

China A-share

Highlights of listing requirements

Main board

Applicant

- A joint stock limited company established under the PRC law with more than three years of continuing operation after establishment (except with exemption granted by the State Council). For a limited company converted to a joint stock limited company through certain restructurings, the track record can be counted from the date of establishment of the limited company
- The registered capital has been fully paid up
- The transfer of titles of assets contributed has been completed
- There is no major dispute on the title of key assets
- Shareholding structure is clear

Independence

The issuer should have an integral business structure and the ability to operate in the market independently, including:

- Intact assets
- Personnel independence
- Financial independence
- Organisational independence
- Business independence

The issuer should not have any competing business, or any related-party transaction with controlling shareholders, de facto controlling person and other entities under the issuer's control that severely impairs its independence or that is obviously unfair.

Profitability and cash flows

Profits for the last three years with an aggregate amount of more than RMB 30 million; and, cumulative cash flows from operating activities for the last three years exceeding RMB 50 million, or cumulative operating income for the last three years exceeding RMB 300 million.

Scale

Minimum share capital of RMB 30 million before issuance, and minimum share capital of RMB 50 million after issuance.

Asset quality

- No cumulative loss.
- Intangible assets (excluding land use rights, marine cultivation rights and mining rights) not exceeding 20% of the net assets at the end of the latest year.

Business

- Complying with the State's industrial policies
- Complying with the State's environmental protection policies
- No significant change in principal operations for the last three years
- Showing continue profitability

Continuity of de facto controlling person and senior management

No significant change in directors and senior management, and no change in de facto controlling person(s) in the last three years.

Public shareholdings

Minimum 25% of share capital; minimum 10% of share capital if the total issued share capital exceeds RMB 400 million.

Going concern and continue profitability

The issuer should not have the following circumstances that might impair its continue profitability:

- There have been or will be significant changes in the business model and the types and structures of goods or services, which will have significant adverse impacts on the issuer's profitability going forward
- There have been or will be significant changes in the business environment of the industry that the issuer operates in, which will have significant adverse impacts on the issuer's profitability going forward
- Operating income or net profit substantially relied on related parties or customers with material uncertainty in the latest financial year
- Net profit mainly derived from off-balance sheet investment income in the latest financial year
- There is the risk of significant adverse changes in the acquisition or use of major assets or technologies such as trademarks, patents, know-hows and franchises
- There is significant dependence of operating results on the favourable taxation treatment
- There is significant risk in repayment of debts. There are guarantees, litigation, arbitration or other significant contingent events exist that can influence the issuer's ability to operate on a going concern basis

Other requirements for corporate governance

- There has been no significant illegal activity for the last three years
- Systems of general meetings, board of directors, board of supervisors, independent directors and secretary to the board of directors have been established under the law so that the relevant organisations and personnel can fulfil their fiduciary duties
- The qualifications of the directors, supervisors and senior management are in conformity with the law, rules and regulations
- The fundamental accounting work and the preparation of the financial statements comply with the "Accounting Standards for Business Enterprises" and the "Accounting Systems for Business Enterprises" of the PRC
- Internal control systems are comprehensive and effectively implemented, and can give reasonable assurance on the reliability of financial reporting, validity of business operation and efficiency and effectiveness of operation; an unqualified auditor's report on internal control has been issued by a PRC qualified accountant
- Approval process for providing guarantees to the companies are clearly laid down in the articles of associations. There is no violation of regulations in relation to providing guarantees to the controlling shareholders, de facto controlling person and other entities under the issuer's control
- A rigorous treasury policy has been established. There shall not be any appropriation of funds through borrowings, repayment of debts, reimbursements or any other means by the controlling shareholders, de facto controlling person and other entities under the issuer's control

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Highlights of listing requirements

Main board

Use of funds raised

- The funds shall be used on the principal business with clear objectives
 - The amount of funds raised and investment projects should be commensurate with the existing operating scale, financial position, level of technology and management capability of the issuer
 - Investment projects using the funds raised shall comply with the State's industrial policies and rules about management of investments, environmental protection, land management and other laws and regulations
 - Implementation of the projects using the funds raised shall not result in a competition in the same industry or have any adverse influence on the independence of the issuer
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Highlights of listing requirements

Science and Technology Innovation Board (STIB)

