Cross-Border Listings Guide - Hong Kong Stock Exchange (GEM)

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# Quick Summary

## Initial financial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

To qualify for listing on GEM, formerly known as the Growth Enterprise Market, operated by the Exchange, a company must have a trading record of at least two financial years and meet either one of the following two financial criteria at the time of listing:

**Cash Flow.**A positive cashflow generated from operating activities in the ordinary and usual course of business of at least HK$30 million (approx. US$3.83 million) in aggregate for the two financial years immediately preceding the issue of the listing document.

Market capitalization of at least HK$150 million at the time of listing (approx. US$19.19 million).

**Market Capitalization/revenue/research and development (R&D).**Market capitalization of at least HK$250 million at the time of listing (approx. US$31.98 million).

Revenue of at least HK$100 million (approx. US$12.79 million in aggregate for the two most recent audited financial years, with year-on-year growth.

R&D expenditure of at least HK$30 million (approx. US$3.83 million) in aggregate for the two financial years immediately preceding the issue of the listing document, with each financial year's R&D expenditure accounting for at least 15% of the total operating expenditure.

In addition, a company must have available sufficient working capital for the group's present requirements for at least the next 12 months from the date of the prospectus.

*Note:* Certain types of companies are subject to modified listing and ongoing compliance rules. For example, mineral companies, overseas companies and PRC companies have separate chapters in the Hong Kong GEM Listing Rules which are dedicated to each of these types of companies. In addition, the HKSE may accept a shorter trading record period and may vary or waive the ownership and management requirements for mineral companies or newly formed project companies (for example, a company formed for the purpose of a major infrastructure project). Where the HKSE accepts a trading record of less than two financial years, the applicant must nevertheless still meet the cash flow requirement of HK$30 million (approx. US$3.83 million) for that shorter trading record period.

## Other initial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

*Share price.* HKSE does not require a minimum trading price.

*Distribution.* To list its securities, a company must have:

At all times, at least 25% of its total issued share capital held by the public.

At the time of listing, at least 100 shareholders and not more than 50% of the securities in public hands can be beneficially owned by the three largest public shareholders.

Not more than 50% of the shares in public hands at the time of listing can be beneficially owned by the three largest public shareholders.

*Accounting standards.* Audited financial statements must be prepared in compliance with HKFRS, IFRS or, for a PRC issuer, CASBE.

*Financial statements.* The listing document must generally include two financial years' audited financial statements and, if the latest financial year ended more than six months before the date of the listing document, an additional audited interim (or stub) set of accounts for part of the current financial year.

*Operating history and ownership.* A trading record of at least two full financial years, with:

Substantially the same management throughout the two full financial years.

A continuity of ownership and control throughout the full financial year immediately preceding the issue of the listing document.

*Other markets.* HKSE also offers listings on the Main Board (which has more stringent listing requirements). Information about the Main Board is available in another chapter of this Handbook.

## Listing process

[Last updated: 1 January 2024, unless otherwise noted]

The HKSE will review the prospectus and relevant announcements. The following is a fairly typical process and timetable for a listing of a company on the GEM of HKSE via an underwritten public offering in Hong Kong.

[Link to Timetable](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/hkse-gem---short-form---listing-process_updated.pdf?sc_lang=en)

## Corporate governance and reporting

[Last updated: 1 January 2024, unless otherwise noted]

Requirements for public companies include:

Appointment of a prescribed number and percentage of independent non-executive directors.

Appointment of at least one director of a different gender to the board.

Professional qualification of a company secretary.

Audit committee and its composition.

Remuneration committee and its composition.

Nomination committee and its composition.

Appointment of a compliance adviser.

A listed company has continuing disclosure and reporting obligations under the Hong Kong GEM Listing Rules and the Hong Kong Securities and Futures Ordinance.

An issuer applying for a transfer of listing from GEM to the Main Board on HKSE must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. However, the HKSE may grant a waiver from strict compliance with this requirement. Each waiver application will be considered on a case-by-case basis depending on the merits of the case.

