



Han Kun Newsletter

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Legal Updates

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1. Highlights of the Draft Measures for the Administration of Generative Artificial Intelligence Services

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Generative AI has become a worldwide sensation recently with the launch of ChatGPT, Stable Diffusion, Midjourney, and other eye-catching products. Large language models such as ChatGPT have shown their phenomenal capacity for human language comprehension, human-machine interaction, text writing, programming, reasoning, etc. by generating output that is often on a par with the level of human intelligence, if not better. Despite this, however, the use of generative AI has raised concerns about privacy violations, trade secrets leakage, misinformation, information cocoons, cybercrimes, and other potential risks, which has aroused global attention and regulatory responses in different countries and regions. For instance, Garante, Italy's data privacy watchdog, has imposed a nationwide ban on using ChatGPT due to privacy violation concerns. Following this trend, on April 11, 2023, the Cyberspace Administration of China ("CAC") issued an exposure draft of the *Measures for the Administration of Generative Artificial Intelligence Services* (the "**Draft Measures**"), which is open for public comments until May 10, 2023. The Draft Measures, consisting of 21 articles, begin by clarifying its administrative objectives of facilitating healthy development and regulated application of generative artificial intelligence services, leaving space for further policies to regulate the development and use of generative AI. In this commentary, we summarize and comment on key aspects covered by the Draft Measures, the challenges they may pose in practice, and our suggestions to address those challenges.

Scope of application: services to "the public in the territory of the [PRC]"

The scope of application of the Draft Measures is presented in Article 2, which is: "the research, development, and utilization of generative AI products to provide services to the public in the territory of the [PRC]". For the purpose of the Draft Measures, "generative AI" refers to "technologies that build on algorithms, models, and rules and are used for producing texts, images, audio, videos, codes, and other forms of content". Therefore, the Draft Measures, once adopted, will apply to popular generative AI products such as ChatGPT, Google Bard, Stable Diffusion, and Midjourney, as well as large language models rolled out by Chinese tech giants. A question invited by this provision is how to understand the part of "providing services to the public in the territory of the [PRC]". In our opinion, considering the meaning of the provision *per se* and the overall legislative purpose, the Draft Measures should apply to all providers that offer generative AI services to customers in China, regardless of whether the providers themselves are located in or outside China, and regardless of whether they provide services directly to end users or indirectly by linking to services from other carriers.

AIGC regulation

The Draft Measures also emphasize the regulation of AI-generated content ("**AIGC**") and ideological

¹ Han Kun intern Yuxin XIANG also contributed to this legal commentary.

security, with a focus on the following aspects.

- **Service providers are responsible for AIGC security.** The Draft Measures stress that organizations and individuals (i.e., service providers) bear responsibility as the AIGC producer where they offer chat services and text, **image**, or audio generation or similar services by using generative AI products. In reality, however, a user may nonetheless find a means to create illegal or harmful content by using generative AI services. As such, it is debatable whether it is fair to hold a service provider responsible for AIGC outputs in all instances.
- **Generated content should be truthful and accurate.** Controversy has arisen regarding the requirement in the Draft Measures that “the content created by generative AI must be truthful and accurate, and measures shall be taken to prevent the generation of false information”. At present, it seems unavoidable that, sometimes, large language models such as ChatGPT deliver “confident nonsense”, a phenomenon known as an AI hallucination, which may derive from technological limitations such as divergences in the source content and errors in decoding by the transformer. Therefore, an overemphasis on the truthfulness and accuracy of generated content may impose onerous duties on service providers.
- **Measures to curb violative content.** Article 15 would require service providers to counteract generated content that is found to violate the Measures by means such as content screening, as well as retraining of the AI generator model for optimization within three months to prevent reproduction of such content. However, in practice, there might be hurdles to implement this provision given the existing technological bottlenecks which make it difficult to identify the origin of the violative content and to retrain the model in question to prevent such violative content.

In addition to model optimization, the Draft Measures impose more conventional, *ex post* obligations on service providers to curb violative content, which include: (1) taking measures to stop the generation of any text, image, audio, video or other content that, to their awareness or knowledge, has infringed upon others’ portrait rights, reputation rights, personal privacy, trade secrets, or that has violated any requirement of the Measures, as a way to discontinue the harm caused thereby; (2) suspending or terminating services to users who they find have violated relevant laws and regulations, business ethics or social morals in the course of using their generative AI products, namely users who have committed acts such as social media hyping, malicious posting and commenting, spam creation, malware programming, and improper business marketing.

