

8.05 The issuer must satisfy either the profit test in rule 8.05(1) or the market capitalisation/revenue/cash flow test in rule 8.05(2) or the market capitalisation/revenue test in rule 8.05(3).

The profit test

- (1) To meet the profit test, a new applicant must have an adequate trading record under substantially the same management and ownership. This means that the issuer, or its group (excluding any associated companies and other entities whose results are recorded in the issuer's financial statements using the equity method of accounting), as the case may be, must satisfy each of the following:
 - (a) a trading record of not less than three financial years (see rule 4.04) during which the profit attributable to shareholders must, in respect of the most recent year, be not less than HK\$20,000,000 and, in respect of the two preceding years, be in aggregate not less than HK\$30,000,000. The profit mentioned above should exclude any income or loss of the issuer, or its group, generated by activities outside the ordinary and usual course of its business;
 - (b) management continuity for at least the three preceding financial years; and
 - (c) ownership continuity and control for at least the most recent audited financial year.

The market capitalisation/revenue/cash flow test

- (2) To meet the market capitalisation/revenue/cash flow test, a new applicant must satisfy each of the following:
 - (a) a trading record of not less than three financial years;
 - (b) management continuity for at least the three preceding financial years;
 - (c) ownership continuity and control for at least the most recent audited financial year;
 - (d) a market capitalisation of at least HK\$2,000,000,000 at the time of listing;
 - (e) revenue of at least HK\$500,000,000 for the most recent audited financial year; and
 - (f) positive cash flow from operating activities carried out by the new applicant, or its group, that are to be listed of at least HK\$100,000,000 in aggregate for the three preceding financial years.

The market capitalisation/revenue test

- (3) To meet the market capitalisation/revenue test, a new applicant must satisfy each

of the following, unless waived by the Exchange under rule 8.05A:

- (a) a trading record of at least three financial years;
 - (b) management continuity for at least the three preceding financial years;
 - (c) ownership continuity and control for at least the most recent audited financial year;
 - (d) a market capitalisation of at least HK\$4,000,000,000 at the time of listing;
and
 - (e) revenue of at least HK\$500,000,000 for the most recent audited financial year.
- (4) For the purpose of rules 8.05(2) and (3), only revenue arising from the principal activities of the new applicant and not items of revenue and gains that arise incidentally will be recognised. Revenue arising from “book” transactions, such as banner barter transactions or writing back of accounting provisions or other similar activities resulting from mere book entries, will be disregarded.