

Submitted via Qualtrics

**Time Medical Holdings Company Limited
Company / Organisation
Prospective Listing Applicant**

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with the list of Specialist Technology Industries and the respective acceptable sectors set out in paragraph 4 of the Draft Guidance Letter (Appendix V to the Consultation Paper)?

No

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

HKEX could list the Medical Technology (MT) as one of the key industrial sectors in the new Chapter (18C) to attract MT companies from overseas, Mainland, as well as local for listing.

Medical Technology is the key part of Biomedical and Healthcare Industry. In US and EU, the production ratio of the MT to the Biopharmaceutical is almost 1:1.

MT has three features:

- a) it has a variety of medical device products as small as Stent and as large as MRI and CT;
- b) it has a mass number of companies, for example there are over 29,000 MT companies in China;
- c) it consists of many small startups with only 1-2 products, as well as multinational corporations such as GE Healthcare.

The total revenue and market cap of the top 10 biopharmaceutical companies are \$528 B US and \$2,289 B US, respectively. The total revenue and market cap of the top 10 MT companies are \$449 B US and \$1,050 B US respectively. In terms of economic impact, it is very similar contribution.

China has over 29,000 MT companies and the total revenue reached \$800 B RMB in 2021 and it is expected to reach \$1 Trillion RMB in 2023. The No. 1 MT company is Mindray, which has \$25.2 B RMB revenue in 2022. The No. 1 bio-pharma company is Heng Rui Medical which has \$25.9 B RMB in 2021. There are over 4,500 MT companies in the Greater Bay Area of Guangzhou, Shenzhen, and Hong Kong which is 16% of China total. The MT industry of Shenzhen reached \$90 B RMB in 2021. In Hong Kong, there are over 160 MT companies with an output of \$8.23 B HK in 2021.

There are 127 MT companies listed in Shanghai and Shenzhen stock exchange. By the end of 2021, there are 13 Med Tech companies listed in the Biotech board of HKEX with Chapter 18A. However, these companies are all in the invasive device sector or the diagnostic testing sector. All these companies are from Mainland China.

MT can be classified into two types: Invasive and Non-invasive.

The invasive devices include stent, pacemaker, prosthetic arms, et al. Since these are physically in contact with or implanted into human organs, moderate clinical trial is required for approval in human use.

The non-invasive devices such as diagnosis, testing and imaging equipment/instruments are not physically entering the body, usually only require simple clinical trial in US FDA and CE approval. Therefore, product to market time is much shorten as compared to a drug which usually takes about 3-5 years.

Bio-Pharmaceutical companies are generally large companies, which are characterized by high R&D costs, long R&D cycles, and large sales of single product. Small and medium-sized companies are gradually acquired by large companies in the process of drug R&D. Med Tech companies are mostly small and medium-sized companies, with complex and diverse product portfolios, high product unit prices and relatively low sale per product.

Large-scale medical equipment has been the most profitable division of the world's leading, multi-national corporations such as GE, Philips and Siemens (here refer as GPS). The profit margin of GPS Medical Equipment Division is 16-18%. Siemens Healthcare was spun off and

listed in Frankfurt in 2018 with a current market value of \$60 billion Euro. GE healthcare just announced to list in the NASDAQ on January 3rd with a market cap around \$80 B US.

In China, the No.1 MT company is Mindray with is listed on the Shenzhen Stock Exchange with a market cap of \$398 B RMB (\$55 B US). Currently, Mindray, a Shenzhen based med tech company, is No. 2 market cap company in Shenzhen Stock Exchange. The No. 2 MT company is United Imaging which is listed in the STAR board of SHSE with a market cap of \$150 B RMB in August 2022. United Imaging, a Shanghai based medical imaging company, is No. 2 market cap company in Shanghai STAR board after SMIC.

The current Chapter 18A is more focused on Biotechnology industry, which is quite different from Med Tech Industry. Most MT companies, particularly those companies with non-invasive products such as imaging systems do not need clinical trial in hospital for US and Europe regulatory approval so time to market is short. However, they do need capital to file regulatory approvals for many major country markets so that the company could enter globally market quickly.

In addition, medical imaging is a key part of digital healthcare service industry. For example, GE Healthcare installed 4 M imaging systems globally, and annual digital imaging service and maintenance fee of the installed systems contributing 60% of total revenue. Therefore, the revenue growth for most medical imaging companies is sustainable and not subject to the volatility of the market.

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”?

Yes

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?

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.

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?

No

Please give reasons for your views.

Lower the mark for expected market capitalisation could attract more high growth tech companies from Silicon Valley as well as the Greater Bay Area. Many local Hong Kong companies would then be qualified for listing through 18C, particularly for those tech companies from the HKSTP.

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.

The Exchange could lower the mark for company value to \$300 M US.

Currently, the Singapore Stock Exchange is very aggressively attracting Life Science including medical technology and device companies from SE Asia, China, and India to list. The requirements for listing there are much easier than the 18C, as long as the company has proven technology and high growth potential, and the market cap reaches \$300 M Singapore dollar (\$223 M US).

Setting a much higher mark would not be attractive to fast growing tech companies, particularly the local Hong Kong tech companies for listing in HKEX. They would be dragged to list Singapore and/or NASDAQ which has no requirement on the market value.

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.

The 18C listing condition could be more open like NASDAQ, without setting many limitations on industries, revenue, and investment. It could be the Hong Kong Nasdaq to attract leading tech companies such as Tesla, GE Healthcare, Mindray to list or secondary list in HKEX.

Lower the mark for revenue could also attract more high growth tech companies from Silicon Valley as well as the Greater Bay Area. Many local Hong Kong companies would then be qualified for listing through 18C, particularly for those tech companies from the HKSTP.

To most Med Tech companies, they would consider to go IPO after the revenue reaches \$10 M US so that the companies could raise fund to expand to the global market quickly and to ensure the fast growing.

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?

No

Please give reasons for your views.

It could be more flexible like NASDAQ, without setting many limitations on revenue to attract more high-tech companies, particularly the local ones from the Greater Bay Area to list.

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.

Most Med Tech companies have more products and these products will have fast approval from US FDA and EU CE, so the time to market is much shorter than a Biotech product. Each new product would generate incremental revenue and hence the revenue growing is sustainable.

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?

No

Please give reasons for your views.

50% R&D expenditure is more referring to the BioPharma industry, not to Med Tech and other industrial sectors. A tech company is not a research institute. For a MT company, it needs to build production line and make a product for clinical trial and filing regulatory approval before sale, these are major items of the operating expense.

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)?

No

Please give reasons for your views.

The 18C listing condition could be more open like NASDAQ, without setting many limitations on industries, revenue, and investment. It could be the Hong Kong Nasdaq to attract leading tech companies such as Tesla, GE Healthcare, Mindray to list or secondary list in HKEX.

Many of the Med Tech companies grows naturally by adding new products and expanding new markets without major investment funds. Listing through 18C could raise fund from capital market directly to speed up the revenue growth.

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?

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?

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?

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.

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)?

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?

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.

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.

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?

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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?

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?

No

Please give reasons for your views.

The minimum lock-up period could be 6 months.

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?

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?

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?

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Yes

Please give reasons for your views.

Question 45

Do you agree that controlling shareholders, key persons and Pathfinder Slls 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?

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?

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.

Please give reasons