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Thank you for taking the time to respond to the Consultation Paper on GEM Listing Reforms ("Consultation Paper")

Please state whether your response represents the view of your company/organisation or your personal view:

- ☒ **Company/Organisation view**
- ☐ Personal view

Please provide the following information about your company/organisation. A statement on HKEX's privacy policy is set out in Appendix V to the Consultation Paper.

Company/Organisation Name*:

Hong Kong Women Professionals & Entrepreneurs Association

Company/Organisation Type*:

- ☐ 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
- ☒ **Others (please specify)**

NGO

Contact Person*:

- ☐ Mr.
- ☒ **Miss**
- ☐ Ms.
- ☐ Mrs.
- ☐ Mx.

Name*:

Rina

Job Title:

Secretariat

Phone Number*:

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Important note: All fields marked with an asterisk (*) are mandatory. HKEX may use the contact information above to verify the identity of the respondent. Responses without valid contact

the identity of the respondent. Responses without valid contact details may be treated as invalid.

Disclosure of identity

HKEX may publish your identity together with your response. Respondents who do NOT wish their identities to be published should check the box below; otherwise, please click "Next":

☐ I/We do NOT wish to disclose my/our identity to the members of the public.

Question 1

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?

☒ Yes
☐ No

Please give reasons for your views.

We agree that the current tests may prevent the listing of companies with high growth potential which do not have a track record of positive operating cash flow. An alternative test must be provided to attract technology companies which might not qualify under the proposed alternative financial eligibility test (referred to as the "market capitalisation/ revenue/ R&D test") is a step in the right direction. However, considerations or guidance have to be made in order to avoid confusion/ direct competition with Chapter 18C under the Main Board Listing Rules.

Question 2

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?

☒ Yes
☐ No

Please give reasons for your views.

1. We agree with the requirement for an adequate trading record of at least two financial years. 2. The expected market capitalisation is too high at HK\$250 million at the time of listing. We suggest that the threshold be set at HK\$150 million. 3. The required revenue of at least HK\$100 million in aggregate for the two most recent audited financial years is too high. For young GEM candidates, we would not expect that they would be able to reach a revenue of HK\$100 million over two years. We would suggest an amount of HK\$ 50 million over the same two-year period. We also do not believe that it is necessary to have a rigid requirement that the revenue increase year on year. The decision can be left to potential sponsors to judge whether to support a company which is not showing growth. 4. We have no comment on the suggested incurred R&D expenditure.

Question 3

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?

- ☒ Yes
☐ No

Please give reasons for your views.

Agree to make the lock-up periods consistent with Main Board.

Question 4

Should any other existing eligibility requirement for a listing on GEM be amended?

- ☒ Yes
☐ No

If so, please state the requirement(s) that should be amended and give reasons for your views.

We do not believe that the promotion of the GEM market activity can be achieved simply by providing some flexibility to companies substantively engaged in R&D activities. For companies which are young and growing but which are engaged in more traditional industries, they should not be denied a more flexible entry to the GEM market. The proposed amendments do not cater for these companies. For those companies who are substantively engaged in R&D activities, additional incentives can be offered (eg more flexibility in considering the meeting of threshold requirements). In other words, it is not enough just to offer flexibility to some sectors, it is necessary to offer flexibility to encourage all sectors to list on GEM.

Question 5

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?

- ☒ Yes
- ☐ No

Please give reasons for your views.

Yes. We agree that waivers to the equivalent management and ownership continuity requirements should be extended under the proposed market capitalisation/ revenue/ R&D test.

Question 6

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?

- ☒ Yes
- ☐ No

Please give reasons for your views.

We agree, in order to align a GEM issuer's ongoing compliance officer and compliance adviser obligations with those of the Main Board.

Question 7

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?

☒ Yes

☐ No

Please give reasons for your views.

We would propose to remove the need for GEM issuers to engage compliance advisers. GEM companies should not be assumed not to be cognisant or aware of their responsibilities. They will engage compliance advisers when they feel there is a need to. To impose requirements drains resources from young companies.

