

March 28, 2023

SEHK Launches New Listing Regime for Specialist Technology Companies

1. INTRODUCTION

On March 24, 2023, the Stock Exchange of Hong Kong Limited (“*Exchange*” or “*SEHK*”) published the consultation conclusions (“*Consultation Conclusions*”) after considering market feedback on its proposal to allow the listing of Specialist Technology Companies on the Main Board of the Exchange (“*STC Regime*”). The STC Regime would be implemented through introducing the new Chapter 18C to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“*Hong Kong Listing Rules*”) which will take effect from March 31, 2023.

The STC Regime represents a further change to the listing regime in Hong Kong following on from changes in 2018 allowing the listing of pre-revenue biotech companies (“*Biotech Companies*”), issuers with weighted voting rights (“*WVR*”) and qualified overseas listed issuers, as well as earlier in 2022 the introduction of the SPAC (special purpose acquisition companies) regime.

The STC Regime targets companies (“*Specialist Technology Companies*”) primarily engaged in the research and development (“*R&D*”) of, and the commercialization and/or sales of, products and services (“*Specialist Technology Products*”) which apply science and technology to the following specialist technology industries (“*Specialist Technology Industries*”):

- next-generation information technology;
- advanced hardware and software;
- advanced materials;
- new energy and environmental protection; and
- new food and agriculture technologies.

The Exchange acknowledges that many Specialist Technology Companies face difficulties listing in Hong Kong due to their inability to meet the existing profit, revenue or cash flow eligibility requirements,

notwithstanding their high growth potential and valuations. The STC Regime aims to open access to the Hong Kong capital market for such Specialist Technology Companies to meet their fundraising needs and to introduce more innovative and new economy companies to list on the Exchange.

Proposals set out in the consultation paper have been broadly implemented, with some amendments to relax the eligibility criteria to enhance the appeal of the STC Regime to potential listing applicants. Key modifications to the consultation proposals include (i) lowering of the minimum market capitalization requirements; (ii) adjustment of the requisite R&D expenditure ratio; (iii) allowing greater flexibility in satisfying the investment requirement of Pathfinder SIs (as defined below); and (iv) broadening of the types of independent investors that will be taken into account for the requirement of minimum allocation of the shares at listing to ensure a robust price discovery process. Details of the relevant rules and guidance are set out below.

2. THE STC REGIME

The key features of the STC Regime are set out below.

