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Tricor operating companies that provide core services in China & Hong Kong:

Tricor Services Limited  
Tricor Investor Services Limited  
Tricor Consultancy (Beijing) Limited

**Global Provider of  
Integrated Business, Corporate & Investor Services**



## Repositioning of GEM and Changes to GEM and Main Board Listing Rules

On 15 December 2017, Hong Kong Exchanges and Clearing Limited (“HKEX”) published its “Consultation Conclusions on The Review of the Growth Enterprise Market (GEM) and Changes to the GEM and Main Board Listing Rules” and relevant amendments to the GEM Listing Rules and Main Board Listing Rules (the “Rule Amendments”).

HKEX introduced the Rule Amendments to reposition GEM as a stand-alone board for small and mid-sized companies instead of a stepping stone to the Main Board and to ensure that there is a clear distinction between the Main Board and GEM. The names “Growth Enterprise Market” and 「創業板」 (both English and Chinese names) will be changed to “GEM” to reflect the new role of GEM as a market for small and mid-sized companies.

The Rule Amendments will become effective on 15 February 2018 (“Amendment Effective Date”). Certain eligible GEM issuers applying for a transfer of listing from GEM to the Main Board (“GEM Transfer”) will be entitled to transitional arrangements for a grace period of three years from the Amendment Effective Date.

This *TechNews* highlights the key aspects of the Rule Amendments and summarizes the implementation and transitional arrangements.

# KEY ASPECTS OF THE RULE AMENDMENTS

## Amendments to GEM Listing Rules

### *For GEM listing applications:*

- An increase of the minimum expected market capitalization of an applicant at the time of listing from HK\$100 million to HK\$150 million
- An increase of the minimum public float value of an applicant at the time of listing from HK\$30 million to HK\$45 million
- An increase of the minimum cash flow requirement for an applicant from HK\$20 million to HK\$30 million
- An introduction of a mandatory public offering requirement of at least 10% of the total offer size for all GEM IPOs with a clawback mechanism in line with Practice Note 18 to the Main Board Listing Rules
- An introduction of the requirement of obtaining the prior consent of HKEX for the placing of securities of an applicant to core connected persons, connected clients and existing shareholders, and their respective close associates
- The extension of the post-IPO lock-up requirement on controlling shareholders from one year to two years

## Amendments to Main Board Listing Rules

### *For Main Board listing applications:*

- An increase of the minimum expected market capitalization of an applicant at the time of listing from HK\$200 million to HK\$500 million
- An increase of the minimum public float value of an applicant at the time of listing from HK\$50 million to HK\$125 million

### *For GEM Transfer applications:*

- The removal of the streamlined process for a GEM Transfer (the “GEM Streamlined Process”) where GEM issuers can apply to transfer to the Main Board if they meet the Main Board admission requirements, without the need to appoint a sponsor and to issue a listing document
- The introduction of a mandatory sponsor requirement for a GEM Transfer, where a sponsor must be appointed at least two months before the submission of an application

# IMPLEMENTATION AND TRANSITIONAL ARRANGEMENTS

	<i>Before the Rule Amendment Effective Date (i.e. before 15 February 2018)</i>	<i>During the Transitional Period (i.e. from 15 February 2018 to 14 February 2021, both dates inclusive)</i>	<i>After the Transitional Period (i.e. after 14 February 2021)</i>
<b>For GEM listing applications</b>	Applications <sup>Note 1</sup> will be processed under the <b>pre-amended</b> GEM Listing Rules	Applications will be processed under the <b>amended</b> GEM Listing Rules and any subsequent GEM Transfer applications will be processed under the <b>amended</b> Main Board Listing Rules	
<b>For Main Board listing applications</b>	Applications <sup>Note 1</sup> will be processed under the <b>pre-amended</b> Main Board Listing Rules	Applications will be processed under the <b>amended</b> Main Board Listing Rules	
<b>For GEM Transfer applications</b>	<p>Applications <sup>Note 1</sup></p> <ul style="list-style-type: none"> <li>will be processed under the GEM Streamlined Process</li> <li>will have their eligibility for the Main Board assessed in accordance with the <b>pre-amended</b> Main Board Listing Rules</li> </ul>	Applications will be processed under the <b>amended</b> Main Board Listing Rules, <b>except for those submitted by Eligible Issuers</b> <sup>Note 2</sup> , which will be processed under the transitional arrangements set out in Appendix 28 to the <b>amended</b> Main Board Listing Rules. These include, but are not limited to, the requirement to appoint a sponsor <sup>Note 3</sup> and having such applications' eligibility for the Main Board assessed in accordance with the <b>pre-amended</b> Main Board Listing Rules.	Applications will be processed under the <b>amended</b> Main Board Listing Rules

**Notes:**

- All applications submitted before the Amendment Effective Date that have not lapsed, been rejected or returned as of that date. Only one renewal of such listing application or GEM Transfer application (as the case may be) is permitted after the Amendment Effective Date.
- "Eligible Issuers" refers to:
  - All issuers listed on GEM as at 16 June 2017; and
  - All GEM applicants who have submitted a valid listing application for listing on GEM as at 16 June 2017 and subsequently listed on GEM pursuant to such application or a renewal of such application.
- An Eligible Issuer must appoint a sponsor to conduct due diligence in connection with its GEM Transfer as follows:
  - For an Eligible Issuer that has changed its principal businesses and/or controlling shareholder(s) since listing on GEM, the sponsor must conduct due diligence on the information in the listing document and the activities of the Eligible Issuer as if it were a new listing applicant to the Main Board.
  - For an Eligible Issuer that did not change its principal businesses and/or controlling shareholder(s) since listing on GEM, the sponsor must conduct due diligence on the information in the listing document (in the case of an Eligible Issuer that is an infrastructure company, a mineral company or an investment company to which Main Board Rules 8.05B(1) and (2), Chapter 18 and Chapter 21 apply) or the transfer announcement (in all other cases) and the activities of the Eligible Issuer for the most recent full financial year and up to the date of such listing document or transfer announcement.



This TechNews is not exhaustive and contains only the key aspects of the Rule Amendments.

Please refer to the full text of the Rule Amendments on the HKEX website at <http://www.hkex.com.hk> under the section "Listing" > "Rules & Guidance" > "Listing Rules" > "Amendments to Main Board Listing Rules" and "Amendments to GEM Listing Rules".

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