

Submitted via Qualtrics

**Anonymous
Company / Organisation
Prospective Listing Applicant**

Question 1

Do you agree with the proposed definitions of “Specialist Technology Company”, “Specialist Technology Products” and “Specialist Technology”?

Please give reasons for your views. If your answer is “No”, please provide alternative suggestions.

Question 2

Do you agree with the list of Specialist Technology Industries and the respective acceptable sectors set out in paragraph 4 of the Draft Guidance Letter (Appendix V to the Consultation Paper)?

Please give reasons for your views. If your answer is “No”, please provide alternative suggestions.

Question 3

Do you agree that the Exchange should take into account the factors set out in paragraph 107 of the Consultation Paper to determine whether a company is “primarily engaged” in the relevant business as referred to in the definition of “Specialist Technology Company”?

Please give reasons for your views.

Question 4

Do you agree that the Exchange should retain the discretion to reject an application for listing from an applicant within an acceptable sector if it displays attributes inconsistent with the principles referred to in paragraph 101 of the Consultation Paper?

Please give reasons for your views.

Question 5

Do you agree that the Specialist Technology Regime should accommodate the listings of both Commercial Companies and Pre-Commercial Companies?

Please give reasons for your views.

Question 6

Do you agree with the proposed approach to apply more stringent requirements to Pre-Commercial Companies?

Please give reasons for your views.

Question 7

Do you agree with the proposal that all investors, including retail investors, should be allowed to subscribe for, and trade in, the securities of Pre-Commercial Companies?

Please give reasons for your views.

Question 8

Do you agree that a Commercial Company applicant must have a minimum expected market capitalisation of HK\$8 billion?

Yes

Please give reasons for your views.

We agree that a Specialist Technology Company applicant must have a minimum expected market capitalisation. However, as mentioned in Section VII (Specialist Technology Companies with a WVR Structure) of the Consultation Paper, since the revenue requirement for both the Commercial Company and the Pre-Commercial Company will be less than HK\$500 million, a

Specialist Technology Company applicant with a WVR structure can only seek listing with the WVR Structure when it meets the HK\$40 billion market capitalization threshold at the time of its listing.

The HK\$40 billion market capitalization threshold is an extremely high standard, especially for the Specialist Technology Company applicants which are in their R&D stage and yet to achieve a sizable revenue or profit. However, the WVR structure is key to the success for most of the Specialist Technology Companies, since they have to raise a large amount of financings from external investors to support their R&D and corporate development, which will significantly dilute their founders' control over such companies. Therefore, it is crucial for these companies to maintain the WVR structure, which can secure the founders' control over such companies and ensure the long-term stability of the development path of such companies.

In addition, the market values of the advanced technology companies are volatile in nature. For example, Mobileye, Intel's self-driving car unit, which was purchased by Intel for about US\$15.3 billion in 2017, originally expected to land a roughly US\$50 billion valuation through its IPO, finally achieved its IPO on Nasdaq at around US\$17 billion valuation in October 2022. It may cause great uncertainty to the Specialist Technology Company applicants' listing plans with such a high market capitalization threshold, especially in the current volatile capital market.

Therefore, for the Specialist Technology Company applicants who would like to seek listing with the WVR Structure, we would strongly suggest the Exchange to consider (i) lowering the HK\$40 billion market capitalization threshold for such applicants; or (ii) granting waivers to qualified applicants with the WVR Structure on a case-by-case basis.

Question 9

Do you agree that a Pre-Commercial Company applicant must have a minimum expected market capitalisation of HK\$15 billion at listing?

Please give reasons for your views.

Question 10

Do you agree that a Commercial Company must have revenue of at least HK\$250 million for the most recent audited financial year?

Please give reasons for your views.

Question 11

Do you agree that only the revenue arising from the applicant's Specialist Technology business segment(s) (excluding any inter-segmental revenue from other business segments of the applicant), and not items of revenue and gains that arise incidentally, or from other businesses, should be recognised for the purpose of the Commercialisation Revenue Threshold?

Please give reasons for your views.

Question 12(a)

Do you agree that a Commercial Company must demonstrate year-on-year growth of revenue derived from the sales of Specialist Technology Product(s) throughout the track record period, with allowance for temporary declines in revenue due to economic, market or industry-wide conditions?

Please give reasons for your views.

