual reports of the issuer for so long as the circumstances giving rise to the obligation continue to exist, provided that such disclosure shall not be required after the expiry of the periods referred to in rule 13.16A.

...

Meetings

...

Board meetings

17.48 An issuer shall publish an announcement at least 7 clear business days in advance of the date fixed for any board meeting at which the declaration, recommendation or payment of a dividend is expected to be decided or at which any announcement of the profits or losses for any year, half-year, ~~quarter-year~~ or other period is to be approved for publication.

...

Board decisions

17.49 An issuer shall announce immediately after (and for the purpose of providing details of) the approval by or on behalf of the board of:—

...

(3) any preliminary announcement of profits or losses for any year, or any interim~~half-year or quarterly~~ report or results announcements for any or other period; and

Notes: 1. *The timing of board meetings is a matter for the convenience and judgement of individual boards, but an issuer should announce decisions on dividends and results as soon as practicable after they have been taken. The directors are reminded that it is their direct responsibility to ensure that such information is kept strictly confidential until it is announced. In the case of a preliminary announcement of results, issuers' attention is drawn to the provisions in Chapter 18 regarding disclosure of interim~~quarterly, half-year and annual results announcements.~~*

...

Suspension on Failure to Publish Timely Financial Information

17.49A Without prejudice to the generality of rules 18.03, 18.49, 18.53, ~~18.66~~, and 18.78 and ~~18.79~~, the Exchange will normally require suspension of trading in an issuer's securities if an issuer fails to publish periodic financial information in accordance with the Rules. The suspension will normally remain in force until the issuer publishes an announcement containing the requisite financial information.

...

Changes

17.50 An issuer must publish an announcement as soon as practicable in regard to:—

...

(3) any change in its share registrar (see rule 11.08) (including any change in overseas branch share registrar), secretary (see rule 5.14), ~~compliance officer (see rule 5.19)~~ or member of the audit committee (see rule 5.28);

...

(6) any revision of interim reports, ~~quarterly reports~~, annual reports or summary financial reports, the reason leading to the revision of published financial reports, and the financial impacts, if any.

...

Appointments outstanding

17.51 An issuer shall immediately inform the Exchange and publish an announcement containing the relevant details and reasons if:

(1) ~~[Repealed 1 January 2024] there remains outstanding the appointment of any individual(s) to the position of compliance officer as required pursuant to Chapter 5; or~~

...

Announcements, circulars and other documents

Review of documents

...

17.54 ...

- (3) Any listing document or circular and every annual report and accounts and interim, half-year and quarterly report issued by an issuer pursuant to the GEM Listing Rules (excluding any Explanatory Statement issued pursuant to rule 13.08) must contain at a prominent position in the document, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.

...

Corporate Governance Code

17.101 ...

- (2) Issuers must state whether they have complied with the code provisions set out in Part 2 of Appendix C1 for the relevant accounting period in their interim half-year reports (and summary interim half-year reports, if any) and annual reports (and summary financial reports, if any).

...

- (3) An issuer may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:

...

- (b) in the interim half-year reports (and summary interim half-year reports, if any), either:

...

- (ii) to the extent reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes for any deviation not reported in that annual report with Considered Reasons and Explanation. The references must be clear and unambiguous, and the interim half-year report (or summary interim half-year report) must not contain only a cross-reference without any discussion of the matter.

...

Chapter 18

EQUITY SECURITIES

FINANCIAL INFORMATION

Introduction

18.01 This Chapter sets out the continuing obligations of a listed issuer with regard to the disclosure of routine financial information on an annual and, half-yearly ~~and quarterly~~ basis. It also sets out certain recommended disclosure items on discussion and analysis (see rule 18.83) that listed issuers are encouraged to include in their interim ~~half-year~~ and annual reports. These recommended disclosure items are not obligatory, but merely items relating to good practice which are recommended for disclosure. Additional requirements, relating to non-routine financial disclosure, are set out in the following Chapters:

...

18.02 A listed issuer is required to prepare annual financial statements and interim, ~~half-year~~ reports ~~and quarterly reports~~. The contents, timing and publication requirements for each such financial statements or reports are set out in this Chapter.

Annual reports

Distribution

18.03 The listed issuer must send to:—

- (1) every member of the listed issuer; and
- (2) every other holder of its listed securities,

a copy of either (i) the directors' report and its annual financial statements and, where the listed issuer prepares consolidated financial statements, the consolidated financial statements, together with a copy of the auditors' report thereon or (ii) its summary financial report, not less than 21 days before the date of the listed issuer's annual general meeting and not more than four~~3~~ months after the date upon which the financial period ended. The issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and financial statements, provided that it complies with rule 18.81 and the relevant provisions set out in sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports) Regulation or, in the case of overseas issuers, with provisions no less onerous than the above provisions for listed issuers incorporated in Hong Kong.

...

Notes: ...

- 6 *Newly listed issuers will be required to prepare and publish the relevant annual report or summary financial report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the ~~four~~3-month deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 18.03 are not applicable to the reporting period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—*

...

Information to accompany directors' report and annual financial statements

...

- 18.08A In each annual report and ~~interim~~half-year report published during at least the first 2 full financial years after listing, a statement by the directors must be included as to the issuer's achievement of its business objectives as stated in its listing document at the time of listing under rule 14.19. The discussion in the statement should include a balanced and concise analysis of the level of achievement of the business objectives in terms of both qualitative and quantitative financial and non-financial information. There should be a description of the principal risks and uncertainties facing the company and a commentary on the directors' approach to them, together with an explanation of any material differences between the disclosure in the listing document and actual business progress in the relevant period (including as to the use of proceeds as indicated in the listing document).

...

...

- 18.44 The following information in respect of an issuer:-

- (1) the full name and professional qualifications (if any) of:-
- (a) the company secretary of the issuer; and
 - (b) ~~[Repealed 1 January 2024]the compliance officer of the issuer appointed pursuant to rule 5.19; and~~

...

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

...

Obligation to publish

- 18.48A A listed issuer must publish (in accordance with the requirements of Chapter 16) its annual report, in respect of each financial year of the listed issuer, not later than four~~3~~ months after the date upon which the financial year ended.

Preliminary announcement of results for the financial year

...

Content of preliminary announcement

- 18.50 The preliminary announcement of results for the financial year must contain at least the following information in respect of the group:

...

- (6) a statement as to whether the listed issuer meets the code provisions set out in Part 2 of Appendix C1. The listed issuer must also disclose any deviations from the code provisions with Considered Reasons and Explanation. To the extent reasonable and appropriate, such information may be given by reference to the preceding interim~~half-year~~ report or to the Corporate Governance Report in the preceding annual report, and summarising any changes since that report. The references must be clear and unambiguous;

...

- 18.50B The preliminary announcements of results for the half-year, preliminary announcements of results for the financial year, interim~~half-year~~ reports and annual reports of a listed issuer must include the disclosures required under the relevant accounting standards adopted and contain the information set out below in respect of the group. This information may be included in the notes to the financial statements. In the case of banking companies, the information on results and financial position set out in the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in rules 18.50B(1) and 18.50B(2).

...

Interim~~Half-year~~ reports

Obligation to prepare and publish

18.53 The listed issuer shall prepare, in respect of each of the first 6 months of each financial year of the listed issuer, either (i) an interim~~half-year~~ report, or (ii) a summary interim~~half-year~~ report containing at least the information required by rules 18.55 and 18.82, respectively and publish the same (in accordance with the requirements of Chapter 16) not later than three months~~45 days~~ after the end of such period. The listed issuer may send a copy of its summary interim~~half-year~~ report to a member and a holder of its listed securities in place of a copy of its interim~~half-year~~ report, provided that such summary interim~~half-year~~ report complies with the relevant provisions of the Companies (Summary Financial Reports) Regulation governing summary financial reports.