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

A company seeking to list must pay both initial listing fees and annual fees. The initial listing fee ranges from HK$100,000 (approx. US$12,790) to HK$200,000 (approx. US$25,580). Additional shares listed subsequently will require additional payments. The annual listing fee ranges from HK$100,000 (approx. US$12,790) to HK$200,000 (approx. US$25,580) depending on the nominal value of shares listed.

# Overview of exchange

## Overview of exchange

[Last updated: 1 January 2024, unless otherwise noted]

The Stock Exchange of Hong Kong Limited, which is commonly referred to as HKSE or SEHK, is recognized worldwide as a premier securities exchange with access to abundant local and overseas funds and free flow of both capital and information. HKSE has a long-standing reputation as one of the most popular destinations for capital-raising among major financial markets.

With Hong Kong's close ties to Mainland China and other Asian economies, the HKSE is strategically placed to serve as an ideal platform for issuers to achieve exposure to the rapidly growing Mainland Chinese and other Asian markets. In addition, Hong Kong has a well-established legal system based on English common law, which provides companies with a strong and attractive foundation for capital raising and reinforces confidence for investors. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules) are comparable to international standards and demand from issuers a high level of corporate governance and transparency. Over the years, the Hong Kong government and regulators have sought ways to expand, diversify and internationalize the stock market by attracting more foreign companies of good quality to list in Hong Kong.

There are two boards on HKSE where issuers may list their securities:

The Main Board is a market for companies that meet the profit or other financial criteria of the HKSE. Companies can list either shares or depositary receipts, as a primary or secondary listing, on the Main Board.

The second board is the GEM (formerly known as the Growth Enterprise Market), which is a stand-alone market for small and mid-sized companies.

The HKSE does not specialize in any particular type of company, but instead encourages any company that meets its listing requirements to list in Hong Kong.

As at 31 December 2023, there was a total of 2,609 companies listed on HKSE (December 2022: 2,597), of which 2,283 companies are listed on Main Board (December 2022: 2,257) and 326 companies (December 2022: 340) are listed on GEM. This represents a slight increase of 1.15% in the total number of listed companies on HKSE, despite the minor 4.12% decrease in the number of GEM listed companies.

As at 31 December 2023, the Main Board and GEM had a total of 1,447 Mainland enterprises (December 2022: 1,409) (including H Share companies, Red Chip companies and Mainland private enterprises) and 1,162 domestic and foreign companies (December 2022: 1,188). In terms of market capitalization, Mainland enterprises constituted 76.5% as of 31 December 2023 and 76.9% as of 31 December 2022 respectively. It is not feasible to differentiate meaningfully between domestic and foreign companies listed on the HKSE because many domestic companies restructure themselves before listing and use foreign holding companies as their listing vehicles (e.g. investment holding companies incorporated in offshore tax havens like Cayman Islands, British Virgin Islands or Bermuda).

For the avoidance of doubt, H-Share companies refer to enterprises that are incorporated in Mainland China which are either controlled by Mainland Chinese Government entities or individuals. Red Chip companies refer to enterprises incorporated outside Mainland China and are controlled by Mainland Chinese Government entities. Mainland private enterprises refer to companies that are incorporated outside Mainland China and are controlled by Mainland Chinese individuals.

As of 31 December 2023, the aggregate market capitalization of Main Board and GEM was HK$31,039.1 billion (approximately US$3,969.90 billion), representing a 12.97% decrease from HK$35,666.8 billion (approximately US$4,561.78 billion) as of 31 December 2022. GEM's market capitalization was HK$53.62 billion (approximately US$6.86 billion), representing a 36.96% decrease from HK$85.05 billion (approximately US$10.88 billion) as of 31 December 2022.

In Hong Kong, two main regulators are involved in any proposed listing on the HKSE and post-listing compliance matters. They are the HKSE and the Securities and Futures Commission (SFC). The HKSE takes the leading role in regulating companies seeking a listing in Hong Kong and supervising their post-listing compliance requirements. The SFC performs a leading role in market regulation and certain areas of listing regulation.

Hong Kong operates a dual filing regime. HKSE is responsible for the day-to-day administration of all listing related matters while the SFC supervises and monitors the HKSE in its listing-related functions and responsibilities. As such, disclosure documents are required to be filed with both the HKSE and the SFC. HKSE is the frontline regulator and the primary point of contact for listed companies. HKSE passes information and materials submitted by listing applicants and listed companies to the SFC. The SFC may exercise its statutory powers to investigate persons who knowingly or recklessly provide false or misleading information in its statutory filing with the SFC under the dual filing system.

