

WELCOME TO HKEX IN BIOTECH.

A warm welcome to our second issue of HKEX's Biotech newsletter. In this edition, we reflect on the significant number of biotech companies which have listed in Hong Kong this year. We provide the answers to some of the questions that we receive most frequently regarding the listing of biotech companies. And, we relive some of the memorable moments from our 2019 Biotech Week and look forward to the year ahead. We hope you enjoy this issue and we welcome your feedback and your thoughts about content and themes that you would like to see covered in future editions.

THEMES & TRENDS SHAPING THE BIOTECH INDUSTRY



Data Driven Innovation
For growth and well-being



Innovative Drugs
To support value-based care



Weathering Uncertain Markets
By taking a global view

Every year, the Biotech industry is characterised by a number of key themes. And, throughout 2019, we have continued to see pricing pressures, the growth of innovative therapies, and uncertain trade and investment policies impacting the dynamics of the market. Key highlights so far this year have included the continuous reform of NMPA (National Medical Products Administration) which has shortened both the administration waiting time and timelines associated with new drug development and commercialisation. Indeed, in 2018, we saw 48 new drugs approved by NMPA, across the whole industry; more than double the number in 2017, according to NMPA figures. The approval of revised drug administration law in August also highlights China's efforts to strengthen supervision to ensure drug safety.

In an industry characterised by increased pressure on margins, rising demand for value-based care, increased competition, and improved speed to market pressure; the adoption of digital technologies continues to result in sector transformation – creating challenges as well as opportunities. At HKEX, as we continue to deliver on our vision to be *the Global Markets Leaders in the Asian time zone – Connecting China, Connecting the World*; we're committed to providing the financing conditions that nurture research breakthroughs, lead to successful products, and create businesses that reward investors and the communities in which they operate.

HKEX BIOTECH LISTING UPDATE

Since our new listing regime launched on 30 April 2018, we're delighted that 16 biotech companies listed on our Main Board by September 2019, raising HK\$53.5 billion in total. Amongst these, 9 pre-revenue biotech firms have listed through the Listing Rules Chapter 18A, raising HK\$26.8 billion. We have also been delighted to welcome medical device companies to Hong Kong via Chapter 18A. Indeed, our entire healthcare sector has also enjoyed strong growth with more diversified issuers. In addition to Chapter 18A listings, several IPOs have completed within the CRO (contract research organisation) and medical services space. The biotech IPO pipeline in Hong Kong remains robust. According to Dealogic, Hong Kong remains the second largest fundraising centre for biotech companies globally. We are confident that Hong Kong is on its way to becoming one of the world's major healthcare and biotech capital formation centres.

**Second Largest
Biotech Fundraising
Centre Worldwide**

16 Biotech Companies
listed on HKEX Main Board since
introduction of the new
listing regime

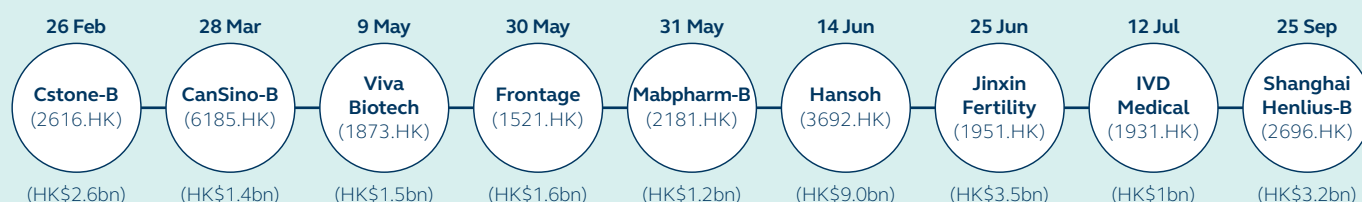
**Raised HK\$53.5 billion
in total**

HKEX in Biotech

Connecting the Life Sciences Industry.