Notes: 1 Newly listed issuers will be required to prepare and publish the relevant interim~~half-year~~ report or summary interim~~half-year~~ report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the three-month~~45-day~~ deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rules 18.53 and 18.54 are not applicable to the interim~~half-year~~ period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

(a) the financial information required under Chapter 18 in relation to interim~~half-year~~ reports, in respect of such six-month period (with comparative figures for the corresponding six-month period of the immediately preceding financial year);

...

(c) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not distributing such interim~~half-year~~ reports.

...

2 The figures in each interim~~half-year~~ report and summary interim~~half-year~~ report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual financial statements. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the interim~~half-year~~ reports or summary interim~~half-year~~ reports.

- 18.54 As soon as reasonably practicable after publishing any interim~~half-year~~ report and, where applicable, summary interim~~half-year~~ report, the listed issuer must send a copy of it to the persons specified in rule 18.03.

...

Content of interim~~half-year~~ reports

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

...

- (4) a statement in relation to the accounting period covered by the interim~~half-year~~ report on whether the listed issuer meets the code provisions set out in Part 2 of Appendix C1. An issuer may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:

...

- (b) to the extent reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes for any deviation not reported in that annual report with Considered Reasons and Explanation. The references must be clear and unambiguous, and the interim~~half-year~~ report must not only contain a cross-reference without any discussion of the matter;

- (5) in respect of the required standard of dealings set out in rules 5.48 to 5.67, a statement in relation to the accounting period covered by the interim~~half-year~~ report as to:

...

...

Notes: 1 An issuer should comply with the relevant standard on interim reporting in respect of its interim~~half-year~~ reports in accordance with the requirements under HKFRS, IFRS, CASBE or the alternative overseas financial reporting standard acceptable to the Exchange referred to in rules 18.04 and 18.06 which is adopted for the preparation of its annual financial statements.

2 Each interim~~half-year~~ report must be reviewed by the issuer's audit committee. In the event that the audit committee disagreed with an accounting treatment which had been adopted in the preparation of the group's interim~~half-year~~ report, full details of such disagreement should be disclosed together with a quantification of the financial effect arising from the disagreement. Where it is not

possible to quantify the effect of the disagreement, or the effect is not significant, a statement to this effect should be made.

3 *If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the interim~~half-year~~ reports.*

...

5 *A listed issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements except where the change in accounting policy is required by an accounting standard which came into effect during the interim period. Accounting policies which have been consistently applied and which were disclosed in the listed issuer's most recent published audited financial statements or for a newly listed issuer in its recent prospectus may be omitted from the interim~~half-year~~ reports. Any significant changes in the accounting policies, including those required by an accounting standard, should be disclosed together with the reason for changing in the accounting policy.*

...

9 *Each interim~~half-year~~ report must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

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

...

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

18.64 Each interim~~half-year~~ report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) is a modified report, details of such modification must be set out in the interim~~half-year~~ report.

...

Quarterly reports

Obligation to prepare and publish

18.66 ~~[Repealed 1 January 2024]~~The listed issuer shall prepare, in respect of each of the first 3 and 9 month periods of each financial year of the listed issuer, a quarterly report containing at least the information required by rule 18.68 and publish the same (in accordance with the requirements of Chapter 16) not later than 45 days after the end of such period.

Notes: 1 Newly listed issuers will be required to prepare and publish the relevant quarterly report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rules 18.66 and 18.67 are not applicable to the 3-month or 9-month period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

- (a) the financial information required under Chapter 18 in relation to quarterly reports, in respect of such 3-month or 9-month period (with comparative figures for the corresponding 3-month or 9-month period of the immediately preceding financial year);*
- (b) a statement as to whether it complies with the code provisions in Part 2 of Appendix C1 and, if not, the Considered Reasons and Explanation in respect of the deviation; and*
- (c) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not distributing such quarterly reports.*

Such a newly listed issuer should publish an announcement no later than the time prescribed in rules 18.66 and 18.67 that the relevant financial information has been included in its listing document.

2 The figures in each quarterly report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual financial statements. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the quarterly reports.

18.67 ~~[Repealed 1 January 2024]~~As soon as reasonably practicable after publishing any quarterly report, the listed issuer must send a copy of it to the persons specified in rule 18.03.

Note: ~~[Repealed 1 January 2011]~~

Content of quarterly reports

18.68 ~~[Repealed 1 January 2024]~~Each quarterly report shall contain at least the following information in respect of the group:—

- (1) the information set out in rule 18.79; and
- (2) the further information set out in rules 18.69 to 18.76 below.

Notes: 1 ~~Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adjustments should be made. Where the requirements of this Note are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.~~

2 ~~The Exchange may authorise the omission from a quarterly report of specified items of information if it considers:—~~

- (a) ~~such omission to be necessary or appropriate; or~~
- (b) ~~disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,~~

~~provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.~~

3 ~~The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.~~

4 ~~Each quarterly report must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.~~

5 ~~Each quarterly report must be reviewed by the issuer's audit committee.~~

6 ~~A quarterly report shall contain the following information required under other parts of the Listing Rules:~~

- (a) ~~advance to an entity under rule 17.22;~~

- ~~(b) pledging of shares by the controlling shareholder under rule 17.23;~~
- ~~(c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;~~
- ~~(d) breach of loan agreement by an issuer under rule 17.23; and~~
- ~~(e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24.~~

18.69 [Repealed 1 January 2024]

~~(1) Subject to rule 18.69(2), a statement as at the end of the relevant period showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):~~

- ~~(a) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance; or~~
- ~~(b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 (which for purposes of this subparagraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or~~
- ~~(c) if there is no such interests or short positions, a statement of that fact,~~

~~provided that the Exchange may agree, in its sole discretion, that compliance with this subparagraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under Part XV of the Securities and Futures Ordinance is such that compliance with this subparagraph would result in particulars being given which are not material in the context of the group and are of excessive length.~~

~~(2) The information required to be included by virtue of rule 18.69(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:~~

- ~~(a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held~~

~~solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or~~

- ~~(b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.~~

~~Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.~~

~~18.70 [Repealed 1 January 2024] A statement as at the end of the relevant period showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.~~

~~Notes: 1 For the purposes of rules 18.69 and 18.70, particulars should be given of the extent of any duplication which occurs.~~

~~2 In the case of a PRC issuer, references to director or chief executive in rules 18.69 and 18.70 inclusive shall also mean and include supervisors.~~

~~18.71 [Repealed 1 January 2024] Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed.~~

~~18.71A [Repealed 1 January 2024] 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) ~~aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:~~
- ~~(a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);~~
 - ~~(b) interests in debentures; and~~
 - ~~(c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:~~
 - ~~(i) physically settled equity derivatives;~~
 - ~~(ii) cash settled equity derivatives;~~
 - ~~(iii) other equity derivatives.~~

Notes:

- ~~(1) In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer or associated corporation.~~
 - ~~(2) A long position arises where a person is a party to an equity derivative, by virtue of which the person:~~
 - ~~(i) has a right to take the underlying shares;~~
 - ~~(ii) is under an obligation to take the underlying shares;~~
 - ~~(iii) has a right to receive money if the price of the underlying shares increases; or~~
 - ~~(iv) has a right to avoid or reduce a loss if the price of the underlying shares increases.~~
 - ~~(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) of the GEM Listing Rules.~~
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:

- (a) ~~short positions in respect of shares arising under a stock borrowing and lending agreement; and~~
- (b) ~~short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:~~
 - (i) ~~physically settled equity derivatives;~~
 - (ii) ~~cash settled equity derivatives; and~~
 - (iii) ~~other equity derivatives.~~

Notes:

