

# Consultation Conclusions on New Specialist Technology Company Listing Rules



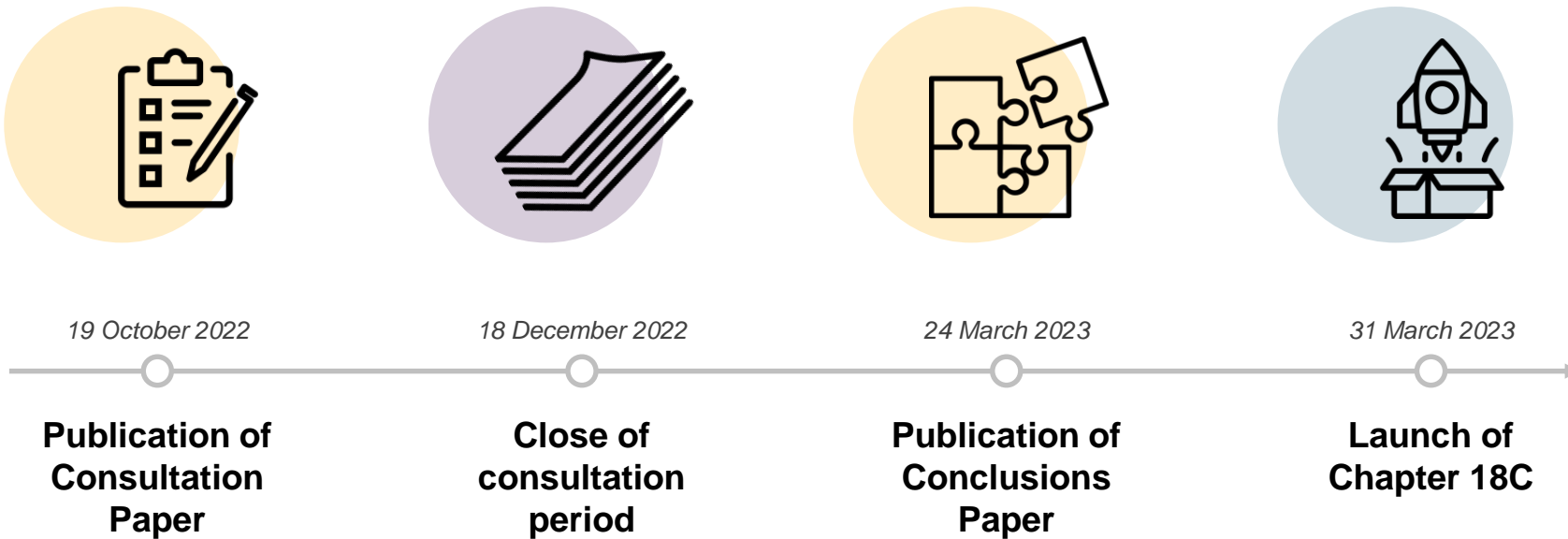
**Ms. Katherine Ng**, Head of Listing, HKEX

