

**Submitted via Qualtrics**

**Anonymous  
Company / Organisation  
Law Firm**

**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.**

“Specialist Technology” is an evolving concept. We suggest the Exchange to apply the principles set forth in paragraph 101 to exercise its discretion as to whether such listing applicants would qualify as a “Specialist Technology Company” if they do not fall under the acceptable sectors.

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with the list of Specialist Technology Industries and the respective acceptable sectors set out in paragraph 4 of the Draft Guidance Letter (Appendix V to the Consultation Paper)?**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

See response above.

**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.**

We, however, suggest the Exchange to provide further guidance or consider to provide quantitative requirements (e.g. 50% or more of the sales being derived from Special Technology Product) to further elaborate on the meaning of the terms “a substantial portion” and “primarily” in paragraph 107.

**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.**

Yes, but to some extent.

We agree the Exchange should retain the discretion to reject an application if it is inconsistent with the principles but suggest the discretion should be exercised in caution to avoid deterring potential applications. The principles referred to in paragraph 101 of the Consultation Paper is intended to serve as a general guideline to demonstrate the typical characteristics of a Specialist Technology Company while Chapter 18C would provide for bright-line listing qualifications and conditions for the listing applicants. We believe that if the applicant could satisfy the bright-line requirements and fall under the acceptable sectors, such application should not be rejected by the Exchange. The Exchange should consider to limit its discretion to reject an application only if the applicant does not fall under the acceptable sector and at the same time, could not display attributes inconsistent with the principles.

**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, however, consider that Pre-Commercial Companies in early stage or with negative financial performance may not be suitable for listing and receive public investment, as such companies may raise more concerns on its sustainability before commercialization. Please refer to our response to Question 9 for details.

**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.**

We, however, suggest the Exchange reducing the market capitalization requirement for Pre-Commercial Companies to protect the retail investors from risks associated with inflating valuation of Pre-Commercial Companies. Please refer to our responses to Question 9 below for details of the explanation.

**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.**

We agree with the proposal to uphold market quality, however, we suggest reducing the proposed minimum market capitalization standard for Commercial Companies for the following reasons:

(i) first, a high market capitalization requirement may reduce the competitiveness of the regime and defeat its primary purpose of improving the attractiveness of Hong Kong as the listing venue to new economy companies. We consider that a relatively large pool of Specialist Technology Companies is critical for luring market attention and enthusiasm to the new regime and in turn attracting investors and new economy companies to list and trade on the Exchange. The proposed market capitalization for Commercial Companies is substantially higher than the market capitalization requirement of the other major stock exchanges as set out in Appendix II to the Consultation Paper and the existing market capitalization requirement of the Exchange under Chapter 8, which could reduce the interests of new economy companies in listing on the Exchange. The proposed market capitalization is much higher than the median pre-money valuation of private companies in late round of financings based on statistical results of U.S. private company venture financings, which could substantially limit the number of companies that are eligible for application and increase the difficulties of such companies in listing;

(ii) second, we consider that there is no direct positive correlation between the valuation of a company and its quality and growth potential. "Unicorn" companies are companies with high valuation in the review period but not necessarily companies with continuing growth potential. Valuation of a company could be significantly influenced by various factors unrelated to such company's quality and growth potential such as the international political environment. As a result, we consider that as compared to a high market capitalization requirement may not be necessary to ensure the quality of the listing application;

(iii) third, a substantially higher market capitalization requirement may also increase the investment risks and reduce the investment return of public investors from investing in Specialist

Technology Companies. A higher market capitalization requirement may also increase the risks of public investors associated with valuation inflation, and thus in turn harm the long-term success of the new regime.

Based on the above, we suggest that the proposed market capitalization requirement for Commercial Companies could be reduced to the average valuation multiples of middle or upper sized Specialist Technology Companies.