- (1) ~~In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer or associated corporation.~~
- (2) ~~A short position arises:~~
 - (i) ~~where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;~~
 - (ii) ~~where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person—~~
 - (a) ~~has a right to require another person to take the underlying shares of the equity derivatives;~~
 - (b) ~~is under an obligation to deliver the underlying shares of the equity derivatives to another person;~~
 - (c) ~~has a right to receive from another person money if the price of the underlying shares declines; or~~
 - (d) ~~has a right to avoid a loss if the price of the underlying shares declines.~~

18.71B ~~[Repealed 1 January 2024]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) ~~aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:~~

- (a) ~~interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and~~
- (b) ~~interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:~~
 - (i) ~~physically settled equity derivatives; and~~
 - (ii) ~~cash settled equity derivatives.~~

Notes:

- (1) ~~The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares of the issuer.~~
 - (2) ~~A long position arises where a person is a party to an equity derivative, by virtue of which the person:~~
 - (i) ~~has a right to take the underlying shares;~~
 - (ii) ~~is under an obligation to take the underlying shares;~~
 - (iii) ~~has a right to receive money if the price of the underlying shares increases; or~~
 - (iv) ~~has a right to avoid or reduce a loss if the price of the underlying shares increases.~~
 - (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) of the GEM Listing Rules.~~
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
 - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
 - (i) physically settled equity derivatives; and
 - (ii) cash settled equity derivatives.

Notes:

- ~~(1) The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares of the issuer.~~
- ~~(2) A short position arises:

 - ~~(i) where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;~~
 - ~~(ii) where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person—

 - ~~(a) has a right to require another person to take the underlying shares of the equity derivatives;~~
 - ~~(b) is under an obligation to deliver the underlying shares of the equity derivatives to another person;~~
 - ~~(c) has a right to receive from another person money if the price of the underlying shares declines; or~~
 - ~~(d) has a right to avoid a loss if the price of the underlying shares declines.~~~~~~

18.71C ~~[Repealed 1 January 2024]For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.71B, except that note (3) to Rule 18.71B(1) does not apply.~~

18.72 ~~[Repealed 1 January 2024]An explanatory statement relating to the activities of the group and profit (or loss) during the relevant period which must include any significant information enabling investors to make an informed assessment of the trend of the activities and profit (or loss) of the group together with an indication of any special factor which has influenced those activities and the profit (or loss) during the period in question, and enable a comparison to be made with the corresponding period of the preceding financial year and must also, as far as possible, refer to the prospects of the group in the current financial year.~~

...

18.74 ~~[Repealed 1 January 2024]Any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant period.~~

18.75 ~~[Repealed 1 January 2024]~~Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.

18.76 ~~[Repealed 1 January 2024]~~Each quarterly report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) is a modified report, details of such modification must be set out in the quarterly report.

...

Preliminary announcement of results for each of the first 6 months of each financial year

18.78 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the first 6 months of each financial year, containing at least the information set out below, on the Exchange's website 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 next business day after approval by or on behalf of the board of the results. The issuer must publish such results not later than two months~~45 days~~ after the end of such period:

- (1) the information in respect of the statement of profit or loss and other comprehensive income and the statement of financial position as set out in rule 18.50B comprising statement of profit or loss and other comprehensive income for the current interim period, with comparative figures for the comparable period of the immediately preceding financial year and statement of financial position as at the end of the interim period, with comparative figures as at the end of the immediately preceding financial year. The listed issuer must include the notes relating to revenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the financial period. The statement of profit or loss and other comprehensive income and statement of financial position shall be as they appear in the listed issuer's full interim~~half-year~~ report;

...

...

- (6) a statement as to whether or not the interim~~half-year~~ results have been reviewed by external auditors or the audit committee of the listed issuer;

...

- (8) ...

Note: A listed issuer should apply the same accounting policies in its interimhalf-year financial statements as are applied in its annual financial statements, except where the change in accounting policy is required by an accounting standard which came into effect during the interimhalf-year period.

(9) ...

Note: Newly listed issuers will be required to prepare and publish the relevant interimhalf-year results (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the two-month45-day deadline for publishing the results falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 18.78 are not applicable to the interimhalf-year period which ended immediately before the listing of a newly listed issuer if the following is disclosed in its listing document:—

- (a) *the financial information required under Chapter 18 in relation to interimhalf-year results announcements, in respect of such six-month period (with comparative figures for the corresponding six-month period of the immediately preceding financial year); and*
- (b) *that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not publishing such interimhalf-year results announcements.*

...

~~Preliminary announcement of results for each of the first 3 and 9 month periods of each financial year~~

18.79 ~~[Repealed 1 January 2024] Issuers' preliminary announcements of results for each of the first 3 and 9 month periods of each financial year must contain at least the information set out below stated in respect of the group and such information must be published (in accordance with the requirements of Chapter 16) on the Exchange's website 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 next business day after approval by or on behalf of the board of the results. The issuer must publish such results not later than 45 days after the end of such period:~~

- (1) ~~revenue;~~

- (2) ~~profit (or loss) before taxation, including the share of profit (or loss) of associates and joint ventures with separate disclosure of any items included therein which are exceptional because of size and incidence;~~
- (3) ~~taxation on profits (Hong Kong and overseas) in each case indicating basis of computation with separate disclosure of the taxation on share of associates and joint ventures' profits;~~
- (4) ~~profit (or loss) attributable to non-controlling interests;~~
- (5) ~~profit (or loss) attributable to shareholders;~~
- (6) ~~rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~
- (7) ~~all movements to and from any reserves;~~
- (8) ~~earnings per share;~~
- (9) ~~comparative figures of the matters specified in (1) to (8) inclusive for the corresponding previous period; and~~
- (10) ~~particulars of any purchase, sale or redemption by the issuer or any of its subsidiaries, of its listed securities during the relevant period, or an appropriate negative statement.~~

- ~~Notes:~~
- ~~1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adjustments should be made. Where the requirements of this Note are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.~~
 - ~~2 The Exchange may authorise the omission from the preliminary announcement of any information if it considers:—~~
 - ~~(a) such omission to be necessary or appropriate; or~~
 - ~~(b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,~~

~~provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.~~
 - ~~3 The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.~~

4 ~~Newly listed issuers will be required to prepare and publish the relevant 3-month or 9-month results (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the results falls after the date on which dealings in the securities of the listed issuer commenced. The requirements under rule 18.79 are not applicable to the 3-month or 9-month period which ended immediately before the listing a newly listed issuer if the following is disclosed in its listing document:—~~

~~(a) the financial information required under Chapter 18 in relation to quarterly results announcements, in respect of such 3-month or 9-month period (with comparative figures for the corresponding 3-month or 9-month period of the immediately preceding financial year); and~~

~~(b) that it will not breach its constitutional documents, laws and regulations of its place of incorporation or other regulatory requirements as a result of not publishing such quarterly results announcements.~~

~~Such a newly listed issuer should publish an announcement no later than the time prescribed in rule 18.79 that the relevant financial information has been included in its listing document.~~

...

Summary interimhalf-year reports

18.82 Summary interimhalf-year reports shall include, as a minimum, the following information in respect of the listed issuer:—

...

- (4) where the accounting information contained in a summary interimhalf-year report has been audited by the listed issuer's auditors, an opinion from the auditors as to whether the summary interimhalf-year report is consistent with the full interimhalf-year report from which it is derived;
- (5) names of the director(s) who have signed the full interimhalf-year report on behalf of the board of directors of the listed issuer;
- (6) a statement to the effect that the summary interimhalf-year report only gives a summary of the information and particulars contained in the listed issuer's full interimhalf-year report;

- (7) a statement as to how an entitled person may obtain free of charge a copy of the listed issuer's full interim~~half-year~~ report from which the summary interim~~half-year~~ report is derived; and
- (8) a statement as to the manner in which an entitled person may in future notify the listed issuer of his wishes to receive a copy of a summary interim~~half-year~~ report in place of a copy of the full interim~~half-year~~ report from which it is derived.