2.1 Qualifications for Listing

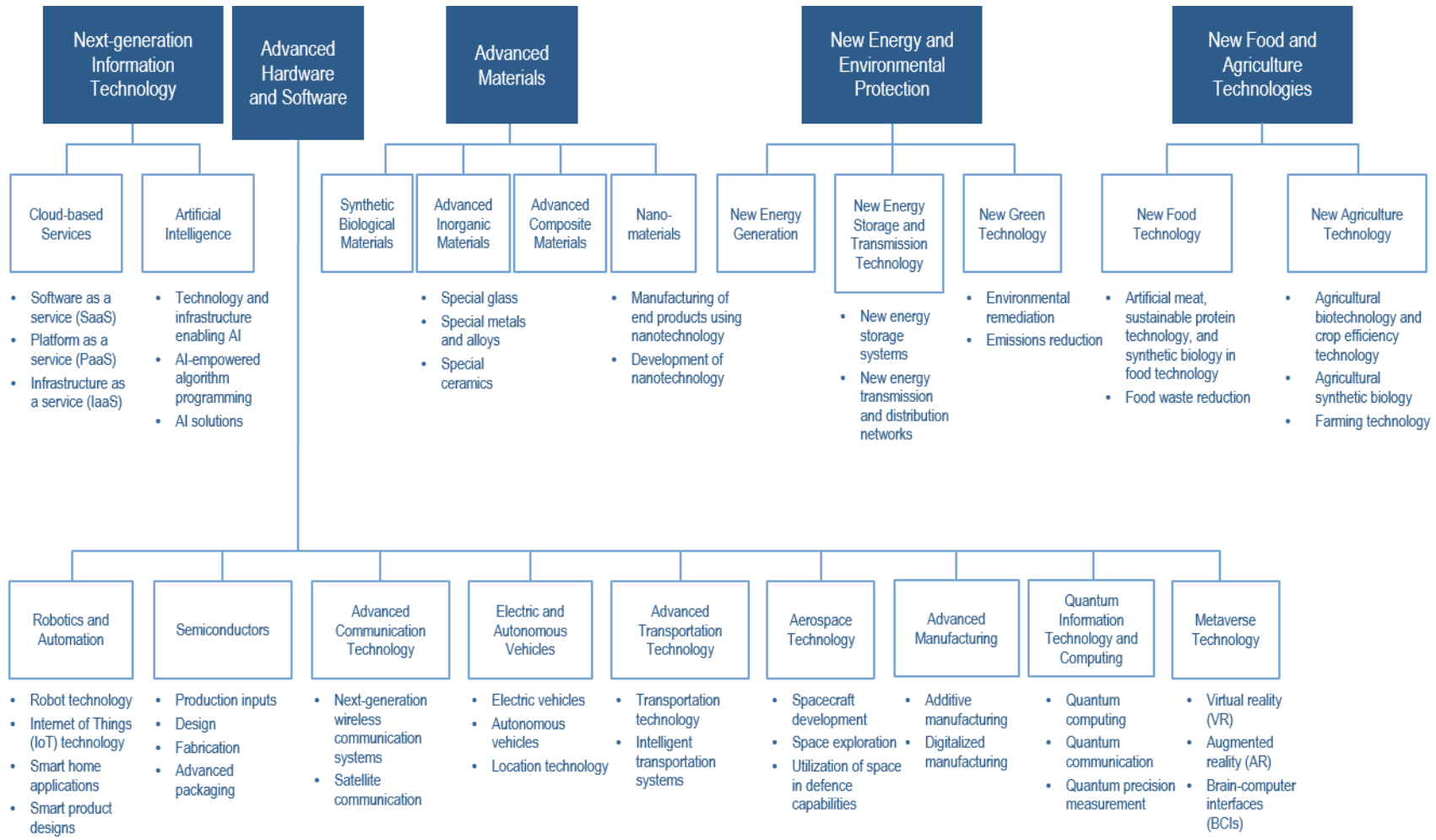
(a) A Non-Exhaustive List of Specialist Technology Industries and Acceptable Sectors

A new applicant seeking to list under the STC Regime must be a company primarily engaged¹ in the R&D and the commercialization and/or sales of Specialist Technology Products within an acceptable sector of the Specialist Technology Industries as set out below:²

¹ For this purpose, the Exchange will adopt a holistic approach and take into account, among others, (i) whether a substantial portion of the total operating expenditure and senior management resources was dedicated to the R&D of, and the commercialization and/or sales of, the Specialist Technology Product(s) for at least three financial years prior to listing; (ii) whether the basis for investors' valuation and expected market capitalization are based primarily on the Specialist Technology business; (iii) whether the proposed use of proceeds for listing would primarily be applied to the Specialist Technology business; (iv) the proportion of the revenue (if any) generated by the Specialist Technology business segment(s) relative to the total revenue of the company; and (v) the reason for retaining the non-Specialist Technology business segment(s) and the history of the company's operations.

² Biotech Companies relying on a regulated product as the basis of a listing application must submit an application under Chapter 18A of the Hong Kong Listing Rules. Where such Biotech Company fails to satisfy the requirements under Chapter 18A and the relevant guidance, it is not permitted to submit an application under the STC Regime. However, a company in the biotech industry that does not base its listing application on a regulated product may apply to list under the STC Regime as long as it meets the definition of a Specialist Technology Company.

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The definition and scope of Specialist Technology Industries and acceptable sectors are intended to be broad and non-exhaustive, as the Exchange intends to update the list from time to time given the ever-evolving nature of technology. An applicant falling outside the list may still be considered as being within an acceptable sector of the Specialist Technology Industries if it can demonstrate that:³

- it has high growth potential;
- its success can be demonstrated to be attributable to the application, to its core business, of new technologies and/or application of the relevant science and/or technology within that sector to a new business model, which differentiates it from traditional market participants serving similar consumers or end users (“**Technological Component**”); and
- R&D significantly contributes to its expected value and constitutes a major activity and expense.