Question 12(b)

Do you agree that the reasons for, and remedial steps taken (or to be taken) to address, any downward trend in a Commercial Company's annual revenue must be explained to the Exchange's satisfaction and disclosed in the Listing Document?

Please give reasons for your views.

Question 13

Do you agree that a Specialist Technology Company listing applicant must have been engaged in R&D of its Specialist Technology Product(s) for a minimum of three financial years prior to listing?

Please give reasons for your views.

Question 14(a)

Do you agree that, for a Commercial Company, its total amount of R&D investment must constitute at least 15% of its total operating expenditure for each of its three financial years prior to listing?

Please give reasons for your views.

Question 14(b)

Do you agree that, for a Pre-Commercial Company, its total amount of R&D investment must constitute at least 50% of its total operating expenditure for each of its three financial years prior to listing?

Please give reasons for your views.

Question 15

Do you agree with the proposed method for determining the amount of qualifying R&D investment and the total operating expenditure as set out in paragraph 141 of the Consultation Paper?

Please give reasons for your views.

Question 16

Do you agree that a Specialist Technology Company listing applicant must have been in operation in its current line of business for at least three financial years prior to listing under substantially the same management?

Please give reasons for your views.

Question 17

Do you agree that there must be ownership continuity and control for a Specialist Technology Company listing applicant in the 12 months prior to the date of the listing application?

Please give reasons for your views.

Question 18

Do you agree that an applicant applying to list under the proposed regime must have received meaningful investment from Sophisticated Independent Investors (SIIs)?

Please give reasons for your views.

Question 19

Do you agree with the independence requirements for a Sophisticated Independent Investor as set out in paragraphs 155 to 157 of the Consultation Paper?

Please give reasons for your views.

Question 20

Do you agree with the proposed definition of a sophisticated investor (including the definition of investment portfolio) as set out in paragraphs 159 to 162 of the Consultation Paper?

Please give reasons for your views.

Question 21

Do you agree that as an indicative benchmark for meaningful investment, an applicant should have received third party investment from at least two Sophisticated Independent Investors who have invested at least 12 months before the date of the listing application, each holding such amount of shares or securities convertible into shares equivalent to

5% or more of the issued share capital of the listing applicant as at the date of listing application and throughout the pre-application 12-month period?

Please give reasons for your views.

Question 22

Do you agree that as an indicative benchmark for meaningful investment, the aggregate investment from all Sophisticated Independent Investors should result in them holding such amount of shares or securities convertible into shares equivalent to at least such percentage of the issued share capital of the applicant at the time of listing as set out in Table 4 and paragraph 168 of the Consultation Paper?

Please give reasons for your views.

Question 23

Do you agree that a Pre-Commercial Company applicant must have as its primary reason for listing the raising of funds for the R&D of, and the manufacturing and/or sales and marketing of, its Specialist Technology Product(s) to bring them to commercialisation and achieving the Commercialisation Revenue Threshold?

Please give reasons for your views.

Question 24

Do you agree that a Pre-Commercial Company applicant must demonstrate to the Exchange, and disclose in its Listing Document, a credible path to the commercialisation of its Specialist Technology Products, appropriate to the relevant Specialist Technology Industry, that will result in it achieving the Commercialisation Revenue Threshold?

Please give reasons for your views.

Question 25

Do you agree with the examples proposed in paragraphs 176 to 179 (including the definition of “highly reputable customer”) of the Consultation Paper that a Pre-Commercial Company applicant could use to demonstrate a credible path to achieving the Commercialisation Revenue Threshold?

Please give reasons for your views.

Question 26(a)

Do you agree that a Pre-Commercial Company applicant must explain and disclose, in detail, the timeframe for, and impediments to, achieving the Commercialisation Revenue Threshold?

Please give reasons for your views.

Question 26(b)

Do you agree that a Pre-Commercial Company applicant must, if its working capital (after taking into account the listing proceeds) is insufficient to meet its needs before it achieves the Commercialisation Revenue Threshold, describe the potential funding gap and how it plans to further finance its path to achieving the Commercialisation Revenue Threshold after listing?

Please give reasons for your views.

Question 27

Do you agree that a Pre-Commercial Company applicant must have available working capital to cover at least 125% of its group’s costs for at least the next 12 months (after taking into account the IPO proceeds of the applicant), and these costs must substantially consist of the following: (a) general, administrative and operating costs; and (b) R&D costs?

