

# Hong Kong IPO Prospectus Regime: Regulatory Framework and Recent Key Developments

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- Standard: max 2 rounds, up to 40 business days each
- A-share fast-track: 1 round, up to 30 business days

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- TECH: dedicated channel for Ch. 18A & 18C applicants
- Confidential filing: AP need not be published at filing
- WVR presumption: Ch. 18A / 18C applicants

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- Five categories of deficient conduct (Ref: SFO/IS/004/2026)
- New obligations: 1 week to 3 months, by sponsor type
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- WVR financial thresholds & voting ratios
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# Policy and Regulatory Framework — Three Overlapping Bodies of Regulation

Every Hong Kong IPO involves a prospectus that must satisfy three overlapping bodies of regulation — concurrently.

## (i) Statutory Framework

- Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32)
- Primary statute governing HK prospectuses
- Defines 'prospectus', prescribes mandatory content (Third Schedule)
- Registration obligation before public distribution (authorities like SFC, SEHK, Companies Registry oversee the prospectus issuance process)
- Civil & criminal liability for untrue statements / material omissions
- Regulators: Courts (civil and criminal) / Companies Registry (prospectus registration)

## (ii) HKEX Listing Framework

- Main Board / GEM Listing Rules, the Guide for New Listing Applicants (the Guide), Practice Note (PN21, PN22), App F1
- Governs admission standards, disclosure, sponsor obligations
- Rule 2.13 — overarching disclosure baseline
- PN21 — sponsor due diligence expectations
- PN22 — AP, PHIP & OC Announcement mechanics
- Regulators: SEHK Listing Division & Listing Committee

## (iii) SFC Regulatory Framework

- Securities and Futures Ordinance (Cap. 571) (SFO) + SFC Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the Code)
- Code para. 16, 17 — IPO research, Chinese walls, quiet periods, sponsor duties, etc.
- Code para. 21 — bookbuilding, placing activities
- Code is non-statutory but treated as mandatory in practice
- Non-compliance considered in licensing, disciplinary actions
- Regulators: SFC via statutory and licensing powers; Courts (civil and criminal); Market Misconduct Tribunal (civil)

# Three Regulatory Layers — Source, Regulator and Enforcement Mechanism

Every Hong Kong IPO involves a prospectus that must satisfy three overlapping bodies of regulation — concurrently. Where they impose overlapping obligations, the more onerous standard applies.

Layer	Status	Scope	Regulator / Mechanism
<b>Cap. 32 (Statutory)</b>	Primary legislation enacted by HK Legislative Council	<ul style="list-style-type: none"> <li>• Definition of 'prospectus';</li> <li>• Third Schedule mandatory content;</li> <li>• Registration requirements;</li> <li>• civil &amp; criminal liability for untrue statements</li> </ul>	<p>Civil, Criminal : Courts</p> <p>Personal exposure: directors, promoters, sponsors who authorise issue</p>
<b>HKEX Listing Rules</b>	Rules & guidance issued by SEHK as recognised exchange; forms part of listing agreement	<ul style="list-style-type: none"> <li>• Admission, eligibility, suitability (Main board here- Ch. 2, 3A, 8, 9, 10, 11, 18, 18A, 18B, 18C, 21),</li> <li>• Guide for New Listing Applicants (the Guide),</li> <li>• disclosure (Rule 2.13-14),</li> <li>• sponsor obligations (Ch. 3A),</li> <li>• AP/PHIP mechanics (PN22),</li> <li>• due diligence (PN21)</li> </ul>	<p>SEHK Listing Division &amp; Listing Committee</p> <p>Remedies: rejection, return, conditions, public censure; SFC co-regulates via dual-filing</p>
<b>SFC (SFO + Codes)</b>	SFO (statute) + Code of Conduct (non-statutory, issued under SFO s.169)	<p>Licensed/registered persons; market misconduct; dual-filing regime;</p> <ul style="list-style-type: none"> <li>• Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (Code)</li> <li>• para. 16 (IPO research, Chinese walls, quiet periods) and</li> <li>• para. 21 (bookbuilding, placing activities )</li> </ul>	<p>SFC: statutory powers + licensing powers</p> <p>Code breach considered in licensing, disciplinary proceedings, conditions, suspension/revocation</p> <p>Serious violation in SFO may lead to criminal + civil consequence</p>

# IPO Lifecycle Roadmap — The Prospectus as Central Document

The prospectus — in its AP, PHIP and final registered form — is the central document anchoring the IPO timetable, disclosures and regulatory compliance.

Step	Phase	Key Relevant Provisions
1	Pre-IPO — private equity and cornerstone investment; sponsor’s appointment; capital market intermediaries (CMI) and deal team engagement	The Guide, LR Ch. 3A, 8; Code para. 17.1A (coupling); Code para. 21.1–21.3.2 (CMI framework)
2	Listing Preparation — Due diligence (PN21); prospectus drafting & verification; research controls (Code para. 16)	Cap. 32 ss.38, 40, 40A, 342, 342E–F, Third Schedule; LR Rule 2.13-14, Ch. 3A; PN21; Code para. 16
3	Listing Application — A1 filing; AP publication; OC Announcement	LR Rule 9.03(3); PN22 (AP, OC Announcement, redaction, disclaimers) and waiver; the Guide for New Listing Applicants (substantially complete standard)
4	Vetting — HKEX/SFC comment rounds; revised proofs; responses to regulatory queries	LR 9.03–9.11; Rule 2.13; the Guide (vetting and return); PN21 (ongoing DD)
5	Listing Committee Hearing — LC approval; PHIP publication; OC fee disclosure	LR 2A.05–2A.12; PN22 paras. 12–17 (PHIP timing); Code para. 21.3.2 (OC fee to SFC)
6	Marketing — Roadshow, pre-deal research, bookbuilding, pricing and allocation	PN22 (PHIP mechanics); LR Rule 11.07; Code para. 16.5–16.6; Code para. 21.3.3–21.3.10
7	Listing & Post-Listing — Prospectus registration; dealings commence; audit trail; post-listing obligations	Cap. 32 ss.38D, 342C–342E; App F1; FINI; Code para. 21.3.9, 21.4.8; Code para. 16.5(g); LR Ch. 13

# When Do You Have a Prospectus?

Definition · Safe Harbours · Advertising & Other Requirements (Even If Prospectus-exempt)

# Statutory Definition: What is a Prospectus?

## Definition of "Prospectus" - Cap. 32 s.2(1)

means any prospectus, notice, circular, brochure, advertisement or other document(s)

**inviting offers** from the public to subscribe for or purchase shares or debentures\* of a company for cash or other consideration

— subject to the exceptions in the **Seventeenth Schedule** or **section 38B(2)**

**For HKEX listing, the prospectus must comply with, among others, the statutory Third Schedule contents requirements and the HKEX Listing Rules and be registered with the Registrar of Companies before issue.**

**See also other relevant requirements regarding publicity restrictions, placing guidelines, bookbuilding rules, legends, sale and resale restrictions, AML/CTF/CRS/sanctions/KYC/LEI/OFAC/Reg S compliance, fund sources, suitability checking, research controls, Chinese walls and statutory restrictions such as ss. , 107-109, 298 of SFO, which apply regardless of whether a prospectus is issued.**

\* offers of units or interests under collective investment schemes or structured products are regulated by SFC through authorisation of the offer document (in a similar manner as the authorisation of a prospectus) and other rules for protection of investors.

# Common Exemption - Private Placement to Professional Investors Only

## “Professional Investor” (Cap.571D) includes

- A trust corporation entrusted with total assets of not less than HK\$40 million (or the equivalent in foreign currency)
- An individual who (either alone or with his/her spouse or children in a joint account) has a portfolio of not less than HK\$8 million (or the equivalent in foreign currency)
- A corporation or partnership with either a portfolio of not less than HK\$8 million (or the equivalent in foreign currency) or total assets of not less than HK\$40 million (or the equivalent in foreign currency); and
- A corporation the sole business of which is to hold investments and which is wholly owned by any of the persons falling within the above paragraphs
- A high net-worth individual having a portfolio of securities and specified deposits of not less than HK\$8 million (or equivalent foreign currency)
- Institutional investor / specified person under definition of “professional investor” in Schedule 1 of Cap.571

## Basic offer requirements even if exempt from prospectus registration

- Advertising rules: Any invitation to the public in Hong Kong must comply with Cap.571 and Cap.32. Marketing or promotion materials must not inadvertently constitute a “prospectus” and must comply with s. of Cap.571 (see the rules set out in Pacific Sun Advisors Ltd & Anor v SFC)
- Liability: Misleading statements in exempt offers can still trigger liability e.g. under Cap. 32 ss.40–40A and Cap. 571 ss.107–109, s.298.
- Record-keeping: Issuers must maintain evidence of investor eligibility (professional investor verification, source of funds, AML/CTF rules, etc.)
- Note requirements regarding publicity restrictions, placing guidelines, bookbuilding rules, sale and resale restrictions, offer compliance requirements, research controls, Chinese walls and statutory restrictions such as s. of Cap.571, etc.

# Section 38: The Statutory Rule

## Registration and Disclosure Requirements under Cap. 32

The general framework mandates that any offer of shares or debentures to the public must satisfy rigorous disclosure and registration layers to protect the investing public.

### SECTION 38(1) & (1A) — CONTENT STANDARDS

Every prospectus issued by or on behalf of a company must comply with the contents of the **Third Schedule** and contain the statement specified in Part 1 of the **Eighteenth Schedule**.

#### Listing Rule Requirements:

content shall comply with Appendix D1A/ D1B of the LR

### SECTION 38(3) — PROHIBITION ON APPLICATION FORMS

It is unlawful to issue any form of application for shares or debentures unless the form is issued with a compliant, registered prospectus.

**Liability (Section 38(1B)):** Non-compliance triggers fines for the company and every person knowingly a party to the issue.

### THE EXEMPTIONS: THE PROVISO TO SECTION 38(3)

The registration and content requirements do not apply if it is shown that the form of application was issued in the following circumstances:

- (a) The form was issued in connection with a **bona fide** invitation to enter into an underwriting agreement.
- (b) The shares or debentures were not offered to the public.
- (c) The offer is specified in Part 1 of the **Seventeenth Schedule** (The Safe Harbours).

# Schedule 17

## Specified Offers Exempt from the Definition of Prospectus

### PROFESSIONAL INVESTORS (ITEM 1)

An offer made solely to **Professional Investors** within the meaning of section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (SFO).

This also includes institutional professional investors and individuals/corporations as defined in SFO

### THE "50 PERSONS" RULE (ITEM 2)

An offer made to **not more than 50 persons** within Hong Kong.

This exemption is strictly conditional upon the document containing the mandatory Part 3, Eighteenth Schedule warning statement.

### "SMALL OFFER" RULE (ITEM 3)

An offer where the total consideration payable does not exceed the amount in Part 2, currently **HK\$5,000,000**.

The document must contain the Part 3, Eighteenth Schedule warning statement to maintain exempt status.

### HIGH DENOMINATION RULE (ITEM 4)

An offer where the minimum consideration payable by any person (or minimum principal amount for debentures) is not less than **HK\$500,000**.

Mandatory Requirement: Inclusion of the Part 3, Eighteenth Schedule warning statement.

# Schedule 17

## UNDERWRITING & M&A (ITEMS 5 & 6)

- **Item 5:** An offer in connection with an invitation made in **good faith** to enter into an underwriting agreement.
- **Item 6:** An offer in connection with a takeover, merger, or share buy-back in compliance with the Codes on Takeovers and Share Buy-backs issued by the SFC.

## BONUS, SCRIP & QUALIFYING PERSONS (ITEMS 7 & 8)

- **Item 7:** An offer of shares for **no consideration** to existing shareholders, or fully paid-up shares offered as an alternative to a dividend.
- **Item 8:** An offer to **qualifying persons**: bona fide directors, employees, consultants, or their **dependents** (spouses or children under 18).



# Schedule 17

## CHARITABLE & EDUCATIONAL (ITEM 9)

An offer by a charitable institution (s.88 Inland Revenue Ordinance) or educational establishment where the proceeds are applied towards their objectives.

Must prominently display the Eighteenth Schedule, Part 3 warning statement.

## CLUBS & ASSOCIATIONS (ITEM 10)

An offer to members or applicants of a club or association who can reasonably be regarded as having a **common interest** in its affairs.

Proceeds must be applied for association purposes; warning statement required.

## SECURITIES EXCHANGE (ITEM 11)

An exchange of shares or debentures in the same company that does not result in an increase in issued share capital or aggregate principal amount outstanding.

Conditional on including the mandatory warning statement.

## AUTHORIZED CIS (ITEM 12)

An offer in connection with a **Collective Investment Scheme** (CIS) authorized under section 104 of the Securities and Futures Ordinance.

Each advertisement, invitation, or document must be authorized under section 105 of the Securities and Futures Ordinance.

# Interpretation Rules & Mandatory Warnings

Compliance Mechanics for the Seventeenth and Eighteenth Schedules

## AGGREGATION RULE (SCH. 17 PART 4, S.3)

For the "50 persons" and "HK\$5,000,000" exemptions, offers of the same class by the same person within a **\*\*12-month period\*\*** must be taken together.

**Territorial Scope:** Schedule 17 offers do not include offers made to persons **outside Hong Kong.**

## JOINT HOLDERS (SCH. 17 PART 4, S.4)

The making of an offer to trustees, members of a partnership, or any other two or more persons jointly is treated as the making of an offer to a single person.

## WARNING / 警告 [SCH. 18, PART 3]

"The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice."

“本文件的內容未經在香港的規管當局審核。你應就有關要約謹慎行事。如你對本文件的任何內容有任何疑問，你應尋求獨立專業意見。”

# Regulation of Advertisements and Promotion Materials

## The General Prohibition and Statutory Safe Harbours



### SECTION 38B — GENERAL PROHIBITION

Under Section 38B, it is unlawful for any person to publish or cause to be published an advertisement in relation to a prospectus or a proposed prospectus.

This includes the publication of extracted or abridged versions of the prospectus and applies regardless of the company's place of incorporation or domicile.

### ADVERTISING EXCEPTIONS (S.38B(2))

e.g.

- Publication of English versions in English newspapers (or Chinese in Chinese newspapers).
- Advertisements authorized by the SFC under Section 105 of the Securities and Futures Ordinance.
- Advertisements complying with the **Nineteenth Schedule** where there is a prospectus.

### OTHER REQUIREMENTS (EVEN IF PROSPECTUS-EXEMPT)

See other relevant requirements regarding publicity management, placing guidelines, bookbuilding rules, research controls, Chinese walls and statutory restrictions such as ss. , 107-109, 298 of SFO.

# Schedule 19 Prospectus Advertisement Requirements

## Mandatory and Discretionary Particulars for Statutory Compliance

### MANDATORY PARTICULARS (SECTION 1(1))

To qualify for the Section 38B(2)(e) exception, an advertisement **must** contain a statement that it is issued by the company to which the advertisement relates.

It must contain a warning that potential investors should read the prospectus for detailed information before deciding to invest, and a statement that the advertisement does not constitute an offer or invitation.