...

Recommended additional disclosure

18.83 Issuers are encouraged to disclose the following additional commentary on discussion and analysis in their interim~~half-year~~ and annual reports:

...

Chapter 18A
EQUITY SECURITIES
MINERAL COMPANIES

...

CONDITIONS FOR LISTING OF NEW APPLICANT MINERAL COMPANIES

...

18A.04 The Exchange may accept a trading record period of less than two financial years for rule 11.12A(1) (and an accountants' report covering a shorter period than that specified in rule 11.10) for a new applicant Mineral Company provided that its directors and senior managers, taken together, have sufficient experience relevant to the exploration and/or extraction activity that the Mineral Company is pursuing. Individuals relied on must have a minimum of five years relevant industry experience. Details of the relevant experience must be disclosed in the listing document of the new applicant.

...

...

Chapter 19

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

...

Definitions

19.04 ...

(12) “total assets” means:—

- (a) in respect of a listed issuer, the total fixed assets, including intangible assets, plus the total current and non-current assets, as shown in its accounts or latest published ~~half-year, quarterly or other~~ interim reports (whichever is more recent), subject to any adjustments or modifications arising by virtue of the provisions of rules 19.16, 19.18 and 19.19; and

...

...

Provisions to deter circumvention of new listing requirements

...

Extreme transactions

19.06C An “extreme transaction” is an acquisition or a series of acquisitions of assets by a listed issuer, which individually or together with other transactions or arrangements, may, by reference to the factors set out in Note 1 to rule 19.06B, have the effect of achieving a listing of the acquisition targets, but where the issuer can demonstrate that it is not an attempt to circumvent the requirements for new applicants set out in Chapter 11 of the GEM Listing Rules and that:

...

- (2) the acquisition targets meet the requirements of rule 11.06 and rule 11.12A (or rule 11.14) and the enlarged group meets all the new listing requirements in Chapter 11 of the GEM Listing Rules (except rule 11.12A).

Note: Where the extreme transaction involves a series of transactions and/or arrangements and the acquisition targets cannot meet rules 11.12A(2) and/or (3) or 11.12A(4)(b) and/or (c) (as the case may be) due to a change in their ownership and management solely as

a result of the acquisition by the issuer, the Exchange may grant a waiver from strict compliance with these rules based on the facts and circumstances of the case. In considering a waiver of rule 11.12A(3) or 11.12A(4)(c), the Exchange will consider, among others, whether the issuer has the expertise and experience in the relevant business/industry of the acquisition targets to ensure the effective management and operation of the acquisition targets.

...

Figures used in total assets, profits and revenue calculations

19.16 A listed issuer must refer to the total assets shown in its accounts or latest published ~~half-year, quarterly or other~~ interim report (whichever is more recent) and adjust the figures by:

- (1) the amount of any dividend proposed by the listed issuer in such accounts and any dividend declared by the listed issuer since the publication of such accounts or ~~half-year, quarterly or other~~ interim report; and

...

...

Aggregation of transactions

19.22 In addition to the aggregation of transactions under rules 19.06B, 19.06C and 19.06E, the Exchange may require listed issuers to aggregate a series of transactions and treat them as if they were one transaction if they are all completed within a 12 month period or are otherwise related. In such cases, the listed issuer must comply with the requirements for the relevant classification of the transaction when aggregated and the figures to be used for determining the percentage ratios are those as shown in its accounts or latest published ~~half-year, quarterly or other~~ interim report (whichever is more recent), subject to any adjustments or modifications arising by virtue of the provisions of rules 19.16, 19.18 and 19.19.

...

Additional requirements for reverse takeovers

19.54 ...

Notes:

...

3. *Where the reverse takeover involves a series of transactions and/or arrangements and the acquisition targets cannot meet rule 11.12A(2) and/or*

(3) or 11.12A(4)(b) and/or (c) (as the case may be) due to a change in their ownership and management solely as a result of the acquisition by the issuer, the Exchange may grant a waiver from strict compliance with these rules based on the facts and circumstances of the case. In considering a waiver of rule 11.12A(3) or 11.12A(4)(c), the Exchange will consider, among others, whether the issuer has the expertise and experience in the relevant business/industry of the acquisition targets to ensure the effective management and operation of the acquisition targets.

...

Contents of circulars

...

Major transaction circulars

19.66 A circular relating to a major transaction must contain the following:—

...

- (9) information as to the competing interests (if any) of ~~the Compliance Adviser and each of the directors, employees and close associates (as referred to in rule 6A.32) and~~ each of the directors and any proposed director of the issuer (excluding its subsidiaries) and his/her respective close associates (as if each of them were treated as a controlling shareholder under rule 11.04);

...

...

Chapter 20
EQUITY SECURITIES
CONNECTED TRANSACTIONS

...

Circulars

...

20.68 The circular must contain at least:

...

- (15) information regarding the competing interests (if any) of ~~the Compliance Adviser and its directors, employees and close associates (as referred to in rule 6A.32)~~ and each of the directors and any proposed director of the listed issuer and his respective close associates as would be required to be disclosed under rule 11.04 as if each of them was a controlling shareholder; and

...

...

Chapter 23

EQUITY SECURITIES

SHARE SCHEMES

...

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:

...

- (2) the deadline for the issuer to announce its results for any year or, half-year ~~or quarter-year period~~ under rule 18.49 or, 18.78, ~~or 18.79~~ or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

...

...

Disclosure in annual report and interim report

23.07 The listed issuer must disclose in its annual report and interim~~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; and (iv) other employee participants, related entity participants and service providers by category:—

...

Chapter 24
EQUITY SECURITIES
OVERSEAS ISSUERS

...

Chapters 17 and 18 - Continuing Obligations and Financial Information

...

Annual report and accounts and auditors' report

...

24.18A ...

Notes:

...

3. *An overseas issuer is also required to include a reconciliation statement in its ~~interim half-year and quarterly~~ report. The reconciliation statement contained in the annual accounts or ~~interim half-year or quarterly~~ report must be reviewed by its auditor.*

4. *An overseas issuer with a dual listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its annual accounts must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual ~~and~~, interim ~~and quarterly~~ financial statements that fall due under the GEM Listing Rules, and are published, after the first anniversary of the date of its de-listing.*

...

~~Interim Half-year reports and quarterly reports~~

- 24.22 If the overseas issuer publishes an ~~interim half-year or quarterly~~ report in its country of incorporation or other establishment, the Exchange may authorise it to publish that report (as necessary, translated into English and Chinese) instead of the ~~interim half-year or quarterly~~ report provided for in Chapter 18, provided that the information given is equivalent to that which would otherwise have been required.

...

Chapter 25

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

Chapters 17 and 18 – Continuing Obligations and Financial Information

...

InterimHalf-year and quarterly reports

- 25.34 If the PRC issuer publishes an interim ~~half-year or quarterly~~ report in the PRC, the Exchange may authorise it to publish that report (if necessary, translated into English and Chinese) instead of the ~~interim half-year and quarterly~~ reports provided for in Chapter 18, provided that the information given is equivalent to that which would otherwise have been required.

...

Chapter 31

DEBT SECURITIES

CONTINUING OBLIGATIONS

Preliminary

...

- 31.03 Unless otherwise stated, the publication requirements contained in Chapter 16 apply to all announcements (including notices) required of an issuer or guarantor under the GEM Listing Rules, all listing documents, annual reports and accounts (including, where applicable, summary financial reports), ~~half-year and interim quarterly~~ reports and circulars to holders of its listed securities required of an issuer under the GEM Listing Rules and all other documents which are corporate communications required of an issuer under the GEM Listing Rules.