(Together, the “**Key Principles**”)

Recognizing that the success of a Specialist Technology Company would often be attributed to the successful commercialization of the core technology rather than the innovativeness of the technology itself, the Exchange does not intend to limit eligible participants only to those with “leading-edge” technologies and is minded to adopt a more inclusive approach in terms of the maturity of technology. Instead, the Exchange retains the discretion to reject a listing application from an applicant within an acceptable sector if it displays attributes inconsistent with the Key Principles, provided that in such context, in respect of the Technological Component, the applicant is only required to demonstrate its success being attributable to the application of the relevant Specialist Technology, instead of a “new” technology or business model.

(b) **Categorization of Commercial and Pre-Commercial Companies**

The Specialist Technology Companies would be divided into two categories, namely:

- **Commercial Companies**, being Specialist Technology Companies that have achieved meaningful commercialization of their Specialist Technology Products (as indicated by their revenue achieving a minimum threshold); and
- **Pre-Commercial Companies**, being Specialist Technology Companies that are primarily engaged in R&D to bring their Specialist Technology Products to commercialization or have not yet achieved the minimum revenue threshold.

Additional requirements will apply to Pre-Commercial Companies due to the heightened risks associated with them, including the risk that they will not be able to commercialize their products to achieve the Commercialization Revenue Threshold (see below), the higher risk of corporate failure due to a lack of funding and the risks of share price volatility and trading illiquidity.

³ Such applicants must submit a pre-IPO enquiry to the Exchange to seek confidential guidance on whether it can be considered as within an acceptable sector of the Specialist Technology Industries before submitting a listing application under the STC Regime.

(c) Suitability Requirements

The table below summarizes the key requirements for listing applications of Commercial Companies and Pre-Commercial Companies, respectively:

Subject	Suitability Requirements	
	Commercial Companies	Pre-Commercial Companies
Expected market capitalization	<ul style="list-style-type: none"> ≥ HK\$6 billion (≈US\$770 million) at the time of listing 	<ul style="list-style-type: none"> ≥ HK\$10 billion (≈US\$1.3 billion) at the time of listing
Revenue	<ul style="list-style-type: none"> ≥ HK\$250 million (≈US\$32 million) arising from the company's Specialist Technology business segment(s) for the most recent audited financial year ("Commercialization Revenue Threshold") Year-on-year growth of revenue arising from the Specialist Technology business segment(s) throughout the track record period with allowance for temporary declines subject to appropriate disclosures to demonstrate the reasons for and remedial steps taken to address such downward trend 	No requirement
R&D	<ul style="list-style-type: none"> Engaged in R&D for at least three financial years prior to listing 	
	<p>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:</p> <ul style="list-style-type: none"> R&D expenditure constitutes ≥ 15% of total operating expenditure 	<p>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:</p> <ul style="list-style-type: none"> For Pre-Commercial Companies with revenue ≥ HK\$150 million, R&D expenditure constitutes ≥ 30% of total operating expenditure For Pre-Commercial Companies with revenue < HK\$150 million, R&D expenditure constitutes ≥ 50% of total operating expenditure
Management continuity	<ul style="list-style-type: none"> At least three financial years of operation under substantially the same management prior to listing⁴ 	

⁴ The Exchange may accept a shorter trading record of at least two financial years in exceptional circumstances, in line with LR8.05B(3).

