

Submitted via Qualtrics

**Anonymous
Company / Organisation
Corporate Finance Firm / Bank**

Question 1

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

Yes

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with the list of Specialist Technology Industries and the respective acceptable sectors set out in paragraph 4 of the Draft Guidance Letter (Appendix V to the Consultation Paper)?

Yes

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”?

No

Please give reasons for your views.

With respect to paragraph 107(a), similar to STAR Market, we would suggest the Exchange to add more concrete factors when considering whether a substantial portion of total operating expenditure of the Company and senior management resources was dedicated to the Specialist Technology business such as number of R&D personnel as a % of total number of employees, number of invention patents applied / approved per year, etc.

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?

Yes

Please give reasons for your views.

We would suggest such applicant to file a pre-A1 submission and set out the key arguments to justify the inconsistencies for the Exchange's consideration

Question 5

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

Yes

Please give reasons for your views.

Question 6

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

Yes

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?

Yes

Please give reasons for your views.

Retail subscription is currently allowed for mineral companies and biotech companies which are subject to similar funding and commercialization risks at their early stage of development

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.

Question 9

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

Yes

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?

Yes

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?

Yes

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?

No

Please give reasons for your views.

Other than the above conditions, the sales of Specialist Technology Product(s) can be affected by other strategic factors such as the timing of launch of service / product offerings, product life cycle, sales and marketing strategies etc. Such strategic moves may also affect the revenue growth of a Commercial Company during the track record period but can be beneficial in a long run. As such, we would suggest the allowance for temporary declines should not explicitly limit to economic, market or industry-wide conditions only

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

Please give reasons for your views.

To supplement, in particular for early-stage Pre-Commercial Company, other than designated R&D personnel, senior management may devote their time and efforts on both management and R&D at the same time. To the extent that proper allocation basis can be provided, the Exchange may consider accepting the portion of costs attributed to senior management's contribution to R&D activities can be counted as part of the amount of qualifying R&D investment

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?

Yes

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?

Yes

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)?

Yes

Please give reasons for your views.

Whilst we agree with the Exchange that meaningful investment from SII's can be a proxy for independent third-party validation in the absence of a Competent Authority (like Biotech Companies), the Consultation Paper does not clearly provide concrete basis for requiring the applicant to have at least two Pathfinder SII's at the time of listing application

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?

No

Please give reasons for your views.

According to paragraph 155 to 156, a SII must not be a core connected person of the listing applicant where only a substantial shareholder can be exempted. However, given it is uncommon for SII's (esp. those who are substantial shareholders) of the listing applicant to have board representation, we suggest the Exchange to clarify whether a board seat would impede such SII in fulfilling the independence requirement

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?

Yes

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?

No

Please give reasons for your views.

The Consultation Paper does not clearly provide concrete basis for requiring the applicant to have at least two Pathfinder SII's at the time of listing application. Some Specialist Technology

Companies may have done rounds of pre-IPO investments (which can involve a number of sophisticated investors) and may have only one lead pre-IPO investor holding more than 5% at least 12 months before the date of listing application. In such case, would such applicant be rejected simply because it only got one Pathfinder SII?

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?

Yes

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?

Yes

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?

Yes

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?

Yes

Please give reasons for your views.

While we generally agree with the examples proposed, in terms of “highly reputable customer”, the current definition looks too narrow. For example, for a key market participant to qualify as a “highly reputable customer”, it must already have substantial market share in the industry. This appears to exclude upstream or downstream customers with growing market share, unique market position, and/or solid financial background. We would suggest the Exchange to add more relevant factors in assessing a “highly reputable customer”

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?

Yes

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?

Yes

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?

Yes

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?

Yes

Please give reasons for your views.

Since the more institutional investors are involved in the offering, the more accurate the IPO valuation is to reflect the genuine public market feedback and expectation

Question 29

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

No

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

For private specialist technology companies which have gone through multiple rounds of private financings ahead of their IPO, there are oftentimes many non-corporate and globally-recognized financial institutional investors who have chosen to invest and become their shareholders subsequent to a very robust internal discussion and assessment of the companies' fundamentals and fair valuation, therefore their view and decision to re-invest into the IPO by way of cornerstone or anchor would not only represent a mere vote of confidence without any valuation consideration, but on the contrary also serve as a genuine opinion leadership and price setting event for the other new financial institutional investors to follow or make reference to. Therefore we would suggest setting an alternative definition of "Independent Institutional Investors" to exclude only the corporate professional investors and individual professional investors, but leaving the globally-recognized financial institutional investors intact. If we have to define "globally-recognized financial institutional investors", those should refer to the ones who have multiple investment track records in the industry, or those crossover institutional investors who have also been trading its listed comparable companies frequently in the secondary market

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?