Industry and business	<p>The STAR Market issuers must meet following features and industry requirements:</p> <p>Being innovative with science and technology globally enhanced and placed in major economic areas, satisfying major national demands and strategy, and accomplishing key technology breakthrough with high market recognition.</p> <p>Innovative industries include: Internet, big data, cloud computing, and integrated artificial intelligence and manufacturing.</p> <p>The STAR Market highlights the advanced and strategic new technology, including new generation information technology, advanced equipment, new materials and energy, energy conservation, environment protection, and biomedicine.</p>
Eligibility of Science and Technology Innovation Company	<p>Companies in the encouraged industries that meet all following 4 criteria:</p> <ol style="list-style-type: none"> i. The Research and Development (R&D) expenditures are not less than 5% of the revenue for the last three years, or total R&D expenditures for the last three years are not less than RMB 60 million; For software companies, the R&D expenditures are not less than 10% of the revenue for the last three years; ii. The proportion of R & D personnel in the total number of employees in the current year shall not be less than 10%; iii. Owning 5 or more patents for invention to which the revenue is attributable; not applicable to software companies; iv. Compound annual growth rate of revenue for the last three years is no less than 20%, or revenue of last year is RMB300 million or more; Companies using the fifth financial and market capitalisation eligibility in below section are not applicable. <p>Companies in the encouraged industry and business that do not meet the above requirements but meet one of following criteria:</p> <ol style="list-style-type: none"> i. Core technology owned by the companies have been recognised by main national departments as being internationally advanced, leading in the industry, or significantly valuable to national strategy; ii. Awarded with National Prize for Progress in Science and Technology, National Prize for Natural Science, National Prize for Technological Invention, where the company or its core technology employees are involved as main contributors in the technology development, and such technology has been applied to the main business of the company; iii. Solely implementing or leading National Science and Technology Major Project which is related to the main business or core technology of the company; iv. The main products (services) that utilise the core technology of the company are the key equipment, key products, key parts, or key materials that are encouraged and supported by the country, and have replaced imported goods; v. Owns 50 or more patents for invention (including patents for national defense) to which the revenue is attributable; not applicable to software companies;

Market capitalisation and financial indicators	<p>Meet at least one of the following criteria :</p> <p>i market capitalisation+net profit, or market capitalisation+net profit+revenue</p> <ul style="list-style-type: none"> • expected market capitalisation of no less than RMB 1 billion and a positive net profit during the last two years totaling to no less than RMB 50 million, or • expected market capitalisation of no less than RMB 1 billion, a positive net profit and an operating revenue of no less than RMB 100 million during the last year; <p>ii market capitalisation+operating revenue+Research and Development (R&D) investment</p> <p>estimated market capitalisation of no less than RMB 1.5 billion, and operating revenue of no less than RMB 200 million during the last year and a total R&D investment (including expensed and capitalised investment) during the last 3 years, representing no less than 15 percent of the total operating revenue within such years;</p> <p>iii market capitalisation +operating revenue+ net cash flows from operating activities</p> <p>an estimated market capitalisation of no less than RMB 2 billion, an operating revenue of no less than RMB 300 million during the last year, and total net cash flows from operating activities of no less than RMB 100 million during the last 3 years;</p> <p>iv market capitalisation+operating revenue</p> <p>an estimated market capitalisation of no less than RMB 3 billion and an operating revenue of no less than RMB 300 million during the last year; or</p> <p>v market capitalisation+superiority in technology</p> <p>an estimated market capitalisation of no less than RMB 4 billion and the main businesses or products approved by relevant national government authorities, will have a big market and currently have achieved a milestone progress; in the case of a pharmaceutical enterprise, at least one of its core products approved for phase II clinical trial, and in the case of any other eligible enterprise, possess significant superiority in technology and meet the corresponding requirements.</p> <p>The net profit refers to the lower of the net profit before or after non-recurring gains or losses.</p>
Applicant – incorporated in the PRC	<p>The issuer shall operate the joint-stock limited-liability company for a continuous period of 3 years or more after its establishment. Where a limited liability company is wholly converted into a joint-stock limited company according to the original book value of its net assets, the continuous operating period shall be calculated from the date the limited liability company is established. Post-offering total capital stock must be no less than RMB 30 million.</p>

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Highlights of listing requirements

Science and Technology Innovation Board (STIB) (con't)