Subject	Suitability Requirements	
	Commercial Companies	Pre-Commercial Companies
Ownership continuity	<ul style="list-style-type: none"> Ownership continuity and control in the 12 months prior to the date of the listing application, and up until the time immediately before the offering and/or placing becomes unconditional 	
Additional qualification requirements for Pre-Commercial Companies	Not applicable	<ul style="list-style-type: none"> Demonstrate a “credible path to achieving the Commercialization Revenue Threshold” (see below) Working capital (including the expected IPO proceeds) available to cover at least 125% of its group’s costs (which must substantially consist of general, administrative and operating costs and R&D costs) for at least the next 12 months
Use of Proceeds	Not applicable	<ul style="list-style-type: none"> R&D of, and the manufacturing and/or sales and marketing of, its Specialist Technology Product(s) to bring them to commercialization and achieving the Commercialization Revenue Threshold
Third-party investment	<ul style="list-style-type: none"> Meaningful investment from Pathfinder SIIIs <u>and</u> all Sophisticated Independent Investors: <ul style="list-style-type: none"> Investment Benchmark for Pathfinder SIIIs: 2-5 Sophisticated Independent Investors (see below) (“<i>Pathfinder SIIIs</i>”) that satisfy the following: <ul style="list-style-type: none"> up to 5 Pathfinder SIIIs in aggregate who (1) hold shares or securities convertible into shares at or before listing equivalent to $\geq 10\%$ of the issued share capital as at the date of its listing application and throughout the pre-application 12-month period; or (2) have otherwise invested \geq HK\$1.5 billion in the shares or securities convertible into shares at least 12 months prior to the date of the listing application (excluding any subsequent divestments made on or before the listing application date); and at least 2 such Pathfinder SIIIs, (1) each holding shares or securities convertible into shares at or before listing equivalent to $\geq 3\%$ of the issued share capital of the applicant as at the date of its listing application and throughout the pre-application 12-month period; or (2) each having otherwise invested \geq HK\$450 million in the shares or securities convertible into shares at least 12 months prior to the date of the listing application (excluding any subsequent divestments made on or before the listing application date) 	

Subject	Suitability Requirements			
	Commercial Companies		Pre-Commercial Companies	
	<ul style="list-style-type: none"> Investment Benchmark for all Sophisticated Independent Investors: as at the time of listing, at least the following aggregate investment from all Sophisticated Independent Investors in form of shares or securities convertible into shares at or before listing: 			
	Commercial Companies		Pre-Commercial Companies	
	Expected market capitalization (HK\$)	Min. total investment (as % of issued share capital) before exercise of any over-allotment option	Expected market capitalization (HK\$)	Min. total investment (as % of issued share capital) before exercise of any over-allotment option
	≥ 6bn to < 15bn	20%	≥ 10bn to < 15bn	25%
	≥ 15bn to < 30bn	15%	≥ 15bn to < 30bn	20%
	≥ 30bn	10%	≥ 30bn	15%

Sophisticated Independent Investors

The Exchange will assess whether an investor is “sophisticated” by reference to its relevant investment experience, knowledge and expertise in the relevant field to be demonstrated by its net assets, assets under management (“**AUM**”), size of its investment portfolio or track record of investments. An investor will generally be regarded as “sophisticated” if it meets one or more of the following criteria:

Investor type	Criteria
Asset management firm / fund / company	(i) AUM / Fund size / Investment portfolio ⁵ ≥ HK\$15 billion; or
	(ii) AUM / Fund size / Investment portfolio ≥ HK\$5 billion derived primarily from Specialist Technology investments
Key participant in relevant upstream or downstream industry	With a meaningful market share and size, as supported by appropriate independent market or operational data

The Exchange may still consider investors of a type that is not included in the illustrative examples above as sophisticated, on a case-by-case basis, having regard to the specific circumstances of an applicant. In

⁵ Measured by aggregate value of investments in investee companies (excluding consolidated subsidiaries). The Exchange is also prepared to consider other measures of investment values that may not be reflected in the investor’s financial statements, such as the fair value of an investment supported by an independent valuation.

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such situations, the applicant should demonstrate, in the particular circumstances of its individual case, that these investors have relevant investment experience, knowledge and expertise.

A sophisticated investor is not independent if, subject to the Exchange's discretion, as at the date of signing of the definitive agreement for the relevant investment in the applicant, and up to listing, it is a controlling shareholder, a core connected person⁶ (other than by virtue of it being a substantial shareholder) or a founder (and its close associates) of the applicant.