During a listing process, the Listing Division of the HKSE is the primary point of contact for listing applicants and their advisers. The Listing Division vets materials submitted by listing applicants for compliance with the Hong Kong Listing Rules and prospectus requirements under the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Securities and Future Ordinance (SFO) under the laws of Hong Kong. The Listing Committee/Division of the HKSE will determine (subject to an established review procedure) whether a listing applicant may or may not list on the HKSE. The SFC does not actively participate in the listing approval process, but, if it appears to the SFC that the disclosure materials of a listing applicant contain false or misleading information or the applicant is otherwise unsuitable to list in Hong Kong, the SFC can object to a listing. The SFC has taken a front-loaded approach to identify risks and take pre-emptive measures to regulate the stock market.

Companies listed on GEM may apply for a separate listing of its existing businesses and assets if the spin-off proposal meets the principles applied by the HKSE, which include: (a) the spin-off entity satisfying all listing criteria, (b) no spin-off within three years of the parent's original listing and (c) the parent's remaining business having sufficient operations and assets to support its separate listing status after the spin-off.

# Principal listing and maintenance requirements and procedures

## Principal listing and maintenance requirements and procedures

[Last updated: 1 January 2024, unless otherwise noted]

A listing applicant must meet the basic requirements of GEM Listing Rules to qualify for a listing on GEM. The HKSE may grant waivers from strict compliance with the requirements, and it assesses each waiver application on a case-by-case basis depending on the merits of each case. The HKSE has additional listing and disclosure requirements for infrastructure companies, mineral companies, overseas companies and companies incorporated in Mainland China (PRC).

In general, an applicant whose assets consist wholly or substantially of cash and/or short-dated investments will not normally be regarded as suitable for listing, except when the cash and short-term investments are held by a member of the issuer's group that is a securities house.

*Financial criteria.* A GEM applicant must fulfill the following financial criteria:

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/hkse-gem---long-form---principal-listing-and-maintenance-req.pdf?sc_lang=en)

A listing applicant must be satisfied, after due and careful inquiry, that it has available sufficient working capital for the group's present requirements, for at least the next 12 months from the date of the prospectus. In the case of a mineral company, the listing applicant must have available sufficient working capital for 125% of the group's present requirements for at least 12 months from the date of the prospectus.

After the initial listing, a company is not required to meet similar ongoing financial requirements in order to maintain its listing.

*Operating history and management*. A GEM new applicant must have a trading record of at least two full financial years, with:

Substantially the same management throughout the two full financial years.

A continuity of ownership and control throughout the full financial year immediately preceding the issue of the listing document.

At the time of listing, there must be a minimum of 100 shareholders. In addition, not more than 50% of the shares in public hands at the time of listing can be beneficially owned by the three largest public shareholders.

*Minimum public float*. At least 25% of the listing applicant's total issued share capital must at all times be held by the public, subject to a minimum public market capitalization of HK$45 million (approximately US$5.76 million) at the time of listing. However, for listing applicant with an expected market capitalization of over HK$10 billion (approximately US$1.28 billion) at the time of listing, the HKSE may accept a lower percentage of between 15% and 25%. This minimum public float must be maintained at all times after listing.

*Lock-up requirements*. The GEM Listing Rules provide that any controlling shareholder(s) (holding 30% or more of the issued share capital of an issuer) must not, from the prospectus date until six months after dealings commence on HKSE, in any way dispose of any of its interest in the issuer. In addition, for a further six months, the controlling shareholder(s) cannot dispose of any of its interest in the issuer so that it will cease to be controlling shareholder(s).

These restrictions do not apply to:

Any offer for sale contained in the prospectus.

Any additional securities purchased by the controlling shareholder(s) during the relevant period, subject to the requirements to maintain an open market in the securities and a sufficient public float.

Any stock lending arrangement to facilitate settlement of over-allocations.

Using the securities as security in favor of an authorized institution for a *bona fide* commercial loan.