### DISCRETIONARY PARTICULARS (SECTION 1(2))

They may include limited details such as company's name, place of incorporation, and any changes in domicile; a description of the securities offered; the dates and locations where the prospectus can be obtained; administrative procedures that assist investor participation; a statement if listing is being sought in Hong Kong or elsewhere; and legal legends clarifying that the advertisement is not a prospectus, provided they align with Commission guidelines.

### LANGUAGE & GUIDELINES (SECTION 2)

Advertisements may be published in the English language, the Chinese language, or both. Under section 38B(2AA), the Commission may permit an advertisement to contain specific information upon request, subject to the guidelines published under section 38BA of the Ordinance. Compliance with these technical limits is essential to avoid the Section 38B prohibition.

# Prohibition on Unauthorized Investment Advertisements to the Public

## Section SFO

### SECTION (1) — THE OFFENCE

A person commits an offence if he issues, or has in his possession for the purposes of issue, an advertisement, invitation or document which to his knowledge is or contains an invitation to the public to enter into or offer to enter into an investment agreement.

Unless authorization is obtained under Section 105 by SFC, such publication is strictly prohibited and subject to criminal prosecution.

### SAFE HARBOURS (S.(3))

- **Exception (a)(iii):** Publications falling under section 38B(2) of the Ordinance (The Prospectus Safe Harbour).
- **Exception (k):** Issues made solely to **Professional Investors** as defined in SFO Part 1 Schedule 1 and the Securities and Futures (Professional Investor) Rules.

# Case Study

## *Pacific Sun Advisors Ltd & Anor v Securities and Futures Commission [2015] 18 HKCFAR 138; [2015] 2 HKC 595*

<b>Fact</b>	<b>Pacific Sun Advisors Ltd</b> (director/CEO <b>Andrew Mantel</b> ) issued an email, press release and website materials on 2–3 Nov 2011 announcing the <b>Pacific Sun Greater China Equities Fund</b> ; materials were widely circulated (including to the SFC); Pacific Sun operated a screening process to accept <b>only professional investors</b> ; SFC charged Pacific Sun and Mantel under <b>s(1) SFO</b> for issuing advertisements inviting the public to acquire interests in a CIS without SFC authorisation.
<b>Issue</b>	Whether the <b>s(3)(k)</b> exemption applies only when the <b>advertisement itself</b> expressly shows on its face that the product is or is intended to be disposed of <b>only to professional investors</b> , or whether the exemption can be established by the issuer’s <b>intention and conduct</b> (screening, distribution practices, actual sales).
<b>Rule</b>	<ul style="list-style-type: none"> <li>• <b>s(1) SFO</b>: unauthorised public advertisements inviting acquisition of securities/CIS are prohibited;</li> <li>• <b>s(3)(k) SFO</b>: exemption where the securities/structured products/CIS interests <b>are or are intended to be disposed of only to professional investors</b>; legal burden to prove the exemption rests on the <b>issuer</b> (defendant); the offence is committed on issue of the unauthorised material.</li> </ul>
<b>Ruling (CFA)</b>	The <b>Court of Final Appeal</b> (unanimously) held the exemption concerns <b>substance not form</b> : it is not necessary for the advertisement to state on its face the limitation to professional investors; the exemption can be established by evidence of the <b>totality of circumstances</b> (intention, screening, distribution and actual disposals); however the <b>issuer must prove</b> the product was or was intended only for professional investors and the exemption is lost if the product is sold to a retail investor.
<b>Conclusion</b>	The CFA allowed the appeal (FACC 11/2014; decision 20 Mar 2015); the magistrate’s original acquittal was restored and Pacific Sun and Mantel were acquitted because the facts supported that the fund was intended only for professional investors.
<b>Implication / Practical guidance</b>	Issuers relying on <b>s(3)(k)</b> should implement and document robust safeguards: <ol style="list-style-type: none"> <li>(1) include clear express wording in promotional materials stating “for professional investors only” where possible;</li> <li>(2) maintain rigorous screening procedures and contemporaneous records;</li> <li>(3) restrict actual sales to verified professional investors; be aware the offence occurs on issue of the advertisement so proof of the exemption (if any) may only be available later; issuers and advisers should implement steps to address practical risks.</li> </ol>

# HKEX GL18-10 Publicity Management

## MAIN BOARD RULE 9.08 (PARA 2.1)

Under Main Board Rule 9.08, publicity materials relating to an issue of securities by a new applicant must comply with all statutory requirements and can only be released after they are reviewed by the Exchange.

## OVERRIDING PRINCIPLE (PARA 3.2)

Material information of an applicant should be included in and released in the form of a prospectus to enable an investor to make an informed assessment of its activities, assets and liabilities, financial position, management and prospects.

## THE PURPOSIVE APPROACH (PARA 3.4)

HKEX inclines not to consent to publication if materials are:

- Not commensurate with the particular nature of the applicant's business, products, customers or markets.
- Presented in a manner which makes them likely to be read together with information related to the public offering.
- Likely to condition the market ahead of the issue of the prospectus and affect perceptions of the upcoming offer.



# HKEX GL18-10 Publicity Management

## OFFER AWARENESS MATERIALS (PARA 3.9)

Materials that (a) strictly limit to communicating procedural and administrative information regarding the proposed offer; and (b) do not promote the issuer of the shares, debentures or the offer.

## E- IPO ADVERTISEMENTS (PARA 3.12- 3.13)

Normally considered offer awareness materials. Must fully meet criteria under Offer Awareness Guidelines and follow eIPO Guidelines. Designs used on prospectus covers are acceptable.

## STRICT MEASURES (PARA 3.7)

Measures against unauthorised publicity materials may include:

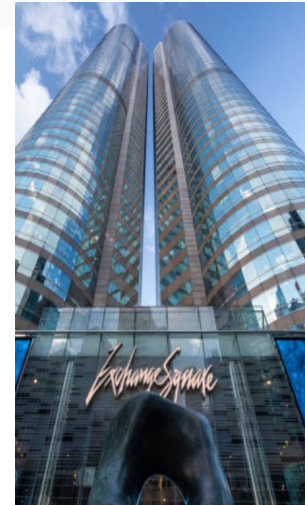
Suspending vetting until all unauthorised publicity materials are withdrawn.

Delaying the listing timetable so that the influence of unauthorised promotion has "cooled-off".

## OVERALL COORDINATORS (PARA 3.6)

Applicants and sponsors should ensure compliance with the requirements under the Listing Rules regarding "publicity materials" and CWUMPO, SFO and other statutory requirements regarding "advertisements".

Overall coordinators involved in a placing should take into account the guidance in this letter when advising applicants in connection with the placing and related marketing activities under the SFC's Code of Conduct.



# Practical implementation

Ensuring Private Placement Character through Administrative Control

## THE COMPLIANCE TOOLS

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- **Restrict Offerees:** Limit the Hong Kong offer to a maximum of 50 persons; lower numbers minimize the risk of being deemed an "offer to the public."
- **Serialization & Control:** Address each offering document to a specific named offeree and allocate a **Unique Serial Number** to every document.
- **Prohibit Passing:** Explicitly state in the document that it should not be passed to any other person.
- **Warning Placement:** Ensure the Schedule 18 warning is prominently displayed to reinforce the restricted nature of the offering.
- **Record Keeping:** Maintain PI verification logs, suitability checks, and keep board resolutions and offering memoranda aligned with SFO exemptions.
- **Digital Gating:** No open social media; use password-protected portals; maintain a compliance log of all digital access.

STEP 1

# Pre-IPO Phase

Appointment of Sponsors & Professional Advisors |  
Deal Team Formation | CMI & OC Framework

# Sponsor Appointment — Role and Obligations

[Listing Rules Ch. 3A]

The sponsor is the professional advisor with primary responsibility for guiding the listing applicant through the IPO and for making declarations to HKEX on due diligence, suitability and disclosure completeness.

## SPONSOR QUALIFICATIONS

- Must be licensed or registered under SFO for Type 6 regulated activity
- Must be permitted by SFC to undertake sponsor work
- Must demonstrate independence from listing applicant or maybe non-independent status
- At least one sponsor must be independent of applicant
- Must be appointed by written engagement agreement

## SPONSOR KEY OBLIGATIONS

- Guide applicant through all listing steps (including but not limited to compliances regarding pre-IPO and cornerstone investments)
- Be closely involved in listing document preparation
- Conduct due diligence per PN21 standards
- Submit A1 package on behalf of applicant
- Ensure compliance with the LR

**KEY REQUIREMENTS:** At least one sponsor **MUST** be independent (LR 3A.07).

Notify HKEX of overall coordinator appointment by written confirmation by applicant via SE001≥ 2 months before A1 filing (LR 3A.02).

# Sponsor Independence

A sponsor is **NOT** independent if any of these circumstances exist at any time from Form A1 submission through listing:

1. Sponsor group holds >5% shares (except underwriting)
2. Fair value of shareholding >15% of sponsor's net equity
3. Sponsor group/directors are close associates of applicant
4. Sponsor is connected person of applicant
5. Proceeds used to settle debts to sponsor >15% (except fees)
6. Aggregate debts & guarantees >30% of applicant's total assets
7. Debts & guarantees to applicant/controlling shareholders >10% of sponsor's equity
8. Director or close associate holds shares in applicant
9. Business relationship exists that affects independence perception
10. Sponsor is auditor or reporting accountant of applicant

⚠ Key Point: If sole sponsor fails independence test, HKEX will NOT accept documents produced by that sponsor. At least one independent sponsor is mandatory. Applicant must disclose in listing document whether each sponsor is independent and how lack of independence arises (LR 3A.10(2)).

# Sponsor Obligations: Due Diligence & Declarations

[Appendix E1 & Rule 3A.11]

## Conduct reasonable due diligence on non-expert sections to verify:

- Information is true, accurate, complete & not misleading in all material respects (Appendix E1(g)(iii); ss.107-109, s.298 Cap.571; s.40, s.40A Cap.32)
- Document contains sufficient particulars to enable reasonable assessment of applicant (E1(g)(ii))
- Applicant complies with Chapter 8 conditions of Listing Rules (E1(g)(i))
- Applicant has adequate procedures, systems & controls per Rules 13.09, 13.10, 13.46, 13.48, 13.49, Chapters 14 & 14A (E1(g)(iv))
- All omissions not made that would mislead readers (E1(g)(iii)(C); ss.107-109, s.298 Cap.571; s.40, s.40A Cap.32)

## Conduct separate reasonable due diligence on expert sections to have reasonable grounds to believe:

- Expert factual information verified/true in all material respects (E1(h)(i))
- Material bases & assumptions fair, reasonable & complete (E1(h)(ii))
- Expert appropriately qualified, experienced & sufficiently resourced (E1(h)(iii))
- Expert scope of work appropriate to opinion given (E1(h)(iv))
- Expert independent from applicant, directors & controlling shareholder(s) (E1(h)(v))
- Document fairly represents expert views & contains fair copy of expert report (E1(h)(vi))

## Verify directors and procedures meet standards:

- Directors collectively have experience, qualifications & competence to manage applicant (E1(g)(v))
- Individual directors have competence for their specific roles & understand Rule obligations (E1(g)(v))
- No other material issues bearing on listing application should be withheld from Exchange (E1(g)(vi))
- Applicant has made material information disclosures to sponsor as required (Appendix E1(a)-(f))

## Form E Declaration & Ongoing Obligations

- Submit Form E declaration before dealings commence (Rule 9.11(36))
- Report to Exchange in writing as soon as practicable when aware of material non-compliance with Listing Rules or regulatory requirements (E1(e))
- Report reasons for ceasing to act as sponsor before completion of listing (E1(f))
- Cooperate in Exchange investigations & Listing Committee inquiries; provide timely information (E1(c)(i))
- Accompany applicant to Exchange meetings unless otherwise requested (E1(c)(ii))

# Sponsor Obligations:

*under Paragraph 17 of the Code of Conduct*

Sections	Brief Summary
<b>17.1 Introduction</b>	<p><b>A sponsor should</b> provide assurance to the Stock Exchange and the market that the listing applicant complies with the Listing Rules and that the listing document provides sufficient particulars and information for investors.</p> <p><b>A sponsor should</b> advise and guide the listing applicant as to the Listing Rules and other relevant regulatory requirements.</p> <p><b>Each sponsor should</b> ensure that the requirements of this paragraph are fully discharged, even in joint appointments.</p>
<b>17.1A Appointment</b>	<p><b>A sponsor should</b> be independent of the listing applicant. <b>A sponsor should</b> ensure that it or a group company is appointed at the same time as an overall coordinator (OC). If not an OC, <b>the sponsor should</b> obtain written confirmation that at least one independent sponsor or its group company has been appointed as an OC for the listing application.</p>
<b>17.2 Key requirements</b>	<p><b>A sponsor should</b> comply with requirements to discharge its role satisfactorily :</p> <ul style="list-style-type: none"><li>(a) advise the applicant;</li><li>(b) take reasonable due diligence steps;</li><li>(c) ensure true, accurate and complete disclosure to the public;</li><li>(d) deal with regulators in a truthful and cooperative manner;</li><li>(e) maintain proper records;</li><li>(f) maintain sufficient resources and systems;</li><li>(g) act as overall manager of a public offer; and</li><li>(h) take reasonable steps to ensure analysts do not receive material information not disclosed in the listing document.</li></ul>

# Sponsor Obligations:

*under Paragraph 17 of the Code of Conduct*

Sections	Brief Summary
<b>17.3</b> <b>Advising a listing applicant</b>	<p><b>A sponsor should</b> have a sound understanding of the applicant's history, business, and the backgrounds of its directors and key managers.</p> <p><b>A sponsor should</b> ensure directors understand and meet their responsibilities under the Listing Rules.</p> <p><b>A sponsor should</b> provide advice to remedy material deficiencies identified in the applicant's operations, structure, or systems.</p>
<b>17.4</b> <b>Work before submitting application</b>	<p><b>A sponsor should</b> perform all reasonable due diligence and ensure material information is included in the Application Proof.</p> <p><b>A sponsor should</b> come to a reasonable opinion that the applicant complies with listing qualifications and has established systems to comply with the Listing Rules on an ongoing basis.</p> <p><b>A sponsor should</b> ensure directors have the competence to manage the business.</p>
<b>17.5</b> <b>Disclosure to the market</b>	<p><b>A sponsor should</b> have reasonable grounds to believe the listing document contains sufficient information for investors to form a valid opinion.</p> <p><b>A sponsor should</b> believe that information in non-expert sections is true, accurate, and complete.</p> <p><b>A sponsor should</b> perform due diligence to have reasonable grounds to believe expert reports are not untrue or misleading.</p>