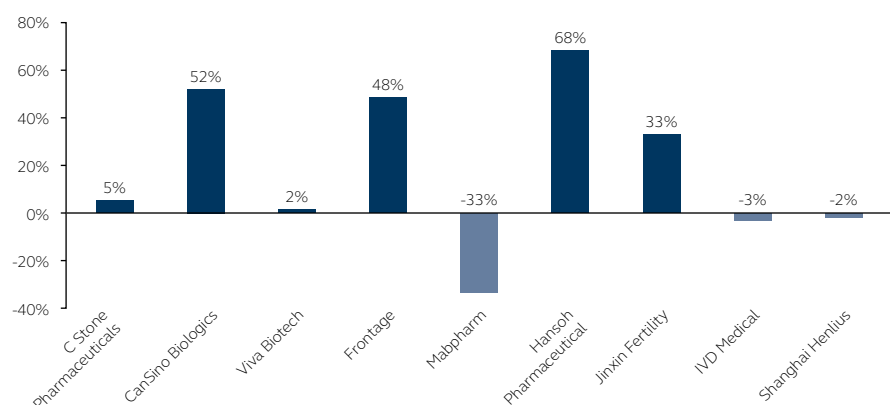
BIOTECH LISTING AND FUNDS RAISED IN 2019

(As of end September)



Note: Include 4 pre-revenue companies listed under the Listing Rules Chapter 18A with a stock marker "B" at the end of the stock name.
Source: HKEX, Dealogic & Bloomberg as of end September 2019

PRICE PERFORMANCES OF BIOTECH LISTINGS IN 2019 SINCE IPO



Source: HKEX, Dealogic & Bloomberg as of end September 2019

IPO PIPELINE

Biotech and Healthcare Companies which Submitted their Listing Applications in Hong Kong
(As of end September 2019)

Company Name	Chapter 18A	Non-Chapter 18A	Date of Filing	Domicile
1 Immunotech Biopharm Ltd-B	✓		2 September 2019	Cayman
2 Guodan Healthcare Holding Limited		✓	30 August 2019	Cayman
3 Pharmaron Beijing Co. Ltd		✓	26 August 2019	China
4 Venus Medtech (Hangzhou) Inc.- B	✓		5 August 2019	China
5 Alphamab Oncology - B	✓		15 July 2019	Cayman
6 SinoMab BioScience Limited - B	✓		8 July 2019	HK
7 Tasly Biopharmaceuticals Co., Ltd. - B	✓	✓	24 June 2019	China
8 Shanghai Kindly Medical Instruments Co., Ltd.			10 June 2019	China
9 TOT BIOPHARM International Company Limited - B	✓		29 April 2019	HK
10 Ascentage Pharma Group International - B	✓		25 April 2019	Cayman
11 Continent Pharmaceuticals Inc.		✓	18 April 2019	Cayman
12 Hutchison China MediTech Limited*		✓	15 April 2019	Cayman
13 Clarity Medical Group Holding Limited		✓	8 April 2019	Cayman
14 EuroEyes International Eye Clinic Limited		✓	3 April 2019	Cayman

Source: HKEXnews website

Note: Stock name with a marker "B" at the end refers to the pre-revenue companies listed under the Listing Rules Chapter 18A.

* Already passed hearing and published Post Hearing Information Packs



HKEX in Biotech

Connecting the Life Sciences Industry.

HKEX BIOTECH WEEK 2019 HIGHLIGHTS

A big thank you to those who joined our flagship event, HKEX Biotech Week 2019, in May. Over 1,000 scientists, biotech entrepreneurs, investors, technology experts and policymakers gathered in Hong Kong to share industry insights.



1,000+
Attendees



15+
Countries & Regions Represented



4
Nobel/ Turning/ Fields Winners



60+
VIP Speakers



60+
Media



300+
News Stories

If you missed the event, tap [here](#) to check out the webcast.

Or read HKEX Chief Executive Charles Li's keynote speech [here](#).