- **Labelling requirements.** Article 16 of the Draft Measures would require service providers to label generated images, videos, and other content in accordance with the *Provisions on Administration of Deep Synthesis of Internet-based Information Services* (“**Deep Synthesis Provisions**”), though the Draft Measures would not expressly require the labelling of AI generated texts, as is prescribed in the Deep Synthesis Provisions.

Training data compliance

The quality of training data is essential to ensure the accuracy and integrity of AIGC and to avoid AI

discrimination and bias. Given that, the Draft Measures would hold service providers responsible to ensure that the data used to pre-train and retrain their generative AI models are obtained from legitimate sources, and impose detailed requirements for training data compliance in the following aspects.

- **Personal information protection.** According to the Draft Measures, where personal information is used for pre-training or retraining a generative AI model, service providers must obtain the consent of the personal information owner, or, under other circumstances, comply with requirements of applicable laws and administrative regulations. Specifically, pursuant to the Draft Measures, service providers must obtain consent from users for using their personal information to pre-train or retrain the relevant generative AI models, or, in any other circumstance, they must comply with requirements as prescribed in applicable laws and administrative regulations. In addition, service providers are prohibited from illegally retaining input data which can be used to infer users' identities. Service providers are also banned from profiling based on users' inputs and their use of the services, nor may they provide users' inputs to any other party.
- **No infringement of intellectual property.** The Draft Measures would require that the data used for AI training must not contain any content that infringes upon intellectual property rights. This requirement may cause disagreements in practice. Training data used for developing and improving generative AI models are usually scraped from open sources on the internet, which inevitably involve many copyrighted works. It is currently a highly controversial issue worldwide as to whether the use of copyrighted works for algorithm training infringes the right of the copyright owner or whether it falls within the 'fair use' exception. Some argue that restricting the use of copyrighted works for AI training may significantly compromise the quality and diversity of training data. Therefore, striking a balance between the interests of the copyright owner and the service provider remains a question to be discussed at both theoretical and policy levels.
- **Training data must be truthful, accurate, objective, and diverse.** This requirement in the Draft Measures would also pose great challenges for service providers when selecting AI training data.

Improvement of existing rules on recommendation algorithm-based services and deep synthesis services

The Deep Synthesis Provisions define "deep synthesis technology" as that which "employs deep learning, virtual reality, and other synthetic algorithms to produce text, images, audio, videos, virtual scenes, and other online information", including but not limited to technologies used for text generation, text-to-speech conversion, music creation, face generation, image generation, as well as 3D reconstruction, digital simulation and other technologies that create or edit 3D characters and virtual scenes. The *Provisions on the Administration of Algorithm-generated Recommendations for Internet Information Services* ("**Recommendation Algorithm Provisions**") also expressly include "generative and synthetic" algorithms into its scope of application. This means that generative AI, which by definition constitutes both a "deep synthesis technology" and a "recommendation algorithm-based service", also falls under the umbrella of the aforesaid AI regulations concerning deep synthesis technologies and recommendation algorithm-based services. Given that, the Draft Measures would incorporate and improve upon these existing rules in the following aspects.

- **Ethics and fairness of algorithm-based services.** The Draft Measures reiterate and would refine the Recommendation Algorithm Provisions and other rules that are in place to promote algorithm ethics and fairness and avoid algorithm-related discrimination. The Draft Measures stress that providers of generative AI products and services should “take measures to prevent discrimination on the basis of race, ethnicity, belief, nationality, region, gender, age, occupation, etc. in the process of algorithm design, training data selection, model generation and optimization, and service provision”, should “respect intellectual property rights and business ethics and not engage in unfair competition by using advantages such as algorithms, data, and platforms”, and should not “generate discriminatory content based on the race, nationality, gender, etc. of their users”.
- **Security assessment and registration for algorithm-based services.** Article 6 of the Draft Measures stipulates that, prior to the provision of services to the public by using generative AI products, service providers must conduct and report on security assessment to the competent cyberspace administration in accordance with the *Provisions on the Security Assessment for Internet-based Information Services with Public Opinion Attributes and Social Mobilization Capability*, and shall complete procedures for registration, change of registered particulars, and deregistration (as applicable) of services by following the Recommendation Algorithm Provisions. Based on the above provision, all generative AI products would be deemed as information services “with public opinion attributes and social mobilization capacity”, and thus be subject to security assessment and registration requirements under the applicable laws.
- **Transparency of algorithms.** According to the Draft Measures, service providers must, as required by the CAC and relevant competent authorities, provide necessary information that may affect users’ trust in and choice of the relevant services, including description of the source, scale, type and quality, etc. of pre-training and retraining data, rules for manual labelling, the scale and type of manually labelled data, basic algorithms, and technical systems, among others.
- **Disclosure requirements and measures to prevent addiction.** Article 10 of the Draft Measures would require service providers to specify and disclose the intended users, occasions, and purpose of their services and to take proper measures to prevent users from over-relying on and becoming addicted to generated content. This provision, placed in tandem with Article 8 of the Recommendation Algorithm Provisions which prohibits service providers from “setting up algorithms to induce users toward addiction or excessive consumption”, requires service providers to ensure proper use of relevant products on various fronts from public disclosure to algorithm management.

