

Submitted via Qualtrics

**China Tonghai Capital Limited
Company / Organisation
HKEX Participant**

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.

The current definition and guidance letter provides sufficient clarity and flexibility. However, we proposed a smaller list for Pre-Commercial Companies.

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with the list of Specialist Technology Industries and the respective acceptable sectors set out in paragraph 4 of the Draft Guidance Letter (Appendix V to the Consultation Paper)?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

In addition to the STAR Industries, we suggest to include FinTech to the list of Specialist Technology Industries. Our suggestion is based on the FinTech industry is also under substantial development and increasing demand with high growth potential, the technology used in FinTech is closely related to next-generation information technology sectors as suggested in the List of Specialist Technology Industries such as cloud-based services and artificial intelligence. As referenced in the Consultation Paper, S&P Kensho New Economies Composite Index also includes sector / subsector indices of FinTech, namely, S&P Kensho Distributed Ledger Index, S&P Kensho Alternative Finance Index and S&P Kensho Future Payments Index, however these sectors were excluded in the Consultation Paper.

Furthermore, in line with our thoughts on Question 1, we propose a narrower list of industries for Pre-Commercial Companies taking out those that have lesser R&D investment and cutting edge technology content relative to the others, viability should be demonstrated by meaningful revenue, and/or higher risk to commercialisation. For example, take out “human-appliance interaction” under “Smart home applications”, “electric vehicles” under “Electric and autonomous vehicles”, “Advanced manufacturing”, “Smart glass” under “Advanced materials”, and “New food and agriculture technologies”. This can mitigate the concern of inappropriate applications under the Pre-Commercial Company route. There can also be greater flexibility in settling

differentiating listing criteria (for example, SII requirement) for Commercial Company versus Pre-Commercial Company with a narrower list of industries qualifying for the latter.

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.

As these factors represent traits of “Specialised Technology Companies”.

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?

No

Please give reasons for your views.

Principles referred to in paragraph 101 of the Consultation Paper did not provide potential issuer a clear definition, for example “participants in the relevant sector must have high growth potential” is highly subjective which did not provide any benchmark or guidance for potential issuer to reference unless specify potential growth benchmark in the Draft Guidance Letter. Furthermore, especially for Pre-Commercial Companies, the sector and the market for the relevant products may not have sufficient research and data to satisfy the Exchange that it has high growth potential.

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.

As suitable Pre-Commercial Companies can prove to be good listing applicant and should also be given the chance 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.

In order to provide more support of the applicant's viability as the risk of successful commercialisation is higher.

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.

As the current requirements (subject to any proposed amendments set out below) should provide sufficient protection to allow retail investors to participate. Retail investors are allowed to participate in Chapter 18A companies which, although those are subject to competence authority endorsement of safety and efficacy, have similar if not higher risk to commercialisation than Pre-Commercial Companies.

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.

While we agree that there should be a minimum market capitalization for Specialist Technology Companies, the proposed HK\$8 billion for Commercial Companies is too high to make the Exchange an attractive proposition compared to other markets. The valuation multiples in the Hong Kong market has corrected significantly downwards in recent years, and is also generally lower than comparable exchanges in the US and Mainland China. There is no need for the Exchange to impose a market capitalisation requirement more than four times higher than these comparable markets.

As pointed out by stakeholders in paragraphs 117 and 119 of the Consultation Paper, the proposed thresholds of market capitalisation and revenue for Commercial Companies represented an implied historical price-to-sales (P/S) ration of 32 times. This implied P/S multiples were only achievable at the peak of the stock market. Currently, only three index companies of the HKTECH Index have P/S multiple of over 10 times. We note that such high implied P/S ratio would put investors who subscribe for Specialist Technology Companies shares at or after the IPO at a higher risk of overstated valuations. Such high valuation

threshold will limit potential issuer and underwriters to adjust the valuation of the potential issue for a successful listing.

Valuation multiples fluctuate in accordance with market sentiment and environment and are outside of the control of an applicant. For example, the month-end weighted average price-earnings ratio of the Hang Seng Index from December 2019 to November 2022 fluctuated in a wide range from a low of 8.26 times (October 2022) to a high of 17.64 times (June 2021). It is therefore inadvisable to adopt price-to-sales multiple achieved in a bull market or in favourable market conditions, or those of the top transactions, as a benchmark to arrive at a required market capitalisation for judging suitability of listing. A modest benchmark price-to-sales multiple is more appropriate as a listing condition.

As set out in table 3 in paragraph 61 of the Consultation Paper, the required market capitalisations of stock exchanges in the US, Mainland China, the UK and Singapore that provide financial eligibility tests that do not require applicants to demonstrate a track record of profit or cash flow are all less than HK\$2 billion, whereby no revenue is required under NYSE (Global Market Capitalisation Test), NASDAQ (Global Select Market – Assets with Equity) and LSE (new regime under consultation), and SGX Mainboard only requires operating revenue. The listing criteria in NASDAQ and STAR Market that offer a market capitalisation and revenue test, the implied P/S ratio is about 9.4 times for NASDAQ Global Select Market Standard 3 and 7.5 times (Listing Criteria 2) and 10 times (Listing Criteria 4) for STAR Market. We therefore suggest a minimum market capitalization of HK\$2.5 billion for Commercial Companies, with an implied P/S ratio of 10 times, in order to be compatible with these exchanges to attract potential listing applicants.