**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.**

We agree with the proposal that Pre-Commercial Companies, particularly those in early stage, shall be subject to more stringent listing qualification to ensure its sustainability before commercialization. However, we consider that only increasing the market capitalization standard for Pre-Commercial Companies may not well protect the public investors from the higher investment risks associated with investing in an early stage company. On the contrary, as we explained in our response to Question 8, a significantly higher valuation may further increase the investment risks of public investors for investing in Pre-Commercial Companies. To uphold the quality of Pre-Commercial Companies and protect public investors, we suggest that the Exchange may (1) reduce the proposed market capitalization standard for Pre-Commercial Companies to protect public investors from the investment risks associated with a significantly higher market capitalization; and (2) consider to add further financial requirements such as total assets or shareholders' equity to ensure the sustainability and quality of the Pre-Commercial Companies. For example, Nasdaq Global Select Market requires that a listing applicant with no pre-tax earnings, positive cash flows or revenues shall have at least the market capitalization of US\$160 million, total asset of US\$80 million and the shareholders' equity of US\$55 million. Nasdaq Global Market requires that a listing applicant with no continuing operating income must either have the shareholders' equity of US\$30 million or the total assets of US\$75 million plus the total revenue of US\$75 million. The STAR Market also requires that listing applicants with no revenue shall have market capitalization of RMB4 billion and an approved core product/business.

**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.**

In addition, we also suggest the Exchange to consider adding alternative financial requirements

for Commercial Companies to address the different business models among different industries, such as profit test/cashflow test. For example, a SaaS company tends to have a significant higher profit ratio than companies in certain other industries, which may be more suitable for profit test rather than revenue test.

**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?**

No

**Please give reasons for your views.**

We disagree with the proposal to set up a unified threshold of R&D investment for all the Specialist Technology Companies. The actual percentage of R&D cost spent may vary depending on the development stage of the Specialist Technology Products which may also decline towards the end of commercialization when the applicant focuses on sales and marketing or manufacturing. We suggest replacing quantitative requirement of R&D investment with a qualitative requirement in the Listing Rules in line with Biotech Companies under Chapter 18A.

**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.**

Please see our response to Question 14(a).

**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?**

No

**Please give reasons for your views.**

Please see our response to Question 14.

**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**

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**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.**

**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.**

**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.**

We believe the requirements are too stringent which will delay the timetable for many applications. We suggest to (i) allow an option to satisfy the requirement by having only one Sophisticated Independent Investor to hold a shareholding of 10% or more; and (ii) require the investment to be made 12 months before the date of listing, instead of the listing application. This should ensure sufficient due diligence and evaluation work has been conducted by at least one Sophisticated Independent Investor in the pre-IPO financing round.

**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.**

**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?**

No

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

We suggest that the scope of Independent Institutional Investors shall also include corporate professional investors. The definition of "Independent Institutional Investors" would exclude corporate investors in the relevant industries which tend to understand the business and industry more thoroughly and thus is beneficial to the price discovery process.

**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.

**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.

**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?**

No

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

We agree that such proposed mechanism shall apply for Pre-Commercial Companies. However, we suggest that the allocation and clawback mechanism for Commercial Companies shall be the same as other Main Board listing applicants as the Commercial Companies have already commercialized their products reaching the Commercialization Revenue Threshold.

**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 also suggest the Exchange clarifying whether such free float include shares held by pre-IPO shareholders that are not subject to lock-up.

**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?**

Yes

**If so, please provide your suggestion.**

We suggest that the Listing Document shall also elaborate on the technical capabilities of the Specialist Technology Products in comparison to the similar products launched in the market, for investors' assessment.

**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?**

No

**Please give reasons for your views.**

We suggest removing key personnel from the scope of key persons. The definition of key personnel is subjective and may not be practicable for listing applicants to identify and confirm a complete list of persons. In addition, Specialist Technology Companies will usually use share incentive plans and vesting schedules to retain key persons for such companies.

**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?**

No

**Please give reasons for your views.**

We suggest that the lock-up period for Pathfinders SIIIs of Commercial Companies and Pre-Commercial Companies shall both be six months. Six-month post-listing lock-up period is a common practice in the market. An extension of lock-up period on investors may discourage them to list their investees on the Exchange.

**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.**

Please see our response to Question 44(a).

**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?**

No

**Please give reasons for your views.**

Yes for Pathfinder SIIIs, but no for controlling shareholders and key persons. We consider that it is important for controlling shareholders and key persons to commit continuous confidence in the listing applicants at the time of IPO.

**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.**

If a Pre-Commercial Company has successfully become a Commercial Company, it shall be subject to the same rules of Commercial Companies, which may also provide incentive for such company to work towards commercialization.

**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?**

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-**

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**Commercial Company (see paragraphs 269 to 272 of the Consultation Paper)?**

Yes

**Please give reasons for your views.**