# Sponsor Obligations:

under Paragraph 17 of the Code of Conduct

Sections	Brief Summary
17.6 Due diligence	<p><b>A sponsor should</b> conduct due diligence based on <b>reasonable judgement</b> of the specific facts and circumstances.</p> <p><b>A sponsor should</b> exercise <b>professional scepticism</b> by critically assessing information and being alert to contradictions.</p> <p><b>A sponsor should</b> perform <b>appropriate verification</b> and not accept management representations at face value. <b>A sponsor should</b> independently select and directly interview major business stakeholders (customers, suppliers, etc.) while confirming interviewee bona fides.</p> <p><b>A sponsor should</b> remain responsible for all due diligence even when engaging third parties to assist. <b>A sponsor should</b> follow the Stock Exchange expectations in PN21, but must exercise independent judgement to go beyond these examples if the specific case requires more extensive investigation.</p>
17.7 Due diligence on expert reports	<p><b>A sponsor should</b> satisfy itself that the expert is qualified, experienced, and independent.</p> <p><b>A sponsor should</b> assess whether the expert's scope of work is appropriate and covers the reliability of information.</p> <p><b>A sponsor should</b> critically review the expert's opinion against the totality of all other information known to the sponsor and resolve inconsistencies.</p>
17.8 MD&A	<p><b>A sponsor should</b> prepare a Management Discussion and Analysis that avoids irrelevant disclosure and focuses on material matters.</p> <p><b>A sponsor should</b> analyse fluctuations in financial amounts with specific and substantive reasons.</p> <p><b>A sponsor should</b> identify and discuss exceptional items or unusual accounting treatments from an investor's perspective.</p>

# Sponsor Obligations:

*under Paragraph 17 of the Code of Conduct*

Sections	Brief Summary
<b>17.9</b> <b>Communications with regulators</b>	<p><b>A sponsor should</b> satisfy itself that all information provided to regulators is accurate and complete.</p> <p><b>A sponsor should</b> deal with enquiries in a truthful, cooperative, and prompt manner.</p> <p><b>A sponsor should</b> report material non-compliance to the Stock Exchange.</p> <p><b>A sponsor should</b> inform the Stock Exchange of the reasons for ceasing to act if it resigns early.</p>
<b>17.10</b> <b>Proper records</b>	<p><b>A sponsor should</b> maintain records sufficient to demonstrate compliance with the Code.</p> <p><b>A sponsor should</b> document the due diligence plan, implementation, and results.</p> <p><b>A sponsor should</b> keep records of the bases for its opinions and internal discussions regarding critical matters.</p> <p><b>A sponsor should</b> retain all records in Hong Kong for at least seven years.</p>
<b>17.11</b> <b>Resources, systems and controls</b>	<p><b>A sponsor should</b> ensure sufficient staff and time are devoted to every assignment. <b>A sponsor should</b> not submit an application less than 2 months after its appointment terms are agreed. <b>A sponsor should</b> appoint a Transaction Team supervised by at least one Principal. <b>Management should</b> ensure critical decisions are made by Management or a designated committee.</p>

# Sponsor Obligations:

*under Paragraph 17 of the Code of Conduct*

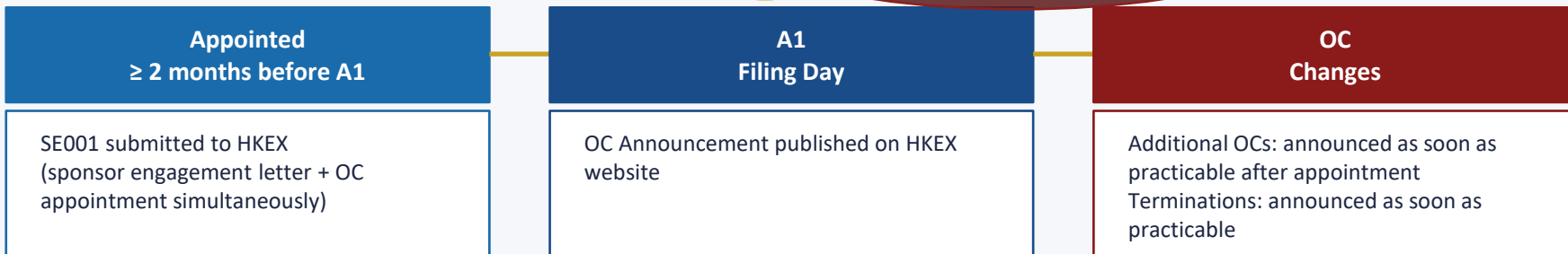
Sections	Brief Summary
<b>17.12</b> <b>Annual assessment</b>	<b>A sponsor should</b> carry out an assessment annually to ensure its systems and controls remain effective. <b>A sponsor should</b> report any material non-compliance issue to the SFC promptly. This assessment may take the form of an internal or external audit based on the firm's assessment of risks and track record.
<b>17.13</b> <b>Overall management of a public offer</b>	<b>A sponsor should</b> act as the overall manager of the public offer to ensure it is fair and orderly. <b>A sponsor should</b> ensure sufficient arrangements for the distribution of listing documents, the processing of applications, the clearing of funds, and the timely dispatch of refund cheques and share certificates.
<b>17.14</b> <b>Information provided to analysts</b>	<b>A sponsor should</b> take reasonable steps to ensure that material information (including forward-looking information) provided to analysts is within the scope of, and not inconsistent with, the information contained in the listing document.

# Practical Points for Sponsor Obligations

Area	Key Action Points
I. Onboarding	<ul style="list-style-type: none"><li>• <b>A sponsor should</b> sign the engagement letter at least <b>2 months</b> before filing the A1.</li><li>• <b>A sponsor should</b> obtain <b>Management Committee</b> approval before accepting any mandate.</li></ul>
II. Fieldwork	<ul style="list-style-type: none"><li>• <b>A sponsor should</b> exercise <b>professional scepticism</b>; do not take management's word as fact.</li><li>• <b>A sponsor should</b> use <b>reasonable judgement</b> to go beyond standard checklists (PN21).</li><li>• <b>A sponsor should</b> select and interview major stakeholders <b>independently</b> and <b>directly</b>.</li></ul>
III. Experts	<ul style="list-style-type: none"><li>• <b>A sponsor should</b> verify that experts (lawyers/accountants) are <b>qualified and independent</b>.</li><li>• <b>A sponsor should</b> critically review expert reports against the <b>totality of information</b> known.</li><li>• <b>A sponsor should</b> challenge the <b>bases and assumptions</b> in all expert reports.</li></ul>
IV. Filing	<ul style="list-style-type: none"><li>• <b>A sponsor should</b> ensure the <b>Application Proof</b> is "substantially complete" before submission.</li><li>• <b>A sponsor should</b> draft an <b>MD&amp;A</b> that explains the substantive reasons for financial fluctuations.</li><li>• <b>A sponsor should</b> ensure <b>non-expert sections</b> are true, accurate, and complete.</li></ul>
V. Proper documentation	<ul style="list-style-type: none"><li>• <b>A sponsor should</b> document the <b>rationale</b> for resolving "red flags" and difficult issues.</li><li>• <b>A sponsor should</b> record <b>Management's involvement</b> in all critical deal decisions.</li><li>• <b>A sponsor should</b> maintain a complete audit trail in <b>Hong Kong for 7 years</b>.</li></ul>

# Sponsor Coupling — Linking Sponsor and Overall Coordinator

For Main Board IPOs, at least one OC must simultaneously hold the independent sponsor appointment. (Code para. 17.1A; PN22 para. 17A)  
This ensures the firm with the most information about the applicant is also accountable for bookbuilding and distribution integrity.



## KEY REQUIREMENTS

- Both appointments (sponsor + OC) must be made simultaneously — not less than 2 months before A1 filing (3A.02B, Code para. 17.1A)
- Notified to HKEX together via the SE001 e-form
- On A1 filing day: OC Announcement published on HKEX website — may contain OC names only, no offering information (PN22 para. 17A)
- Policy rationale: The firm with the most information (sponsor) must also be accountable for the integrity of bookbuilding and distribution

# Sponsor - Regulatory Requirements for Cessation

[LR 3A.17–3A.18]

## If sponsor resigns or is terminated AFTER A1 submission:

Both departing sponsor AND applicant notify HKEX in writing with reasons as soon as practicable (LR 3A.02A(2))

### APPOINTMENT

Appoint replacement sponsor independent of applicant; notify HKEX per LR 3A.02A(1)

### 2-MONTH

Cannot re-file A1 on behalf of new applicant until  $\geq 2$  months from replacement sponsor's FORMAL APPOINTMENT (LR 3A.17(2))

### RE-FILING

Re-file includes: revised A1 package, revised timetable, further initial listing fee

### KEY POINT

Any initial listing fee ALREADY PAID IS FORFEITED (LR 3A.17(2)). Replacement sponsor NOT deemed to satisfy predecessor's obligations (LR 3A.18)

### CRITICAL REQUIREMENT:

Applicant must notify HKEX immediately and in writing. Failure to notify promptly may result in return of application.

If applicant ceases to act or fails to appoint replacement sponsor within reasonable time, listing application will lapse.

Replacement sponsor is NOT deemed to have satisfied any obligations of predecessor sponsor by virtue of work performed by the predecessor (LR 3A.18).

The 2-month wait period is absolute — there is no discretion to submit before  $\geq 2$  months from replacement sponsor's formal appointment date.

# CMI Framework — Parties and Their Roles [Code para. 21.1–21.4]

Code para. 21 governs every licensed or registered person involved in bookbuilding and placing — a Capital Market Intermediary ("CMI"). It applies from the moment a firm starts collecting orders or advising on distribution, making it relevant from deal team formation, not only at the marketing stage.

**Bookbuilding activities:** collating orders/indications of interest to determine price or assess demand.

**Placing activities:** marketing or distributing shares or debt securities to investors pursuant to those bookbuilding activities.

## Syndicate CMI (Code para. 21.2.1)

*A CMI which is engaged by the issuer of a share or debt offering.*

## Full Code para. 21.3 obligations apply

Para.	Topic	Key Obligation
21.3.1	Issuer assessment	Take reasonable steps to understand the history, background, business, performance, financial condition, prospects, operations and structure of the issuer client; establish a formal governance process to review the offering including actual or potential conflicts of interest
21.3.2	Written appointment	Formally appointed under a written agreement by the issuer client specifying roles and responsibilities, fixed fees as a percentage of total fees paid to all syndicate CMIs, and fee payment schedule
21.3.3	Investor assessment	Assess whether investor clients fall within the targeted investors; in a share offering, identify Restricted Investors and inform the OC before placing orders on their behalf
21.3.4	Marketing	Only market to targeted investors; in a share offering, be satisfied that shares have been marketed to a sufficient number of clients with reasonably low likelihood of undue concentration of holdings
21.3.5	Order book	Ensure all orders represent bona fide demand; make enquiries about unusual orders before placing; disclose investor client identities in the order book; for omnibus orders, provide underlying investor information to OC and issuer
21.3.6	Allocation	Establish and implement an allocation policy covering the targeting strategy, order size and circumstances of investor clients, price limits, minimum allocation amounts and applicable regulatory requirements; prevent unfair treatment or distortion of demand
21.3.7	Rebates	No rebates to investor clients; in an IPO, no investor client to pay less than total consideration in the listing documents; disclose to issuer client, OC, all targeted investors and appointed non-syndicate CMIs any rebates offered or other preferential treatment

## CMI Framework — Syndicate CMI

### Full Code para. 21.3 obligations apply (continued)

Para.	Topic	Key Obligation
21.3.8	Disclosure	Disclose complete and accurate order book status and relevant information to the OC and appointed non-syndicate CMIs, and to targeted investors to enable them to make an informed decision
21.3.9	Records	Maintain sufficient books and records including full audit trail from receipt of orders to final allocation — minimum 2 years; all other records — minimum 7 years
21.3.10	Conflicts	Identify, manage and disclose actual and potential conflicts of interest; always prioritise investor clients' orders over proprietary orders and those of group companies; segregate and clearly identify proprietary orders in the order book
21.3.11	Chinese walls	Where involved in multiple activities (e.g. research, sponsor work, bookbuilding, placing), establish and maintain effective information barriers to prevent flow of confidential or price sensitive information between staff performing different activities
21.3.12	Regulator cooperation	Deal with the SFC and SEHK in an open and cooperative manner; promptly provide all relevant information upon request

# CMI Framework — Non-Syndicate CMI

## Non-Syndicate CMI (Code para. 21.2.2)

*A CMI which is not engaged by the issuer of a share or debt offering.*

### Limited obligations: paras. 21.3.2, 21.3.3, 21.3.5 and 21.3.7 only (Code para. 21.3; fn. 14)

Para.	Topic	Key Obligation
21.3.2	<b>Written appointment</b>	Before conducting any bookbuilding or placing activities, ensure formally appointed under a written agreement by another CMI; the written agreement should clearly specify roles and responsibilities, fee arrangements and fee payment schedule
21.3.3	<b>Investor assessment</b>	Assess whether investor clients fall within the targeted investors; in a share offering, identify Restricted Investors and inform the OC before placing orders on their behalf
21.3.5	<b>Order book</b>	Ensure all orders represent bona fide demand; make enquiries about unusual orders before placing; disclose investor client identities in the order book; for omnibus orders, provide underlying investor information to OC and issuer
21.3.7	<b>Rebates</b>	No rebates to investor clients; in an IPO, no investor client to pay less than total consideration in the listing documents; disclose any rebates offered or other preferential treatment

Fn. 13 — Issuer is not their client: Given that a non-syndicate CMI is not engaged by the issuer, the issuer is not its client and hence not an "issuer client". References to "issuer client" in para. 21 include references to "issuer" in the case of a non-syndicate CMI.

Fn. 14 — Scope of limited obligations: A non-syndicate CMI which is NOT appointed by a syndicate CMI (hence does not receive remuneration directly or indirectly from the issuer client) and is only responsible for relaying investor clients' orders to a CMI for placing into the order book is only required to comply with paras. 21.3.3, 21.3.5 and 21.3.7.

Fn. 18: Where a CMI is a non-syndicate CMI (such as a sub-placing agent), it should disclose information received from syndicate CMIs or other non-syndicate CMIs (such as a distributor) to its investor clients.

# CMI Framework — Overall Coordinator (OC)

## Overall Coordinator (OC) (Code para. 21.2.3)

A syndicate CMI which, solely or jointly, conducts any of:

- (a) overall management of the offering, coordinating bookbuilding/placing activities of other CMIs, exercising control over bookbuilding and making allocation recommendations to the issuer client; OR
- (b) advising the issuer client of the offer price and being a party to the price determination agreement; OR
- (c) exercising discretion to reallocate shares between tranches, reduce offer shares, or exercise an upsize/over-allotment option.

**Deeming provision (para. 21.2.5):** A CMI that conducts any of the above activities will be treated as an OC irrespective of whether it has been formally appointed or entered into a written agreement with the issuer client.