R&D Expenditures

The Exchange expects that the amount of R&D expenditure for a period includes costs that are directly attributable to the applicant's R&D activities during the period. Development costs that have been capitalized as intangible assets for accounting purposes will still qualify as R&D expenditures. Apart from the above, the Exchange further expects the amount of R&D expenditure to primarily comprise: (i) costs of personnel engaged in R&D activities; (ii) depreciation, service fees or other directly attributable costs of equipment or facilities used in R&D activities; (iii) amortization of intangibles used in R&D activities (to the extent the related R&D costs being capitalized as intangibles have not already been included); and (iv) costs of materials consumed in R&D activities. The R&D expenditure should also include the costs of R&D conducted by others on the applicant's behalf (e.g. consulting or testing fees). Nevertheless, any initial recognition of fixed assets relating to the company's R&D activities (e.g., capital expenditures for acquiring an R&D center) and expense of a finance nature would not qualify as R&D expenditure.

Credible Path to Achieving the Commercialization Revenue Threshold

To demonstrate a credible path to achieving the Commercialization Revenue Threshold, a Pre-Commercial Company is expected to explain and disclose the timeframe for, and impediments to, achieving the Commercialization Revenue Threshold. Such disclosure needs to be supported by credible evidence such as binding contracts or non-binding framework agreements for testing or sales of the Specialist Technology Product(s) with a reasonable number of independent⁷ customers. The Exchange expects that a substantial potential aggregate contract value will be realizable within 24 months from the date of listing although the Exchange may, under exceptional circumstances, accept an expected timeframe of more than 24 months, in which case any independent customer engaged in such arrangement must also be a highly reputable

⁶ Being a director, chief executive (or supervisor in the case of a company incorporated in the People's Republic of China) or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them.

⁷ A customer is not independent if it is the applicant's controlling shareholder, core connected person (other than by virtue of it being a substantial shareholder), founder, or founder(s)' close associate. The Exchange may also deem any person to be not independent (e.g. a person who is acting in concert with the founder(s) or controlling shareholders of the applicant).

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customer.⁸ Notwithstanding the above, if, given a Pre-Commercial Company's specific circumstances, a credible path to achieving the Commercialization Revenue Threshold cannot be demonstrated through binding contracts or non-binding framework agreements, the Exchange may consider the demonstration of such path through other means. For example, for a Pre-Commercial Company targeting retail customers with whom it may not directly enter into contracts, it may demonstrate a credible path by reference to the number of retail customers indicating their interests in the Company's Specialist Technology Products through confirmed orders.

If the applicant's working capital (after taking into account the listing proceeds) is insufficient to meet its needs before it achieves the Commercialization Revenue Threshold, it must disclose the funding gap and its plans to further finance its path to achieving the Commercialization Revenue Threshold after listing.

The Exchange will adopt a holistic approach taking into account all information provided and relevant circumstances to exercise its full discretion to determine whether a credible path to achieving the Commercialization Revenue Threshold is demonstrated by the applicant.

Specialist Technology Companies with a WVR structure

If Specialist Technology Companies with a WVR structure wish to apply for a listing under the STC Regime, they may do so and retain their WVR structure if they also comply with the existing WVR requirements. Accordingly, a Specialist Technology Company applicant with a WVR structure must meet a minimum market capitalization threshold of either HK\$40 billion or HK\$10 billion (if it has at least HK\$1 billion revenue in its last audited financial year). Each WVR beneficiary must also be materially responsible for the growth of the business of the applicant and the applicant must demonstrate a track record of high business growth and that its high-growth trajectory is expected to continue.

2.2 Offering Requirements

(a) Minimum allocation to Independent Price Setting Investors

In addition to meeting the existing requirements on public float, applicants shall ensure that at least 50% of the total number of shares offered shall be allocated to Independent Price Setting Investors⁹ that participate in the placing tranche of the offering (whether as cornerstone investor or otherwise). The placee list to be submitted to the Exchange before listing of the applicant must set out, among other things, the identification

⁸ Being (i) a key participant in the relevant upstream or downstream industry with meaningful market share and size, as supported by appropriate independent market or operational data; or (ii) a State or State corporation (as defined under the Hong Kong Listing Rules).