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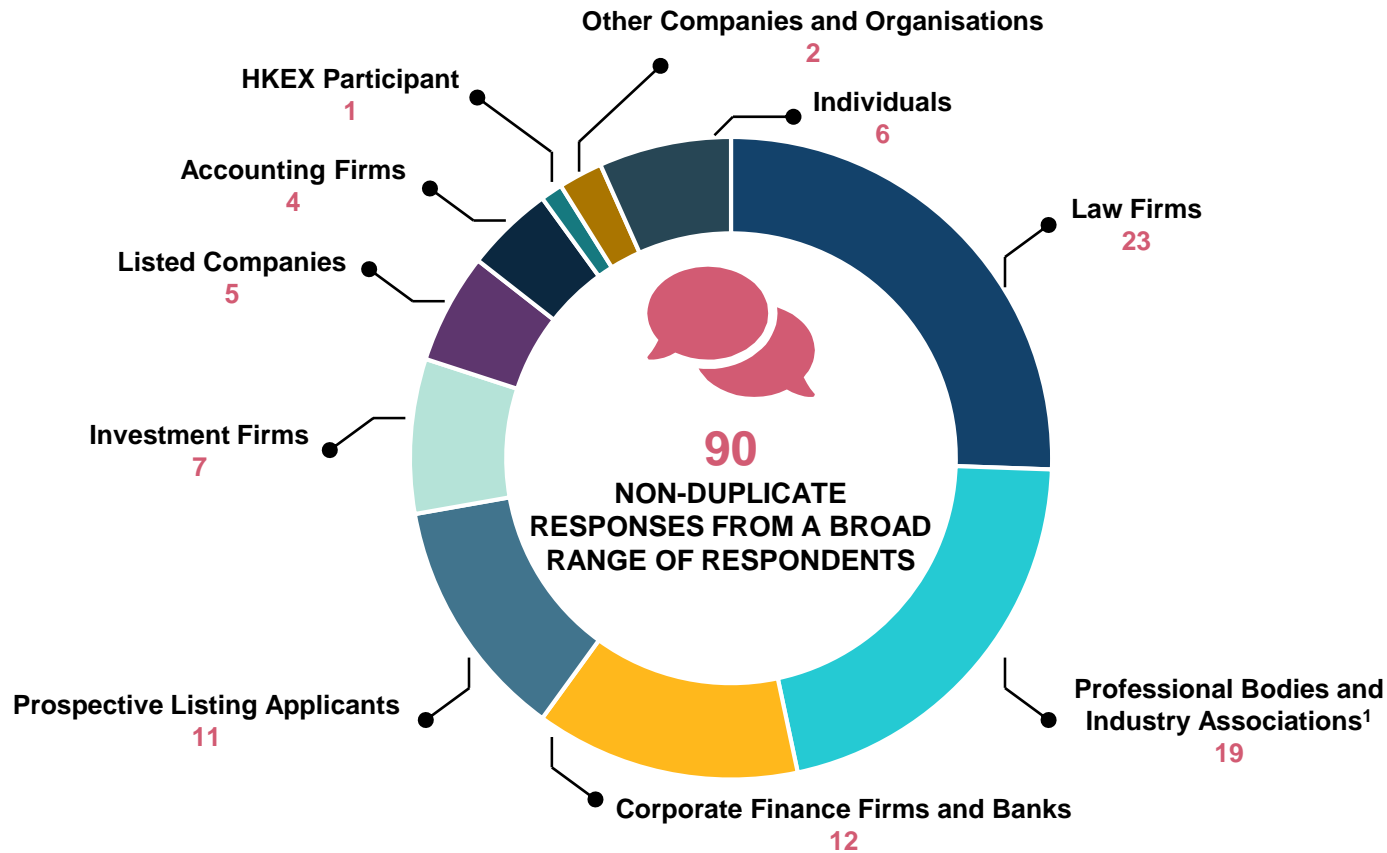
24 March 2023

**HKEX**  
香港交易所

# New Specialist Technology Company Listing Rules | *Roadmap*



# Market Feedback | Responses



1. Including an organisation that represents views from buy side and sell side investors

# Market Feedback | Key Comments



Most of the Consultation Proposals received a **majority support** from our respondents

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We have **adjusted** the new Rules to address respondents' concerns

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The new Rules will **not** compromise our **regulatory intentions**

## KEY AREAS OF AMENDMENTS

*Expected market capitalisation at the time of listing*

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*Research and development (R&D) expenditure ratio*

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*Meaningful investment from sophisticated independent investors*

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*Allocation of offer shares to independent price setting investors*

# Key Amendments | *Market Capitalisation*



## CONSULTATION PROPOSALS

### ***Minimum market capitalisation thresholds***

- *Commercial Companies: ≥ HK\$8 billion*
- *Pre-Commercial Companies: ≥ HK\$15 billion*



## REQUIREMENTS TO BE IMPLEMENTED

### ***Minimum market capitalisation thresholds***

- *Commercial Companies: ≥ HK\$6 billion*
- *Pre-Commercial Companies: ≥ HK\$10 billion*

# Key Amendments | *R&D Expenditure Ratio*



## CONSULTATION PROPOSALS

### ***Minimum R&D expenditure ratio thresholds***

- *Commercial Companies: ≥ 15%*
- *Pre-Commercial Companies: ≥ 50%*

### ***Period of application***

- Each of the three financial years prior to listing



## REQUIREMENTS TO BE IMPLEMENTED

### ***Minimum R&D expenditure ratio thresholds***

- Alternative threshold for Pre-Commercial Companies in early commercialisation phase (i.e. those with revenue between HK\$150M and HK\$250M): ≥ 30%