*Corporate governance*. The GEM Listing Rules have various chapters dedicated to corporate governance issues. These cover various topics, including notifiable transactions, connected transactions, board composition and committee structure, review by auditors and retention of external compliance advisers. See Section 5 below for further information.

*Sponsor and interviews*. Each listing applicant must appoint at least one independent sponsor to assist with its listing application. A sponsor must be licensed or registered under applicable laws to advise on corporate finance matters. A sponsor is not independent if, *inter alia*, the sponsor group holds, directly or indirectly, more than 5% of the number of issued shares of the new applicant, except that the holding arises as a result of an underwriting obligation.

*Minimum trading price*. The HKSE does not impose any requirement for listed companies to have or maintain a minimum trading price for their securities.

*Currency*. Eligible securities must be traded and settled in Hong Kong dollars, Renminbi or US dollars, even though they may be denominated in other currencies.

*Clearing of trades*. All new equity securities to be listed on the HKSE are required to be admitted on their first listing or trading date to the Central Clearing and Settlement System (CCASS) operated by Hong Kong Securities Clearing Company Limited (HKSCC). CCASS is a securities settlement system used within the HKSE market system. It is not a mandatory requirement to deposit the shares in CCASS, but all on-market transactions will be settled through CCASS. Securities deposited in CCASS will be registered in the name of HKSCC Nominee Limited.

*Compliance adviser*. A newly listed issuer must appoint a compliance adviser from listing until the date on which the listed issuer complies with the relevant rules in respect of its financial results for the first full financial year after listing. Under GEM Listing Rules, compliance adviser has to be any corporation or authorized financial institution licensed or registered to carry on Type 6 regulated activities (advising on corporate finance) under SFO. After the prescribed period, the HKSE has discretion to direct a listed issuer to appoint a compliance adviser to undertake such role for such period in specific circumstances if a listed issuer has breached the GEM Listing Rules consistently.

# Listing documentation and process

## Listing documentation and process

[Last updated: 1 January 2024, unless otherwise noted]

The applicant must provide to investors a prospectus and relevant announcements and circulars. These documents must also be submitted to the Hong Kong regulators as part of the listing process, in addition to other documents, including accountants' reports, a property valuation report (if applicable) and (for mining and resources companies) additional technical valuation reports.

*Prospectus contents.* The mandatory content requirements of a prospectus are set out in the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, the GEM Listing Rules and the Securities and Futures (Stock Market Listing) Rules. The main disclosure requirements include:

General nature of the business of the issuer.

Current and historical shareholding and capital structure of the issuer, and details of the substantial shareholder(s) of the issuer.

Risk factors.

Waivers and exemptions from compliance with the Listing Rules.

Information about the listing.

Relationship with controlling shareholders.

Accountants' report for at least two financial years prior to the date of the prospectus.

Property valuation report, if applicable.

Summary of all material contracts entered into by the issuer group during the track record period.

Summary of the constitutional documents of the issuer.

Indebtedness of the issuer group.

Use of proceeds.

Details of the directors of the issuer and parties involved in the offering.

If the issuer is a mining or exploration company, a valuation report of the resources.

*Financial statements*. The prospectus must include an accountants' report for at least two financial years prior to the date of the prospectus. If an applicant has a longer operating history of more than two years, the HKSE would encourage voluntary disclosure of three years of financial results in the accountants' report.

Financial statements must be prepared in accordance with any one of:

The Hong Kong Financial Reporting Standards (HKFRS).

International Financial Reporting Standards (IFRS).

For PRC issuers only, China Accounting Standards for Business Enterprises (CASBE).

The HKSE has in previous cases granted waivers from strict compliance with the accounting standard requirements. In the case of the accountants' report for an overseas issuer, the financial reporting standards in the United States, the European Union, Singapore, the United Kingdom, Australia, Canada and Japan have been accepted previously subject to certain limitations. Where the HKSE allows an oversea issuer's accountants' report to be drawn up otherwise than in conformity with HKFRS or IFRS, the HKSE will normally require the report to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

*Typical process and timetable for a listing of a foreign company*

The length of time required to list a company from the kick-off meeting to the actual listing depends on many factors such as the size of the company's operation, complexity of issues, the quality of the internal records of the company, the due diligence process and whether all requisite documents and approvals are available or have been obtained. In general, a very smooth project will take six to nine months to complete. Complex corporate restructuring, preparation of financial statement up to the required standard and application for special waivers would lengthen the listing timetable.