...

...

Notification

...

Information relating to rights involving the share capital of another company

- 31.16 Where listed debt securities carry rights of conversion or exchange into or subscription for the share capital of another company, or are guaranteed by another company, the issuer must ensure that adequate information is at all times available about the other company and about any changes in the rights attaching to the shares to which such rights of conversion, exchange or subscription relate. This must include the availability of the annual report and accounts of the other company together with its ~~half-yearly, quarterly~~ or other interim reports and any other information necessary for a realistic valuation of such listed debt securities to be made.

...

Announcements, circulars and other documents

...

Publication of circulars and other documents

31.21 The issuer shall publish:—

- (1) one copy of each of the English language version and the Chinese language version (where applicable) of:—

...

- (c) any ~~half-year or quarterly~~ interim report prepared by the issuer as soon as possible after it has been approved by the board of directors of the issuer;

...

...

Appendix D1A

CONTENTS OF LISTING DOCUMENTS

Equity Securities

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

...

Information about the issuer's management

...

42. (1) The full names and professional qualifications, if any, of:—
- (a) the secretary of the issuer;
 - (b) ~~[Repealed 1 January 2024] the compliance officer of the issuer appointed pursuant to rule 5.19.~~

...

Appendix D1B

CONTENTS OF LISTING DOCUMENTS

Equity Securities

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

...

Information about the issuer's management

...

35. (1) The full names and professional qualifications, if any, of:—
- (a) the secretary of the issuer; ~~and~~
 - (b) ~~[Repealed 1 January 2024] the compliance officer to the issuer appointed pursuant to rule 5.19.~~

...

Miscellaneous

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

...

Appendix D1C

CONTENTS OF LISTING DOCUMENTS

Debt Securities

In the case where listing is sought for debt securities

...

Financial information about the group and prospects of the group

...

42. (1) Where required by Chapter 7, a report by the reporting accountants in accordance with that Chapter. In the case of an issuer the equity securities of which are listed on GEM (or the holding company of which has its equity securities listed on GEM), if more than ~~45 days~~ two months have elapsed since the last ~~half-year or quarterly~~ interim reporting date, a relevant interim financial statement covering the period up to such date must be included in the listing document or appended to it. If the interim financial statement is unaudited, this fact must be stated.

...

Information about the issuer's management

...

47. (1) The full name and professional qualifications, if any of:—
- (a) the secretary of the issuer; ~~and~~
 - (b) [Repealed 1 January 2024] ~~the compliance officer of the issuer (if any).~~

...

Miscellaneous

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

...

Regulatory Forms

FORMS RELATING TO LISTING

FORM A

Application Form - Equity securities (of an issuer no part of whose share capital is already listed)

...

14. Particulars of the authorised representatives of the issuer (see rule 5.245.19 of the GEM Listing Rules):

...

Regulatory Forms

FORMS RELATING TO LISTING

FORM B

Application Form - Equity securities
(of an issuer part of whose share capital is already listed)

...

NOTES

- (1) ~~*[Repealed 1 January 2024] Please refer to rule 6A.34 of the GEM Listing Rules. In circumstances where a listed issuer proposes to issue a listing document of the type referred to in rule 6A.36 within the minimum period referred to in rule in 6A.19 or any period fixed for the purposes of rule 6A.20, the Issuer's Compliance Adviser (or adviser appointed under rule 6A.37) shall be responsible for dealing with the Exchange.*~~

...

Regulatory Forms

FORMS RELATING TO LISTING

FORM C

Application Form - Debt securities

...

NOTES

...

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

...

Appendix C1

CORPORATE GOVERNANCE CODE

INTRODUCTION

...

Part 2 – Principles of good corporate governance (“Principles”), code provisions and recommended best practices

...

What is “comply or explain”?

1. Issuers must state whether they have complied with the code provisions for the relevant accounting period in their annual reports (and summary financial reports, if any) and interim~~half-year~~ reports (and summary interim~~half-year~~ reports, if any).
2. If an issuer considers that it can adopt the Principles without applying the code provisions, it may deviate from the code provisions (i.e. adopt action(s) or step(s) other than those set out in the code provisions) provided that the issuer sets out:

...

- (b) in the interim~~half-year~~ reports (and summary interim~~half-year~~ reports, if any) either:

...

- (ii) to the extent reasonable and appropriate, by referring to the Corporate Governance Report in the preceding annual report, and providing details of any changes for any deviation not reported in that annual report with Considered Reasons and Explanation. The references must be clear and unambiguous, and the interim~~half-year~~ report (or summary interim~~half-year~~ report) must not contain only a cross-reference without any discussion of the matter.

...

PART 1 – MANDATORY DISCLOSURE REQUIREMENTS

...

E. BOARD COMMITTEES

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

...

- (d) a summary of the work during the year, including:
- (i) for the audit committee, a report on how it met its responsibilities in its review of the quarterly (if relevant), half-yearly and annual results, and unless expressly addressed by a separate risk committee, or the board itself, its review of the risk management and internal control systems, the effectiveness of the issuer's internal audit function, and its other duties under the Corporate Governance Code. Details of non-compliance with rule 5.28 (if any) and an explanation of the remedial steps taken by the issuer to address non-compliance with establishment of an audit committee;

...

...

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

...

D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

D.1 Financial reporting

...

Recommended Best Practices

D.1.5 An issuer should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the issuer's performance, financial position and prospects. An issuer's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts.

D.1.6 Once an issuer announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision.

...

D.3 Audit Committee

...

Code Provisions

...

D.3.3 The audit committee's terms of reference should include at least:-

...

Review of the issuer's financial information

- (d) to monitor integrity of the issuer's financial statements and annual report and accounts, ~~half-year~~interim report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the board, the committee should focus particularly on:-

...

Part B

This part sets out further housekeeping Rule amendments on the GEM Listing Rules that will take effect from 31 December 2023 following the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

Chapter 21

EQUITY SECURITIES

OPTIONS, WARRANTS AND SIMILAR RIGHTS

...

Issue of new warrants to existing warrant holders and/or altering the terms of existing warrants

...

21.07 ...

- (7) ~~the application for the listing of the new warrants must be accompanied by~~ relevant circular to shareholders must contain a statement by the directors that the issuer has obtained a legal opinion, from a lawyer of the relevant jurisdiction, ~~confirming~~ that the warrant proposal complies with the relevant provisions of the issuer's constitutive documents and the terms of the existing warrant instrument; and

...

Appendix C1

CORPORATE GOVERNANCE CODE

...

PART 1 – MANDATORY DISCLOSURE REQUIREMENTS

...

B. BOARD OF DIRECTORS

...

- (h) relationship (including financial, business, family or other material/relevant relationship(s)), if any, between board members and in particular, between the chairman and the chief executive;
- (i) if any director is appointed during the accounting period covered by the annual report, the date on which each such director had obtained the legal advice referred to in Rule 5.02D, and such director has confirmed he understood his obligations as a director of a listed issuer; and
- (j) how each director, by name, complied with code provision C.1.4.

APPENDIX V: AMENDMENTS TO THE MAIN BOARD LISTING RULES

Part A

This part sets out the amendments to the Main Board Listing Rules that will take effect from 1 January 2024 following this paper.

Chapter 1

GENERAL

INTERPRETATION

...

1.01 ...

“New Listing”

means a new listing of equity securities or interests (including equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) issued by a new applicant, irrespective of whether there is an offering of equity securities or interests

For the avoidance of doubt, “New Listing” includes a reverse takeover of a listed issuer which is a deemed new listing under rule 14.54 and a transfer of listing of equity securities or interests from GEM to Main Board under Chapter 9A or 9B, but does not include any other new listing of equity securities or interests issued by an issuer whose equity securities or interests are already listed on a stock market operated by the Exchange

...