### ***Period of application***

- On a yearly basis for at least two of the three financial years prior to listing; *and*
- On an aggregate basis over all three financial years prior to listing

# Key Amendments | *Meaningful Third Party Investment*



## CONSULTATION PROPOSALS

### *Indicative benchmark for Pathfinder SII<sup>1</sup> investment*

- At least two Pathfinder SIIs, each holding  $\geq 5\%$  of an applicant's issued share capital as at the date of listing application and throughout the pre-application 12-month period



## REQUIREMENTS TO BE IMPLEMENTED

### *Indicative benchmark for Pathfinder SII investment*

- Two to five Pathfinder SIIs that:
  - (a) in aggregate hold  $\geq 10\%$  of an applicant's issued share capital as at the date of listing application and throughout the pre-application 12-month period; or
  - (b) otherwise have invested an aggregate sum of  $\geq$  HK\$1.5 billion in the applicant at least 12 months prior to the date of listing application<sup>2</sup>;
- **Provided that** at least two such Pathfinder SIIs:
  - (a) each hold  $\geq 3\%$  of an applicant's issued share capital as at the date of listing application and throughout the pre-application 12-month period; or
  - (b) otherwise each have invested  $\geq$  HK\$450 million in the applicant at least 12 months prior to the date of listing application<sup>2</sup>.

# Key Amendments | Allocation to Independent Price Setting Investors



## CONSULTATION PROPOSALS

- Require  $\geq 50\%$  of offer shares to be taken up by “Independent Institutional Investors”
- Define “Independent Institutional Investors” as Institutional Professional Investors<sup>1</sup> that satisfy the independence requirement<sup>2</sup>



## REQUIREMENTS TO BE IMPLEMENTED

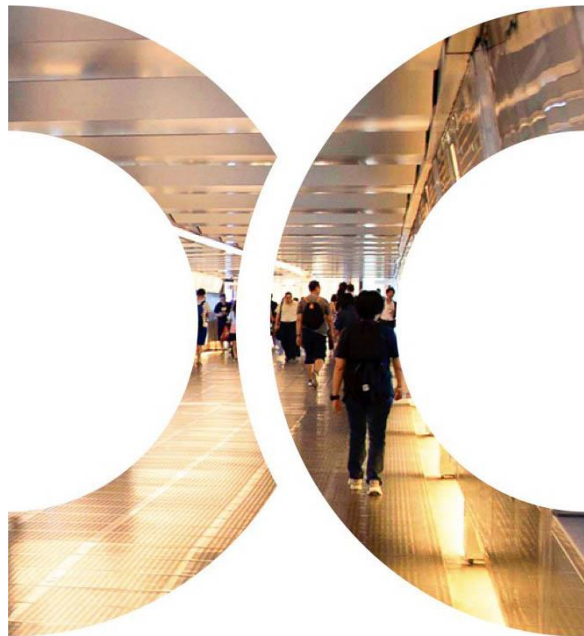
- Require  $\geq 50\%$  of offer shares to be taken up by “Independent Price Setting Investors”
- Define “Independent Price Setting Investors” to comprise (i) Institutional Professional Investors; and (ii) other types of investors with AUM, fund size or investment portfolio size of at least HK\$1 billion that satisfy the same independence requirement



1. Persons falling under paragraphs (a) to (j) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance.  
2. A person will not be considered independent for the purpose of this requirement if it is (a) an existing shareholder of the applicant, or a close associate of an existing shareholder; or (b) a core connected person of the applicant.



# Implementation



## PRE-IPO ENQUIRIES

Companies and sponsor may **now** submit formal pre-IPO enquiries regarding the interpretation of the Rules



## RULES IMPLEMENTATION

The Rules and the Guidance Letter on Specialist Technology Companies will come into effect on **31 March 2023**



## FORMAL APPLICATION

Companies may submit a formal application for listing under Chapter 18C on or after **31 March 2023**

# Q & A