The following diagram summarizes the process for a listing application on GEM.

*Note: "H" stands for the provisional date when the HKSE Listing Division meets to consider and discuss the listing application (commonly known as the "listing hearing"). The days indicated are clear business days (i.e. securities trading dates of the HKSE). All indications of dates are estimates.*

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/hkse-gem---long-form---listing-process-and-documentation1.pdf?sc_lang=en)

The documentation requirements described in this section are similar for foreign and domestic companies, with a few minor deviations. The following is a fairly typical timetable for a listing of a company on GEM.

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/hkse-gem---long-form---listing-process-and-documentation2.pdf?sc_lang=en)

# Continuing obligations/periodic reporting

## Continuing obligations/periodic reporting

[Last updated: 1 January 2024, unless otherwise noted]

Once a company is listed, it must publish its interim and annual reports within a prescribed timeframe, contents and publication requirements as described below. In addition, the GEM Listing Rules prescribes other continuing disclosure requirements on listed companies, such as immediate disclosure of inside information, notifiable transactions and connected transactions. A new listed company has to consult its compliance adviser before publication of any regulatory announcement, circular or financial report in the first financial years after listing. Except with prior approval of independent shareholders, a new listed company may not affect any fundamental change in its principal business activities in the first 12 months after listing.

*Inside information*. As one of the continuing disclosure requirements under the GEM Listing Rules and the SFO, a listed company is required to notify the public of any information that constitutes inside information.

*Financial statements*. The issuer *must* issue (i) an annual report including annual financial results within four months after the date upon which the financial period ended; and (ii) an interim report including half-year interim results (for the first six months of each financial year) within three months after the end of such period. Overseas issuers and PRC issuers are subject to additional disclosure requirements.

Annual financial statements must be audited by a firm of practising accountants which is a PIE Auditor under the Hong Kong Accounting and Financial Reporting Council Ordinance (AFRCO).  Annual financial statements of an overseas issuer with primary listing on the HKSE must be audited by either (a) a Registered PIE Auditor under the AFRCO; or (b) an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the AFRCO.  Interim financial statements do not need to be audited but the issuer must state whether the interim report has been audited or not.

In addition to disclosing inside information and financial statements, the GEM Listing Rules impose other continuing disclosure obligations on listed companies such as changes of directors, notifiable transactions (which, in some cases, may not only require disclosure but will also require prior approval from shareholders) and corporate actions. Generally, announcements regarding acquisition, disposals, results of shareholders' meeting shall be published on the same day that relevant agreements are signed or on the same day on which shareholders' meeting was held. In any event, announcements shall be published no later than 30 minutes before the commencement of the morning trading session of the next business day. Certain types of announcements and circulars have to be vetted by HKSE before publication.

*Market misconduct.* In Hong Kong, market misconduct is governed by the SFO. The six forms of market misconduct comprise (i) insider dealing; (ii) false trading; (iii) price rigging; (iv) stock market manipulation; (v) disclosure of false or misleading information inducing transactions; and (vi) disclosure of information about prohibited transactions.

The SFO governs the Market Misconduct Tribunal (MMT), which has the power to impose civil sanctions for market misconduct activities. The SFO also contains a parallel criminal regime. There is, however, no "double jeopardy" under the two regimes. Under the civil regime, the MMT may make various orders, such as disqualifying an officer of a listed corporation for up to five years; prohibiting dealings in any securities, futures or leveraged foreign exchange contracts for up to five years; and disgorgement of the amount of any profit gained or loss avoided as a result of the market misconduct. The maximum criminal sanctions are 10 years' imprisonment and fines of HK$10 million (approximately US$1.28 million).

In addition, third party actions in the courts are permitted. A person who has "committed a relevant act in relation to market misconduct" is liable to pay compensation by way of damages to any other person for any pecuniary loss sustained by the other person as a result of the market misconduct. The proceedings of the MMT are admissible in such cases.

