

## Major changes to the Guidance Materials on 29 April 2020:

### 1) Changes specific to Biotech Companies

- One new Guidance Letter
  - **HKEX-GL107-20:** Guidance on disclosure in listing documents for Biotech Companies  
Included comprehensive guidance on enhanced disclosure where Biotech Companies should consider in their listing document, such as the competitive landscape and addressable market of their Biotech Products, Competent Authority communications, among other things.
  
- Two updated Guidance Letters
  - **HKEX-GL92-18:** Guidance on suitability for listing of Biotech Companies  
The updated GL92-18 provides guidance on:
    - *R&D of Core Products:* included examples of (a) how a Biotech Company can demonstrate R&D progress for Core Products in-licensed or acquired from third parties; and (b) the circumstances under which a commercialised Biotech Product in a given market for specified indication(s) can be regarded as a Core Product.
    - *Use of proceeds:* allowed flexibility for medical device companies to meet the requirement of a Biotech Company's primary reason for listing is to raise funds for R&D to bring its Core Products to commercialisation taking into account their business plan and development stage of the pipeline products.
    - *"Other Biotech Products" category:* streamlined and consolidated guidance on the factors which the Exchange will consider for a Biotech Product to fall under "Other Biotech Products" category (previously set out in FAQ No. 035-2018).
    - *Subscription of shares by existing shareholders:* included circumstances under which an existing shareholder of a Biotech Company can subscribe for additional shares in an IPO (previously set out in FAQ No. 038-2018).
    - *Clawback mechanism:* included guidance that any waiver from the clawback mechanism under Practice Note 18 to the Rules will be considered on a case-by-case basis based on the specific facts and circumstances.
  
  - **HKEX-GL85-16:** Guidance on placing to connected clients, and existing shareholders or their close associates, under the Rules  
Clarified Existing Shareholders Conditions do not apply to Biotech Companies.

- One set of updated FAQ
  - **FAQ on Listing Regime for Companies from Emerging and Innovative Sectors**

Removed two FAQs which are now consolidated into HKEX-GL92-18.

## 2) Others

- **HKEX-GL86-16**: Guidance on producing simplified listing documents relating to equity securities for new applications

Updated with guidance on disclosure for a change in a net liabilities position to a net assets position as a result of conversion of convertible financial instruments upon listing.