Conclusion: impact and outlook

According to Article 20 of the Draft Measures, violations of the Measures may be punished pursuant to the *Cybersecurity Law of the PRC*, *Data Security Law of the PRC*, *Personal Information Protection Law of the PRC*, and other applicable laws and regulations. Where a violation is not covered by the abovementioned laws and regulations, the service provider concerned may be given a warning, subject to public criticism, or be ordered to make rectification within a time limit; the service provider may even be ordered to suspend

or terminate its use of generative AI for service provision and be subject to a fine of up to RMB 100,000. Behaviors in violation of administrative rules for public security will be subject to punishment in accordance with law, and behaviors that constitute criminal offences will be subject to criminal liability.

On the whole, by issuing the Draft Measures, Chinese regulators have directly responded to new issues posed by the recent generative AI breakthroughs under the current regulatory framework, which also conveys China's overarching AI regulatory principle of providing guidance and rules for the purpose of promoting growth of the industry. Nevertheless, the Draft Measures would impose some compliance requirements that seem to be difficult to implement in practice given current technological bottlenecks. Therefore, companies should consider responding with creative solutions by wisely integrating technology and law, so as to help assuage regulators' security concerns and create more policy space for further development of the generative AI industry.

2. Listing Regime for Specialist Technology Companies in Hong Kong

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On March 24, 2023, The Stock Exchange of Hong Kong Limited (“**HKEX**”) published its consultation conclusions (“**Consultation Conclusions**”) regarding the proposed new listing regime for specialist technology companies. The new regime will be incorporated predominantly under the new Chapter 18C (“**Chapter 18C**”) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and in the related new HKEX guidance letter (“**Guidance Letter**”), which will take effect on March 31, 2023. This article outlines the key rules and guidance provisions.

Definition of “Specialist Technology Companies”

“**Specialist Technology Company(ies)**” are those that are primarily engaged (whether directly or through its subsidiaries) in the research and development of, and the commercialisation and/or sales of, “**Specialist Technology Product(s)**”, meaning product(s) and/or service(s) that apply(ies) science and/or technology (“**Specialist Technology**”) within an acceptable sector of a Specialist Technology Industry (as defined below).

The Guidance Letter outlines a non-exhaustive list of acceptable industry sectors that count as “**Specialist Technology Industries**”, namely:

Industries	Acceptable sectors	
Next-generation information technology	<ul style="list-style-type: none"> ■ Cloud-based services 	<ul style="list-style-type: none"> ■ Artificial intelligence
Advanced hardware and software	<ul style="list-style-type: none"> ■ Robotics and automation ■ Advanced communication technology ■ Advanced transportation technology ■ Advanced manufacturing ■ Metaverse technology 	<ul style="list-style-type: none"> ■ Semiconductors ■ Electric and autonomous vehicles ■ Aerospace technology ■ Quantum information technology and computing
Advanced materials	<ul style="list-style-type: none"> ■ Synthetic biological materials ■ Advanced composite materials 	<ul style="list-style-type: none"> ■ Advanced inorganic materials ■ Nanomaterials
New energy and environmental protection	<ul style="list-style-type: none"> ■ New energy generation ■ New green technology 	<ul style="list-style-type: none"> ■ New energy storage and transmission technology
New food and agriculture technologies	<ul style="list-style-type: none"> ■ New food technology 	<ul style="list-style-type: none"> ■ New agriculture technology

The above list may be updated by the HKEX from time to time.