Please give reasons for your views.

Question 28

Do you agree that Independent Institutional Investors should be given a minimum allocation of offer shares in the IPO of Specialist Technology Companies to help ensure a robust price discovery process?

No

Please give reasons for your views.

The proposed Rule 18C.07 provides that “at least 50% of the total number of shares offered in the initial public offering (excluding any shares to be issued pursuant to the exercise of any over-allotment option) of a Specialist Technology Company must be taken up by independent Institutional Professional Investors in the placing tranche (whether as Cornerstone Investors or otherwise)”.

We fully appreciate the Exchange’s intention which is to incentivize investors who have professional experience and industry expertise to conduct due diligence and thorough research on the Specialist Technology Company applicants’ capabilities and performance. But the concept of Professional Investors, as defined in the SFO, was introduced to identify a group of investors who have higher risk tolerance, so that they can be qualified to participate in a number of financial activities with higher risks. That means the Professional Investors, by definition, are not necessarily investors who have conducted better due diligence, with better research capacities or in a better position to understand the Specialist Technology Company applicants’ industry and their true value. On the contrary, providing the Independent Institutional Investors with a minimum allocation may give them even less incentive to conduct thorough research on the Specialist Technology Company applicants or offer a genuine subscription price, as they can simply wait for the bid price of other Non-Independent Institutional Investors (the “Market Price”) and offer a price no higher than such Market Price. Also, requiring a minimum percentage of the Independent Institutional Investors’ subscription will cause more uncertainties to the Specialist Technology Company applicants’ offering size, market capitalization and even the success of their IPOs, and some strategic investors who deeply understand the Specialist Technology Company applicants and their industries but do not fall within the definition of Independent Institutional Investors might not be able to participate in the IPO because of the allocation restriction.

We would strongly suggest the Exchange to cancel the minimum allocation to Independent Institutional Investors requirement and leave the price discovery process to the market and the underwriters. Alternatively, the Exchange may consider asking the underwriters to provide more details of the places to make sure the allocation represents genuine demand of the Specialist Technology Company applicants’ securities.

Question 29

Do you agree with the definition of Independent Institutional Investors as set out in paragraphs 201 to 202 of the Consultation Paper?

Please give reasons for your views. Please provide any alternative definition you believe appropriate with reasons for your suggestions.

Question 30

Do you agree that a Specialist Technology Company must, in addition to meeting the existing requirements on public float, ensure that at least 50% of the total number of shares offered in the initial public offering (excluding any shares to be issued pursuant to the exercise of any over-allotment option) must be taken up by Independent Institutional Investors?

Please give reasons for your views.

Question 31

Do you agree that in the case where a Specialist Technology Company is listed by way of a De-SPAC Transaction, at least 50% of the total number of shares issued by the Successor Company as part of the De-SPAC Transaction (excluding any shares issued to the existing shareholders of the De-SPAC Target as consideration for acquiring the De-SPAC Target) must be taken up by Independent Institutional Investors?

Please give reasons for your views.

Question 32

Do you agree that in the case of a Specialist Technology Company seeking to list by introduction, the Exchange will consider granting waivers, on a case-by-case basis, from the requirement for the minimum allocation of offer shares to Independent Institutional Investors, if the applicant is able to demonstrate that it is expected to meet the applicable minimum market capitalisation at the time of listing (see paragraph 120 of the Consultation Paper), having regard to its historical trading price (for at least a six-month period) on a Recognised Stock Exchange with sufficient liquidity and a large investor base (a substantial portion of which are independent Institutional Professional Investors)?

Please give reasons for your views.

Question 33

Do you agree that there should be a new initial retail allocation and clawback mechanism for Specialist Technology Companies to help ensure a robust price discovery process?

Please give reasons for your views.

Question 34

Do you agree with the proposed initial allocation and clawback mechanism for Specialist Technology Companies as set out in paragraph 205 of the Consultation Paper?

Please give reasons for your views. If your answer is “No”, please provide alternative suggestions and provide reasons for your suggestions.

Question 35

Do you agree that a Specialist Technology Company seeking an initial listing must ensure that a portion of its issued shares with a market capitalisation of at least HK\$600 million is free from any disposal restrictions (whether under: contract; the Listing Rules; applicable laws; or otherwise) upon listing (referred to as its “free float”)?

