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On March 20, 2020, the Chinese Securities Regulatory Commission (similar to the Securities and Exchange Commission in the U.S.) released the Science and Technology Attribute Evaluation Guidelines (Trial) stating requirements to list on the Shanghai Stock Exchange’s Science & Technology Board. Among other requirements, applicants to list must have Chinese invention patents.

To list on the Science & Technology Board (in addition to other requirements to list on the Shanghai Stock Exchange), applicants must:

(1) Spend more than 5% of its operating income in each of the last three years on research and development (R&D), or the cumulative R & D spend in the last three years must exceed 60 million yuan (about $8.5 million USD);

(2) Own more than 5 invention patents that are responsible for the main income of the applicant; and

(3) The compound growth rate of operating income in the last three years has reached 20%, or the amount of operating income in the most recent year has reached 300 million yuan (about $42 million USD).

If an applicant cannot meet the above requirements, then the applicant can still list
by meeting one of the following requirements:

(1) The core technology owned by the applicant has been recognized by a national competent authority as having international leadership, leading role, or significant significance for national strategy;

(2) The applicant, subsidiary or employee won the National Science and Technology Progress Award, the National Natural Science Award, the National Technology Invention Award, and applied the relevant technology to the company’s main business;

(3) The applicant independently or takes the lead in undertaking a “National Major Science and Technology Project” related to the main business and core technology;

(4) The main products (services) made by the applicant rely on core technologies belong to key equipment, key products, key parts and components, and key materials encouraged, supported and promoted by the state, and have achieved import substitution; or

(5) Owns more than 50 invention patents (including defensive patents) that form the core technology of the applicant and generates the main business income.

The Shanghai Stock Exchange will formulate specific rules to implement these guidelines.

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