⁹ Includes (i) Institutional Professional Investors (as defined under the Hong Kong Listing Rules); and (ii) other types of investors with AUM, fund size or investment portfolio size of at least HK\$1 billion, and excludes existing shareholders of the applicant and any of their close associates, and core connected persons of the applicant.

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of each placee who falls within the definition of an Independent Price Setting Investor to ensure compliance with the allocation requirements.

The initial retail allocation and clawback mechanism is to be revised as follows:

	Initial	No. of times (x) of over-subscription in the public tranche	
		more than 10x but less than 50x	more than 50x
Minimum allocation to retail investors as % of total shares offered in IPO	5%	10%	20%

(b) Free float and offer size; Subscription of IPO shares by existing shareholders

Minimum free float: Applicants shall ensure a minimum free float (being shares listed on the Exchange and not subject to any disposal restrictions, regulatory or contractual) of at least HK\$600 million at the time of listing.

Meaningful offer size: The Exchange expects that the listing of a Specialist Technology Company is accompanied by an offer (including both the placing tranche and the public subscription tranche) of a meaningful size. The Exchange reserves the right not to approve the listing if the offer size is not significant enough to facilitate price discovery, or otherwise gives rise to orderly market concerns.

Liquidity arrangements for applicants listed on another stock exchange: To ensure that the trading of the securities for which listing is sought is conducted in a fair and orderly manner, irrespective of whether their listings in Hong Kong are accompanied by an offer, applicants with securities listed on another stock exchange (which are, or represent, shares in the same class as the shares for which listing is sought on the Exchange) must have due regard to whether there will be an open market in the securities for which listing is sought and, where necessary, must make appropriate arrangements to facilitate the liquidity of their shares to meet Hong Kong market demand. In the case of a listing accompanied by an offer, this will also be one of the factors that the Exchange will take into account when assessing whether the offer size may give rise to orderly market concerns.

Subscription of IPO shares by existing shareholders: Existing shareholders of a Specialist Technology Company are allowed to participate in its IPO provided that the company complies with the public float requirements under the Hong Kong Listing Rules, the minimum free float and the requirements on allocation to Independent Price Setting Investors as mentioned above. Existing shareholders holding less than 10% of shares in the applicant may subscribe as either a cornerstone or a placee. Existing shareholders of the applicant holding 10% or more of shares in the applicant may subscribe as a cornerstone only.

(c) Prospectus disclosures

To facilitate investors' assessment of the financial position and prospects of applicants, certain additional disclosures are required in the listing document, including:

- pre-IPO investments and implied pre- and post-money valuations and any material fluctuations;
- historical and future burn rates;
- historical and future cash operating costs;
- products, their development timetable and commercialization status and prospects, as well as the technical capabilities and commercial viability of the technology applied;
- addressable market, and the current and expected market shares, and to provide information on the applicant's market position within the relevant industry;
- business model information, including whether it is subscription-based or transaction-based;
- R&D expenditures and experience and specific risks;
- industry-specific standards and competent authority requirements, where applicable; and
- intellectual property granted and applied for.

In addition, an applicant must make disclosures to demonstrate that it meets the definition of a Specialist Technology Company, the suitability and eligibility criteria and the requirements for listing under the STC Regime. Examples of such disclosures include: (i) the Specialist Technology Industry and the acceptable sector that it falls within; and (ii) the identity, timing of investment, shareholding and/or investment amount (where applicable) of the relevant Sophisticated Independent Investors for the purpose of the third-party investment requirements.

Pre-Commercial Companies are also required to disclose the key stages and milestones for their key Specialist Technology Product(s) to achieve the Commercialization Revenue Threshold.

(d) Sponsor's due diligence

No change is implemented to the scope of sponsors' duties in the context of the listing of Specialist Technology Companies.

2.3 Post-IPO Lock-Up Requirements

To align the economic interests of key persons and investors in the Specialist Technology Company with those of other shareholders and incentivize their ongoing involvement in the company to achieve its commercialization plans, such persons and their respective close associates are subject to a more stringent and extensive lock-up period as set out below.