SAVE THE DATE: HKEX BIOTECH WEEK 2020

It's time to mark your diary and save the date for Asia's premier biotech event in Hong Kong in 2020!

HKEX BIOTECH WEEK 2020

18-19 March 2020

See you in Hong Kong!



FREQUENTLY ASKED QUESTIONS FROM CORPORATES AND INVESTORS

What are the requirements for pre-revenue biotech companies to list under Chapter 18A?

In April 2018, SEHK, a wholly-owned subsidiary of HKEX, introduced [Chapter 18A](#) to the Main Board Listing Rules (Listing Rules) and Guidance Letter [HKEX-GL92-18](#) for the listing of biotech companies. Below are the main requirements. Please refer to the Listing Rules and guidance letter for more details.

- a. A minimum market capitalisation of HK\$1.5 billion
- b. Having at least one core product in the categories of pharmaceutical (small molecule drugs), biological drugs, or medical devices and diagnostics, recognised by a competent authority such as the EMA (European Medicines Agency), FDA (Food and Drug Administration) or NMPA (National Medical Products Administration). Moreover, the core product has to be developed beyond the concept stage
- c. It has to engage in the R&D of its core products for at least 12 months before IPO
- d. A primary reason of listing is to raise funds for R&D to bring its core products to commercialisation
- e. It must obtain meaningful investment from at least one sophisticated biotech investor at least six months before the IPO
- f. Operate in its current line of business for at least two financial years prior
- g. It must have sufficient working capital to cover at least 125% of its capital requirements for at least 12 months after IPO

Who qualifies as a “sophisticated investor”?

The guidance letter states that the applicant must have previously received meaningful third party investment from at least one sophisticated investor no less than 6 months before the proposed IPO date. A sophisticated investor can be a fund dedicated to the related sector, such as healthcare funds, biotech funds, or established divisions that specialises in the biotech sector. Alternatively, they can be a major pharmaceutical company or its venture capital fund arm. Lastly, it could also be an investor, investment fund, or investment institution with minimum asset under management of HK\$1 billion.

FREQUENTLY ASKED QUESTIONS FROM CORPORATES AND INVESTORS

What qualifies as a “meaningful investment”?

A meaningful investment is judged on a sliding scale depending on the market capitalisation of the applicant. If the applicant's market capitalisation is between HK\$1.5 to HK\$3 billion, the investment should be no less than 5% of its issued share capital at the time of the IPO to be considered meaningful. If the applicant's market capitalisation is between HK\$3 to HK\$8 billion, then the meaningful investment should be at least 3%. Lastly, if the applicant's market capitalisation is expected to be greater than HK\$8 billion, then meaningful investment should be at least 1%.

Our company's product does not fall into the three categories of Chapter 18A, are we still able to apply for a Hong Kong listing under this chapter?

Where a product does not fall into the pharmaceutical (small molecule drugs), biologics or medical devices (including diagnostics) category, it may be considered under the “Other Biotech Products” category on a case by case basis. The product needs to demonstrate it is beyond concept stage, and there is an appropriate framework or objective indicator in order for investors to make an informed investment decision. You may consider filing a pre-IPO enquiry for consultation, if you consider applying for a listing.

What is the biotech advisory panel?

Given the specialised nature of the biotech sector, the SEHK established a biotech advisory panel that consists of international practitioners within the biotech industry with varied backgrounds including but not limited to pharmaceuticals, medical device and diagnostics, strategy and operations, investments, and regulatory. The listing department can approach the panel for optional advisory regarding the biotech landscape. The panel members do not have any authority to approve or reject listings and there is no overlap in membership between the advisory panel and the listing committee. You may tap [here](#) to see the list of the panel members.

MEET THE HKEX GLOBAL ISSUER SERVICES TEAM

Our talented team of professionals are dedicated to delivering on HKEX's vision to be the global markets leader in the Asian time zone: Connecting China. Connecting the World. Please do contact us to see how we can help you access expertise, business support and expand your reach amongst global investors.

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