## Full para. 21.3 obligations PLUS additional OC-specific obligations under para. 21.4

Para.	Topic	Key Obligation
21.4.1	<b>Terms of appointment (IPO — Main Board)</b>	Before accepting appointment for a Main Board IPO: (i) ensure it (or a group company) is also appointed as an independent sponsor, with both appointments made simultaneously and at least 2 months before submission of the listing application; OR (ii) obtain written confirmation from the issuer client that at least one independent sponsor (or its group company) has been appointed as an OC, in which case OC's own appointment must be made no later than 2 weeks after submission of the listing application
21.4.2	<b>Advice to issuer client</b>	Act with due skill, care and diligence; ensure advice is balanced and based on thorough analysis; engage the issuer client throughout on pricing and investor base preferences; explain the basis of advice including advantages and disadvantages; advise in a timely manner of key factors influencing pricing outcome, allocation and future shareholder/investor base
21.4.3	<b>Marketing &amp; investor targeting strategy</b>	In consultation with the issuer client, devise a marketing and investor targeting strategy for order generation; in an IPO, the strategy should aim to achieve an open market and adequate spread of investors and promote orderly and fair trading in the secondary market
21.4.4	<b>Bookbuilding</b>	Take all reasonable steps to ensure the price discovery process is credible and transparent, the order book has been properly managed and allocation recommendations have a proper basis; use best endeavours to balance interests of the issuer client and investor clients

# CMI Framework — Overall Coordinator (OC)

## Full para. 21.3 obligations PLUS additional OC-specific obligations under para. 21.4 (continued)

Para.	Topic	Key Obligation
21.4.5	<b>Assessment of investors (IPO)</b>	Advise issuer client to provide all syndicate CMIs with a list of its directors, existing shareholders, close associates and nominees; take all reasonable steps to identify investors on that list and ensure they will only be allocated shares in accordance with applicable SEHK Requirements
21.4.6	<b>Disclosures to syndicate CMIs</b>	Inform other syndicate CMIs of the issuer client's marketing and investor targeting strategy; disseminate material offering information (e.g. launch term sheet and book messages) in a timely manner to all syndicate CMIs ensuring it is complete, accurate and has a proper basis
21.4.7	<b>Record keeping</b>	Document: all order book changes; all key discussions with the issuer client on fees, marketing strategy, pricing, allocation policy and conflict disclosures; key advice and recommendations; issuer client decisions that materially deviate from OC's advice; and rationale for decisions delegated by the issuer client. Retain for not less than 7 years
21.4.8	<b>Communication with SFC (IPO — Main Board)</b>	<p>No later than 4 clear business days prior to the Listing Committee Hearing (applies to OC which is also appointed as sponsor): provide to SFC (i) name of each OC; (ii) allocation of fixed portion of fees paid by issuer to each OC; (iii) total fees as % of gross funds raised and the ratio of fixed to discretionary fees for all syndicate CMIs.</p> <p>Also report to SFC: material non-compliance with SEHK Requirements related to placing activities; material changes to information previously provided; and reasons for ceasing to act as OC</p>

STEP 2

# Listing Preparation

Standard and Special Regimes | Due Diligence (PN21) | Prospectus Drafting & Verification  
| Research Controls (Code para. 16, etc.)

## Prospectus Must Fully Satisfy Listing Requirements

1. Different listing regimes have different listing requirements - financial, managerial, operational and others
2. The prospectus must demonstrate and disclose that the IPO fulfils the listing requirements

# Main Board Listing Rule 8.05 Financial Tests in Comparison

The Issuer must satisfy any one of the following financial tests (unless relaxed by a special regime):

## Profit Test

- Market capitalization at the time of listing more than HK\$500m
- Profit attributable to shareholders of the most recent year more than HK \$35m
- Profit attributable to shareholders of the two preceding years more than HK\$45m

## Market Cap/ Revenue Test\*

- Market capitalization at the time of listing more than HK\$4bn
- Revenue\* of the most recent audited year more than HK\$500m

## Market Cap/ Revenue/ Cash Flow Test

- Market capitalization more than HK\$2bn at the time of listing
- Revenue\* of the most recent audited year more than HK\$500m
- Aggregate positive cash flow from operating activities for 3 preceding financial years more than HK\$100m

\*Only revenue arising from the principal activities; excludes revenue and gains that arise incidentally will be recognized.

## Special Listing Regimes for Main Board of the HKEX

1. Companies with Weighted Voting Rights (WVR) Structure - Chapter 8A
2. Minerals Companies – Chapter 18
3. Biotech Companies – Chapter 18A
4. Special Purpose Acquisition (SPAC) Companies – Chapter 18B
5. Specialist Technology Companies – Chapter 18C
6. Transfer of Listing from GEM to Main Board - Chapter 9A
7. Dual Primary Listing of Overseas Issuers – Chapter 19
8. Secondary Listings of Qualifying Issuers - Chapter 19C

# The Special Regimes in a Glance

Regime	Min Market Cap	Revenue	Special Eligibility	Main Lock-up Months (M)	Stock Marker
<b>WVR (8A)</b>	HK\$10B# or HK\$40B#	HK\$1B# (if HK\$10B# route)	Innovative company + meaningful SII investment	12M (WVR controllers)	W
<b>Biotech (18A)</b>	HK\$1.5B	None	Beyond concept stage + 1 core product + SII	6-12M (controllers)	B
<b>SPAC (18B)</b>	HK\$1B (IPO raise) with min. 10% unlisted promoter shares	N/A	Licensed promoter(s) + professional investors only	12M (promoters on successor)	Z
<b>Tech (18C Commercial)</b>	HK\$4B	HK\$250M	Acceptable tech sector + 15% R&D ratio + SII	12M (controllers, key persons)	-
<b>Tech (18C Pre-commercial)</b>	HK\$8B	None (must have credible path to HK\$250M)	Same + higher R&D ratio (30-50%) + more SII	24M (controllers, key persons)	P
<b>Secondary (19C)</b>	HK\$3B-40B	Varies	2-5 yrs min. track record on qualifying exchange	Waiver may be available	S

*SII = Sophisticated Independent Investor*

*# Proposed in March 2026 Consultation to be reduced*

*Special listing regime requirements apply to mineral companies under Chapter 18*

# The Prospectus — Statutory Definition, Public Offer Trigger & Liability [Cap. 32]

The statutory definition is intentionally broad. Any document falling within it — including marketing materials and investor presentations — triggers the full liability regime, whether or not it is labelled a 'prospectus'.

**Statutory Definition (Cap. 32 s.2(1)):** "Prospectus" includes any prospectus, notice, circular, brochure, advertisement or other document which offers shares or debentures of a company to the public.

Topic	Rule	Key Point
Public offer trigger	<b>Cap. 32 ss.38, 38B, 342</b>	Engaged when offer is made "to the public" — interpreted broadly; includes sections of the public, not only the general public as a whole
Local vs overseas issuers	<b>s.38 (HK-incorporated)</b> <b>s.342 (overseas)</b>	s.38 governs HK-incorporated companies; s.342 governs companies incorporated outside HK
Application forms prohibition	<b>ss.38(3), 342(3)</b>	Prohibited to issue/circulate application forms to the public unless accompanied by a compliant, registered prospectus — operational implication for retail public offer at Step 7
Civil liability	<b>ss.40(1), 342E(1)</b>	Directors, promoters, persons who authorised issue are liable to compensate investors for loss caused by an untrue statement
Criminal liability	<b>ss.40A(1), 342F(1)</b>	Offence to authorise issue of a prospectus with an untrue statement if person knew or was reckless as to whether the statement was untrue
Due diligence defence	<b>ss.40(2)–(3), 342E(2)–(3)</b>	Person avoids liability if they had reasonable grounds to believe, and did believe up to the time of issue, that each statement was true / omission was proper → PN21 builds this defence

# Mandatory Prospectus Content & Exempt Offers

## [Cap. 32 Third Schedule; Rule 2.13; the Guide]

Three layers of mandatory disclosure requirements apply simultaneously. Failure to satisfy any layer can result in HKEX returning the application, SFC objection, or prospectus liability under Cap. 32.

### CAP. 32 THIRD SCHEDULE — STATUTORY MINIMUM

- Share capital; business description; details of directors and promoters
- Material contracts; financial information (accountants' report)
- Property; use of proceeds; litigation disclosure
- Must be published either in English language and contains a Chinese translation or vice versa (Cap. 32 s.38(1))
- No issuance, circulation or distribution in Hong Kong any prospectus offering for subscription or purchase shares in or debentures of a company incorporated outside Hong Kong unless dated s.342(1))

### LISTING RULES RULE 2.13 — DISCLOSURE BASELINE

- Prospectus must be accurate and complete in all material respects; not misleading or deceptive; information in plain language
- Must NOT omit material unfavourable facts or fail to give them appropriate significance
- Must NOT present favourable possibilities as certain or more probable than likely
- Must NOT present risk factors in a misleading way

### EXEMPT OFFERS — Cap. 32 Seventeenth Schedule

- Small offers; high minimum denomination; offers to professional investors
- Where exemption applies: document not treated as 'prospectus' under Cap. 32
- However: SFO and Code obligations may still apply
- Standard IPO structure: HK public offer (registered prospectus) + international placing tranche (under exemptions)

### THE GUIDE — TOPIC-SPECIFIC EXPECTATIONS

- Sets specific expectations on: business model; industry overview; regulatory non-compliance
- Connected transactions; use of proceeds; financial trends; MD&A
- Failure to address these areas is a common basis for HKEX returning an application
- Applies on top of Rule 2.13 and Cap. 32 Third Schedule requirements

# PN21 — Purpose, Scope and Connection to Cap. 32 and the Listing Rules

## [PN21 paras. 1, 1A, 6]

Practice Note 21 sets the Exchange's expectations for the scope and quality of sponsors' due diligence.  
Compliance with PN21 builds the evidential record that supports the due diligence and belief defence under Cap. 32.

**PN21 para. 1 states:** *"This Practice Note should be read together with Chapter 3A of the Exchange Listing Rules and the SFC Sponsor Provisions. Chapter 3A, amongst other things, requires that sponsors conduct reasonable inquiries ('due diligence') to enable the sponsor to discharge its obligations under rule 3A.11."*

### What PN21 Does — and Does Not Do

- Sets the Exchange's expectations for scope and quality of sponsors' DD inquiries
- Enables sponsors to discharge obligations under Listing Rules Rule 3A.11
- Does NOT reduce or displace obligations under the Listing Rules, the Code, SFC Sponsor Provisions, or the SFO
- It supplements — not replaces — those obligations

### Connection to Cap. 32 Defence (ss.40, 342E)

- The due diligence defence requires: reasonable grounds to believe, and actual belief up to time of issue, that each statement was true
- Compliance with PN21 builds the evidential record supporting that defence
- A sponsor who cannot demonstrate PN21 compliance will find it very difficult to establish the defence

### Prevailing Standard — More Onerous Applies (para. 1A)

- Sponsor must have regard to both PN21 AND the SFC Sponsor Provisions
- Where PN21 and the SFC Sponsor Provisions overlap: the more onerous provisions imposing a higher standard of conduct on sponsors will prevail
- This is an absolute minimum — the sponsor may need to go further in any particular case

# PN21 — Four Foundational Principles [PN21 paras. 2–5]

## Para. 2 — Professional Scepticism — The Mandatory Mindset

- Sponsors must make such inquiries as may be necessary until they can reasonably satisfy themselves on the disclosure in the listing document
- Must examine with professional scepticism the accuracy and completeness of statements, representations, and information from the applicant or its directors
- Professional scepticism = critical assessment with a questioning mind, alert to information that contradicts the reliability of what has been received
- Cannot be satisfied by accepting management representations at face value — however credible the management team appears
- This mindset applies to every due diligence inquiry in paras. 11–16

## Para. 4 — Documentation — Building the Evidential Record

- Must document the due diligence plan — demonstrating the sponsor turned its mind to what inquiries are necessary and reasonably practicable
- Document significant deviations from the plan, and the reasons for them
- Document conclusions on compliance with all conditions in Listing Rules Ch. 8 (including waivers)
- Records that cannot be produced on request are records that do not exist for regulatory purposes
- Documentation serves dual function: regulatory compliance + evidential record for Cap. 32 defence

## Para. 3 — Tailored & Judgement-Based Approach

- PN21 sets typical expectations — it is not the actual steps appropriate in any particular case
- Each new applicant is unique; so will be the appropriate due diligence steps
- Scope may be considerably more extensive than the PN21 baseline examples
- Sponsor must exercise judgement as to what is appropriate for this applicant — PN21 is a floor, not a ceiling
- A financial institution, a PRC tech company, and a mining company each require materially different DD approaches

## Para. 5 — Reliance on Third-Party Professionals

- Sponsor may engage third-party professionals to assist with specific DD tasks (e.g. review of legal proceedings)
- Delegation to an expert does NOT discharge the sponsor's own due diligence obligation
- Before relying on expert work: be satisfied as to their competence, scope of work, and methodology proposed
- Verify that the expert's report is consistent with other information known to the sponsor about the applicant, its business and plans

## PN21 Para. 11 — Due Diligence on Directors

PN21 paras. 11–16 set out specific categories of due diligence. Due diligence on directors is often underweighted relative to financial DD — but it is the source of several significant HKEX enforcement cases (see Step 4).

### (a) Board Participation Records

Review written records demonstrating each director's past performance — including participation in board meetings and decision-making relating to management of the applicant and its business

### (b) Financial Literacy & Governance Competence

Assess individually and collectively: the financial literacy, corporate governance experience and competence of the directors — with a view to determining whether the board as a whole has adequate depth and breadth of financial literacy and understanding of good corporate governance

### (c) Track Record at Prior Listed Companies Most commonly neglected

Review the financial and regulatory track record of each publicly listed company (including on other exchanges) of which any director is or was an executive or non-executive director — e.g. by reference to company disclosures, media articles and stock exchange websites.