Question 8

Should any other continuing obligation currently applicable to a GEM listed issuer also be removed?

☒ Yes

☐ No

If so, please state the requirement(s) and give reasons for your views.

We suggest a lighter touch approach on ESG disclosure for GEM issuers.

Question 9

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?

☐ Yes

☒ No

Please give reasons for your views.

We do not agree with the entirety of the proposal and would propose as follows: This should be a recommended best practice for the first two financial years post listing only. After the first two financial years post listing, we recommend a similar, but slightly modified risk-based approach adopted by SGX. Since GEM companies were previously conceived as being of higher risk, a risk based approach is appropriate. Also, this gives certainty in the guidance received by issuers as to the circumstances where they would be expected to provide quarterly reporting. The issue of an adverse, qualified opinion by auditors, or a disclaimer of opinion on the issuer's latest financial statements are appropriate triggers for quarterly reporting. In addition, directors should be encouraged to self-report even when auditors have not issued such opinions. The existence of a material uncertainty relating to going concern in the issuer's latest financial statements should also trigger the quarterly reporting requirement.

Question 10

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?

☒ Yes

☐ No

Please give reasons for your views.

Question 11

Do you agree that a streamlined mechanism should be introduced to enable qualified GEM issuers to transfer their listing to the Main Board?

☒ Yes

☐ No

Please give reasons for your views.

We agree that it is necessary to have a streamline mechanism for a transfer to a Main Board listing. In particular, it is not necessary to appoint a sponsor to carry out investigations and due diligence work prior to its transfer, since GEM companies would have adhered to the Listing Rules requirements as regards disclosure and other compliance matters.

Question 12

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?

☒ Yes

☐ No

Please give reasons for your views.

Question 13

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?

☒ Yes

☐ No

Please give reasons for your views.

Yes. Prospectuses should be required when there is an element of fund-raising or

invitation to the public to invest. It is not necessary for a transfer to the main board without fundraising. However, there should be some disclosure to the public of the change in the company's status and any change in its vision and how this could be achieved.

Question 14

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?

- ☒ Yes
☐ No

Please give reasons for your views.

We recommend a streamlined transfer applicant demonstrate a minimum track record of two full financial years as a GEM listed issuer prior to its transfer.

Question 15

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?

- ☒ Yes
☐ No

Please give reasons for your views.

Yes, we believe that liquidity is critical for companies seeking to list on the Main Board by a transfer from GEM.

Question 16

Should the Minimum Daily Turnover Threshold for the Daily

Turnover Test be set at:

- ☒ (a) HK\$100,000
- ☐ (b) HK\$50,000
- ☐ (c) Another figure (please specify)

Please give reasons for your views.

If the decision is that there must be a Minimum Daily Turnover Threshold, then HK\$100,000 should be sufficient.

Question 17

Do you agree with the proposed compliance record requirement for a streamlined transfer applicant as set out in paragraph 134 of the Consultation Paper?

- ☒ Yes
- ☐ No

Please give reasons for your views.

Yes – we agree with the adoption of the approach the breach being committed or investigated must be a serious breach or potentially serious breach of, any Listing Rules

Question 18

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?

- ☒ Yes
- ☐ No

Please give reasons for your views.

We believe that there must be a discretion to allow GEM companies to transfer to the Main Board and not absolute rules, provided such companies meet Main Board requirements.

Question 19

Do you agree that the Exchange should exempt GEM transferees to the Main Board from the Main Board initial listing fee?

☒ Yes

☐ No

Please give reasons for your views.

Transfer to the Main Board is not a full listing and therefore would not warrant a further payment of the initial listing fee.

You are about to submit your response. If you would like to make any amendment prior to submission, you may navigate to the questions through the panel on the left (under the ≡ icon).

After submission, you can download a response summary in PDF format. If you would like to change your response after submission, please contact consultationsupport@hkex.com.hk by specifying the email address, contact person and phone number you have provided in this questionnaire.

You can access the Consultation Paper [here](#)

Technical Support:

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