Chapter 7
EQUITY SECURITIES
METHODS OF LISTING

...

Transfer of Listing from GEM

- 7.35 An issuer already listed on GEM may transfer the listing to the Main Board pursuant to rules and regulations from time to time prescribed by the Exchange for this purpose. The relevant conditions, requirements and procedures are set out in Chapters 9A and 9B.

Chapter 8

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

Preliminary

8.01 ...

Further conditions are set out in Chapters 8A, 18, 18A, 18B, 18C, 19, 19A, 19B and 19C for issuers seeking a listing of equity securities under those chapters. For a transfer of listing from GEM, the requirements of this Chapter are applied with modifications as set out in the rules and regulations under Chapters 9A and 9B for that purpose. Issuers are reminded:—

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...

Chapter 9A

EQUITY SECURITIES

TRANSFER OF LISTING FROM GEM TO MAIN BOARD

Preliminary

...

9A.01B This Chapter sets out the basic conditions and requirements for a transfer of listing of a GEM issuer's securities to the Main Board. Further conditions are set out in Chapter 9B for an Eligible Issuer (as defined in rule 9B.01) that satisfies the requirements and applies for a streamlined transfer of listing of its securities from GEM to the Main Board under that Chapter.

Qualifications for transfer

9A.02 A GEM transfer applicant may apply for a transfer of listing of its securities from GEM to the Main Board if:

...

- (3) (a) it has not been held to have committed a serious breach of any GEM Listing Rules or Exchange Listing Rules in the 12 months preceding the transfer application and until the commencement of dealings in its securities on the Main Board; and
- (b) it is has not been the subject of any disciplinary investigation by the Exchange, or any ongoing disciplinary proceedings under Chapter 3 of the GEM Listing Rules or Chapter 2A of the Exchange Listing Rules, in relation to a serious breach or potentially serious breach of any GEM Listing Rules or Exchange Listing Rules as at (i) the date of the transfer application and (ii) the date when dealing in its securities commences on the Main Board.

9A.03 The following ~~modifications~~ requirements do not apply to a transfer of listing from GEM to the Main Board under this Chapter or Chapter 9B:—

- (1A) ~~the~~ requirement for the publication of a Post Hearing Information Pack under rule 12.01B; and-
- (1B) [Repealed 31 December 2023]
- (1C) the requirement for the payment of the initial listing fee under rule 9.03(1)(b) and paragraph 1(1) of the Fees Rules.

...

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Effect of transfer

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- 9A.13 ~~The continuous requirement relating to the appointment of a Compliance Adviser for the period specified in GEM rule 6A.19 will survive an issuer's transfer to the Main Board.~~ Where the transfer takes effect before the expiry of the requirement under ~~GEM rule 6A.19~~ period directed by the Exchange pursuant to GEM rule 6A.20, this GEM requirement relating to the appointment of a Compliance Adviser will continue for any remaining term notwithstanding that the issuer had been transferred to and listed on the Main Board. The requirement under rule 3A.19 is not applicable to a GEM transfer applicant.

Chapter 9B

EQUITY SECURITIES

STREAMLINED TRANSFER OF LISTING FROM GEM TO MAIN BOARD

Preliminary

- 9B.01 This Chapter sets out conditions and requirements for a streamlined transfer of listing of an Eligible Issuer's securities from GEM to the Main Board with the exemptions set out in rule 9B.04. For the purpose of this Chapter, unless otherwise stated, an "Eligible Issuer" means a GEM listed issuer seeking a listing of equity securities on the Main Board by satisfying the listing eligibility requirements of Main Board Chapter 8 and/or Chapter 18 (Mineral Companies) and also meeting the qualifications set out in rule 9B.03.
- 9B.02 Chapter 9A applies to an Eligible Issuer subject to additional requirements, modifications and exceptions as set out or referred to in this Chapter.

Qualifications for a streamlined transfer

- 9B.03 An Eligible Issuer applying for a transfer of listing of its securities from GEM to the Main Board under this Chapter must meet rule 9A.02, subject to modifications and additional requirements as follows:
- (1) the reference to "first full financial year" under rule 9A.02(2) is modified to "three full financial years";
 - (2) the volume weighted average market capitalisation of the Eligible Issuer's securities over the Reference Period must meet the minimum market capitalisation requirement under rule 8.05(2)(d), rule 8.05(3)(d) or rule 8.09(2), as the case may be, for the purpose of the transfer application;
 - (3) an Eligible Issuer must have had continuity of ownership and control throughout the three full financial years immediately preceding the transfer application and until the commencement of dealings in its securities on the Main Board;
 - (4) an Eligible Issuer must have not effected any acquisition, disposal or other transaction or arrangement or a series of acquisitions, disposals or other transactions or arrangements, that resulted in a fundamental change in its principal business activities throughout the three full financial years immediately preceding the transfer application and until the commencement of dealings in its securities on the Main Board; and
 - (5) an Eligible Issuer must have a daily turnover of its securities (as stated in the Exchange's daily quotations sheets) of at least HK\$50,000 on not less than 50% of all trading days over the Reference Period.

Notes:

1. For the purpose of this rule,
 - (a) the volume weighted average market capitalisation is calculated as the sum of the daily market capitalisation multiplied by the ratio of the daily number of shares traded to the total number of shares traded (as stated in the Exchange's daily quotations sheets) for all the trading days over the Reference Period as adjusted for any applicable corporate actions;
 - (b) references to "Reference Period" shall mean a period of 250 trading days immediately preceding the relevant transfer application and until the commencement of dealings in the issuer's securities on the Main Board; and
 - (c) references to "trading day" shall have the meaning as in the Rules of the Exchange, but shall exclude the trading days on which trading of the issuer's securities was halted or suspended.
2. The daily market capitalisation referred to in Note 1(a) above is the number of total issued shares of the issuer as shown in an issuer's relevant next day disclosure return as referred to in rule 17.27A(1) of the GEM Listing Rules or monthly return as referred to in rule 17.27B of the GEM Listing Rules (whichever is more recent), multiplied by the intraday volume weighted average price of the listed issuer's securities, which is calculated by dividing the turnover (as stated in the Exchange's daily quotations sheets) by the number of shares traded (as stated in the Exchange's daily quotations sheets) for that trading day.
3. Where an Eligible Issuer applying for a transfer of listing under this Chapter is a Mineral Company as defined under rule 18.01:
 - (a) the Eligible Issuer must have either: (i) at the time of its initial listing on GEM, satisfied GEM rule 18A.05 and (where applicable) GEM rules 18A.06 to 18A.08; or (ii) during its listing on GEM, satisfied GEM rule 18A.09 if it conducted a Relevant Notifiable Transaction as defined under GEM rule 18A.01; and
 - (b) if the Eligible Issuer is unable to satisfy either the profit test in rule 8.05(1), the market capitalisation/revenue/cash flow test in rule 8.05(2), or the market capitalisation/revenue test in rule 8.05(3), it must disclose by way of a circular all information required under rule 18.04 in a listing document with such modifications as the Exchange may determine.

9B.04 The following requirements do not apply to a transfer of listing from GEM to the Main Board of an Eligible Issuer under this Chapter:–

- (1) all requirements relating to the appointment and obligations of a sponsor and a sponsor-overall coordinator (where applicable) under rules 2.09 and 2.10, Chapter 3A, Practice Note 21 and Appendix E1;

Note 1: For the purpose of this rule, requirements relating to sponsor obligations under rule 18.27 do not apply to a transfer of listing as a Mineral Company under this Chapter.