We encourage the Exchange to think out of the box and not to compare the revenue and market capitalization requirement under Chapter 18C with those under Rule 8.05(2) and 8.05(3). Applicants under Chapter 18C do not enjoy preferential treatment as they are subject to other restrictive requirements under the proposed listing conditions such as third-party investment, minimum percentage held by Independent Institutional Investors, and free float requirement.

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 market capitalisation threshold of HK\$15 billion for Pre-Commercial Company applicant is too high when compare with listing criteria 5 of the STAR Market i.e. RMB 4 billion (HK\$4.8 billion) which represented approximately 3.1 times higher than the STAR Market requirements.

We are concerned that such high market capitalisation threshold will be less attractive to the potential issuer to list in Hong Kong.

We suggest a differentiation in other listing criteria for a Pre-commercial Company versus Commercial Company in addition to market capitalisation, for example the Specialist Technology Industries (see response to question 2), requirement of SII (see responses to questions 18 and 19), and lock-up periods. Accordingly we suggest to lower the minimum expected market capitalisation of Pre-Commercial Company applicant to HK\$4 billion at listing.

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.

As this represents a meaningful revenue to support market demand and reflect that the market size is sufficiently large.

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.

As this chapter is catered for Speciality Technology Companies and only Speciality Technology should count in gauging the viability of commercialisation of the candidate.

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.

In order to demonstrate that the Specialist Technology product is viable and 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.

In order to demonstrate that the Specialist Technology product is viable and sustainable.

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.

As R&D is the origin of the Specialist Technology and three years is an appropriate length of time to demonstrate an applicant's commitment to developing the relevant Specialist Technology.

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.

We agree in general that a Specialist Technology Company should have high R&D investment, in particular Pre-Commercial Companies. However, because of the different nature of their products and the cost of R&D in different geography, the amount of R&D investment for some of the acceptable sectors as listed in Box 1 of paragraph 98 of the Consultation Paper (e.g. advanced materials and new food and agriculture technologies) may not meet the 15% and 50% threshold respectively. Accordingly, we suggest the Exchange to build in flexibility for exemption from this requirement when appropriate. The Exchange can consider a qualitative requirement in the Rules (e.g. significant R&D investment comparable to similar businesses) and set out a guidance percentage in the guidelines.

Alternatively, the Exchange can set a higher market capitalisation requirement of say 30% to 35% for Commercial Company and Pre-Commercial Company if the applicant does not meet this condition.

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.

We agree in general that a Specialist Technology Company should have high R&D investment, in particular Pre-Commercial Companies. However, because of the different nature of their products and the cost of R&D in different geography, the amount of R&D investment for some of the acceptable sectors as listed in Box 1 of paragraph 98 of the Consultation Paper (e.g. advanced materials and new food and agriculture technologies) may not meet the 15% and 50% threshold respectively. Accordingly, we suggest the Exchange to build in flexibility for exemption from this requirement when appropriate. The Exchange can consider a qualitative requirement in the Rules (e.g. significant R&D investment comparable to similar businesses) and set out a guidance percentage in the guidelines.

Alternatively, the Exchange can set a higher market capitalisation requirement of say 30% to 35% for Commercial Company and Pre-Commercial Company if the applicant does not meet this condition.

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.

The costs of initial recognition of any fixed assets relating to the company's R&D activities should not be excluded as some companies may only be able to incur further R&D expenditures on the ground of initial R&D assets being acquired. For the total operating expenditure, it is suggested that not all expenses of financial nature should be excluded as some companies may incur finance costs on external borrowings designated on R&D purposes.

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.

Three years is an appropriate length of time to demonstrate an applicant's commitment to developing the relevant Specialist Technology under substantially the same management.

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.

So as to demonstrate continuity in the strategic direction of the applicant.

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.

We do not view the mandatory requirement of SII investment as appropriate for Commercialised Companies. Valuations in previous rounds of Pre-IPO investments may not be indicative of the support of the commercial viability or valuation of an applicant because redemption clauses and/or of valuation adjustment terms, and protective terms, popular in pre-IPO investments.

The due diligence conducted was only at the time of investment based on projections and technology/products under development and may not be indicative of the viability of the technology or the product at the time of the listing application. The mandatory requirement for SII contradicts also the risk of overstated valuation at IPO as stated in paragraph 74 of the Consultation Paper, "Pre-IPO investors are also incentivised to negotiate for a high valuation". Accordingly, we do not agree that SII would help mitigate concerns related to the difficulty in valuing Specialist Technology Companies. However, the presence of SIIs can be a consideration factor adopted by the Exchange in determining the suitability of listing of an applicant under 18C.