Special requirements for red chip enterprise

Red chip enterprises which comply with the relevant provisions of “the Notice of the General Office of State Council on Forwarding the Opinions of the CSRC on launching the Pilot Program of Offering Stocks or Depository Receipts in China by Innovative Enterprises” and “the Announcement on Expanding the Pilot Program Scope of Domestic Listing of Red Chip Enterprises”, satisfying the national strategy with core technology and high market recognition. Eligible Industries for red chip issuers include new generation of information technology (including but not limited to Internet, big data, cloud computing, artificial intelligence, software and integrated circuits), high-end equipment manufacturing((including but not limited to aeronautical technology, marine equipment, satellites and applications, rail transportation equipment and intelligent manufacturing equipment), biomedicine, new energy, new materials, new energy vehicles, green environmental protection with enhanced technology and considerable market size scale (Note: red chip enterprises of great national strategic significance are not subject to the restrictions of the above industries).

Financial and market capitalisation requirements:

- i. for companies already listed abroad, to meet at least one of the following criteria:
 1. Market capitalisation is no less than RMB 200 billion;
 2. Market capitalisation is no less than RMB 20 billion, with independently developed and internationally leading technologies, strong ability for technology innovation and relative competitive edge over its peers.
- ii. for an unlisted company, to meet at least one of the following criteria:
 1. The operating income is no less than RMB 3 billion during the last year, and the expected market capitalisation is no less than RMB 20 billion ; or
 2. For red chip enterprises with fast growing operating revenue, independently developed and internationally leading technologies, and relative competitive edge over its peers, shall at least meet any of the following criteria for market capitalisations and financial indicators:
 - expected market capitalisations of no less than RMB 10 billion; or
 - expected market capitalisation of no less than RMB 5 billion and operating revenue of no less than RMB 500 million during the last year.

For the purpose of meeting “fast growing operating revenue”, a company shall meet one of below criteria:

- operating revenue of not less than RMB500 million for the most recent year, and the compound growth rate of the operating revenue for the last three years of not less than 10%;
- the compound growth rate of the operating revenue for the last three years of not less than 20% if the operating revenue is less than RMB500 million for the most recent year;
- the compound growth rate of the operating revenue for the last three years higher than the average growth rate of competing companies in the same industry if the industry is at a declining stage in the life cycle impacted by the periodic fluctuation.

The requirement for “rapid revenue increase” is not applicable to red chip enterprises in R&D stage or valuable to national innovative development strategy.

The total shares or depository receipts of red chip enterprises after issuance is no less than RMB 30 million shares or 30 million copies.

There are special regulations for the preparation of financial information preparation for red chip enterprises.

Minimum public float

- i. For companies incorporated in the PRC:
 - IPO issue 25 percent or more of its total shares; or 10 percent or more of its total stocks if its total capital shares exceeds RMB 400 million;
- ii. For red chip enterprises :
 - Publicly offer 25 percent or more of its total shares; or 10 percent or more of its total shares if its total shares exceeds 400 million shares
 - The underlying shares of CDR of 25% or more of the issuer’s total issued share number at the time of listing; or 10% or more of its total shares if the total issued shares exceeds 400 million shares.

Continuity of main business, controlling shareholder, key management and R&D personnel

Share capital held by the controlling shareholder and other shareholder(s) controlled by the controlling shareholder or de facto controlling shareholder shall have been fully paid with clear structure. There shall have been no change in the issuer’s actual controller in the last 2 years. There shall have been no major dispute that could result in change of the controlling shareholder.

There shall have been no negative significant change in principal business operations, directors and senior management and R&D personnel for the last 2 years.

Corporate governance

Accounting system shall have met the regulatory requirements; the issuer’s basic accounting work and the preparation of its financial statements shall have complied with the Accounting Standards for Business Enterprises and the Accounting Systems for Business Enterprises, and shall have fairly reflected in all material respects of issuer’s financial position, the results of operations and cash flows, and the issuer shall have obtained an unqualified audit report issued by a CPA.

Internal control systems of the issuer are comprehensive and effectively implemented, and give reasonable assurance on the reliability of the efficiency and compliance of the issuer’s business operation and validity of its financial reporting, with unqualified opinion on internal control issued by PRC qualified accountant.