Note 2: The requirements under this rule include ancillary provisions such as the listing applicant's obligation to assist the sponsor under rule 3A.05.

- (2) rule 8.06 relating to the latest financial period reported on by the reporting accountants and rule 8.21A relating to working capital sufficiency statement in a listing document;

- (3) all requirements relating to application procedures, listing documents and prospectuses under Chapters 9, 11, 11A and 18; and

- (4) all requirements relating to the publication and/or issue of listing documents, prospectuses, Application Proofs and Post Hearing Information Packs under Chapter 12 and Practice Note 22.

Application for transfer

9B.05 An applicant for a transfer of listing under this Chapter shall submit to the Exchange the following documents:

- (1) a formal application for listing signed by a duly authorised director of the issuer, and a declaration signed by every director and supervisor (if any) of the issuer confirming and declaring compliance with all the requirements for a transfer of listing, in the form set out in Form G (published in Regulatory Forms);

- (2) an advanced draft public announcement, as required under rule 9B.08, to be published by the issuer in relation to the transfer of listing;

- (3) a written confirmation, together with relevant supporting information, to the Exchange that, for the next 12 months from the date of publication of the announcement under rule 9B.08:

- (a) the working capital available for the group is sufficient for its present requirements, which is for at least the next 12 months from the date of publication of the announcement under rule 9B.08; and

Note: In the case of a Mineral Company to which Chapter 18 applies, it has available working capital to meet 125% of the group's working

capital needs for at least the next 12 months from the date of publication of the announcement referred to in rule 9B.08, as required under rules 18.03(4) and 18.03(5).

- (b) the issuer's financial advisers or auditors are satisfied that this confirmation has been given after due and careful enquiry and that persons or institutions providing finance have stated in writing that the relevant financing facilities exist.

Note: Supporting information for the purpose of rule 9B.05(3) typically includes cashflow forecast memoranda, profit forecasts and written statements from persons or institutions providing finance.

9B.06 Where relevant information is not available or where circumstances otherwise demand, the Exchange may in addition request further information to be supplied by the issuer and/ or its management, where appropriate in the form of written confirmation. The Exchange may require such additional information to be disclosed.

9B.07 An applicant must have obtained all necessary shareholders', board and/or regulatory approvals required for the transfer of listing (whether under its constitutive documents or applicable laws or regulations or otherwise).

Announcement of transfer

9B.08 An announcement must be made in accordance with rule 2.07C as soon as reasonably practicable and in any event not later than one business day after the issuer has received from the Exchange formal in principle approval for transfer of its listing to the Main Board under this Chapter and at least five clear business days before the intended date on which dealings in the issuer's shares on the Main Board are expected to commence.

9B.09 The announcement referred to in rule 9B.08 must contain at least the following information:

- (1) on the front cover or on the top of the announcement a prominent and legible disclaimer statement as follows:—

"Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this 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 announcement.";

- (2) a statement of responsibility and confirmation on the part of the directors in the form set out in paragraph 2 of Appendix D1A;

(3) a statement confirming that all pre-conditions for a transfer of listing from GEM to the Main Board have been and/or are expected to be, insofar as applicable, fulfilled in relation to the issuer and the securities of the issuer;

Note: The statement referred to in this rule must also include (a) the volume weighted average market capitalisation over the Reference Period, and (b) the number and percentage of trading days over the Reference Period on which the issuer had a daily turnover of its securities of at least HK\$50,000, to demonstrate that the pre-conditions in respect of the volume weighted average market capitalisation and daily turnover of its securities under rules 9B.03(2) and (5), respectively, are expected to be fulfilled. For this purpose, "Reference Period" shall have the same meaning as in notes 1(b) and (c) to rule 9B.03, except that such period shall end on the trading day immediately preceding the date of the announcement referred to in rule 9B.08.

(4) the reasons for the transfer of listing;

(5) a statement that the following documents are available for viewing on the Exchange's website and the issuer's own website, giving details as to where on these websites such documents are to be found (to the fullest extent known at the time of publication of the announcement):—

(a) the issuer's published directors' reports and annual accounts for the most recent three financial years;

(b) the issuer's latest interim report or summary interim report (if any);

(c) the issuer's constitutional documents;

(d) any prospectuses and circulars to shareholders issued by the issuer in the most recent three financial years (if any); and

(e) announcements and other corporate communications as required under the Exchange Listing Rules;

(6) a statement that approval has been granted by the Exchange for the issuer's securities to be listed on the Main Board and de-listed from GEM, together with the date on which dealings will commence on the Main Board and terminate on GEM;

(7) the issuer's respective stock codes on the Main Board and GEM;

- (8) a statement that subject to continued compliance with the stock admission requirements of HKSCC, the relevant securities will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the relevant securities on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the HKSCC and HKSCC Operational Procedures in effect from time to time;
- (9) if applicable, a statement that the listing of any options, warrants or similar rights or convertible equity securities issued by the issuer will also be transferred to the Main Board pursuant to rule 9A.10, accompanied by information on the nature of the shares offered by way of conversion, exchange or subscription, the rights attaching thereto, the conditions of and procedures for conversion, exchange or subscription and details of the circumstances in which they may be amended;
- (10) the name of each director of the issuer as required under rule 2.14; and
- (11) such other information as directed by the Exchange to be included.

Chapter 10

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

...

Restrictions on disposal of shares by controlling shareholders following a new listing

10.07 ...

- (4) The provisions of 10.07(1)(a) and (b) shall not apply to an issuer that has successfully transferred its listing from GEM to the Main Board pursuant to Chapter 9A or 9B, provided that any plan by the controlling shareholders of the issuer to dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of the issuer has been prominently disclosed in the listing document or the announcement required under rule 9B.08, as the case may be.

No further issues of securities within 6 months of listing

10.08 ...

- (5) the issue of shares or securities to be traded on the Main Board by a listed issuer that has successfully transferred its listing from GEM to the Main Board pursuant to Chapter 9A or 9B, provided that any plan to raise funds within six months from the date of the transfer of the issuer's listing to the Main Board has been prominently disclosed in the listing document or the announcement required under rule 9B.08, as the case may be.

...

Chapter 11
EQUITY SECURITIES
LISTING DOCUMENTS

...

When Required

11.04 The methods of listing required by these Exchange Listing Rules to be supported by a listing document are:—

...

- (4) introductions which include transfers of listing from GEM to the Main Board under Chapter 9A;

...

...

Chapter 14

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

...

Provisions to deter circumvention of new listing requirements

...

Extreme transactions

14.06C ...

- (2) the acquisition targets meet the requirements of rule 8.04 and rule 8.05 (or rule 8.05A or 8.05B) and the enlarged group meets all the new listing requirements set out in Chapter 8 of the Listing Rules (except rule 8.05).

Note: Where the extreme transaction involves a series of transactions and/or arrangements and the acquisition targets cannot meet rules 8.05(1)(b) and/or (c), 8.05(2)(b) and/or (c), or 8.05(3)(b) and/or (c) due to a change in their ownership and management solely as a result of the acquisition by the issuer, the Exchange may grant a waiver from strict compliance with these rules based on the facts and circumstances of the case. In considering a waiver of rule 8.05(1)(b), 8.05(2)(b) or 8.05(3)(b), the Exchange will consider, among others, whether the issuer has the expertise and experience in the relevant business/industry of the acquisition targets to ensure the effective management and operation of the acquisition targets.

...

Additional requirements for reverse takeovers

14.54 ...