This information is publicly available — its omission from the AP is NOT excused by management failing to volunteer it.  
See Company P - returned case later

# PN21 Paras. 12–13 — Listing Qualifications & Business / Operations (Most Extensive Area)

## Para. 12 — Listing Qualifications

### (a) Incorporation & constitutive documents:

Search company registry in place of incorporation to confirm due establishment and compliance with memorandum & articles of association

### (b) Financial records:

Review material financial information: financial statements of applicant & material subsidiaries; internal financial records; tax certificates; supporting documents for trading record period — includes interviews with accounting staff, auditors and reporting accountants; comfort procedures

### (c) Trading record:

Assess accuracy and completeness of information submitted to demonstrate satisfaction of the trading record requirement

## Para. 13 — Business, Operations & Listing Document

- (a) Financial information: Written confirmation from applicant/directors on financial information accuracy; assessed after due and careful inquiry
- (b) Business performance: Assess performance, finances, business plan, forecasts — including interviews with senior management, major suppliers, customers, creditors and bankers
- (c) Post-balance sheet changes: Assess whether any change since last audited balance sheet requires disclosure
- (d) Use of proceeds: Assess reasonableness of proceeds usage given cash, liabilities, working capital requirements
- (e) Physical inspection of material assets: Sponsor must visit site to view and assess extent, quality, quantity and purpose of material owned/leased assets (property, plant, equipment, inventory, biological assets)
- (f–g) Production methods & business management: Understand production methods, marketing plans, distribution channels, pricing policies
- (h) Material contracts: Review business aspects (non-legal) of all contracts material to the business
- (i) Legal proceedings: Review all current and recently resolved (last 12 months) disputes; all contemplated proceedings
- (j–k) Market & industry: Analyse economic/political/legal conditions; assess industry, markets, competition, market share
- (l–n) Assets, IP & technical viability: Confirm material assets properly held; validate IP and licensing arrangements; assess technical feasibility of new products/technologies
- (o) Stage of development: Assess commercial viability, obsolescence risk, market controls, seasonal variation

# PN21 Paras. 14–16 — Expert Sections, Accounting Systems & Remediation

## PARA. 14 — DUE DILIGENCE ON EXPERT SECTIONS (valuers, technical reports, medical/scientific experts)

- (a) Expert qualifications: Interview the expert; review terms of engagement (scope, limitations); review publicly available information to assess competence and resources
- (b) Review expert sections: Form an opinion on disclosure of: factual information relied on; assumptions underlying the opinion; scope of work performed
- (c–d) Verification & consistency: Verify factual information; for statement that the advertisement does not constitute an offer or an invitation to induce an offer by any person to acquire, subscribe for or purchase the shares or debentures concerned and expert representation
- (e) Assumptions: Assess whether assumptions are fair, reasonable and complete by reference to the sponsor's knowledge of the applicant
- (f) Qualifications: If expert opinion is qualified, assess whether the qualification is adequately disclosed
- (g) Independence: Where no professional body standard applies, obtain written confirmation of independence; be satisfied that no cause to inquire further

## PARA. 15 — ACCOUNTING & MANAGEMENT SYSTEMS

- Assess accounting and management systems relevant to: the applicant's and directors' obligations under the Listing Rules and other legal/regulatory requirements (financial reporting, notifiable/connected transactions, inside information)
- Assess directors' ability to properly assess financial position and prospects before and after listing
  - Review compliance manuals, governance policies; any letters from reporting accountants on accounting systems or internal controls
- Interview all directors and key senior managers responsible for Listing Rules compliance — including accounting/financial reporting staff, company secretary, compliance officers — to assess individual and collective experience, qualifications, competence and understanding of obligations

## PARA. 16 — REMEDIATION

- Where sponsor finds that the applicant's procedures or its directors/key senior managers are inadequate in any material respect:
- → Discuss the inadequacies with the applicant's board of directors
- → Make recommendations regarding appropriate remedial steps
- This includes training tailored to the needs of individual directors and senior managers

**Core policy:** All material information about a new listing applicant must be channelled into the prospectus — not selectively distributed to favoured investors via research reports.

## WHO CODE PARA. 16 APPLIES TO (Code para. 16.1–16.2)

### (a) Analysts

Individuals who prepare and/or publish investment research

Excludes: purely incidental advice, purely internal research, and one-to-one personal advice

### (b) Firms Employing Analysts

Any firm that employs analysts who produce or publish investment research on HK traded securities or new listing applicants

### (c) Firms Issuing Research

Any firm that issues investment research on HK traded securities or new listing applicants — regardless of whether it also employs the analysts

**"Investment Research"** (Code para. 16.2(f)) — Documentation containing:

(i) investment analysis; (ii) factors likely to influence future performance; or (iii) related recommendations concerning specific securities.

## SEVEN CORE PRINCIPLES — FIRMS MUST MANAGE (Code para. 16.3(a)–(g))

(a) Analyst trading interests

(b) Firm financial interests

(c) Reporting lines

(d) Compliance systems

(e) Outside influence

(f) Disclosure quality

(g) Integrity and ethics

**Controls must be in place from Step 2 commencement.**

The deal team receives material non-public information from this stage; the Chinese wall must be operational before preparation begins.

## DEAL TEAM

- Holds material non-public information about the listing applicant and prepares the listing document throughout the preparation phase
- Must not pass non-public information to the research function under any circumstances
- The sponsor team must be separated from the research function, even within the same firm (Code para. 21.3.11)
- Wall-crossing is permitted only through approved, documented procedures

## CHINESE WALL

### Code Para. 21.3.11

#### Structure

- Physical separation of staff
- Different staff for each function
- Written wall-crossing procedures

#### Controls

- Management approval required
- Standards of conduct for wall-crossers
- Records of all wall-crossing activity

#### Purpose

- Prevent flow of confidential or price-sensitive information
- Prevent and manage conflicts of interest

## RESEARCH TEAM

- Must NOT receive material information (including forward looking information) that is not expected to be in the prospectus or publicly available, and must NOT seek such information from the applicant or its advisers (Code para. 16.7(b); 16.11(c))
- Must NOT report to investment banking; reporting lines must be structured to minimise conflicts (Code para. 16.6(a)(i))
- Analyst compensation must NOT be linked to specific investment banking transactions (Code para. 16.6(a)(ii))
- Analysts must NOT participate in pitches or deal roadshows (Code para. 16.6(c))

# Code Para. 16 — Analyst Obligations: Trading Interests and Research Prohibition

**Two concurrent obligations apply to analysts:** (1) personal trading and financial interest controls (Code para. 16.4); and (2) a firm-wide prohibition on offering research as a commercial inducement (Code para. 16.5(f)).

## ANALYST PERSONAL OBLIGATIONS — TRADING AND FINANCIAL INTERESTS (Code para. 16.4)

### Written Policies (16.4(a))

Firms must maintain written policies governing analysts' securities dealings to eliminate, avoid, manage or disclose conflicts of interest.

### No Conflicting Trades (16.4(b)i))

Analysts must not trade in a manner that conflicts with their outstanding research recommendations.

### Blackout Periods (16.4(b)ii))

Analysts must not deal in or trade any securities in respect of an issuer that the analyst reviews within 30 days prior to and 3 business days after the issue of investment research of the issuer.

### Disclosure of Interests (16.4(c)–(d))

Analysts must disclose if they or their associates serve as officers of an issuer or IPO applicant, or hold relevant financial interests.

## ABSOLUTE PROHIBITION — RESEARCH AS COMMERCIAL INDUCEMENT (Code para. 16.5(f))

**A firm should not, with a view to commencing or influencing a business relationship with an issuer or a new listing applicant, provide any promise or assurance of favorable review or change of coverage or rating in its investment research.**

# Code Para. 16 — Firm Disclosure Obligations and the Post-IPO Quiet Period

Code para. 16.5; 16.8–16.11

## FIRM DISCLOSURE OBLIGATIONS (Code para. 16.5(a)–(d))

- Disclose material financial interests in issuers and new listing applicants covered by their research
- Disclose market-making activities in covered securities
- Disclose relevant investment banking relationships with covered issuers
- All disclosures must be clear, concise, prominent and timely (Code para. 16.10)

## DISCLOSURE AND MEDIA OBLIGATIONS (Code para. 16.8–16.11)

- Analysts and firms must disclose any compensation or benefits received from issuers or third parties in connection with investment research (16.8)
- Analysts commenting in the media must disclose their name, SFC licence status, and any relevant financial interests in securities discussed or recommended (16.9)
- Analysts must have a reasonable basis for all recommendations and apply definitions consistently (16.11(a)–(b))

## 40-DAY POST-IPO RESEARCH QUIET PERIOD — (Code para. 16.5(g))

*Firms acting as managers, sponsors, listing agents or underwriters should not issue research on the issuer during this period.*



STEP 3

# Listing Application — A1 Filing

"Substantially Complete" Standard | AP Publication | OC Announcement | PN22  
Mechanics

# "Substantially Complete" — The Standard and Its Consequences

## [LR Rule 9.03(3); the Guide; PN22]

HKEX will not confirm receipt of an A1 unless the AP is 'substantially complete'. A deficient AP is treated as never having been filed.

### 'SUBSTANTIALLY COMPLETE' MEANS :

- AP must be in advanced form
- Only specified items may be outstanding or in draft at filing: mainly offer price and underwriting arrangements
- All other material information must be present and accurate as at the date of filing
- Holistic review: HKEX assesses the AP as a whole — not section by section
- Major issues must be resolved and core disclosure fully developed before submission

### GROUNDINGS FOR RETURN — THE GUIDE

- Inadequate explanation of the business model
- Incomplete track record
- Missing financial information
- Missing or inadequate key risk disclosure
- Material connected transactions omitted
- Disclosure that is technically present but practically inaccessible (Rule 2.13 breach)
- Material inaccuracies in descriptions of business arrangements

### THE RETURN POWER — Consequences of a Deficient AP:

HKEX may return an application where the AP or Application Materials are materially incomplete, inaccurate or misleading. If returned, the applicant could request for a review. If the Return Decision is upheld there is an 8-week moratorium; if Decision overturned, then the application will be reinstated.

HKEX has exercised this power even after comment rounds have commenced (see enforcement cases at Step 4).



Correcting material inaccuracies in revised proofs does not remedy the original deficiency.

New Listings

## APPLICATION PROOF, OC ANNOUNCEMENTS, PHIP AND RELATED MATERIALS

[MAIN BOARD](#)   [GEM](#)

Updated: 24 December 2025

 [PRINT FRIENDLY](#)
[ACTIVE](#)   [INACTIVE](#)   [LISTED](#)   **[RETURNED](#)**
[Explanatory Notes](#) | [Guidance on Logistical Arrangements](#) 

\* Date of return of application refers to the date of the decision of the Exchange or the Commission (as the case may be) to return an application where all the review procedures have been completed or the time for invoking them has lapsed.

Applicant	Sponsors	Date of return of application *
Beijing Deltaphone Technology Co., Limited	Sunny Fortune Capital Limited	24/11/2025
Hanlong Group Limited	Sinolink Securities (Hong Kong) Company Limited	11/05/2023
AIM Vaccine Co., Ltd.	Goldman Sachs (Asia) L.L.C. / China International Capital Corporation Hong Kong Securities Limited / China Securities (International) Corporate Finance Company Limited / Macquarie Capital Limited	15/07/2021
Battery Metals Technologies Ltd	RaffAello Capital Limited	05/01/2021
Akeso, Inc. - B	Morgan Stanley Asia Limited/J.P. Morgan Securities (Far East) Limited	05/12/2019
Erdong Pictures Group Limited	HeungKong Capital Limited	04/12/2019
Yadong Group Holdings Limited	Fortune Financial Capital Limited	03/12/2019
Chinasoft Group Holdings Limited	RaffAello Capital Limited	27/06/2019
SSSE Limited	Vinco Capital Limited	30/10/2017
AMTD Strategic Capital Group	China Everbright Capital Limited / China Merchants Securities (HK) Co., Ltd.	05/06/2017

## YEARLY INDEX

2026	>
2025	>
2024	>
2023	>
2022	>
2021	>
2020	>
2019	>
2018	>
2017	>
2016	>
2015	>
2014	>

# From AP to PHIP to Final Prospectus — Disclosure Progression [PN22; Cap. 32]

A1 filing commences a progression of three public disclosure documents.

Material developments between versions must be consistently reflected across all three.

Inconsistency between AP and PHIP, or PHIP and final prospectus, will attract HKEX comment.

## Application Proof (AP)

*Filed with A1; published on HKEX website same day*

- Near-final prospectus in form
- Offer price and underwriting in draft
- Subject to PN22 content restrictions
- Mandatory disclaimers required
- Not a statutory prospectus under Cap. 32
- Submitted same day as A1 (PN22 para. 9(a))

## PHIP

*Published after LC approval; must precede marketing*

- Near-final prospectus; updated post-hearing
- No offer price or allocation details
- Must be published before first distribution of red herring or commencement of book-building
- Subsequent/replacement PHIPs required if red herring updated
- Must be marked up against previous proof (PN22 para. 15–16)

## Final Prospectus (Registered)

*Registered at Companies Registry; issued to the public*

- Contains final offer price, number of shares and all final terms
- Must be registered before public distribution (Cap. 32 ss.38D, 342C)
- Conformity with registered version is mandatory — material divergence is non-compliance
- Application forms may only be issued with the registered prospectus (Cap. 32 ss.38(3), 342(3))

## PN22 — Purpose, Content Restrictions, Redaction and Compliance [PN22 paras. 1–8]

PN22 facilitates public transparency by requiring preliminary prospectus versions to be published, while preventing those publications from triggering the statutory prospectus regime under Cap. 32.

PN22 Paragraph / Requirement	Content / Obligation
<b>Para. 4(a) — No Offering Information</b>	No information about the offering, price or means to subscribe for securities until a final listing document is published.
<b>Para. 4(b) — OC Announcement: Names Only</b>	The OC Announcement shall include only the name(s) of appointed OCs (including sponsor-OCs). For terminations: disclose the termination and names of all remaining OCs, if any.
<b>Para. 4(c) — No Information Triggering the Statutory Regime</b>	No information that would constitute the AP, OC Announcement or PHIP a prospectus (Cap. 32 s.2(1)), an advertisement (Cap. 32 s.38B(1)), or an invitation to the public in breach of SFO s..
<b>Para. 4(d)(i–v) — Five Mandatory Disclaimers / Warnings</b>	(i) Not an offer to sell or solicitation to buy securities; (ii) AP and PHIP are not in final form and are subject to change; (iii) No investment decision should be based on the document; (iv) No guarantee of offering — any offer requires a final listing document, which is the ONLY document investors should rely on; (v) No indication that the application has been approved for listing.
<b>Para. 5 — Redaction Rules</b>	Redact only to the extent necessary to avoid triggering Cap. 32 s.2(1), s.38B(1), or SFO s.. Further redactions beyond this require Exchange consent. Items permitted to be outstanding are listed in the Guide
<b>Para. 5A &amp; 6 — Additional Warnings and Primary Responsibility</b>	Must include adequate warning and disclaimer statements on the Exchange's website and in every AP, OC Announcement and PHIP. Compliance with Cap. 32, SFO and all applicable laws remains the primary responsibility of every new applicant — not HKEX.
<b>Para. 7 — Legal Adviser Confirmation</b>	The applicant must provide the Exchange with confirmation from its legal adviser that it has complied with the Exchange's guidance on redactions and appropriate warning and disclaimer statements.
<b>Para. 8 — Overseas Jurisdiction Warnings</b>	Where publication may violate overseas securities laws, include sufficient warning statements — e.g. that documents are intended for access by HK residents only, or that readers must confirm that no local laws prohibit access.

# PN22 — Publication Timing: AP, OC Announcement & Confidential Filing

[PN22 paras. 9–11, 17A–20]

## A1 FILING DAY — CONCURRENT OBLIGATIONS (PN22 paras. 9, 17A)

### Application Proof (AP)

Submit through HKEx-ESS for publication on Exchange website on the SAME DAY as A1 filing (PN22 para. 9(a)).

No pre-vetting or clearance from Exchange or SFC required before publication (para. 20).

### OC Announcement

Submit through HKEx-ESS for publication on the Exchange website on the SAME DATE as A1 filing and AP publication.

Additional OCs must be appointed ≤ 2 weeks following A1; each announced ≤ 1 BD after appointment.

Terminations announced as soon as practicable (para. 17A).

**Para. 10 — Re-submission:** Where applicant re-submits its listing application, no new AP is required if a PHIP or final listing document has already been published and the sponsor confirms in writing it does not need updating and remains valid

**Para. 11:** Where a new AP is submitted, no mark-up against the previous proof is required.

## CONFIDENTIAL FILING — When It Applies and Its Effects (PN22 paras. 18–19)

### Who qualifies (as of right)

Applicants for secondary listing under LR Rule 19C.05 or Criteria B under Rule 19C.05A — entitled to confidential filing as of right

### Who may request

Applicants listed on a Recognised Stock Exchange or applying for secondary listing under Criteria A under Rule 19C.05A — Exchange will consider on merits of individual case

### Effect of confidential filing

Not subject to AP publication requirements unless requested by Exchange or SFC; not required to publish OC Announcement at prescribed timing. Instead, OC Announcement published on the same date as the PHIP. All other LR requirements apply unless waiver granted (para. 18)

### Spin-offs (para. 19)

Exchange or SFC may waive/modify AP and OC Announcement requirements for a spin-off from an overseas listed parent. Applicant encouraged to consult Exchange or SFC at least 2 months before AP/OC Announcement filing.

