

HKEx published Consultation Paper for Specialist Technology Companies Listing

The Stock Exchange of Hong Kong Ltd. (“HKEx” or the “Exchange”) published a consultation paper on 19 October 2022, seeking public feedback on proposals to expand Hong Kong’s existing listing regime to permit listings of Specialist Technology Companies. The consultation period will end on 18 December 2022.

Acceptable Sectors

The regime is designed to enable Specialist Technology Companies in five frontier industries to list on the Hong Kong bourse. The Exchange will update its guidance on Specialist Technology Industries and acceptable sectors from time to time, as necessary. The Specialist Technology Industries and acceptable sectors as proposed in the consultation paper are listed below:

Advanced Hardware

- robotics and automations
- semiconductors
- advanced communication technology
- electric and autonomous vehicles
- advanced transportation technology
- aerospace technology
- advanced manufacturing
- quantum computing
- metaverse technology

Advanced Materials

- synthetic biological materials
- smart glass
- nanomaterials

Next-generation Information Technology

- cloud-based services
- artificial intelligence

New Energy and Environmental Protection

- new energy generation
- new energy storage and transmission technology
- new green technology

New Food and Agriculture Technologies

- new food technology
- new agriculture technology

Specialist Technology Companies would be divided into commercial and pre-commercial companies under the proposed new rules, with more stringent rules for the latter due to inherent risk concerns.

Qualification for Listing proposed by Consultation Paper

	Commercial Companies	Pre-Commercial Companies
Revenue	At least HK\$250 million arising from the company's Specialist Technology business segment(s) for the most recent audited financial year	Not applicable
Minimum expected market capitalization at the time of listing	HK\$8 billion	HK\$15 billion
Operational track record	At least three financial years of operation under substantially the same management prior to listing	
R&D	R&D investment constitutes at least 15% of total operating expenditure for each of the three financial years prior to listing	R&D investment constitutes at least 50% of total operating expenditure for each of the three financial years prior to listing
Third-party investment		
1. Number of Sophisticated Independent Investors at least 12 months prior to the date of listing application	At least two; and each holding such amount of shares of securities convertible into shares equivalent to 5% or more of the issued share capital of the listing applicant	
2. Aggregate investment from all Sophisticated Independent Investors	Depending on expected market capitalization at the time of listing, the minimum total investment ranges from 10% - 20% of issued share capital at the time of listing	Depending on expected market capitalization at the time of listing, the minimum total investment ranges from 15% - 25% of issued share capital at the time of listing
Path to achieving the Commercialisation Revenue Threshold	Not applicable	Demonstrate, and disclose in its listing document, a credible path to achieving the Commercialisation Revenue Threshold
Working capital	Not applicable	Have available working capital to cover at least 125% of its group's costs for at least the next 12 months

Qualification for Listing proposed by Consultation Paper

	Commercial Companies	Pre-Commercial Companies
Disclosure requirements	Additional disclosure requirements in the Listing Document include: (a) pre-IPO investments and cash flows; (b) products and commercialisation status and prospects; (c) R&D; (d) industry-specific information; and (e) intellectual property.	
Additional disclosure requirements	Not applicable	Disclose in its Listing Document the key stages and milestones for its Specialist Technology Product(s) to achieve the Commercialisation Revenue Threshold

How AVISTA can help

The consultation paper proposes that Specialist Technology Companies listing applicants are required to have substantial investment from Sophisticated Independent Investors, and to disclose the pre-IPO financing details in their listing applications. Business valuation plays an indispensable role across various stages of IPO preparation, especially for start-up companies. Specifically, business valuation quantifies the fair value of an entity and its shares, which assists management in keeping an eye on its intrinsic values and aligning with its financing and IPO targets.

Besides, investments in Specialist Technology Companies are often made in the form of complex financial instruments, including convertible bonds and preference shares, etc. Under the current requirements of accounting standards, the listing applicants are often required to perform fair value assessment on the financial instruments issued to the investors as of the financial reporting dates. Business valuation not only can assist the listing applicants to fulfill the accounting standards requirements but also help the listing applicants to examine other potential financial impacts of certain terms or conditions as stated in the agreements in advance.

As a leading professional business valuation firm in Hong Kong, AVISTA has extensive financial knowledge and experience in the valuation of business value, equity investments and complex financial instruments. Our valuation experts are ready to advise you on how to fulfil the valuation requirements under the proposed new rules in a cost-effective manner for preparation towards your IPO application.

For further information or enquiries regarding the potential valuation impact of the proposed new rules on your listing application, please feel free to contact us.

Contact Us



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