A listing applicant falling outside the list may still be considered under the Chapter 18C regime if it can demonstrate to the HKEX that:

- 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 the 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; and
- research and development significantly contributes to its expected value and constitutes a major activity and expense.

Categorisation of Specialist Technology Companies

- Commercial Company: A company that has a revenue of at least HK\$250 million for its most recent audited financial year.
- Pre-Commercial Company: A company that has not met the abovementioned HK\$250 million revenue threshold.

Please see the table below for a summary of whether key Listing Rules requirements proposed were adopted or modified according to the Consultation Conclusions.

Key listing rules requirements adopted

Topic	Key proposals		Consultation conclusions takeaways
	Commercial companies	Pre-commercial companies	
I. Qualifications for listing			
Minimum expected market capitalisation at the time of listing	<ul style="list-style-type: none"> ■ HK\$8 billion 	<ul style="list-style-type: none"> ■ HK\$15 billion 	<p>Adopted as proposed with the following changes:</p> <p>HK\$6 billion for Commercial Companies</p> <p>HK\$10 billion for Pre-Commercial Companies</p>
Revenue threshold	<ul style="list-style-type: none"> ■ At least HK\$250 million arising from the company's Specialist 	No requirement	Adopted as proposed

Topic	Key proposals		Consultation conclusions takeaways
	Commercial companies	Pre-commercial companies	
	Technology business segment(s) for the most recent audited financial year		
Research and development (“R&D”) requirements	<ul style="list-style-type: none"> Engaged in R&D for at least three financial years prior to listing 		<p>Adopted as proposed</p> <p>Additionally, if the HKEX accepts a shorter trading record, the minimum R&D period required will also be shortened to the same period</p>
	<ul style="list-style-type: none"> R&D investment constitutes at least 15% of total operating expenditure for each of the three financial years prior to listing 	<ul style="list-style-type: none"> R&D investment constitutes at least 50% of total operating expenditure for each of the three financial years prior to listing 	<p>Adopted as proposed with the following changes:</p> <p>(i) <u>R&D expenditure ratio for Pre-Commercial Companies</u></p> <ul style="list-style-type: none"> 30% if revenue for the most recent audited financial year is at least HK\$150 million but less than HK\$250 million 50% if revenue for the most recent

Topic	Key proposals		Consultation conclusions takeaways
	Commercial companies	Pre-commercial companies	
			<p>audited financial year is less than HK\$150 million</p> <p>(ii) <u>Period of application of the expenditure ratio</u></p> <p>Must meet the expenditure ratio requirement:</p> <ul style="list-style-type: none"> ■ 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
Operational track record	<ul style="list-style-type: none"> ■ At least three financial years of operation under substantially the same management prior to listing (the HKEX may accept a shorter trading record of at least two financial years in exceptional circumstances, though additional listing conditions may be imposed) 		Adopted as proposed
Third-party “meaningful investment”	<ul style="list-style-type: none"> ■ <i>Pre-listing</i>: as at the date of listing application and throughout the period for at least 12 months prior to the date of the listing application (“12 Month Pre-application Period”), having received investment from at least two sophisticated independent investors (“SIIs”), each holding such amount of shares or securities convertible into shares (“Interest in Shares”) equivalent to 5% or more of the issued share capital of the listing applicant 		<p>Adopted as proposed with the following changes:</p> <ul style="list-style-type: none"> ■ <i>More flexibility on the</i>

Topic	Key proposals				Consultation conclusions takeaways
	Commercial companies		Pre-commercial companies		
	<p>(“Pathfinder SIIIs”); and</p> <ul style="list-style-type: none"> At the time of listing: having received at least the following aggregate investment from all SIIIs: 				<p><i>interpretation of pre-listing “meaningful investment”</i></p> <p>As at the date of the listing application and throughout the 12 Month Pre-application Period, having received investments from a group of two to five Pathfinder SIIIs, among which:</p> <p>(i) at least two Pathfinder SIIIs, each hold Interest in Shares equivalent to 3% or more of the issued share capital of the listing applicant; or each have otherwise invested at least HK\$450 million in Interest in Shares of the listing applicant; <u>AND</u></p> <p>(ii) at most five Pathfinder SIIIs, in aggregate,</p>
	Expected market cap. at the time of listing (HK\$)	Minimum total investment (as % of issued share capital) at time of listing	Expected market cap. at the time of listing (HK\$)	Minimum total investment (as % of issued share capital) at time of listing	
	≥ 8 <u>6</u> bn to <20 <u>15</u> bn	20%	≥ 15 <u>10</u> bn to <20 <u>15</u> bn	25%	
	≥ 20 <u>15</u> bn to <40 <u>30</u> bn	15%	≥ 20 <u>15</u> bn to <40 <u>30</u> bn	20%	
	≥ 40 <u>30</u> bn	10%	≥ 40 <u>30</u> bn	15%	