The SFO also imposes a duty on a company's officers (including its directors) to take all reasonable measures to ensure that proper safeguards exist to prevent the company from committing any market misconduct. If the company is identified as having engaged in market misconduct, the MMT may impose sanctions on any of its officers (including its directors) so long as the misconduct is attributable, directly or indirectly, to a breach by that officer of the duty imposed on him to take the preventive measures.

# Corporate governance

## Corporate governance

[Last updated: 1 January 2024, unless otherwise noted]

*Listing Rules requirements*

The GEM Listing Rules have a chapter and an appendix dedicated to corporate governance. In addition, various requirements relevant to corporate governance are contained throughout the GEM Listing Rules. There are four tiers of requirements:

Type A: Rules, which are the required standard of corporate governance mandatory for all issuers, breaches of the GEM Listing Rules may lead to sanctions.

Type B: Mandatory requirements for disclosure in an issuer’s corporate governance report, any failure to disclose will be regarded as a breach of the GEM Listing Rules.

Type C: Code provisions ("comply or explain" requirements), which an issuer is expected to comply with, but may deviate from if the issuer gives considered reasons for the deviation and explains how good corporate governance was achieved by means other than strict compliance with the code provision. The explanation should provide a clear rationale for the alternative actions, steps taken by the issuer and the impacts and outcome. Failure to provide considered reasons and an explanation in such manner will be regarded as a breach of the GEM Listing Rules.

Type D: Recommended best practices, which an issuer is encouraged to adopt on a voluntary basis, but a failure to adopt does not require explanation

*Type A regulations*

The requirements which a company must comply with are relatively prescriptive. Examples include:

Appointment of at least three independent non-executive directors (INED) and INEDs must represent at least one-third of the board. At least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

Appointment of at least one director of a different gender to the board.

Professional qualification of a company secretary.

Appointment of an audit committee and its composition.

Appointment of a remuneration committee and its composition.

Appointment of a nomination committee and its composition.

Appointment of a compliance adviser.

*Type B, Type C and Type D regulations*

Type B, Type C and Type D regulations are mainly included in the Corporate Governance Code (CG Code). The CG Code sets out:

The mandatory disclosure requirements for corporate governance reports in the areas of corporate governance practices, board of directors, chairperson and chief executives, board committees, company secretary, directors' securities transactions, risk management and internal control, auditor's remuneration, diversity, shareholders' rights, and investor relations.

The principles of good governance and code provisions that deal with: corporate strategy, business model and culture; corporate governance functions; board composition, succession and evaluation; appointment, re-election and removal of directors; nomination committee; the responsibilities of directors; the roles and responsibilities of chairman and chief executive; management functions; board committees; conduct of board proceedings and supply of and access to information; company secretary; financial reporting; risk management and internal control; audit committee; the level and make-up of remuneration and disclosure; effective communication with shareholders; and shareholders meetings.

The recommended best practices.

*Corporate governance report*

Issuers must include a corporate governance report prepared by the board of directors in their annual reports. The corporate governance report must include all the information required in the GEM Listing Rules, for example:

The mandatory disclosure requirements for corporate governance reports.

A narrative statement explaining how the issuer has applied the principles of good governance to enable shareholders’ evaluation of such application.

A statement as to whether the issuer has complied with the code provisions.

For any deviation from the code provisions (including adoption of any alternatives other than the code provisions), details of the deviation during the financial year (including the considered reasons and explanation).

Issuers must state in their interim reports whether they have complied with the code provisions for the period covered in their interim reports and provide the considered reasons and explanation for any deviation.

*Environmental, Social and Governance (ESG) report*

Issuers must publish their ESG reports on an annual basis and regarding the same period covered in their annual reports in accordance with the prescribed ESG reporting guide set out in the GEM Listing Rules. ESG reports may be presented as information in the issuer's annual report or in a separate report.  ESG report has to address two subject areas: environmental and social. Corporate governance is addressed separately in the CG Code.

The ESG reporting guide under the GEM Listing Rules comprises two levels of disclosure obligations: (a) mandatory disclosure requirements; and (b) "comply or explain" provisions. If a company deviates from the "comply or explain" provisions, it must give considered reasons in its ESG report.