Yes

Please give reasons for your views.

Since this is the more certain approach to ensure that genuine institutional trading activities (during the initial listing phase at a minimum) would constitute at least half of the overall aftermarket liquidity

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?

Yes

Please give reasons for your views.

Same as our response to Question 30

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)?

No

Please give reasons for your views.

In addition to Recognised Stock Exchange, we would suggest that, on a case-by-case basis, the Exchange might consider including applicants already listed on A-shares and/or B-shares given such applicants may also be able to fulfill the similar public float / liquidity requirements

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?

Yes

Please give reasons for your views.

The proposal of having a more stringent retail allocation and clawback mechanism, i.e. having a

lower initial % of retail allocation and a lower % of retail allocation cap in case of significant retail oversubscription makes a lot of sense since market participants almost always refer to see a higher % of the deal being allocated to Independent Institutional Investors

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?

Yes

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

Having at least 80% of the deal being allocated to existing and Independent Institutional Investors regardless of retail oversubscription level would help send a strong signal to the market that this will indeed be a genuine institutional transaction

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”)?

No

Please give reasons for your views.

Whilst we understood that the size of the proposed minimum free float was determined after analyzing past IPOs of certain issuers with a market capitalization of at least HK\$8 billion, we wonder if a higher free float requirement is required for Pre-Commercial Companies which have a higher proposed market capitalization requirement (HK\$15 billion)

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?

No

Please give reasons for your views.

We would suggest the Exchange to offer more concrete guidelines (such as minimum offer size or percentage, number of investors etc.) as to how it would assess the sufficiency of a company’s offer size

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?

Yes

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?

Yes

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)?

Yes

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?

Yes

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?

Yes

Please give reasons for your views.

Controlling shareholders should normally have much better visibility on, and be more instrumental to, the Company's commercialization and profitability roadmap, and therefore should be capable of enduring an even longer lock-up period than the usual 6-month commercial lock-up for pure financial cornerstone investors in the IPO

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?

Yes

Please give reasons for your views.

While we generally agree that a longer lock-up should be applied to a Pre-Commercial Company, we would suggest the Exchange to make reference to STAR Market and consider whether the proposed 24 months lock-up period can be shortened (say, to 12 months, or to match the disclosed/committed timeframe) when the Pre-Commercial Company is able to demonstrate that it can meet the Commercialization Revenue Threshold within the disclosed/committed timeframe

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?

Yes

Please give reasons for your views.

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?

Yes

Please give reasons for your views.

While we generally agree that a longer lock-up should be applied to a Pre-Commercial Company, we would suggest the Exchange to make reference to STAR Market and consider

whether the proposed 24 months lock-up period can be shortened (say. to 12 months, or to match the disclosed/committed) when the Pre-Commercial Company is able to demonstrate that it can meet the Commercialization Revenue Threshold within the disclosed/committed timeframe

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?

Yes

Please give reasons for your views.

While we generally agree that a longer lock-up should be applied to a Pre-Commercial Company, we would suggest the Exchange to make reference to STAR Market and consider whether the proposed 24 months lock-up period can be shortened (say. to 12 months, or to match the disclosed/committed) when the Pre-Commercial Company is able to demonstrate that it can meet the Commercialization Revenue Threshold within the disclosed/committed timeframe

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?

Yes

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?

Yes

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?

Yes

Please give reasons for your views.

IPO with a secondary share tranche from existing shareholder(s) sell-down has been a very common practice in both HK and global standard, which is something to do with the nature of the selling shareholders' own LP capital structure and investment mandate, and is independent from whether the underlying IPO issuer is defined as Specialist Technology Company

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?

Yes

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?

No

Please give reasons for your views.

We would suggest the Exchange to make reference to STAR Market and consider shortening the relevant lock-up periods when a Pre-Commercial Company is able to demonstrate that it can meet the Commercialization Revenue Threshold

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

Yes

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?

086

Yes

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?

Yes

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)?

Yes

Please give reasons for your views.