Topic	Key proposals		Consultation conclusions takeaways
	Commercial companies	Pre-commercial companies	
			<p>hold Interest in Shares equivalent to 10% or more of the issued share capital of the listing applicant; or invested an aggregate sum of at least HK\$1.5 billion in Interest in Shares of the listing applicant, excluding any subsequent divestments made on or before the date of the listing application</p> <p>■ <i>Adjusting the aggregate investment benchmark from all SIIIs at the time of listing</i></p> <p>Changes are indicated by blacklines as set out in the table on the left</p>
Additional qualification requirements	Not applicable	<ul style="list-style-type: none"> ■ Demonstrate a credible path to achieving the proposed minimum revenue threshold for a Commercial Company, 	Adopted as proposed

Topic	Key proposals		Consultation conclusions takeaways
	Commercial companies	Pre-commercial companies	
		<p>being HK\$250 million for the most recent audited financial year arising from the company's Specialist Technology business segment</p> <p>("Commercialisation Revenue Threshold")</p> <ul style="list-style-type: none"> ■ Disclose the above pathway in the listing document ■ Have available working capital (including the expected IPO proceeds) to cover at least 125% of its group's costs (which must substantially consist of general, administrative and operating costs and research and development costs) for at least the next 12 months 	
II. Initial public offering ("IPO") requirements			
More robust price discovery process	<ul style="list-style-type: none"> ■ At least 50% of the total shares offered in IPO (before over-allotment option) to be placed to "Independent Institutional Investors", which are defined as Institutional Professional Investors (i.e. persons falling under paragraphs (a) to (i) of the definition of "professional investor" in Section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance) that participate in the placing tranche of an IPO (whether as cornerstone investor or otherwise) but excluding corporate professional investors, individual professional investors, existing shareholders and any of their close associates, and core connected persons of the applicant 	<p>Adopted as proposed with the following changes:</p> <p>At least 50% allocation to <u>"Independent Price Setting Investors"</u> (instead of "Independent Institutional Investors"), which comprise: (a) independent Institutional Professional Investors (see definition in the left column);</p>	

Topic	Key proposals			Consultation conclusions takeaways										
	Commercial companies	Pre-commercial companies												
				and (b) other types of independent investors with assets under management (AUM), fund size or investment portfolio size of at least HK\$1 billion										
	<ul style="list-style-type: none"> Revised initial allocation and clawback mechanism as follows: <table border="1" data-bbox="432 936 1200 1429"> <thead> <tr> <th rowspan="2"></th> <th rowspan="2">Initial</th> <th colspan="2">No. of times (x) of over-subscription in the public offering</th> </tr> <tr> <th>≥ 10x to < 50x</th> <th>≥ 50x</th> </tr> </thead> <tbody> <tr> <td>Minimum allocation to retail investors as % of total shares offered in IPO</td> <td>5%</td> <td>10%</td> <td>20%</td> </tr> </tbody> </table>				Initial	No. of times (x) of over-subscription in the public offering		≥ 10x to < 50x	≥ 50x	Minimum allocation to retail investors as % of total shares offered in IPO	5%	10%	20%	Adopted as proposed
	Initial	No. of times (x) of over-subscription in the public offering												
		≥ 10x to < 50x	≥ 50x											
Minimum allocation to retail investors as % of total shares offered in IPO	5%	10%	20%											
Free float (shares that are not subject to any lock up upon listing)	<ul style="list-style-type: none"> At least HK\$600 million upon listing 			Adopted as proposed										
Offer size	<ul style="list-style-type: none"> The size of the offering (including both the placing tranche and the public subscription tranche) has to be meaningful The HKEX reserves the right not to approve the listing if the offer size is not significant enough to facilitate post-listing liquidity, or otherwise gives rise to orderly market concerns 			Adopted as proposed with the following changes: The wording “to facilitate post-listing liquidity” is replaced with “ <u>to facilitate price discovery</u> ” in order to										