# HKEX Platforms & Key E-Forms — Step 3

[LR 3A.02–3A.07]

## HKEx-ESS (e-Submission System)

Standardised electronic platform for Form A1 and related e-forms, sponsor declarations, fee payments, undertakings and other regulatory submissions under the Listing Rules

## IAP (Issuer Access Platform — from 2026)

- Mandatory primary channel for regulatory communications between listed issuers/advisers and HKEX Listing Division from mid-2026.
- Replaces email and most separate e-form submissions.
- Functions: case submissions, waiver applications, pre-vetting documents, listing applications, responses to HKEX comments, corporate information updates. Integrates with ESS for announcements.

## KEY E-FORMS — STEP 3 (A1 Filing)

Timing	Form	Description / Method
≥ 3 BD before A1	<b>CN001</b>	Request for Company Case Number Activation — email or ESS
<b>With Form A1</b>	<b>M*</b>	Listing Application Form — Equity & Debt Securities (Form A1) — e-Form via ESS *Forms part of Listing Rules; non-compliance may lead to disciplinary proceedings
With Form A1	<b>M104</b>	Additional information with Form A1 (structure, financials)
With Form A1	<b>M111</b>	Market comparable analysis — valuation support
With Form A1	<b>M112</b>	Application for waiver from strict compliance with Listing Rules — e-Form via ESS
With Form A1	<b>M119</b>	Additional Information — Pre-IPO Enquiry / Form A1 / Form A — e-Form via ESS
With Form A1	<b>FF004</b>	Personal Details Form — Director / Supervisor / Authorised Representatives / Company Secretary / Compliance Officer — e-Form via ESS

STEP 4

# Vetting by the Listing Division

HKEX / SFC Comment Rounds | Enforcement Cases | Red Flags | Response Toolkit

# How HKEX Conducts Vetting — Four Dimensions [LR 9.03–9.11; Rule 2.13; Rule 8.04]

LD provides first-round comments generally within 15 business days of receipt. There is no pre-set overall timetable — duration depends on applicant's response time and quality. The SFC participates as co-regulator under the dual-filing arrangement.

<b>Eligibility</b>	Financial track record; trading record; profit test or alternative financial eligibility criteria	LR Ch. 8 / other listing routes
<b>Suitability</b>	Whether the applicant and its business are suitable for listing; integrity and competence of directors and management	LR Rule 8.04
<b>Rule Compliance</b>	Compliance with applicable Listing Rules; connected transaction rules; corporate governance requirements; any waiver conditions	LR generally
<b>Sufficiency of Disclosure</b>	Whether the AP satisfies Rule 2.13 — accurate, complete, not misleading, clearly presented in plain language	LR Rule 2.13

**SFC Co-regulation (Dual-Filing):** The SFC reviews the listing application concurrently and may raise concerns under the Securities and Futures (Stock Market Listing) Rules (SMLR). An SFC objection is a serious matter that can be determinative of the listing application.

## Returned Case – Company L (Main Board, 2015)

These cases are drawn from HKEX's published decisions for partial illustration only. They illustrate how the obligations are applied in practice. Please see our other publications regarding analysis of returned cases.

<b>Applicant</b>	Company L (Main Board)
<b>Year</b>	2015
<b>Topic</b>	Material connected transactions entirely omitted from Application Proof
<b>Rule Breached</b>	MB Rule 9.03(3) – 'substantially complete' Application Proof requirement
<b>Facts</b>	Financial services company omitted material guaranteed transactions involving connected persons from the AP entirely. These transactions only surfaced in a revised draft after Exchange comments were received in the first comment round. The application was returned even after the first comment round.
<b>Core Lesson</b>	The accuracy obligation applies from the AP stage. The 'substantially complete' standard requires material information to be in the AP from day one, not introduced reactively during the vetting process. Reactive correction of fundamental omissions cannot cure a deficient AP.

## Returned Case – Company R (GEM, 2017)

<b>Applicant</b>	Company R (GEM)
<b>Year</b>	2017
<b>Topic</b>	Materially inaccurate description of core business (distributor arrangements)
<b>Rule Breached</b>	GEM Rules 12.09, 12.14
<b>Facts</b>	<p>The AP stated most distributors had long-term agreements and were subject to active inventory monitoring. Later disclosed only approximately 1% of distributors (approximately 3% of revenue) actually had such arrangements. The material inaccuracy in the initial AP — only corrected through subsequent proofs — rendered the application not substantially complete.</p>
<b>Core Lesson</b>	<p>Material accuracy is required from the outset. Corrections in later proofs cannot cure a deficient AP. Sponsors must verify all factual claims in the AP against underlying records before filing, and cannot rely on management representations for core business descriptions.</p>

## Returned Case – Company Q (GEM, 2017)

<b>Applicant</b>	Company Q (GEM)
<b>Year</b>	2017
<b>Topic</b>	Plain language failures — jargon-heavy, scattered and unexplained business disclosure
<b>Rules Breached</b>	GEM Rules 12.09, 12.14; MB Rule 2.13
<b>Facts</b>	<p>Online marketing services AP failed to explain services per segment, competitive advantage claims, supplier agreement terms and dual business model distinctions.</p> <p>Material information was scattered and difficult to assess.</p> <p>Overuse of jargon and acronyms.</p> <p>No flowcharts or illustrative examples used. Disclosure was technically present but investor-incomprehensible.</p>
<b>Core Lesson</b>	Rule 2.13 plain language requirements are substantive obligations — disclosure must be clear, accessible and investor-comprehensible, not merely technically present. Sponsors should use flowcharts, examples and plain English to explain complex business models.

## Returned Case – Company P (GEM, 2016)

<b>Applicant</b>	Company P (GEM)
<b>Year</b>	2016
<b>Topic</b>	Director suitability — material information about a director omitted
<b>Rules Breached</b>	GEM Rules 12.09, 12.14
<b>Facts</b>	<p>AP omitted two material items about the chairman/controlling shareholder/executive director:</p> <ul style="list-style-type: none"><li>(i) a compulsory winding up order against a company where he served as executive director; and</li><li>(ii) Listing Rule non-compliances at two Hong Kong listed companies during his directorships.</li></ul> <p>The Exchange held that the information was essential for assessing director integrity, character and competency.</p>
<b>Core Lesson</b>	<p>Sponsors must proactively investigate beyond management representations — desktop research and independent verification are expected. Director background searches must include all prior directorships and associated company histories.</p>

## Returned Case – Company H (Main Board, 2014)

<b>Applicant</b>	Company H (Main Board)
<b>Year</b>	2014
<b>Topic</b>	Significant non-compliances, AML failures, sponsor's due diligence and director suitability all deficient
<b>Rules Breached</b>	MB Rules 3.08, 3.09, 8.05(1)(a), 9.03(3)
<b>Facts</b>	<p>Financial services company with numerous regulatory non-compliance incidents in core operations. AP failed to disclose: when/how non-compliances were detected; directors' involvement; financial impact; or effectiveness of rectification measures. Money laundering allegations involving a customer were entirely undisclosed. The sponsor failed to provide its view on directors' suitability or the adequacy of internal controls.</p>
<b>Core Lesson</b>	<p>Sponsors must exercise professional scepticism, document their conclusions on all identified red flags, and cannot rely on management representations alone — particularly in regulated businesses. The sponsor's omission of its own assessment of director suitability and internal controls was itself a regulatory breach.</p>

# IPO Toolkit — Addressing Issues Identified During Vetting

Where issues are identified during vetting — whether raised by HKEX, the SFC, or through continued due diligence — the following response options are generally available, among others. The appropriate response depends on the nature, severity and remediability of the issue.

## Deepen DD in the relevant area

Where a comment reveals that DD was insufficiently thorough or that further investigation is required to satisfy the obligations under PN21

## Adjust disclosure (update risk factors, MD&A, relevant sections)

Where the issue is a disclosure deficiency capable of remedy through enhanced or restructured disclosure to satisfy Rule 2.13

## Require remedial action by the issuer

Where a compliance gap or internal control deficiency (PN21 paras. 16) must be addressed before listing can proceed — sponsor must ensure steps are taken

## Restructure or resize the transaction

Where the issue affects the offering structure or the issuer's eligibility — e.g. need to adjust the offer size, structure or tranche allocation

## Defer or withdraw the IPO

Where the issue cannot be satisfactorily resolved within a reasonable timetable, or where listing would not be in the best interests of investors at this time

STEP 5

# Listing Committee Hearing

LC Approval | OC Fee Disclosure Deadline | PHIP Publication Mechanics

# Listing Committee Hearing and OC Fee Disclosure to SFC [LR 2A.02; 2A.05; 2A.27–2A.28; Code para. 21.4.8]

## LISTING COMMITTEE HEARING (LR 2A.02; 2A.05; 2A.27; 2A.28)

- All Listing Rule matters are processed by the Listing Division in the first instance — the LC will not consider a new applicant application until the Listing Division has processed it (LR 2A.02; 2A.05)
- LC outcomes:
  - approve (with or without conditions); or
  - decline;
- On approval, the Listing Division issues a notification of approval in principle, then a formal approval letter in due course (LR 2A.05)
- The LC may give 'in principle' approval at an early stage that a particular issuer or security is suitable for listing — it will again consider the full application after the Listing Division has processed it (LR 2A.05)

## OC FEE DISCLOSURE TO SFC (Code para. 21.4.8)

- The OC should disclose information to SFC at least 4 clear BD before LC Hearing date.
- Disclosure must include: (i) name of each OC; (ii) fixed fees allocated to each OC; (iii) total fees as % of gross funds raised and ratio of fixed to discretionary fees for all syndicate CMIs (Code para. 21.4.8(b)(i)–(iii))
- Applies only to an OC also appointed as sponsor for the same IPO.
  - Where multiple OCs — one provides information; all jointly and severally liable for accuracy
- Fee structures must be agreed in writing at CMI appointment (Code para. 21.3.2).
- Leaving formalisation to the pre-hearing period creates direct breach risk
- This obligation is owed to the SFC— separate from and in addition to any disclosure to investors or the Exchange

## TWO CRITICAL OBLIGATIONS

- 1. OC Fee Disclosure:** ≥ 4 clear BD before LC Hearing date. The obligation is imposed on the OC-as-sponsor under Code para. 21.4.8 and is owed to the SFC — it is not a contractual matter between deal parties. Plan the disclosure from deal inception.
- 2. PHIP Publication:** Must be published as early as practicable after LC approval AND before the first distribution of any red herring document or commencement of bookbuilding — whichever occurs first (PN22 para. 12). See next slide for full timing mechanics.

# PN22 — PHIP Publication Timing and Mechanics [PN22 paras. 12–17]

## WHEN THE PHIP MUST BE SUBMITTED — Trigger Conditions (PN22 para. 12)

### As early as practicable upon:

- (1) receipt of a post-hearing letter from the Exchange together with a request to post a PHIP; AND
- (2) the directors of the applicant concluding that material Exchange comments have been addressed.

### Deadline — NOT LATER THAN the first occurrence of:

- (i) first distribution of any red herring document to institutional/professional investors; (ii) commencement of book-building (regardless of whether a red herring has been distributed); (iii) if also listing overseas simultaneously, the date of overseas publication of similar information (PN22 para. 12(i)–(iii)).

## When PHIP Not Required (para. 13)

- (a) Applicant delays listing plan by informing Exchange
  - (b) Listing is by way of an introduction and the final listing document is to be issued immediately after the PHIP obligation arises
- but when listing plan resumes, PHIP must then be published (para. 14)

## Other Revised PHIPs (para. 16)

- Whenever a revised PHIP is submitted (for any other reason), it must be marked up against the previous proof to show all changes made

## Subsequent / Replacement PHIPs (para. 15)

- If after PHIP issuance applicant circulates an addendum or replacement red herring: must as soon as practicable re-submit addendum PHIP or replacement PHIP
- Re-submitted PHIP must be marked up against previous proof and give same level of detail as made available to investors

## No Mark-Up Needed (para. 17)

- Where a listing application lapsed after the publication of a PHIP and the new applicant re-submits a new Application Proof, any PHIP that immediately follows the re-submitted Application Proof is not required to be marked up against the previously published PHIP.

STEP 6

# Marketing Period

Roadshow & Bookbuilding | Code Para. 16 (Research) | Code Para. 21 (CMI Conduct)

# Code Para. 21 — Investor Assessment, Order Book Integrity & Allocation

## [Code para. 21.3.3–21.3.6]

### INVESTOR ASSESSMENT & TARGETED MARKETING (Code para. 21.3.3–21.3.4)

<b>Targeted investors</b>	CMI may only approach investors falling within the targeted investor categories agreed with the OC and the issuer — restrictions apply from first investor contact	<b>Connections to issuer</b>	CMI must check whether an investor has any connection to the issuer (group company, director, major shareholder, associate). Connected investor orders must NOT be treated as arm's-length demand
<b>Restricted Investors</b>	Certain investors require SEHK's prior written approval before submitting an IPO order. Placing to a Restricted Investor without approval is a breach of SEHK Requirements (Code para. 21.3.3)	<b>Adequate spread</b>	A sufficient number and diversity of investors must be targeted to achieve adequate post-listing public float spread and likelihood of undue concentration of holdings is reasonably low (Code para. 21.3.4)

### ORDER BOOK INTEGRITY — THE CENTRAL CONDUCT OBLIGATION (Code para. 21.3.5)

<b>Bona fide demand</b>	A CMI should take reasonable steps to ensure that all orders (including indications of interest) placed in an order book represent bona fide demand of its investor clients, itself and its group companies. It should make enquiries with its investor clients about orders which appear unusual, for example, an order which is not commensurate with the investor client's financial profile, before placing the order.
<b>Transparency</b>	A CMI should ensure transparency in the bookbuilding process. It should disclose (whether directly or indirectly) the identities of all investor clients in an order book, except for orders placed on an omnibus basis.
<b>Omnibus orders</b>	For orders placed on an omnibus basis, a CMI should provide information about the underlying investor clients (i.e. the investor client's name and unique identification number) to the OC and the issuer when placing the orders. Such information should only be used for placing orders in that specific share or debt offering transaction.