Independence

The issuer shall have integral business structure and the ability to operate in the market independently, including:

- Integrity of assets;
- Independence of business;
- Independence of personnel;
- Independence of finance;
- Independence of organisational.

The issuer shall not have a competing businesses with the controlling shareholder, de facto controlling shareholder and other entities controlled by the above shareholders which have significant negative impact, or related-party transactions that severely impair the issuer’s independence or are obviously unfair.

Compliance

Business operation shall have complied with certain laws, regulations and industrial policies in PRC.

There shall have been no certain criminal offenses committed by the issuer, its controlling shareholder or de facto controlling shareholder. No significant branch of law shall been made including fraudulent offerings, breaches of disclosure rules or other areas related to national security, public security, eco security, production safety, public health, etc. for the last three years.

There shall have been no circumstances, the director, supervisor or key management are subject to administrative punishment by the China Security Regulatory Commission (CSRC), or investigated by judicial organ for suspected crime or by the CSRC for suspected misconduct or breach of law, where no definitive and conclusive opinions have been issued.

Special requirements for an issuer with a different voting rights (DVR) arrangement

- Meet at least one of the following criteria for market capitalisation and financial indicators
- expected market capitalisation of no less than RMB 10 billion; or
 - expected market capitalisation of no less than RMB 5 billion and operating revenue of no less than RMB 500 million during the last year .

China A-share

Highlights of listing requirements

ChiNext

Industry and business In general, industries not encouraged to apply for a listing on ChiNext include agriculture, forestry, animal husbandry and fisheries; mining; alcohol, beverage and tea manufacturing; textiles; ferrous metal smelting and rolling processing industry; electricity, power, gas and water production and supply; construction; transportation, warehousing and postal; accommodation and catering; financing; real estate; residential services, repairs and other services; except for innovative companies deeply integrated with new technology, new type, new industry and new model, such as internet, big data, cloud computing, automation, artificial intelligence, new energy, etc.

Market capitalisation and financial indicators Meet at least one of the following criteria:
Criteria I: Net profit

- positive net profit in the past 2 consecutive years, with an aggregate amount of not less than RMB 50 million;

Criteria II: market capitalisation+ net profit+ operating revenue

- expected market capitalisation of not less than RMB 1 billion;
- positive net profit for the most recent year; and
- operating revenue of not less than RMB 100 million for the most recent year.

Criteria III: market capitalisation + operating revenue

- expected market capitalisation of at least RMB 5 billion; and
- operating revenue of not less than RMB 300 million for the most recent year.

The net profit refers to the lower of the net profit before or after non-recurring gains or losses.

Applicant – incorporated in the PRC The issuer shall operate the joint-stock limited-liability company for a continuous period of 3 years or more after its establishment. Where a limited liability company is wholly converted into a joint-stock limited company according to the original book value of its net assets, the continuous operating period shall be calculated from the date the limited liability company is established. Post-offering total capital stock must be no less than RMB 30 million.

Additional requirements for red-chip company Red chip enterprises which comply with the relevant provisions of “the Notice of the General Office of State Council on Forwarding the Opinions of the CSRC on launching the Pilot Program of Offering Stocks or Depository Receipts in China by Innovative Enterprises” and “the Announcement on Expanding the Pilot Program Scope of Domestic Listing of Red Chip Enterprises”, satisfying the national strategy with core technology and high market recognition. Eligible Industries for red chip issuers include new generation of information technology (including but not limited to Internet, big data, cloud computing, artificial intelligence, software and integrated circuits), high-end equipment manufacturing((including but not limited to aeronautical technology, marine equipment, satellites and applications, rail transportation equipment and intelligent manufacturing equipment), biomedicine, new energy, new materials, new energy vehicles, green environmental protection with enhanced technology and considerable market size scale (Note: red chip enterprises of great national strategic significance are not subject to the restrictions of the above industries).

- for companies already listed abroad, to meet at least one of the following criteria:
 - Market capitalisation no less than RMB 200 billion and positive net profit for the most recent year;
 - Market capitalisation no less than RMB 20 billion and positive net profit for the most recent year, with independently developed and internationally leading technologies, strong ability for technology innovation and relative competitive edge over its peers.
- for an unlisted company, to meet at least one of the following criteria:
 - Operating income is no less than RMB 3 billion and positive net profit for the most recent year, and the expected market capitalisation is no less than RMB 20 billion; or
 - For red chip enterprises with fast growing operating revenue, independently developed and internationally leading technologies, and relative competitive edge over its peers, shall at least meet any of the following criteria for market capitalisations and financial indicators:
 - expected market capitalisations of no less than RMB 10 billion, and positive net profit for the most recent year; or
 - expected market capitalisation of no less than RMB 5 billion, and operating revenue of no less than RMB 500 million and positive net profit for the most recent year.

