

# Appendix 28

## TRANSITIONAL ARRANGEMENTS FOR ELIGIBLE ISSUERS

(see rule 9A.01A)

### Purpose

1. This Appendix sets out the transitional arrangements (“**Transitional Arrangements**”) for an Eligible Issuer applying for a transfer of its listing from GEM to the Main Board during the Transitional Period. Such transfer is referred to as an “**Eligible Transfer**”.

### General

2. Any GEM transfer application filed by an Eligible Issuer after the end of the Transitional Period must comply with Chapter 9A of the Exchange Listing Rules.
3. Application for an Eligible Transfer shall be approved by the Listing Committee as set out in rule 2A.05, subject to the relevant review powers.

### Appointment of Sponsor

4. An Eligible Issuer must appoint a sponsor to conduct due diligence in connection with its Eligible Transfer as follows:
  - (1) for an Eligible Issuer which has changed its principal businesses and/or controlling shareholder(s) since listing on GEM, the sponsor’s due diligence must be conducted on the information in the Eligible Issuer’s listing document and its activities as if it were a new listing applicant; and
  - (2) for an Eligible Issuer which did not experience changes described in paragraph 4(1) above:
    - (a) in the case of an Eligible Issuer which is not an infrastructure company, a mineral company or an investment company to which any of rules 8.05B(1) and (2), Chapter 18 or Chapter 21 apply, the sponsor’s due diligence must be conducted on the information in the Eligible Issuer’s transfer announcement and its activities for the most recent full financial year and up to the date of its announcement; or

- (b) in the case of an Eligible Issuer which is an infrastructure company, a mineral company or an investment company to which any of rules 8.05B(1) and (2), Chapter 18 or Chapter 21 apply, a listing document is required (see paragraph 9) and the sponsor's due diligence must be conducted on the information in the Eligible Issuer's listing document and its activities for the most recent full financial year and up to the date of its listing document.
- 5. Sponsors must conduct due diligence in accordance with the standards expected of sponsors under the SFC Sponsor Provisions and the principles set out in paragraph 2 of Practice Note 21.

*Note: References to "listing document" in paragraph 2 of Practice Note 21 and Appendix 19 shall mean references to an Eligible Transfer announcement, where applicable.*

### **Qualifications for an Eligible Transfer**

- 6. An Eligible Issuer may apply for an Eligible Transfer if:
  - (1) it meets all the qualifications for listing on the Main Board set out in the Exchange Listing Rules, except as modified by paragraph 7;
    - Note: In order to be listed on the Main Board, the Eligible Issuer must continue to meet the qualifications referred to in paragraph 6(1) up to the commencement of dealings in its securities on the Main Board.*
  - (2) it complied with GEM rule 18.03 in respect of its financial results for the first full financial year commencing after the date of its initial listing; and
  - (3) in the 12 months preceding the Eligible Transfer application and until the commencement of dealings in its securities on the Main Board, it has not been the subject of any disciplinary investigation by the Exchange in relation to a serious breach or potentially serious breach of any GEM Listing Rules or Exchange Listing Rules.
- 7. The following requirements apply to an Eligible Transfer:
  - (1) an Eligible Issuer does not need to comply with rules 8.09(1) and 8.09(2). Instead, it must have, at the time of listing, an expected market capitalisation of at least:
    - (a) HK\$200,000,000 which shall be calculated on the basis of all its issued shares (including the class of securities for which listing is sought and such other class(es) of securities, if any, that are either unlisted or listed on other regulated market(s)); and

- (b) HK\$50,000,000 for securities held by the public (see rule 8.24) in accordance with rule 8.08(1);
- (2) an Eligible Issuer does not need to comply with rule 8.08(1)(b). Instead, where an Eligible Issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities for the Eligible Issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the Eligible Issuer's total number of issued shares. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares, having an expected market capitalisation at the time of listing of no less than HK\$50,000,000; and
- (3) the initial listing fee will be 50% less than the scaled fees set out in paragraph 1(1) of Appendix 8.