# Code Para. 21 — Allocation Policy, Rebates & Conflicts of Interest [Code para. 21.3.6–21.3.10; 21.4.2; 21.4.5]

## ALLOCATION — Policy, Documentation & OC Advisory Role

Written allocation policy — must exist BEFORE book-building launch:

- OC must develop; all CMIs must apply it consistently; must give appropriate weight to: issuer's investor base objectives; market conditions at pricing; investor profiles and order quality; order size; applicable legal and SEHK requirements including clawback obligations
- CMIs must give priority to client orders over proprietary orders; proprietary allocations must not be made to the detriment of clients
- Allocation rationale must be documented and finalised BEFORE announcement of results — post-hoc rationalisation does not satisfy this requirement
- OC must provide issuer with balanced and objective advice throughout; where issuer does not follow OC's recommendation, OC must explain potential consequences and document that explanation

## REBATES & EQUAL PRICING (Code para. 21.3.7)

- Each investor must pay a price per share NOT less than the price disclosed in the listing documents — this is an absolute requirement with no exceptions for commercial relationships, cornerstone status or any other reason
- Fee-sharing arrangements or commission rebates that reduce an investor's effective cost must be disclosed. Undisclosed rebates of any form are prohibited.

## CONFLICTS OF INTEREST IN THE OFFERING PROCESS (Code para. 21.3.10)

- Proprietary interests: Where a CMI has a proprietary order in the bookbuild, that order must be given lower priority than client orders and must NOT influence allocation recommendations
- Chinese walls — connecting Code paras. 16 and 21: Effective information barriers must separate the bookbuilding/placing team from: (i) the research and ECM advisory function (linking to Code para. 16.7(b) and 16.11(c) established at Step 2); AND (ii) the Sponsor team in the case of a Sponsor-OC
- Allocations to CMI associates: Allocations to investors who are associates of a CMI, or in which a CMI has a financial interest, must be separately identified, disclosed to the OC and the issuer, and managed so as not to distort the allocation process

STEP 7

# Listing and Post-Listing

Prospectus Registration | App F1 & FINI |  
Audit Trail & Record Keeping | Greenshoe and Stabilization | Ch 13 Continuing Obligations

# Prospectus Registration — Statutory Obligation and Conformity Requirement

## [Cap. 32 ss.38D, 342C–342E]

Registration of the final prospectus at the Companies Registry is the last milestone before the offering is launched to the public.

### The Registration Obligation (ss.38D(1), 342C(1))

- **Prospectus must be registered with the Registrar of Companies BEFORE it is issued, circulated or distributed to the public in Hong Kong**
- Electronic submission is mandatory from July 2024
- Registration must be completed before the public offer commences

### What the Registered Packet Must Contain (ss.38D(3)–(5), 342C(3)–(5))

- Signed copy of the prospectus
- Consents of experts named in the prospectus
- Translations (where applicable)
- Specified certificates
- Certified copies of material contracts

### The Conformity Requirement (ss.38D(2), 342C(2))

- Prospectus issued to the public must be in the form filed for registration
- Material divergence from the registered version constitutes non-compliance with Cap. 32
- Any late drafting change must be reflected in the registered version BEFORE distribution commences
- This is an absolute requirement — no discretion to deviate from the registered version

### Application Forms Prohibition (ss.38(3), 342(3))

- Once the final registered prospectus is issued, the prohibition on application forms is fully operative
- No application forms may be distributed to the public except as accompanied by the compliant registered prospectus

# App F1, FINI & Pre-Dealing Obligations [MB LR App F1; PN18; PN20]

Appendix F1 sets placing guidelines for equity securities in connection with a new listing. Every obligation below must be satisfied before dealings commence on listing day — these apply in addition to, and consistently with, Code para. 21 CMI obligations

## Scope (para. 1A)

App F1 applies to every Exchange Participant through whom securities of a class new to listing are placed — whether by an OC, a syndicate member or a distributor

## Allocation restrictions (para. 1C)

No allocations to: connected clients of any OC/syndicate member/distributor; directors or existing shareholders of the applicant or their close associates (unless LR 10.03–10.04 are satisfied); or nominee companies unless the ultimate beneficiary is disclosed

## No proprietary retention (para. 8)

OCs, syndicate members and distributors must NOT retain securities for their own proprietary accounts (or group companies'), except where the offer is not fully subscribed or in exceptional circumstances

## Adequate spread (para. 4)

Securities placed must achieve an adequate spread of holders. HKEX retains discretion to reject a listing application if adequate spread is not demonstrated

## Allocation & pricing rationale (para. 19)

Issuer must document rationale for allocation/pricing decisions, particularly where contrary to OC's advice. OC must inform HKEX if issuer's decisions constitute non-compliance with Listing Rules; greenshoe and stabilization windows compliance

## Form D on FINI (para. 3, 10)

Marketing and Independence Statements (Form D / FFD003M) must be submitted on FINI by each OC, syndicate member, distributor and Exchange Participant through whom securities are placed — BEFORE dealings commence

## Placee list on FINI (para. 11)

Dealings CANNOT commence until HKEX has received and approved on FINI a complete placee list with required identity and beneficial ownership information for each placee

## PN18 & PN20

PN18: Governs IPO of securities process generally including public offer mechanics. PN20: Governs allocation to issuer's employees (pink form / employee allocation) in connection with its initial share offer

# Audit Trail, Record Keeping & Key E-Forms [Code para. 21.3.9, 21.4.8]

## CMI AUDIT TRAIL & RECORD KEEPING (Code para. 21.3.9, 21.4.8,22)

- Full and accurate records of: every order received (with investor identity, size, price parameters and timestamp); all modifications to orders; all investor communications; allocation rationale for each investor
- General CMI records: minimum retention period of 2 years
- OC records (advice, communications and decisions throughout the offering): minimum retention period of 7 years, must be producible to SFC or SEHK on request (Code para. 22)
- OC must report to SFC or SEHK any material non-compliance by a Syndicate CMI of which it becomes aware (Code para. 21.4.8)
- The audit trail is what the SFC examines in any post-transaction investigation — must be complete, accurate and retained

### 40-Day Research Quiet Period (Code para. 16.5(g)):

Firms acting as managers, sponsors, listing agents or underwriters must not issue research on the issuer during the 40 days after IPO pricing (10 days for secondary offerings), subject to limited exceptions.

- unless the firm has been issuing investment research on the issuer or the new listing applicant with reasonable regularity in its normal course of business, or on occurrences of major events that would affect the price of the securities and the events are known to the public. The day on which the securities are priced refers to the day when the specific price of the offering is determined

## KEY E-FORMS — STEP 7 (Before Dealings Commence)

Form	Description
<b>FFD003M*</b>	Form D: Marketing and Independence Statement — Submit on FINI *Listing Rules form
<b>M401*</b>	Form E: Sponsor's Declaration — Submit on FINI *Listing Rules form
<b>M402</b>	Notification of Transaction Levy, Trading Fee and Brokerage — Submit on FINI
<b>FFD004M*</b>	Form F: Declaration — Submit on FINI *Listing Rules form
<b>CI205M</b>	Placee information sheet — Submit on FINI

## PN22 — Status Marks After Listing (paras. 21–22)

Status	What is accessible
<b>Active</b>	Latest AP, OC Announcement and PHIPs accessible
<b>Listed</b>	Latest AP, OC Announcement and PHIPs accessible; Inactive-period documents no longer accessible (records remain)
<b>Inactive (Lapsed/Withdrawn/Rejected)</b>	Name, record of dates only; document contents no longer accessible
<b>Returned</b>	Name of applicant; name of sponsor; date of return decision; all other Active information removed

## PART II

# Recent Key Enhancements to the Listing Regime

SFC & HKEX Measures | 2024 – 2026

Oct 2024

Enhanced Vetting Timeframe

May 2025

TECH Channel & Confidential Filing

Aug 2025

IPO Offering & Allocation Mechanisms (Mechanism A / B)

Jan 2026

Circular to Sponsors

Mar 2026

HKEX Listing Framework Competitiveness Review

# Joint Statement on Enhanced Timeframe for New Listing Applications

SFC / HKEX Joint Statement | Effective 18 Oct 2024 | Applies to all new listing applications filed on or after that date

*" The Enhanced Application Timeframe will help better support the Hong Kong listing journey for prospective issuers, as it provides more clarity and certainty regarding the timing and rounds of comments from both regulators, as well as enhanced transparency in the application process for New Listing applications. "*

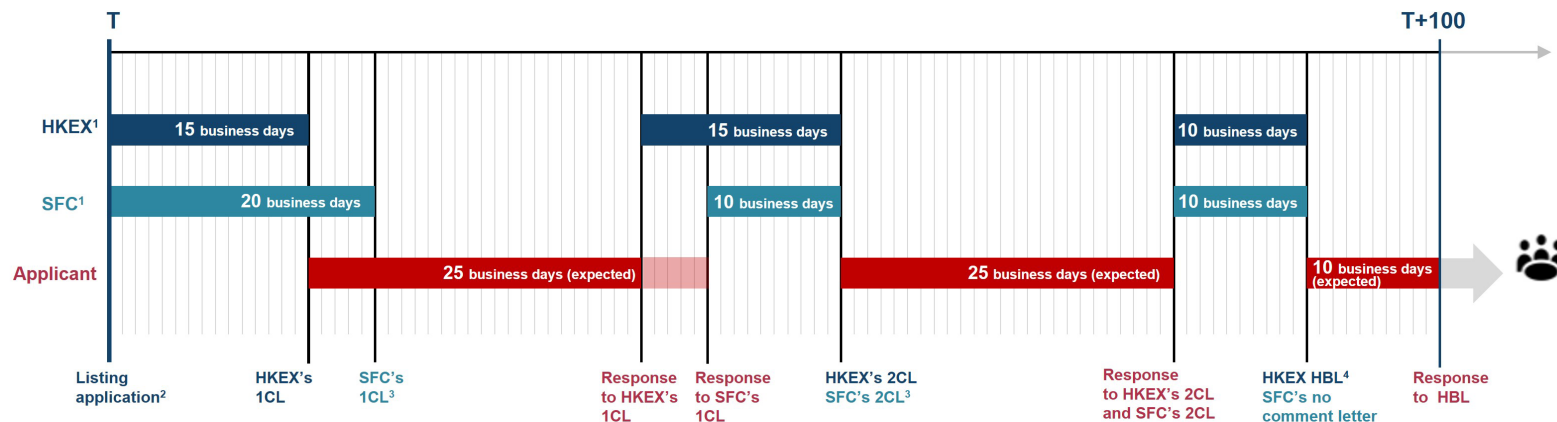
Item	Standard Timeframe (Fully compliant applications)	A-share Fast-track (Eligible A-share listed applicants)
Comment rounds	Up to 2 rounds	Up to 1 round ↓ (1 fewer than standard)
Review period per round (per regulator)	Up to 40 business days	Up to 30 business days ↓ (10 days shorter)
Expected applicant response	Satisfactory response within ~60 business days	Same as standard (~60 business days)
Overall target	Completed within 6-month application validity	Same as standard (within 6-month validity)
A-share fast-track eligibility	N/A	Expected market cap ≥ HK\$10B Compliance with A-share regulations for 2 full financial years before application (supported by legal opinion)

Complex applications: Where an application raises material regulatory concerns or fails to provide satisfactory responses, regulators will engage actively with the applicant and Sponsor; vetting may be suspended until a satisfactory response is received.

# Joint Statement on Enhanced Timeframe for New Listing Applications

SFC / HKEX Joint Statement | Effective: 18 October 2024 | Applies to all new listing applications filed on or after that date

## An illustration of the Enhanced Application Timeframe



1. The business days taken for each round of comments may be subject to slight adjustments, but overall it is expected that the time taken by each regulator will be no more than 40 business days.
2. It refers to the acknowledgement of listing application.
3. If the SFC shares the same regulatory concerns as those included in the Exchange's comment letters, it will issue a letter via the Exchange to notify the applicant through its sponsor, which will be counted as one round of comments from the SFC.
4. Upon confirmation of no material regulatory concerns, the Exchange will issue a Hearing Bundle Letter (HBL) setting out the matters to be dealt with or addressed by the applicants and their sponsors to finalise the disclosure in the listing document. When the applicants and their sponsors have a listing document that is ready for Listing Committee Hearing, and having obtained all requisite approvals from other authorities or regulators, where applicable, the application will proceed to the Listing Committee Hearing.

# Joint Announcement on Launch of Technology Enterprises Channel (TECH)

SFC / HKEX Joint Announcement | 6 May 2025 | Applies to Ch. 18A (Biotech) & Ch. 18C (Specialist Technology) applicants

## Technology Enterprises Channel (TECH)

- Dedicated specialist team to review and provide guidance on Ch. 18C & 18A applications
- Guidance on listing eligibility & suitability: Core Products requirements, acceptance of other biotech products / clinical trials, sophisticated investor qualifications & independence, acceptable sectors for STC industries, and factors for accepting new sectors
- Preliminary guidance from the Exchange on case-specific issues under the Listing Rules
- How to engage: Prospective applicants / professional advisers to submit TECH Enquiry Form and additional information via M119
- Email: IPO\_TECH@hkex.com.hk

## Confidential Filing

Applicants seeking listing under Ch. 18C & 18A may submit their Application Proof confidentially (no immediate publication at A1 filing)

- OC Announcement to be published on the same date as the PHIP
- Rationale: Premature and prolonged disclosure of operational strategies, proprietary technologies & listing plans poses heightened risks for these companies
- Effective for applications filed under Ch. 18C & 18A after 6 May 2025

## WVR Presumption for STC & Biotech Companies

- The Exchange has updated the Guide: applicants fully meeting Ch. 18A or 18C requirements are presumed to have satisfied the Innovative Company Requirements and external validation requirement for listing under Ch. 8A (WVR structure)
- These applicants shall be treated as satisfying Ch. 8A innovativeness requirements
- All other applicable requirements under Ch. 8A continue to apply

**Mar 2026 update: HKEX Mar 2026 consultation proposes extending confidential filing to ALL new listing applicants (not limited to Ch. 18A / 18C). Subject to consultation conclusions**

## New IPO Offering & Allocation Mechanisms (Mechanism A / B)

- HKEX introduced the new IPO price discovery and open market framework to improve price discovery and ensure a meaningful allocation to the bookbuilding placing tranche. New rules effective 4 August 2025 for all listing documents published on/after that date.
- Under the revised rules, at least **40% of total offer shares** must be allocated initially to the **bookbuilding placing tranche**.
- The public subscription tranche is no longer a one-size-fits-all model; issuers may choose between **Mechanism A** and **Mechanism B**.
- Mechanisms A and B do not apply to a specialist technology company listed under Chapter 18C of the Listing Rules.

## Mechanism A

- Replace the allocation and clawback mechanism with prescribed allocations to the public subscription tranche as follows:

	Initial allocation	Demand for shares in the public subscription tranche in number of times (x) the initial allocation		
		≥15x to <50x	≥50x to <100x	≥100x
Modified percentage of offer shares allocated to the public subscription tranche	5%	15%	25%	35%

### **Mechanism B**

- Introduce an alternative mechanism that requires a minimum 10 per cent initial allocation (and a maximum of up to 60 per cent) of offer shares to the public subscription tranche with no clawback mechanism.