Person(s)	Lock-up Period	
	Commercial Companies	Pre-Commercial Companies
Controlling shareholders	12 months	24 months
The key persons of a Specialist Technology Company, comprising the following persons (“ Key Persons ”): a. founder(s) (including the founding member(s) of key operating subsidiaries of the Specialist Technology Company) b. the WVR beneficiaries (if the Specialist Technology Company is to be listed with a WVR structure) c. executive directors and senior management d. key personnel responsible for the Specialist Technology Company’s technical operations and/or the R&D of its Specialist Technology Product(s) ¹⁰	12 months	24 months
Pathfinder SII ¹¹	6 months	12 months

3. COMPARATIVE STUDY OF THE STC REGIME

In designing and structuring the STC Regime, with a view to striking the right balance between upholding market quality and creating a commercially viable regime that meets the fundraising needs of innovative and new economy companies, the Exchange has referred to the qualification requirements of Specialist Technology Companies in comparable jurisdictions such as stock exchanges in the United States and Mainland China. The five Specialist Technology Industries largely mirror the six industries that emerged as the key areas of the Shanghai Stock Exchange Science and Technology Innovation Board (“**STAR Market**”), adjusted to fit the Hong Kong market.

¹⁰ In determining whether a person is a key personnel, an applicant should consider factors including the shareholding of such personnel, his/her remuneration relative to other R&D staff, and his/her seniority.

¹¹ If an applicant has more than the required number of Sophisticated Independent Investors that meet the minimum investment benchmarks for Pathfinder SII, it would be free to decide, on a commercial basis, which of these investors are to be designated as the Pathfinder SII, who will then be subject to the lock-up restrictions.

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To illustrate the opportunities brought about by the STC Regime, we have set out in Appendix I a comparison of the key listing requirements¹² between (a) the traditional listing route for SEHK Main Board, (b) the STAR Market, (c) NASDAQ and (d) the STC Regime.

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¹² For the financial eligibility tests, the listing requirements comparison focuses on non-profit based criteria.

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Appendix I

	SEHK Main Board (Traditional listing route)		STAR Market (For domestic enterprises without a WVR structure)	NASDAQ			STC Regime	
	Market Capitalization / Revenue	Market Capitalization / Revenue / Cash Flow	Market Capitalization / Revenue / Cash Flow / R&D	Global Select Market	Global Market	Capital Market	Commercial Companies	Pre-Commercial Companies
Trading record	≥ 3 financial years		≥ 3 financial years	N/A	(a) Equity Standard: 2 years	(a) Equity Standard: 2 years	≥ 3 financial years	
Market capitalization at listing	≥ HK\$4bn	≥ HK\$2bn	<p><u>Listing Criterion 2:</u> ≥ RMB1.5bn (HK\$1.8bn)</p> <p>OR</p> <p><u>Listing Criterion 3:</u> ≥ RMB2bn (HK\$2.4bn)</p> <p>OR</p> <p><u>Listing Criterion 4:</u> ≥ RMB3bn (HK\$3.6bn)</p> <p>OR</p> <p><u>Listing Criterion 5:</u>¹³ ≥ RMB4bn (HK\$4.8bn)</p>	<p><u>Standard 2 - Cap with Cash Flow:</u> Average of ≥ US\$550mn (HK\$4.3bn) over past 12 months</p> <p>OR</p> <p><u>Standard 3 - Cap with Revenue:</u> Average of ≥ US\$850mn (HK\$6.6bn) over past 12 months</p> <p>OR</p> <p><u>Standard 4 - Assets with Equity:</u> ≥ US\$160m (HK\$1.2bn) + total assets of ≥ US\$80mn (HK\$624mn) and stockholders' equity of ≥ US\$55mn (HK\$429mn)</p>	<p>(a) Equity Standard: Market value of publicly held shares of ≥ US\$18mn (HK\$133mn) + Stockholders' equity of ≥ US\$30mn (HK\$234mn)</p> <p>OR</p> <p>(b) Market Value Standard: ≥ US\$75mn (HK\$585mn) + Market value of publicly held shares of ≥ US\$20mn (HK\$156mn)</p> <p>OR</p> <p>(c) Total Assets / Total Revenue Standard: Market value of publicly held shares of ≥ US\$20mn (HK\$156mn)</p>	<p>(a) Equity Standard: Market value of publicly held shares of ≥ US\$15mn (HK\$117mn) + Stockholders' equity of ≥ US\$5m (HK\$39mn)</p> <p>OR</p> <p>(b) Market Value of Listed Securities Standard: Market value of publicly held shares of ≥ US\$15mn (HK\$117mn) + Stockholders' equity of ≥ US\$4mn (HK\$31.2mn) + Market value of listed securities of ≥ US\$50mn (HK\$390mn)</p>	≥ HK\$6bn	≥ HK\$10bn
Revenue for the most recent year	≥ HK\$500mn		<p><u>Listing Criterion 2:</u> ≥ RMB200mn (HK\$240mn)</p> <p>OR</p>	<p><u>Standard 2 - Cap with Cash Flow:</u> ≥ US\$110mn (HK\$858mn)</p>	<p>(c) Total Assets / Total Revenue Standard:</p>	N/A	≥ HK\$250mn	N/A

