

## LISTING YOUR COMPANY IN HONG KONG IS NO LONGER A DREAM!

(A BRIEF GUIDE ON LISTING YOUR COMPANY ON THE GROWTH ENTERPRISE MARKET OF HONG KONG STOCK EXCHANGE)

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### INTRODUCTION

In our previous article entitled “**A BRIEF GUIDE TO CHOOSING YOUR LISTING DESTINATION**”, we compared listing requirements for Main Market of Bursa Malaysia and the Main Board of Hong Kong Stock Exchange (“**HKEx**”).

This article is intended to give a brief guide to companies that intend to list their companies on the Growth Enterprise Market of (“**GEM**”) HKEx, a platform for companies prior to being qualified for the Main Board of HKEx.

Should you have any query, we would be most pleased to address them.

*Note: For the purpose of illustration, conversions of HK\$ into RM in this article are based on exchange rate of HK\$100:RM52*



**Above is a diagram of the basic listing requirements for GEM.**

## THE BASIC LISTING REQUIREMENTS OF GEM

### 1. FINANCIAL REQUIREMENTS

Trading record of at least 2 years comprising of:-

- (i) a **positive cashflow** generated from operating activities in the ordinary and usual course of business of **at least HK\$20 million (approximately RM10.4 million) in aggregate for the 2 financial years** immediately preceding the issue of the listing documents
- (ii) market capital of at least HK\$100 million (*approximately RM52 million*) at the time of listing

### 2. OPERATING HISTORY AND MANAGEMENT

Trading record of at least 2 full financial years with:-

- (i) **substantially the same management throughout the 2 full financial years**; and
- (ii) a **continuity of ownership and control throughout the full financial year** immediately preceding the issue of the listing document

Nevertheless, HKEx may accept a shorter trading record period and waive or vary the ownership and management requirements for:-

- (i) newly-formed “project” companies; and
- (ii) natural resources exploitation companies, supported by reasons acceptable to the HKEx.

### 3. MARKET CAPITALISATION

The expected **market capitalisation at the time of listing must be at least HK\$100 million (approximately RM52 million)**, whereby **at least HK\$30 million (approximately RM16.6 million) must be held by the public.**

#### 4. PUBLIC FLOAT

At least 25% of the issuer's total issued share capital must at all times be held by the public. Where the issuer has 1 class of securities or more, the ***total securities of the issuer held by the public at the time of listing must be at least 25%*** of the issuer's total issued share capital. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital, having an expected market capitalisation at the time of listing of not less than HK\$30 million (*approximately RM16.6 million*).

#### 5. SPREAD OF SHAREHOLDERS

The equity securities in the hands of the ***public*** should be held among ***at least 100 persons***.

#### 6. OFFERING MECHANISM

A new applicant is free to decide on its offering mechanism and may list on the HKEx by way of placing only.

This year, we have successfully advised on flotation of WORLDGATE GLOBAL LOGISTICS LTD (Stock Code: 8292) ("**Worldgate**") and FUTURE DATA GROUP LIMITED (Stock Code: 8229) ("**Future Data**") on the GEM of HKEx.

Worldgate and its group of companies are predominantly involved in air freight forwarding, sea freight forwarding, trucking and warehousing related services in Malaysia only. The proposed listing will be on 6 July 2016 and is expected to be the first Malaysian based asset owned by Malaysians to be listed on GEM of HKEx.

On the other hand, Future Data and its group of companies are principally engaged in integrated systems and maintenance service, which includes supply and optimization of tailor made integrated information technology systems for the Mass Rapid Transit Project in Malaysia. The proposed listing will be on 8 July 2016.