### **Publication Requirements**

- 8. An Eligible Issuer which has not changed its principal businesses and controlling shareholder(s) since listing on GEM and is not an infrastructure company, a mineral company or an investment company does not need to comply with:
  - (1) all requirements in Chapters 9, 11 and 12; and
  - (2) rule 8.06 relating to the latest financial period reported on by the reporting accountants.
- 9. An Eligible Issuer which has changed its principal businesses and/or controlling shareholder(s) since listing on GEM or is an infrastructure company, a mineral company or an investment company must issue, publish and, where applicable, distribute:
  - (1) an Application Proof in compliance with Practice Note 22;
  - (2) a formal notice in the form set out in Form B in Appendix 11; and
  - (3) a listing document in compliance with Chapter 11.
- 10. An Eligible Issuer which falls under paragraph 8 must issue and publish an announcement which contains 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 1, Part A (where the issuer is to be listed under Chapter 21, the statement of responsibility must also be given by the persons set out in rule 21.10);
- (3) a statement confirming that all applicable pre-conditions for an Eligible Transfer, insofar as applicable, have been fulfilled in relation to the Eligible Issuer and its securities;
- (4) the reasons for the transfer of listing;
- (5) a concise update of the Eligible Issuer’s affairs during the most recent full financial year and up to the date of the announcement (the “relevant period”) and covering the following key areas:–
  - (a) a management discussion and analysis of its performance in the most recent full financial year;
  - (b) a business update of the Eligible Issuer during the relevant period, including major developments, highlights and the latest status;
  - (c) material changes since the end of the most recent full financial year (if any);
  - (d) other material information during the trading record period and up to the date of the announcement, including non-compliances, shareholding or management changes, or relevant regulatory or industry developments; and
  - (e) any other material information identified during the due diligence process;
- (6) a statement that the following documents are available for viewing on the Exchange’s website and the Eligible 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 Eligible Issuer's published directors' report and annual accounts for the latest financial year,
  - (b) the Eligible Issuer's latest half-year report or summary half-year report (if any) and (if more recent) the latest quarterly report,
  - (c) the Eligible Issuer's constitutional documents;
  - (d) any prospectuses and circulars to shareholders issued by the Eligible Issuer in the immediately preceding full financial year (if any); and
  - (e) announcements and other corporate communications as required under the Exchange Listing Rules;
- (7) a statement that approval has been granted by the Exchange for the Eligible 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;
- (8) the Eligible Issuer's respective stock codes on the Main Board and GEM;
- (9) 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 CCASS and CCASS Operational Procedures in effect from time to time;
- (10) if applicable, a statement that the listing of any options, warrants or similar rights or convertible equity securities issued by the Eligible 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;
- (11) if applicable, the information required under rules 8.10(1) and (2) to be disclosed in a listing document, in relation to any competing or potentially competing business of a controlling shareholder or director of the Eligible Issuer;
- (12) the name of each director of the Eligible Issuer as required under rule 2.14; and
- (13) such other information as directed by the Exchange to be included.

11. The announcement referred to in paragraph 10 above must be published in accordance with rule 2.07C as soon as reasonably practicable and in any event not later than one business day after the Eligible Issuer has received from the Exchange formal in-principle approval for the Eligible Transfer and at least 5 clear business days before the intended date dealings in the Eligible Issuer's shares on the Main Board are expected to commence.

## **Documentary Requirements**

12. An Eligible Issuer which falls under paragraph 8 shall submit to the Exchange the following documents:
  - (1) a formal application for listing in the form set out in Form J in Appendix 5, signed by a duly authorised director of the Eligible Issuer and the sponsor;
  - (2) a declaration in the form set out in Form K in Appendix 5, signed by every director and supervisor (if any) of the Eligible Issuer confirming and declaring compliance with all the requirements for an Eligible Transfer;
  - (3) an undertaking and statement of independence under rule 3A.03 in the form in Appendix 17 duly signed on the sponsor's behalf;
  - (4) a checklist prescribed by the Exchange from time to time duly completed and signed by every director and supervisor (if any) and the sponsor of the Eligible Issuer;
  - (5) advanced draft document required to be published by an Eligible Issuer under paragraph 10 above;
  - (6) the initial listing fee payable;
  - (7) the declaration and undertaking set out in rule 9.11(38) duly signed by each director/supervisor and proposed director/supervisor;
  - (8) where shareholders' board or regulatory approval is required for the Eligible Transfer (whether under the Eligible Issuer's constitutional documents or applicable laws or regulations or otherwise), a copy of the relevant approval(s) or resolutions;
  - (9) a written confirmation by the sponsor in compliance with rules 8.21A(1)(a) and 8.21A(1)(b), together with relevant supporting information, to the Exchange;

*Note: Supporting information for the purpose of paragraph 12(9) typically includes cash flow forecast memoranda, profit forecasts and written statements from persons or institutions providing finance.*

- (10) each sponsor must submit to the Exchange a declaration set out in Appendix 19 as soon as practicable after the Listing Committee's hearing of the Eligible Transfer application but on or before the date of issue of the Eligible Transfer announcement.
13. An Eligible Issuer which has changed its principal businesses and/or controlling shareholder(s) since listing on GEM or is an infrastructure company, a mineral company or an investment company must follow the application procedures and requirements under Chapter 9 (save for rules 9.11(17a) and 9.11(30)).
14. An application for an Eligible Transfer will not be presented to the Listing Committee for approval until all the documents and fees required under paragraphs 12 and 13 have been duly received by the Exchange.

### **Effect of an Eligible Transfer**

15. Rules 9A.10 to 9A.12 apply to an Eligible Transfer.
16. The continuous requirement relating to the appointment of a Compliance Adviser for the period specified in GEM rule 6A.19 will survive an Eligible Transfer. Where the Eligible Transfer takes effect before the expiry of the requirement under GEM rule 6A.19, this GEM requirement will continue for any remaining term notwithstanding that the Eligible Issuer had been transferred to and listed on the Main Board. The requirement under rule 3A.19 on the appointment of a Compliance Adviser is not applicable to an Eligible Transfer.