¹³ Listing criterion 5 is only available for products and businesses that are required to be approved by national government authorities, will have a big market and have achieved initial progress.

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	SEHK Main Board (Traditional listing route)		STAR Market (For domestic enterprises without a WVR structure)	NASDAQ			STC Regime	
							Commercial Companies	Pre-Commercial Companies
			<p><u>Listing Criterion 3:</u> ≥ RMB300mn (HK\$360mn)</p> <p>OR</p> <p><u>Listing Criterion 4:</u> ≥ RMB300mn (HK\$360mn)</p> <p>OR</p> <p><u>Listing Criterion 5:</u> nil</p> <p>Except for Listing Criterion 5, for all other listing criteria, the compound annual revenue growth rate for the most recent three years must be ≥ 20%, or the revenue for the most recent year must be ≥ RMB300mn (HK\$360mn)</p>	<p>OR</p> <p><u>Standard 3 - Cap with Revenue:</u> ≥ US\$90mn (HK\$702mn)</p>	<p>Total assets and total revenue of ≥ US\$57mm (HK\$585mn) each in the latest financial year, or in two of last three financial year</p>			
Net operating cash flow	N/A	≥ HK\$100m in aggregate for the three preceding financial years	<p><u>Listing Criterion 3 only:</u> ≥ RMB100mn (HK\$120mn) in aggregate for the last three years</p>	<p><u>Standard 2 - Cap with Cash Flow:</u> ≥ US\$27.5mn (HK\$215mn) for the three preceding financial years (positive for each year)</p>	N/A	N/A	N/A	N/A
R&D expenditure	N/A	N/A	<p><u>Listing Criterion 2:</u> ≥ 15% of total revenue for the last three years</p> <p>For all other listing criteria, aggregate R&D investments for the most recent three years must account for ≥5% of the aggregate revenue for the same period or at least RMB60mn for the same period. Additional R&D requirements apply in respect of R&D personnel and invention patents.</p>	N/A			<p>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: ≥ 15% of total operating expenditure</p>	<p>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: ≥ 30% of total operating expenditure for companies with</p>

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	SEHK Main Board (Traditional listing route)		STAR Market (For domestic enterprises without a WVR structure)	NASDAQ	STC Regime	
					Commercial Companies	Pre-Commercial Companies
						revenue ≥ HK\$150mn ≥ 50% of total operating expenditure for companies with revenue < HK\$150mn
Third-Party Investment Validation	N/A		N/A	N/A	Meaningful investment from a group of two to five Sophisticated Independent Investors at least 12 months prior to listing application (Pathfinder SIIIs) AND Aggregate investment from all Sophisticated Independent Investors able to meet the staggered thresholds corresponding to the applicant's market capitalization	
Post-Listing Lock-Up Periods						
Controlling Shareholder	12 months	36 months	Typically between 90 to 180 days		12 months	24 months
Key Persons	N/A	12 months			12 months	24 months
Pathfinder SIIIs	N/A	12 months			6 months	12 months
Other Pre-IPO Investors	N/A	12 months			N/A	N/A
Cornerstone	6 months	12 months (for strategic investors)			6 months	6 months