Companies have different funding requirements and considerations in raising financing. The mandatory requirement of SII twelve months prior to the date of the listing application may not be in these companies interests and deter the attraction of the Exchange as a listing venue. This requirement will also favour SII as they will have an advantage in bargaining for favorable terms with Specialist Technology Companies applying to list in Hong Kong.

Institutional investors will have access to pre-deal research and discussion with research analysts to understand the value of an applicant. In general they have analysts to build their own valuation model of the applicant to assess the fairness of the proposed valuation. Further, as set out in figure 4 under paragraph 53 of the Consultation Paper, there were 738 and 451 specialist technology issuers in the US and Mainland China respectively which should provide ample valuation comparables for institutional investors to arrive at an informed opinion of the valuation of an applicant.

Although there is no Competent Authority to judge the commercial viability on the stage of development of the Specialist Technology Products, the fact that these products are already generating substantial revenue in the case of Commercialised Companies should be a good indication of the commercialization of the products and allow the investors to gauge the viability of the products.

The requirement of minimum percentage of Independent Institutional Investors should provide sufficient safeguard on the valuation of a specialist technology company. Last but not least, an investor can choose not to invest in a specialist technology company if they are not convinced of the valuation of the applicant.

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.

As this chapter caters for Specialist Technology Companies and the use of proceeds should be tied to the development and application of the Specialist Technology.

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.

However subject to the appropriate requirement on the depth of disclosure in the vetting process as to avoid cumbersome disclosure and any disclosure which are commercially too sensitive that may deter applicant's willingness to choose Hong Kong as the listing venue.

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.

As it may be still too early for some of the sectors (see also our response to Question 14) allowed under Pre-Commercial Companies to enter into binding or non-binding contracts at the time of the listing application. Some applicant's distribution model may not involve the type of customers envisaged, and the market norm may be only one or few customers.

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.

In order to provide more information to assess the sustainability and viability risks. However, subject to the appropriate requirement on the depth of disclosure in the vetting process as to avoid cumbersome disclosure and any disclosure which are commercially too sensitive that may deter applicant's willingness to choose Hong Kong as the listing venue.

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.

In order to provide more information to assess the sustainability and viability risks. However, subject to the appropriate requirement on the depth of disclosure in the vetting process as to avoid cumbersome disclosure and any disclosure which are commercially too sensitive that may deter applicant's willingness to choose Hong Kong as the listing venue.

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.

In order to demonstrate sustainability.

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.

So as to encourage participation by Independent Institutional Investors who are more sophisticated than retail and other institutional investors in assessing the valuation and viability of Specialist Technology Companies. Accordingly, Specialist Technology Companies which can obtain demand from Independent Institutional Investors for 50% of the offering serve as a safeguard to investors.

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.

Please also see response to Question 28.

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.

As this requirement will help to validate the valuation of a Specialist Technology Companies and this requirement differentiates an applicant's restriction by listing under Chapter 18C versus those listing under Rule 8.05(2) and (3).

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 logic as to 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)?

Yes

Please give reasons for your views.

As such applicants have a history of market capitalisation to validate their valuation.

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.

So as to encourage participation by professional 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.

As the proposed figures are reasonable.

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.

But would also recommend a minimum shareholding percentage threshold to avoid the free float being overwhelmed by additional liquidity upon expiry of disposal restrictions that will create a significant downward pressure on share price (for example in the case of SenseTime Inc.).

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.

In order to safeguard the market.

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.

However subject to the appropriate requirement on the depth of disclosure in the vetting process as to avoid cumbersome disclosure and any disclosure which are commercially too sensitive that may deter applicant's willingness to choose Hong Kong as the listing venue.

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.

As this also help to validate the valuation of the applicant.

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.

To protect the interest of independent investors.

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.

To demonstrate their faith and commitment in the applicant.

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.

To demonstrate their faith and commitment in the applicant.

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.

As they are essential to the success and viability of the applicant, it is important to continue to motivate and align their interest with the applicant.

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.

To demonstrate their faith and commitment in the applicant.

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.

To demonstrate their faith and commitment in the applicant.

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.

Please see our response to Question 18.

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.

To show their commitment and help validate the viability of the applicant.

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.

As they should be given the chance to recoup some of their investments, subject to the magnitude allowed.

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.

Because technically they have not liquidated their positions.

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.

As a significant portion of the lock-up should have passed.

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.

To provide sufficient information to investors.

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.

To assist investors to gauge their progress.

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.

As Commercialised Companies have already passed the Commercialisation Revenue

Threshold.

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.

The remedial period should at least be as long as the usual 18-month period imposed on other issuers due to the complexity of specialist technology issues.

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.

As they are listed under Chapter 18C for Specialist Technology Companies.

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.

To differentiate their investment risk from other companies.

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.

As they have met the Commercialisation Revenue Threshold.

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.

As they have met the Commercialisation Revenue Threshold.