Topic	Key proposals		Consultation conclusions takeaways	
	Commercial companies	Pre-commercial companies		
			accurately reflect the main rationale of the offer size requirement; whether an offer size is meaningful will be assessed on a case-by-case basis	
III. Post-IPO requirements				
Post-IPO lock-up		Lock-up period	<p>Adopted as proposed with the following clarification changes:</p> <p>If an applicant has more than the required number of SIIIs that meet the minimum investment benchmarks for Pathfinder SIIIs, the applicant would be free to decide, on a commercial basis, which of these investor(s) would be designated as Pathfinder SII(s), subject to lock-ups</p>	
		Commercial Companies		Pre-Commercial Companies
	Securities beneficially owned as disclosed in the listing document (excluding those sold under any offer for sale contained in the listing document):			
	Controlling shareholders and key persons^(Note)	12 months from the date of listing		24 months from the date of listing
	All Pathfinder SIIIs	6 months from the date of listing		12 months from the date of listing
	Securities subscribed for in the IPO			
Controlling shareholders, key persons^(Note), and all Pathfinder SIIIs	If an existing shareholder subscribes as a cornerstone investor, the lock-up period (generally at least six months) would apply for such cornerstone investment (including an existing shareholder holding 10% or more of shares in the issuer before the offering, who then subscribes for shares in the IPO; in such case the shareholder is required to subscribe as a cornerstone investor)			
<p><i>Note: Key persons include: (i) founders; (ii) weighted voting right beneficiaries; (iii) executive directors and senior</i></p>				

Topic	Key proposals		Consultation conclusions takeaways
	Commercial companies	Pre-commercial companies	
	<i>management; and (iv) key personnel responsible for the technical operations and/or R&Ds.</i>		
Continuing obligations until achieving the commercialisation revenue threshold	Not applicable	<ul style="list-style-type: none"> Additional disclosure in the interim and annual reports including the timeframe for, and any progress made towards, the issuer achieving the Commercialisation Revenue Threshold (including <u>updates on the amount of contract value realised and/or realisable in respect of the agreements with customers as previously disclosed</u>); and updates on any revenue, profit and other business and financial estimates as provided in the listing document (and any subsequent updates to those estimates as published by the Pre-Commercial Company) 	<p>Adopted with the following changes:</p> <p>Replaced “updates on the amount of contract value realised and/or realisable in respect of the agreements with customers” with “<u>updates on the information previously disclosed</u>”</p>
		<ul style="list-style-type: none"> Where the HKEX considers that a Pre-Commercial Company has failed to meet its continuing obligations to maintain sufficient operations or assets, the HKEX may give the issuer a period of up to 12 months (the usual remedial period imposed on other issuers is 18 months) to re-comply with the requirement. If the issuer fails to do so, the HKEX will terminate its listing 	<p>Adopted as proposed</p>

Topic	Key proposals		Consultation conclusions takeaways
	Commercial companies	Pre-commercial companies	
		<ul style="list-style-type: none"> Must not effect any transaction that will lead to a fundamental change to its principal business without the prior consent of the HKEX 	Adopted as proposed
		<ul style="list-style-type: none"> Prominently identified through a unique stock marker “PC” (i.e. being the short form of “pre-commercial”) at the end of their stock names 	Adopted with the following changes: The stock marker will be changed to “P”

The HKEX has in recent years opened up new avenues for specific types of companies to be listed in Hong Kong, such as through the introduction of a biotech companies listing regime under Chapter 18A of the Listing Rules in April 2018 and a special purpose acquisition companies (SPAC) listing regime under Chapter 18B of the Listing Rules in January 2022. The adoption of the new listing regime for Specialist Technology Companies as described in the Consultation Conclusions marks the HKEX’s next step in further facilitating access to the capital market in Hong Kong whilst upholding market order and assuring investor confidence.

Important Announcement

This Newsletter has been prepared for clients and professional associates of Han Kun Law Offices. Whilst every effort has been made to ensure accuracy, no responsibility can be accepted for errors and omissions, however caused. The information contained in this publication should not be relied on as legal advice and should not be regarded as a substitute for detailed advice in individual cases.

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