Please give reasons for your views.

Question 36

Do you agree that the Exchange should reserve the right not to approve the listing of a Specialist Technology Company if it believes the company’s offer size is not significant enough to facilitate post-listing liquidity, or may otherwise give rise to orderly market concerns?

Please give reasons for your views.

Question 37

Do you agree that a Specialist Technology Company applicant's Listing Document must include the additional information set out in paragraph 32 of the Draft Guidance Letter (Appendix V of the Consultation Paper) due to it being a Specialist Technology Company?

Please give reasons for your views.

Question 38

Do you have any other suggestions for additional information that a Specialist Technology Company should include in its Listing Document in order to allow an investor to properly assess and value the company?

If so, please provide your suggestion.

Question 39

Do you agree that existing shareholders should be allowed to participate in the IPO of a Specialist Technology Company provided that the company complies with the existing public float requirement under Rule 8.08(1), the requirement for minimum allocation to Independent Institutional Investors (see paragraph 200 of the Consultation Paper) and the minimum free float requirement (see paragraph 207 of the Consultation Paper)?

Please give reasons for your views.

Question 40

Do you agree with the proposals set out in paragraph 225 of the Consultation Paper regarding the conditions for existing shareholders subscribing for shares in an IPO?

Please give reasons for your views.

Question 41(a)

Do you agree that the controlling shareholders of a Commercial Company should be subject to a lock-up period of 12 months?

Please give reasons for your views.

Question 41(b)

Do you agree that the controlling shareholders of a Pre-Commercial Company should be subject to a lock-up period of 24 months?

Please give reasons for your views.

Question 42

Do you agree with the scope of key persons (as described in paragraph 242 of the Consultation Paper) that should be subject to a restriction on the disposal of their holdings after listing?

No

Please give reasons for your views.

We are not in objection to the concept of restricting the disposal of Key Persons' holdings (the "Lock-up"), but would suggest making clear (i) the scope of the shares attributable to the Key Person that are subject to the lock up; and (ii) the definition and scope of the Key Person so that a Specialist Technology Company applicant and relevant individuals can clearly tell whether or not a given personnel will be subject to the Lock-up after the Specialist Technology Company applicant gets listed.

(i) We understand the proposal is to keep the personal economic interests of the Key Persons aligned with the Specialist Technology Company's development, which will incentivize the Key Persons' long-term commitment with the company, instead of keeping the control rights of such Key Persons in the company unchanged. Thus, such Lock-up shall only extend to the securities that are beneficially owned by the Key Persons, not the securities controlled or managed by them.

For example, many companies have established trust, partnerships or other platforms to hold the vested ESOP shares on behalf of their employees. Such platform is typically controlled or managed by trustable personnel whose interest are substantially aligned with the company's, e.g., the founders, senior management and/or technical lead, who are all covered by the proposed definition of Key Persons. If not clearly stated, questions will arise on whether the abovementioned shares controlled by such Key Persons but beneficially owned by other employees would also be subject to the proposed Lock-up.

We suggest the Exchange to make clear that the Lock-up does not restrict the disposal of shares controlled or managed but not beneficially owned by the Key Persons.

(ii) The proposed Rule 18C.13(1)(d) stated that "key personnel responsible for the Specialist Technology Company's technical operations and/or the research and development of its Specialist Technology Product(s)" (the "Technology Lead") shall be subject to the Lock-up, and the draft guidance letter further provided examples of such personnel which includes the head and the key personnel of its research and development department whose expertise is primarily relied upon by the company for the development of the Specialist Technology Product(s), and the lead developer(s) of the core technologies in relation to the Specialist Technology Product(s).

We would like to bring to the Exchange's attention that the Lock-up on Technology Leads are based on their responsibilities and positions instead of their shareholdings in the company, which means they will still enjoy the benefit of their shareholdings in the Specialist Technology Company after the company completes its IPO even if they cease to take such responsibilities. A rational move for such Technology Lead to avoid the Lock-up restriction is to resign or cease to hold relevant position before the Company's IPO, unless the Company agrees to provide them with additional compensations for the risk. An even bigger concern is that some employees who believe they would fall into the definition of Technology Lead, but actually not, might choose to resign once they are aware that the Company might apply for listing under the Listing Rules Chapter 18C. This is especially the case when most of the Specialist Technology Companies are mainly engaged in R&D businesses and a large portion of their employees are technical operation related. With the "Exchange's sole discretion" wording (paragraph 41 of the draft Guidance Letter), the Specialist Technology Company will not be able to assure the employees that they will not be locked even if the Specialist Technology Company truly believes so, or to decide the scope of employees who will fall into the scope of Technology Leads that need to be compensated in preparation for the IPO.

