

**Submitted via Qualtrics**

**Black Spade Capital Limited  
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.**

We agree with the proposed definitions.

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with the list of Specialist Technology Industries and the respective acceptable sectors set out in paragraph 4 of the Draft Guidance Letter (Appendix V to the Consultation Paper)?**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

We agree with the proposed list and we do think it necessary to update the relevant scope from time to time so that newly emerging industries and sectors can be captured.

**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 regard to factor (a), we suggest that HKEx also takes into consideration the revenue (if there is any) generated from the Specialist Technology Product(s) in the company’s Specialist Technology business segment(s).

We would also be grateful if HKEx could provide clarifications on the methodology or percentage to be applied in determining what constitutes "substantial portion", "based primarily on" and "primarily applied" in the three factors respectively.

**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.**

**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.**

We agree that Pre-Commercial Companies with high growth potential should also be allowed to list.

**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.**

We agreed that more stringent requirements should be applied to Pre-Commercial Companies to mitigate the higher risks presented by these companies as there remains uncertainty in their business prospect.

**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.**

We support HKEx's proposal to present more investment opportunities to all investors in Hong

Kong, including retail investors.

**Question 8**

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

No

**Please give reasons for your views.**

Considering the prevailing market condition, we think the minimum expected market capitalisation of HK\$8 billion may be on the high side and may rule out some of the companies that are undervalued but have high growth potential.

**Question 9**

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

No

**Please give reasons for your views.**

As referred to in our answer to Question 8, the minimum expected market capitalisation of HK\$15 billion may be too high and may put pressure on the Pre-Commercial Companies with high growth potential to either inflate their valuations or turn to other stock exchanges for opportunities.

**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?**

No

**Please give reasons for your views.**

While a revenue threshold of HK\$250 million would reflect meaningful commercialisation to investors, it may be too high for those companies which are at the early stages of commercialisation.

**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?**

Yes

**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?**

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.**

**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.**

Yes, this will help support the commercial viability and valuation of the company.

**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?**

Yes

**Please give reasons for your views.**

Yes, it helps validate the valuation of the company and is not uncommon in the relevant industries.

**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.**

While we agree the proposed indicative benchmark is reasonable for companies of relatively smaller size, the requirement of having at least 2 SIIs each holding at least 5% of the issued share capital of the company may be on the high side for companies of larger market

capitalisation, as after several rounds of fund-raising activities, many investors end up holding a smaller percentage of shares in such companies. We propose the percentage threshold be adjusted accordingly with reference to the tiered requirements for aggregate investments in Table 4 of paragraph 167.

**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.**

Yes, it is in the investors' interest to have Pre-Commercial Companies demonstrate a credible path to the commercialisation of their Specialist Technology Products so as to justify the listing of such pre-revenue companies on the exchange.

**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?**

No

**Please give reasons for your views.**

We think binding contracts or non-binding framework agreements,

with reasonably sufficient details on the timeframe and milestones for commercialisation could demonstrate a credible path to achieving the Commercialisation Revenue Threshold, it may be difficult for Pre-Commercial Companies to have contracts with a substantial potential aggregate contract value realisable within 24 months from the date of listing, as commercialisation is usually implemented by stages. We suggest HKEx consider lowering the contract value requirement or extending the relevant time period.

**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.**

Please refer to our response to Question 25.

**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?**



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No

**Please give reasons for your views.**

We agree that a Pre-Commercial Company applicant shall 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), but the main components of such costs should also include marketing and related costs, especially if they are expected to achieve the Commercialisation Revenue Threshold within 24 months after listing.

**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.**

**Question 29**

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

Yes

**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?**

No

**Please give reasons for your views.**

We think the 50% requirement may be too high a threshold which will limit the investor base to a small group of people and result in lower liquidity and higher price volatility.

**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?**

No

**Please give reasons for your views.**

Please see our response to Question 31.

**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)?**

Yes

**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?**

Yes

**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?**

Yes

**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”)?**

Yes

**Please give reasons for your views.**

We agree that the minimum free float requirement is essential to facilitate post-listing liquidity and share price stability.

**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?**

Yes

**Please give reasons for your views.**

We would be grateful if HKEx could clarify what constitutes "significant" offer size and the relevant considerations taken into.

**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?**

No

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.**

**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.**

**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.**

**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.**

**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?**

No

**Please give reasons for your views.**

We propose a 6-9 months lock-up period in this case, depending on the shareholding percentage of the relevant Pathfinders SII, as it may be unnecessary to lock up an SII holding a small amount of shares for too long.

**Question 45**

**Do you agree that controlling shareholders, key persons and Pathfinder SII 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.**

**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?**

Yes

**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?**

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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?**

No

**Please give reasons for your views.**

We suggest applying the usual 18-month period as applied on other issuers.

**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?**

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.**