

**Submitted via Qualtrics**

**China Merchants Securities (HK) Co., Limited  
Company / Organisation  
Corporate Finance Firm / Bank**

**Question 1**

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

Yes

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

The proposed definitions of “Specialist Technology Company”, “Specialist Technology Products” and “Specialist Technology” adopts a very board definition for special technology, and then issues guidance letters on acceptable industries and fields that meet the definition, which can not only identify the type of company accurately but also keep pace with the times and flexibly update with the development of the industry.

**Question 2**

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with the list of Specialist Technology Industries and the respective acceptable sectors set out in paragraph 4 of the Draft Guidance Letter (Appendix V to the Consultation Paper)?**

Yes

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

We agree with the current list set out in paragraph 4 of the Draft Guidance Letter. This list is more extensive than previous Chapter 18A. In terms of industry scope, four of the five major industries in the list overlap with the STAR Market, and some companies that may not meet the listing standards in STAR Market (such as the companies engaged in metaverse, new food and agricultural technology) could also pass the current requirements under 18C and be listed in the Hong Kong, increasing the attractiveness of Hong Kong market.

And we consider a non-exhaustive list shall be also maintained and updated from time to time such that all market players could be aware of the acceptable sectors, while for other innovative business not included in the list, the Stock Exchange would have the chance to assess on a case-by-case basis.

**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.**

The factors set out in paragraph 107 has provided clear explanations about “primarily engaged”, and we also suggest the listing applicants shall provide a detailed and reasonable explanation on why it is not possible or unduly burdensome to dispose the non-Specialist Technology Industries to avoid the “package” listing of non-Specialist Technology Business.

**Question 4**

**Do you agree that the Exchange should retain the discretion to reject an application for listing from an applicant within an acceptable sector if it displays attributes inconsistent with the principles referred to in paragraph 101 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

We agree that Stock Exchange should retain such discretion to oversight the market.

We also suggest adequate disclosure shall be made in the prospectus with reference to the factors as set out in paragraph 101 to let the potential investor to make a fully-informed investment decision. In addition, for those companies with confidential core technology which are not suitable to be fully disclosed in the prospectus, the Stock Exchange should have more discretion to assess the relevant companies case-by-case, so as to create a fair and reasonable listing mechanism.

**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.**

For commercial companies, we consider it would be relatively easier for them to obtain additional capital by private placement. Accordingly, there shall be a higher demand from the pre-commercial companies to have fund raising activities through the Stock Exchange. It would be less competitive if pre-commercial companies are excluded with reference to the listing

requirements of our key competitors e.g., Star Market, SGX etc.

**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 agree to be consistent with the listing regime of Biotech Companies. Unlike SPAC, we expect the prospectus would be able to fully disclose the risk associated with the business and such investment. The public shall be able to make a fully-informed investment decision. This gives an opportunity for retail investors to learn about these companies. In addition, a wider base of shareholders can help to ensure the liquidity in such newly listed securities.

**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 respectfully express strong disagree with this minimum expected market capitalization of HK\$8 billion for Commercial Company, according to the following reasons:

- (1) HK\$8 billion requirement is much higher than all other selected exchanges, etc. with the highest market capitalization requirement of HK\$1.8billion in Star Market, which will make Hong Kong Market less attractive to those applicants and less competitive among other markets; and
- (2) The implied PS ratio of 32 times seems extremely high compared to any market, particularly in comparison to 7.5x in the STAR Market while other exchanges have no or much lower revenue requirements.

**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 are of the view that minimum expected market capitalisation of HK\$15 billion is high given that:

(1) For those Pre-Commercial Companies, this requirement is so much higher than that of HK\$ 4.8 billion in Star Market, HK\$4.3 billion in Global Select Market of NASDAQ; and

(2) It is already difficult to evaluate these Pre-Commercial Companies, and high market capitalization requirements may lead to inflated valuation to meet the requirements for listing, resulting in damage to the interests of public shareholders in the market.

**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.**

Taking into account the current alternative tests under Rule 8.05, we agree that for a Commercial Company shall have no less than HK\$250 million for the most recent financial year.

However, we suggest for Commercial Company not meeting the revenue requirement, it could still eligible to apply for listing if meet the same other requirements as Pre-Commercial Company.

**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.**

We principally agree with this approach, but for revenue or gains that arise “incidentally”, we suggest the Stock Exchange could assess on a case-by-case basis. In any event, revenue arises incidentally from non-Specialist Technology shall be excluded.

**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.**

We believe it is fundamental that the applicant is engaging in a high growth potential. Without a proven revenue growth, it would also be difficult to market the securities or agree on a valuation of the applicant.

**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.**

Same as the reply to Q12(a) above.