We would strongly suggest the Exchange to either (a) provide a clearer definition of such Technology Leads so that both the Specialist Technology Company applicant and its employees can tell for sure who would be subject to the Lock-up (for example, only personnel who hold the positions of CTO and/or head of the research and development department will be subject to

the Lock-up), or (b) let the listing applicants and/or their Board decide to what extent they would like to stress their R&D capacities and who from their technology team they would like to disclose, and only those Technology Leads mentioned in the offering documents would be subject to the Lock-up.

Question 43(a)

Do you agree with the proposed lock-up periods on the securities of such key persons and their close associates of 12 months for a Commercial Company?

Please give reasons for your views.

Question 43(b)

Do you agree with the proposed lock-up periods on the securities of such key persons and their close associates of 24 months for a Pre-Commercial Company?

Please give reasons for your views.

Question 44(a)

Do you agree with the proposed lock-up period on the securities of Pathfinders SIIIs of six months for a Commercial Company?

Please give reasons for your views.

Question 44(b)

Do you agree with the proposed lock-up period on the securities of Pathfinders SIIIs of 12 months for a Pre-Commercial Company?

Please give reasons for your views.

Question 45

Do you agree that controlling shareholders, key persons and Pathfinder SIIIs should be

permitted (in accordance with current Rules and guidance) to sell their securities prior to an IPO and offer them for sale in the IPO, such that only the securities retained by them after listing would be subject to the lock-up restrictions?

Please give reasons for your views.

Question 46

Do you agree that any deemed disposal of securities by a person resulting from the allotment, grant or issue of new securities by a Specialist Technology Company during a lock-up period would not constitute a breach of the lock-up requirements?

Please give reasons for your views.

Question 47

Do you agree that a lock-up period in force at the time of the removal of designation as a Pre-Commercial Company should continue to apply unchanged?

Please give reasons for your views.

Question 48

Do you agree that a Specialist Technology Company must disclose in its Listing Document the total number of securities in the issuer held by the persons (as identified in the Listing Document) that are subject to the lock-up requirements under the Listing Rules, and that the same information must also be disclosed in the interim and annual reports of the Specialist Technology Company for so long as such persons remain as a shareholder?

Please give reasons for your views.

Question 49

Do you agree with the scope of the additional disclosure in the interim and annual

reports of Pre-Commercial Companies as set out in paragraphs 262 and 263 of the Consultation Paper?

Please give reasons for your views. If your answer is “No”, please provide alternative suggestions and provide reasons for your suggestions.

Question 50

Do you agree that only Pre-Commercial Companies should be subject to the ongoing disclosure requirements referred to in Question 49?

Please give reasons for your views.

Question 51

Do you agree that Pre-Commercial Companies should be subject to a remedial period of 12 months to re-comply with the sufficiency of operations and assets requirement before delisting, in the event that the Exchange considers that a Pre-Commercial Company has failed to meet its continuing obligation to maintain sufficient operations or assets?

Please give reasons for your views.

Question 52

Do you agree that Pre-Commercial Companies must not effect any transaction that would result in a fundamental change to their principal business without the prior consent of the Exchange?

Please give reasons for your views.

Question 53

Do you agree that Pre-Commercial Companies must be prominently identified through a “PC” marker at the end of their stock names?

Please give reasons for your views.

Question 54

Do you agree that the continuing obligations for Pre-Commercial Companies no longer apply once a Pre-Commercial Company has met the requirements in paragraph 270 of the Consultation Paper and ceases to be regarded as a Pre-Commercial Company?

Please give reasons for your views.

Question 55

Do you agree with the proposed requirements for Pre-Commercial Companies to demonstrate to the Exchange that they should no longer be regarded as a Pre-Commercial Company (see paragraphs 269 to 272 of the Consultation Paper)?

Please give reasons for your views.