## Open market requirements

3. Initial public float and free float: Require issuers to meet the following minimum public float and free float requirements at the time of listing:

	Initial public float thresholds <sup>6</sup>	Initial free float thresholds <sup>7</sup>
Issuers (not incorporated in Mainland China) with a single class of shares	Tiered percentage thresholds ranging between 10% and 25%, depending on the market value of the relevant class of shares at listing *	10%, with a market value of HK\$50 million (GEM: HK\$15 million); <u>OR</u> HK\$600 million in market value
H-share issuers with no other listed shares		
A+H issuers	10%; <u>OR</u> HK\$3 billion in market value	5%, with a market value of HK\$50 million (GEM: HK\$15 million); <u>OR</u> HK\$600 million in market value

The lowest initial public float threshold under the new tiered structure has been increased to ten per cent from five per cent in the original proposal; and the initial free float percentage threshold for A+H issuers has been modified to five per cent (of total number of A+H shares) from ten per cent (of total number of H shares) in the original proposal.

\* The Exchange will continue to have the discretion to grant waivers to new applicants on a case-by-case basis from these requirements.

# Circular to Sponsors — Five Categories of Deficient Conduct

SFC Circular (Ref: SFO/IS/004/2026) | 30 Jan 2026 | Applies to all Sponsors

"Some Sponsors may be adopting a process-driven approach to listing applications, rather than one focused on substantive due diligence and advisory services to the listing applicants."

| 2025: >460 new applications; as at 29 Jan 2026: >420 active applications

## (I) Serious deficiencies in preparing listing documents

- Vague business descriptions, excessive marketing language, selective industry data; unreasonably lengthy documents with copy-paste / boilerplate disclosures; failure to address key regulatory processes at the offer stage

## (II) Over-reliance on experts & third parties

- Engaging legal advisers, accountants, valuers etc. to perform specific tasks without adequately assessing their competence and resources; Sponsors remain responsible

## (III) Insufficient capacity of Principals to supervise Transaction Teams

- Principals at some Sponsors simultaneously supervising 6+ active listing engagements; worst case: one Principal signing off on 19 engagements simultaneously

## (IV) Attempts to appoint unsuitably qualified Principals

- Attempting to appoint individuals with only 'client relationship' or 'senior management' experience; unable to provide any written records when asked for evidence of actual participation in listing engagements

## (V) Insufficient staff with appropriate knowledge, skills & experience

- Heavy reliance on junior and temporary staff (ITPs); worst case: 8 of 10 Transaction Team members were ITPs, 4 with less than one year of HK IPO experience; some had not passed HKSI LE Paper 16

Actions already taken: As at 31 Dec 2025, vetting of 16 listing applications remains suspended; 2 previously suspended applications have since resumed. New obligations and regulatory consequences — see next slide.

# Circular to Sponsors — New Obligations & Regulatory Consequences

SFC Circular (Ref: SFO/IS/004/2026) | 30 Jan 2026

## Reporting to SFC & Actions Required (by Deadline)

Within <b>1 week</b>	All Sponsors: submit list of individuals engaged in IPO sponsor work who, as at date of circular, have not passed HKSI LE Paper 16 (including ITPs, temporary licensees, licensed reps & ROs)
Within <b>2 weeks</b>	All Sponsors: submit names & number of Principals and the number of active listing engagements each is engaged in as at date of circular
Within <b>3 months</b>	Concerned Sponsors: complete retrospective review of concerns cited for each listing application in the Joint Letter; identify material non-compliance; determine accountability measures
Within <b>3 months</b>	Sponsors with Strained Principals (>=6 active engagements): complete comprehensive resource review; submit rectification & resource plan to SFC (signed off by OMO Manager-in-Charge)

## Potential Regulatory Actions

<b>Suspension of vetting</b> Where listing document is unreasonably lengthy or Sponsor responses are materially incomplete / unsatisfactory
<b>On-site thematic inspections (imminent)</b> Concerned Sponsors and Sponsors with Strained Principals should expect SFC inspections in the near future
<b>Imposition of licence conditions</b> Restricting Sponsor's business scope and the number of active engagements Principals / ROs / licensed reps may supervise
<b>Investigation &amp;/or disciplinary action</b> Against the Sponsor and responsible Principals & Management in serious misconduct cases

Immediate / Ongoing: Those who have not passed LE Paper 16 within 6 months must be removed from all Transaction Teams immediately.  
Going forward: all new Type 6 licence applications must include sign-off from OMO Manager confirming no Principal supervises 6+ engagements.

## Key Issues Identified:

- Poor quality of draft listing documents
- Unreasonably lengthy documents (SFC expects main body  $\leq 300$  pages, excluding the experts' reports contained in the appendices)
- Inadequate responses to regulatory comments
- Over-reliance on external experts
- Insufficient Principal capacity to supervise teams
- "Process-driven approach" over substantive due diligence

# HKEX Listing Framework Competitiveness Review

Phase 1 Consultation — Summary of Key Proposals

Published

**13 March 2026**

Consultation Closes

**8 May 2026**

## Three Priority Reform Areas

01

### Weighted Voting Rights (WVR)

- Financial eligibility thresholds to be lowered for WVR listings
- Voting ratio cap raised to 20:1 for qualifying larger issuers
- Innovativeness test refined into Route A (technology) and Route B (new business model)

02

### Overseas-Listed Issuers

- Secondary listing market cap threshold reduced for non-WVR issuers
- Requirements for conversion to primary listing to be redrafted with more guidance on typical steps required for compliance
- Open consultation on further facilitative measures

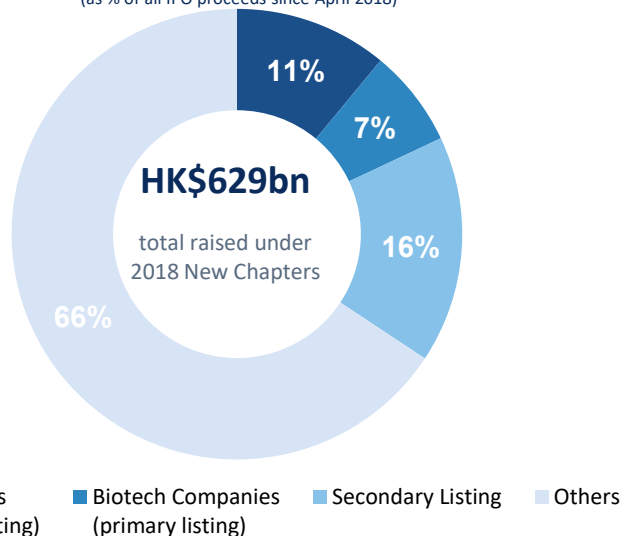
03

### Initial Listing Requirements & Arrangements

- Confidential filing extended to all new listing applicants
- All professional parties to be disclosed upon return of application
- US GAAP use expanded to a wider class of applicants

# Background — The Case for Further Reform

**IPO Funds Raised Under the 2018 New Chapters**  
(Chapters 8A, 18A and 19C of the Main Board Listing Rules)  
(as % of all IPO proceeds since April 2018)



## The 2018 Listing Reforms have reshaped Hong Kong's market

The impact has been profound. New economy industries now contribute 48.2% of market capitalisation and 59.4% of cash market turnover, compared to 14.6% and 21.6% prior to 2017. Over 500 new economy listings contributed almost 60% of total IPO funds raised.

## Peer markets have introduced significant regulatory changes

There have been significant regulatory developments in the US, the UK, Singapore and Australia. Many of these markets have introduced significant regulatory changes to their listing requirements to attract new listings, streamline listing processes and safeguard investor interests.

## Calls for Hong Kong to build on the success of its previous reforms

The interconnectedness of global financial markets and the increasingly international deployment of capital have led to calls for Hong Kong to reinforce its own position as a premier international financial centre by building on the success of its previous listing reforms.

## Stakeholder feedback highlights the need for further market optimisation

Investors seek broader access to investment opportunities. Issuers and their advisers advocate for a more efficient listing mechanism that accommodates a wider spectrum of business models and capital structures — while upholding market integrity.

**48.2%**

New economy share of market capitalisation at end-2025, compared to 14.6% before 2018

**HK\$629bn**

Total IPO funds raised under the 2018 listing reforms, representing 34.3% of all IPOs since

**119**

New listings in 2025, raising HK\$286bn in IPO proceeds — strongest year since the 2018 reforms

Source: Figure 2, HKEX Consultation Paper, March 2026

# Weighted Voting Rights — Financial Eligibility & Voting Power

The Exchange proposes to lower the market capitalisation thresholds required to list with a WVR structure, and to allow a higher voting ratio cap for larger issuers.

Subject	Current Position	Proposed Change
<b>Market Cap — Test A</b>	An applicant must have a market capitalisation of at least HK\$40 billion.	<b>The threshold is reduced to HK\$20 billion.</b>
<b>Market Cap + Revenue — Test B</b>	An applicant must have a market cap of at least HK\$10 billion and revenue of at least HK\$1 billion in the most recent audited financial year.	<b>The thresholds are reduced to a market cap of HK\$6 billion and revenue of HK\$600 million.</b>
<b>Maximum Voting Ratio</b>	Weighted voting rights are capped at a ratio of 10 votes to 1.	<b>A cap of up to 20:1 is permitted where the applicant's market cap at listing is at least HK\$40 billion.</b>
<b>Minimum WVR Economic Interest</b>	WVR beneficiaries must collectively hold at least 10% of the underlying economic interest in the applicant at listing.	<b>A minimum of 5% is accepted, provided that interest amounts to at least HK\$4 billion at the time of listing.</b>

# Weighted Voting Rights — Innovativeness & External Validation

The innovativeness test is restructured into two distinct routes. Non-technology companies may now qualify for a WVR listing for the first time, provided they can demonstrate a genuinely new business model.

Subject	Current Position	Proposed Change
<b>Innovativeness Routes</b>	An applicant must demonstrate that it is an innovative company. There is a single undifferentiated test.	<b>Route A applies to technology companies whose core business relies on novel technologies. Route B is new and applies to companies whose success is driven by a new business model.</b>
<b>Innovative Characteristics &amp; Presumption</b>	Biotech companies (Ch.18A) and specialist technology companies (Ch.18C) are presumed to be innovative.	<b>The presumption is extended to qualified Biotech and STC applicants even where they are not listing under Ch.18A or Ch.18C. Route A applicants must demonstrate R&amp;D, IP or Outsized Market Cap characteristics. Route B applicants must demonstrate CAGR* Growth and Industry Position characteristics.</b>
<b>External Validation</b>	The applicant must have received meaningful third-party investment from at least one sophisticated investor prior to listing.	<b>The definition of "sophisticated investor" is to be clarified by reference to SPAC and STC guidance. Route B applicants are subject to a 10% aggregate investment threshold.</b>

# Overseas-Listed Issuers — Secondary Listings & Conversion

The Exchange proposes to lower market capitalisation thresholds for secondary listings and to provide a clearer, more structured pathway for overseas-listed issuers to convert to a primary listing in Hong Kong.

Subject	Current Position	Proposed Change
<b>Secondary Listing — WVR Issuers</b>	WVR applicants for secondary listing are subject to the same financial thresholds as primary WVR listings.	<b>The thresholds are lowered to match the proposed primary WVR thresholds: Test A HK\$20bn; Test B HK\$6bn and revenue HK\$600m.</b>
<b>Secondary Listing — Non-WVR (Test B)</b>	An applicant must have a market cap of at least HK\$10 billion with a two-year compliant track record on NYSE, Nasdaq or LSE.	<b>The market capitalisation threshold under Test B is reduced to HK\$6 billion.</b>
<b>Secondary Listing — Non-WVR (Test A)</b>	An applicant must have a market cap of at least HK\$3 billion with a five-year track record.	<b>No change is proposed.</b>
<b>Conversion to Primary Listing</b>	Guidance exists to facilitate conversion from secondary to primary listing, but no step-by-step framework is in place.	<b>The requirements for conversion are to be redrafted with step-by-step guidance on achieving compliance.</b>
<b>Further Facilitative Measures</b>	/	<b>The Exchange invites views on additional measures to further facilitate Hong Kong listings by overseas-listed issuers.</b>

# Initial Listing Requirements & Arrangements

Several changes to listing process and eligibility requirements are proposed, of particular relevance to sponsors and advisers.

Subject	Current Position	Proposed Change
<b>Ownership Continuity &amp; Control</b>	An applicant must have operated under the same shareholder with substantial management influence throughout the relevant period.	<b>The requirement is satisfied where there is no material change in management influence during the relevant period, even if ownership has changed.</b>
<b>Financial Reporting Standards (US GAAP)</b>	US GAAP is permitted by waiver for US-listed applicants only, with a requirement to revert to HKFRS or IFRS upon any US delisting.	<b>US GAAP is expanded to subsidiaries of US-listed parent companies and companies with substantial US operations. The reversion requirement is removed.</b>
<b>Biotech &amp; Specialist Technology Route Choice</b>	A Biotech or STC company that is financially eligible under Chapter 8 must list under the ordinary route.	<b>Such applicants may elect to list under Chapter 18A or Chapter 18C even where they qualify under the ordinary route.</b>
<b>Confidential Filing &amp; Return Mechanism</b>	Confidential filing is available only to Biotech, STC and eligible secondary listing applicants. Only the sponsor is named upon return.	<b>Confidential filing is extended to all new listing applicants. Upon return, all professional parties responsible for the application materials are identified — not only the sponsor.</b>

# Consultation Process & Next Steps



## Responding to the Consultation

- Written responses should be submitted via the questionnaire on the HKEX website by 8 May 2026.
- Responses will be published on a named basis in the Consultation Conclusions paper. Respondents who wish to remain anonymous should state this when submitting.
- The Exchange intends to proceed with its review on a phased basis. Further consultation papers on other areas of the listing framework will be published in due course.

# Key Provisions — Quick Reference

Cap. 32	ss.2, 38, 38B, 38D, 40, 40A, 342, 342C–342F; Third Schedule; Seventeenth Schedule
Listing Rules	Ch. 2, 3A, 8, 9, 10, 11; Rule 2.13; Rule 8.04; Rules 9.03–9.11; Rules 2A.08–2A.12; Ch. 13; App F1
Practice Notes	PN21 (due diligence — paras. 1–5, 11–16); PN22 (AP/PHIP/OC Announcement — paras. 1–22); PN18; PN20
The Guide	Eligibility / suitability chapters; 'Substantially complete' standard and return power; disclosure chapters
SFC Code — Para. 16	16.1–16.3 (scope & principles); 16.4 (analyst trading); 16.5 (firm interests, 40-day quiet period); 16.6 (analyst independence); 16.7 (Chinese walls); 16.8–16.11 (disclosure quality)
SFC Code — Para. 21	21.1–21.2 (CMI categories); 21.3.1–21.3.2 (written agreements, OC fee disclosure); 21.3.3–21.3.4 (investor assessment); 21.3.5 (order book integrity); 21.3.6 (allocation); 21.3.7 (rebates); 21.3.9–21.3.10 (conflicts, audit trail); 21.4.2, 21.4.5, 21.4.8 (OC-specific)
E-Forms	SE001 (≥2m before A1); M* + M104 + M111 + M112 + M119 + FF004 (with A1); M201 (pre-hearing); FFD003M*, M401*, M402, FFD004M*, CI205M (pre-dealings on FINI)

# Hong Kong IPO Prospectus Regime: Regulatory Framework and Recent Key Developments

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