Notes:

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3. Where the reverse takeover involves a series of transactions and/or arrangements and the acquisition targets cannot meet rules 8.05(1)(b) and/or (c), 8.05(2)(b) and/or (c), or 8.05(3)(b) and/or (c) due to a change in their ownership and management solely as a result of the acquisition by the issuer, the Exchange may grant a waiver from strict compliance with these rules based on the facts and circumstances of the case. In considering a

waiver of rule 8.05(1)(b), 8.05(2)(b) or 8.05(3)(b), the Exchange will consider, among others, whether the issuer has the expertise and experience in the relevant business/industry of the acquisition targets to ensure the effective management and operation of the acquisition targets.

...

Material changes

- 14.89 With the exception of a listed issuer that has successfully transferred its listing from GEM to the Main Board pursuant to Chapter 9A or 9B, in the period of 12 months from the date on which dealings in the securities of a listed issuer commence on the Exchange, the listed issuer shall not effect any acquisition, disposal or other transaction or arrangement, or a series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in the principal business activities of the listed issuer as described in the listing document issued at the time of its application for listing.

...

...

The Stock Exchange of Hong Kong Limited

Practice Note 15

to the Rules Governing the Listing of Securities
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

**PRACTICE WITH REGARD TO PROPOSALS SUBMITTED BY
ISSUERS
TO EFFECT THE SEPARATE LISTING ON THE EXCHANGE OR
ELSEWHERE OF ASSETS OR BUSINESSES WHOLLY OR PARTLY
WITHIN THEIR EXISTING GROUPS**

...

3. Principles

...

(b) ...

Note: For a listed issuer that has transferred from GEM to the Main Board under Chapterchapter 9A or 9B, its original listing date on GEM shall be regarded for the purpose of (b) as the date of listing of the Parent.

...

...

Regulatory Forms

Form G

Formal Application for Transfer of Listing of Equity Securities from GEM to the Main Board (for Eligible Issuers under Chapter 9B)

This form must be duly completed and lodged in compliance with the provisions of Chapter 9B.

To: The Head of the Listing Division
The Listing Division
The Stock Exchange of Hong Kong Limited

.....

Dear Sir,

1. We, _____ [Limited] (the "Issuer") hereby
apply for the listing of and for permission to deal in the securities referred to in paragraph
3 below subject to the listing rules of The Stock Exchange of Hong Kong Limited (the
"Exchange") entitled "Rules Governing the Listing of Securities" (the "Listing Rules").
(Note 1)

2. SHARE CAPITAL

<u>Authorised \$</u>			<u>Issued (and paid up)</u> <u>inclusive of present issue</u>
.....	<u>in</u>	<u>Stock/Shares of</u>
.....	<u>in</u>	<u>Stock/Shares of</u>
.....	<u>in</u>	<u>Stock/Shares of</u>
.....	<u>in</u>	<u>Stock/Shares of</u>
\$			\$

3. Amounts and descriptions of securities for which application is now made [including, if applicable, amounts and descriptions of any options, warrants or convertible instruments relating to such securities for which transfer application is made simultaneously] (include distinctive numbers if any)

.....
.....
.....

4. The securities for which application is now made are proposed to be listed by way of transfer of listing from GEM to the Main Board.

5. So far as is known or can be ascertained after reasonable enquiry, by the directors of the Issuer, the undermentioned is/are substantial shareholder(s) of the company or of its holding company (Note 2):—

<u>Name</u>	<u>Address</u>	<u>Extent of holding and which company</u>
-------------	----------------	--

The following are the directors, chief executive and secretary of the Issuer (Note 2).

.....

6. We declare, to the best of our knowledge, information and belief, that:—

(1) all the qualifications for a transfer of listing from GEM to the Main Board of the Exchange set out in the relevant chapters of the Listing Rules have, insofar as applicable, been fulfilled in relation to the Issuer and the securities of the Issuer referred to in paragraph 3 above;

(2) all information required to be included in the documents accompanying or incorporated by reference in this application by virtue of the Listing Rules and the Securities and Futures (Stock Market Listing) Rules (the “SML Rules”) has been included therein or, if the final version has not yet been submitted (or reviewed), will be included therein before it is so submitted;

(3) all the requirements of the SML Rules, insofar as applicable and required to be fulfilled at the time of the application, have been fulfilled in relation to the Issuer and the securities of the Issuer referred to in paragraph 3 above; and

(4) there are no other facts bearing on the Issuer’s application for listing of and permission to deal in such securities which, in our opinion, should be disclosed to the Exchange.

7. ISSUER’S SOLE UNDERTAKING

We undertake to comply with the Listing Rules from time to time so far as applicable to the Issuer.

8. ISSUER'S AUTHORISATION FOR FILING WITH THE COMMISSION

We are required to file our application (within the meaning under section 2 of the SML Rules) with the Securities and Futures Commission (the "Commission") under section 5(1) of the SML Rules. Under section 5(2) of the SML Rules, we hereby authorise the Exchange to file all materials with the Commission on our behalf as and when we file them with the Exchange.

In respect of materials and documents filed and submitted in relation to our listing application including those filed by our advisers and agents on our behalf, we hereby acknowledge that both the Exchange and the Commission will have unrestricted access to such materials and documents, and on this basis, the Exchange will be regarded as having discharged the above duty of filing such materials and documents with the Commission on our behalf as and when such materials and documents are filed and submitted.

If our securities become listed on the Exchange, we will be required to file certain announcements, statements, circulars, or other documents made or issued by us or on our behalf to the public or to holders of our securities with the Commission under sections 7(1) and (2) of the SML Rules. Under section 7(3) of the SML Rules, we hereby authorise the Exchange to file all such documents with the Commission on our behalf as and when we file them with the Exchange.

All documents aforementioned shall be filed with the Exchange in such manner as the Exchange may from time to time prescribe.

This authorisation shall not be altered or revoked in any way unless prior written approval has been obtained from the Exchange and the Exchange shall have the absolute discretion to grant such approval. In addition, we undertake to execute such documents in favour of the Exchange perfecting the above authorisation as the Exchange may require.

Yours faithfully,

.....

Name:
Director, for and on behalf of
[Issuer's Name]

DECLARATION OF DIRECTORS AND SUPERVISORS

The undersigned jointly and individually declare to the best of our knowledge, information and belief that all qualifications for a transfer of listing to the Main Board of the Exchange set out in the relevant chapters of the Listing Rules have, insofar as applicable, been fulfilled in relation to the Issuer and the securities of the Issuer.

Signed by :
[Name of Director/Supervisor], [Date]

Signed by :
[Name of Director/Supervisor], [Date]

Signed by :
[Name of Director/Supervisor], [Date]

Signed by :
[Name of Director/Supervisor], [Date]

Signed by :
[Name of Director/Supervisor], [Date]

Signed by :
[Name of Director/Supervisor], [Date]

Signed by :
[Name of Director/Supervisor], [Date]

(Note 3)

NOTES

Note 1 Insert name of issuer of securities. If it is an overseas issuer, the place of incorporation or other establishment and the applicable law under which it is incorporated or otherwise established must be stated.

Note 2 These paragraphs apply only to companies and:-

“chief executive” means a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of the issuer.

“substantial shareholder” means a person entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the issuer.

Note 3 This form must be signed by all directors and supervisors (if any) of the issuer.

Part B

This part sets out further housekeeping Rule amendments on the Main Board Listing Rules that will take effect from 31 December 2023 following the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

Chapter 13

EQUITY SECURITIES

CONTINUING OBLIGATIONS

...

ANNOUNCEMENTS, CIRCULARS AND OTHER DOCUMENTS

Review of documents

13.52 ...

- (2) The following transitional provisions apply to announcements set out in this rule and shall cease to have effect on such date as the Exchange may determine and promulgate.

...

Notes: ...

5. Any listing document, circular, announcement or notice issued by a listed issuer pursuant to the Exchange Listing Rules must contain on its front cover or inside front cover, or as a heading, a prominent and legible disclaimer statement as follows:—

“Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, 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 document.”

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