

# Consultation Paper on New Listing Rules for Specialist Technology Companies



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# A New Listing Chapter for Specialist Technology Companies

## Characteristics of Specialist Technology Companies



Operate in emerging and innovative industries



Require substantial capital and R&D investment to commercialise their products or scale up their businesses








Take a relatively long time to generate substantial revenue or realise profits but have high growth potential

# The Exchange's Proposals | Our Approach

## Specialist Technology

**Definition:** science and/or technology applied to products and/or services within an acceptable sector of a Specialist Technology Industry (see table below)

	Specialist Technology Industries	Examples of Acceptable Sectors
	<b>Next-generation information technology</b>	<i>Cloud-based services   Artificial intelligence</i>
	<b>Advanced hardware</b>	<i>Semiconductors   Electric and autonomous vehicles   Aerospace technology</i>
	<b>Advanced materials</b>	<i>Synthetic biological materials   Nanomaterials</i>
	<b>New energy and environmental protection</b>	<i>New energy generation and storage technology   New green technology</i>
	<b>New food and agriculture technologies</b>	<i>Meat substitutes   Agricultural biotechnology</i>

# The Exchange's Proposals | Our Approach

## Categorisation



### Commercial Companies

- ✓ Have **met** the Commercialisation Revenue Threshold (HK\$250 million<sup>1</sup>)



### Pre-Commercial Companies

- ✗ Have **not met** the Commercialisation Revenue Threshold (HK\$250 million<sup>1</sup>)
- ⚠ Subject to more stringent requirements due to heightened risks

Note:

1. Generated from the **Specialist Technology business segment** for the most recent audited financial year





# KEY PROPOSALS

Qualifications for  
Listing

IPO Requirements

Post-IPO  
Requirements



	Commercial Companies	Pre-Commercial Companies
<p>Expected market capitalisation</p> 	<p>≥ <b>HK\$8 billion</b> at the time of listing</p>	<p>≥ <b>HK\$15 billion</b> at the time of listing</p>
<p>R&amp;D</p> 	<p>Engaged in R&amp;D for ≥ <b>three financial years</b></p>	
	<p>R&amp;D investment ≥ <b>15%</b> of total operating expenditure for each of the three financial years</p>	<p>R&amp;D investment ≥ <b>50%</b> of total operating expenditure for each of the three financial years</p>

# KEY PROPOSALS

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	Commercial Companies	Pre-Commercial Companies
<p>Indicative benchmarks for meaningful third party investment</p> 	<p>≥ <b>two</b> “Pathfinder” Sophisticated Independent Investors<sup>1</sup> must have made <b>large investments</b><sup>2</sup> in the applicant ≥ <b>12 months</b> before the listing application</p>	
	<p>Aggregate investment from all Sophisticated Independent Investors ≥ <b>10% to 20%</b> of the applicant’s expected market capitalisation at listing</p>	<p>Aggregate investment from all Sophisticated Independent Investors ≥ <b>15% to 25%</b> of the applicant’s expected market capitalisation at listing</p>
<p>Additional qualification requirements for Pre-Commercial Companies</p> 	<p>Not applicable</p>	<p>Demonstration of a <b>credible path</b> to achieving the Commercialisation Revenue Threshold</p>

Notes:

1. To be considered a Sophisticated Independent Investor, the investor must **not** be a **core connected person** of the listing applicant; and must meet **indicative size thresholds or qualification requirement**.
2. On the date of listing application and throughout the pre-application 12 month period, these Pathfinder Sophisticated Independent Investors must **each** hold such amount of shares or securities convertible into shares equivalent to ≥ **5%** of the issued share capital of the applicant as at the date of the listing application.



# KEY PROPOSALS

Qualifications for  
Listing

**IPO Requirements**

Post-IPO  
Requirements

IPO Safeguards



## All Specialist Technology Companies

**Optimised** price discovery process

**Free float** (shares not subject to lock-up upon listing)  $\geq$  **HK\$600 million**

**Additional disclosures** including:

Pre-IPO investment obtained

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Commercialisation status and prospects

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Appropriate warning statements

# KEY PROPOSALS

Qualifications for  
Listing

IPO Requirements

Post-IPO  
Requirements

	Commercial Companies	Pre-Commercial Companies
<b>Post-IPO lock-up</b>  	<p><b>Post-IPO lock-up</b> on the following persons:</p> <p>Controlling shareholders</p> <hr/> <p>Key persons (founders, WVR beneficiaries, executive directors and senior management, and key personnel responsible for the technical operations and/or R&amp;D)</p> <hr/> <p>Pathfinder Sophisticated Independent Investors</p>	
	<p>Lock-up periods that provide a higher level of alignment of interests for a longer period</p>	
<b>Additional continuing obligations for Pre-Commercial Companies</b>  	<p>Not applicable</p>	<p>Additional disclosure in <b>interim and annual reports</b> on the <b>progress</b> made towards achieving the Commercialisation Revenue Threshold</p> <p>Updates on any <b>business and financial estimates</b> provided in the Listing Document</p>



# Q & A

