Cross-Border Listings Guide - Hong Kong Stock Exchange (Main Board)

Quick Summary

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# Initial financial listing requirements

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

To qualify for listing on the Main Board of the HKSE, a company must have a trading record of not less than three financial years and meet at least one of the following three financial criteria at the time of listing:

Profit test

Market capitalization of at least HK$500 million (approx. US$63.95 million).

 Profit attributable to shareholders of at least HK$80 million (approx. US$10.23 million) in the last three financial years, with profits of at least HK$35 million (approx. US$4.48 million) recorded in the most recent year and aggregate profits of at least HK$45 million (approx. US$5.76 million) recorded in the two years before that.

Market capitalization/revenue test

Market capitalization of at least HK$4 billion (approx. US$511.60 million).

Revenue of at least HK$500 million (approx. US$63.95 million) for the most recent audited financial year.

Market capitalization/revenue/cash flow test

Market capitalization of at least HK$2 billion (approx. US$255.80 million).

Revenue of at least HK$500 million (approx. US$63.95 million) for the most recent audited financial year.

Positive cash flow from operating activities of at least HK$100 million (approx. US$12.79 million) in aggregate for the three preceding financial years.

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, pre-revenue biotech companies, innovative companies with weighted voting rights (WVR) structures, mineral companies, overseas companies, PRC companies, investment companies and specialist technology companies have separate chapters in the Main Board 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 profit or other financial requirements for mineral companies, newly formed project companies (for example, a company formed to construct a major infrastructure project), pre-revenue biotech companies and specialist technology companies.  A special purpose acquisition company (SPAC) listing, which is an alternative way of listing a business, is subject to a separate listing regime.

# Other initial listing requirements

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

*Share price.* TheHKSE 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 300 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. 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.

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

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

Management continuity for at least the three preceding financial years.

Ownership continuity and control for at least the most recent audited financial year.

 *Other markets.* The HKSE also offers listings on GEM (formerly known as the Growth Enterprise Market), which has less stringent listing requirements. Information about GEM can be found 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 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-main---short-form---listing-process.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 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 Listing Rules and the Hong Kong Securities and Futures Ordinance.

A listing applicant 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$150,000 (approx. US$19,185) to HK$650,000 (approx. US$83,135). Additional shares listed subsequently will require additional payments. The annual fee ranges from HK$145,000 (approx. US$18,546) to HK$1,188,000 (approx. US$151,945), depending on the nominal value of shares listed.

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