# Specific situations

## Specific situations

[Last updated: 1 January 2024, unless otherwise noted]

*Large companies*. The financial criteria for companies with a large market capitalization are different from smaller companies. These differences include acceptance of a lower percentage of public float (between 15% and 25%) for issuers with an expected market capitalization of over HK$10 billion (approximately US$1.28 billion) at the time of listing, compared with the usual 25% as described in section 2 above.

*Small companies*. There are no additional requirements, or changes in the normal requirements, that apply to smaller companies listing on GEM.

*Specific industries*. Companies in certain industries are subject to modified listing and maintenance rules. For example, mineral companies, infrastructure companies and PRC companies have separate sections or chapters in the GEM Listing Rules which are dedicated to each of these types of companies. In addition, the HKSE may accept a shorter trading record period and/or may vary or waive the ownership and management requirements for mineral companies or newly formed project companies (infrastructure projects). Where the HKSE accepts a trading record of less than two financial years, the applicant must nevertheless still meet the cash flow requirement of HK$30 million (approx. US$3.84 million) for that shorter trading record period.

The HKSE has the discretion to determine whether a particular company is suitable for listing in Hong Kong. In general, an issuer whose assets consist wholly or substantially of cash or short-term investments will not be regarded as suitable for listing, except for cash or short-term investments held by a member company that is a banking company, an insurance company or a securities house.

*"Fast track" listings*. The HKSE does not have a "fast track" or expedited listing procedure. However, for cases where all the necessary information is already available, the listing process could be much shorter than usual.

# Presence in the jurisdiction

## Presence in the jurisdiction

[Last updated: 1 January 2024, unless otherwise noted]

*Management presence for transfer of listing*. An issuer applying for a transfer of listing from GEM to Main Board on the HKSE must meet all the qualifications for listing on the Main Board, including a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. However, the HKSE may grant a waiver from strict compliance with this requirement and will assess each waiver application on a case-by-case basis depending on the merits of the case.

*Process agent*. A foreign issuer must appoint and maintain throughout the period when its securities are listed on the HKSE, a process agent in Hong Kong to accept service of process and notices on its behalf in Hong Kong.

*Authorized representative*. Every issuer must appoint and retain at all times two authorized representatives as the principal channel of communication between the issuers and the HKSE. The authorised representative must be 2 individuals from amongst the issuer’s executive directors and company secretary unless the HKSE, in exceptional circumstances, agrees otherwise. The authorized representatives may also be the process agent referred to in the preceding paragraph.

*Corporate records*. It is a GEM Listing Rules requirement that only securities registered on a register kept in Hong Kong may be traded on GEM. A foreign issuer must keep a register of holders in Hong Kong for transfers to be registered locally.

 *In addition, any foreign issuer must be registered as a non-Hong Kong company under the Hong Kong Companies Ordinance. Therefore, a foreign issuer must file requisite records and documents with the Registrar of Companies in Hong Kong, such as the details of directors and company secretary.*

# Fees

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

Initial listing. The initial listing fee is determined by the following scale:

[Link to Table](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2024-update-10th-edition/hkse-gem---long-form---fees.pdf?sc_lang=en)

# Additional Information

## Additional Information

[Last updated: 1 January 2024, unless otherwise noted]

All materials to be distributed to shareholders must be in both English and Chinese unless the GEM Listing Rules specify otherwise.

Under the GEM Listing Rules, all documents furnished to the HKSE that are in a language other than English or Chinese must be accompanied by a certified English or Chinese translation.

There are many issues a foreign company should examine when considering a listing. Whether the foreign company is already listed on any stock exchange or not, when considering a listing on HKSE, the issuer, its directors and senior management should familiarize themselves with the continuing compliance obligations imposed by HKSE and other relevant Hong Kong securities laws and regulations, such as the Codes on Takeovers and Mergers and Share Buy-backs.

*Key differences in requirements for domestic companies*

Listing requirements for domestic companies are generally the same as those for foreign companies. Certain foreign companies are, however, subject to the HKSE's case-by-case assessment for suitability to list in Hong Kong.

# Contacts

## Contacts within Baker McKenzie

The following partners are the most appropriate contacts within Baker McKenzie for inquiries about prospective listings on the HKSE.

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