For the purpose of meeting “fast growing operating revenue”, a company shall meet one of below criteria:

- operating revenue of not less than RMB500 million for the most recent year, and the compound growth rate of revenue for the last three years of not less than 10%;
- the compound growth rate of operating revenue for the last three years of not less than 20% if the operating revenue is less than RMB500 million for the most recent year;
- the compound growth rate of operating revenue for the last three years higher than the average growth rate of competing companies in the same industry if the industry is at a declining stage in the life cycle impacted by the periodic fluctuation.

The requirement for “rapid revenue increase” is not applicable to red chip enterprises in R&D stage or valuable to national innovative development strategy.

The total shares or depository receipts of red chip enterprises after issuance is no less than RMB 30 million shares or 30 million copies.

There are special regulations for the preparation of financial information preparation for red chip enterprises.

China A-share

Highlights of listing requirements

ChiNext (con't)

Additional requirements for issuers with weighted voting rights (WVR) structure Meet at least one of the following criteria for market capitalisation and financial indicators

- expected market capitalisation of no less than RMB 10 billion, and positive net profit for the most recent year; or
- expected market capitalisation of no less than RMB 5 billion, and operating revenue of no less than RMB 500 million and positive net profit for the most recent year.

Minimum public float For companies incorporated in the PRC:

- IPO issues 25 percent or more of its total shares; or 10 percent or more of its total stocks if its total capital shares exceeds RMB 400 million;

For red chip enterprises:

- Publicly offer 25 percent or more of its total shares; or 10 percent or more of its total shares if its total shares exceeds 400 million shares

The underlying shares of CDR of 25% or more of the issuer's total issued share number at the time of listing; or 10% or more of its total shares if the total issued shares exceeds 400 million shares.

Continuity of main business, controlling shareholder, key management and R&D personnel Share capital held by the controlling shareholder and other shareholder(s) controlled by the controlling shareholder or de facto controlling shareholder shall have been fully paid with clear structure. There shall have been no changes in the issuer's actual controller in the last 2 years. There shall have been no major disputes that could result in change of the controlling shareholder.

There shall have been no negative significant changes in principal business operations, directors and senior management and R&D personnel for the last 2 years.

Corporate governance Accounting system shall have met the regulatory requirements; the issuer's basic accounting work and the preparation of its financial statements shall have complied with the Accounting Standards for Business Enterprises and the Accounting Systems for Business Enterprises, and shall have fairly reflected in all material respects of issuer's financial position, the results of operations and cash flows, and the issuer shall have obtained an unqualified audit report issued by a CPA.

Internal control system of the issuer is comprehensive and effectively implemented, and give reasonable assurance on the reliability of the efficiency and compliance of the issuer's business operation and validity of its financial reporting, with unqualified opinion on internal control issued by qualified accountant in PRC.

Independence The issuer shall have integral business structure and the ability to operate in the market independently, including:

- Integrity of asset;
- independence of business;
- independence of personnel;
- independence of finance;
- independence of organisation.

The issuer shall not have a competing businesses with the controlling shareholder, de facto controlling shareholder and other entities controlled by the above shareholders which have significant negative impacts, or related-party transactions that severely impair the issuer's independence or are obviously unfair.

Compliance Business operation shall have complied with certain laws, regulations and industrial policies in PRC.

There shall have been no certain criminal offenses committed by the issuer, its controlling shareholder or de facto controlling shareholder. No significant breach of law shall be made, including fraudulent offerings, breaches of disclosure rules or other areas related to national security, public security, eco security, production safety, public health, etc. for the last three years.

There shall have been no circumstances, the director, supervisor or key management are subject to administrative punishments by the China Security Regulatory Commission (CSRC) or investigated by judicial organ for suspected crime or by the CSRC for suspected misconduct or breach of law, where no definitive and conclusive opinions have been issued.