**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?**

No

**Please give reasons for your views.**

Although it is reasonable to expect a listing applicant have been engaged in R&D of its Specialist Technology Product(s) for a minimum of three years, we believe this may hinder the listing of certain business that experienced technology breakthrough in a period of less than three years. We suggest this is only a reference or factor to be considered when assessing the listing application, but it should not be a bright line test.

In addition, we believe the institutional investors also provide a “reference” to the retail investor to assess whether the R&D of the applicants, together with other factors, could warrant a listing. On the other hand, an alternative is to set a minimum of two years similar to that of 18A to give some additional flexibility.

**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.**

That reasonableness of the thresholds is questionable, since that:

(1) The reasonable amount of R&D investment varies even among those in the list of Specialist Technology Industries. For example, Advanced Hardware sector usually has a substantial percentage higher than that comparing to the Next-generation information technology sector; and

(2) For a Commercial Company, we suggest the Stock Exchange to grant waiver if the applicant could demonstrate it has substantially obtained the “know-how” for its future commercialization.

We suggest not set one-size-fits-all approach to these percentages among all the list of Specialist Technology Industries. Instead, the consultation paper should elaborate more information among different industries.

**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.**

Same as the reply to Q14(a) above.

**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.**

The proposed method to calculate the amount as set out in paragraph 141 can provide quantitative criteria and is easy for public investors to understand company's business. We also suggest to include cost related to acquisition of certain know-how from others as the R&D investment.

**Question 16**

**Do you agree that a Specialist Technology Company listing applicant must have been in operation in its current line of business for at least three financial years prior to listing under substantially the same management?**

No

**Please give reasons for your views.**

Current Listing Rules already have some exemption for those applicants who have shorter trading record period under same management, therefore we consider that three financial years should not be a must. We further suggest that we can request Commercial Company to comply with this requirement but for the Pre-Commercial Company, it can have only two years instead. With alternative requirements or waivers regarding applicants' patents/management experience/know-how, the regime can attract more companies to come to Hong Kong market.

**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.**

This requirement is consistent with current Listing Rules, and we believe it will not create major obstacles for suitable applicants.

**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.**

Unlike 18A companies where there are competent authorities to provide milestone approvals to ascertain development progress, Specialist Technology sector lacks competent authorities to provide such comfort. It is therefore important for the endorsement from professional investors who understand the sector to provide some comfort on valuation and business potential on the listing applicants.

**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.**

Same as the reply to Q18 above.

**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.**

The proposed definition of a sophisticated investor can reflect the investor's experience, strength, and understanding of the industry, especially the participants in the relevant upstream or downstream industry are also included. This scope is relatively broad and reasonable. And we consider that the Stock Exchange will assess whether an investor is a "sophisticated investor" on a case-by-case basis is very flexible.

**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?**

Yes

**Please give reasons for your views.**

This requirement can support the company's prospects and valuation to a certain extent and



give public investors confidence.

**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?**

No

**Please give reasons for your views.**

Compared with DE-SPAC transactions, 18c companies generally have higher risks, because the target company of DE-SPAC transactions usually have already met the listing requirements. Therefore, 18C companies should have higher requirements for investors than SPAC at the time of listing. In addition, the fund-raising scale of 18C company is relatively large, so we believe that the proportion of Sophisticated Independent Investors' shareholding should be adjusted upwards, especially for those Pre-Commercial Companies. On the other hand, this can also provide a certain degree of confidence to public shareholders and the market.

**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.**

Same as the answer in Q5 above, adequate disclosure about use of proceed should be made in the prospectus to let the potential investor to make a fully-informed investment decision.

**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.**

It is only logical to explain to potential investors the detailed use of funds from the IPO in the listing document, particularly for this new sector.

**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.**

It is only logical to explain to potential investors the detailed use of funds from the IPO in the listing document, particularly for this new sector. It is further proposed that specific warning statement may be necessary at a prominent area of the prospectus.

**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.**

Same as the reply to Q26(a) above

**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.**

This requirement for Pre-Commercial Company is consistent with that applicable to mining companies under Chapter 18 and biotech company under Chapter 18A, which all of them have yet to achieve meaningful revenue to support their operation and are subject to the risk of failure to commercialise.

**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.**

Current SPAC regime are only limited to professional investors before DE-SPAC transactions, and have excluded retail investors already. Professional investors have more experience and strength than retail investors and can make better investment decisions, especially to assess, monitor and mitigate the investment risks. Similar to SPAC, a Specialist Technology Company Tech generally need investors with certain investment experience and financial ability to participate. Therefore, we are of the view that the definition of Independent Institutional Investors of a Specialist Technology Company could be wider and include corporate professional investors and individual professional investors as well.

**Question 30**

**Do you agree that a Specialist Technology Company must, in addition to meeting the existing requirements on public float, ensure that at least 50% of the total number of shares offered in the initial public offering (excluding any shares to be issued pursuant to the exercise of any over-allotment option) must be taken up by Independent Institutional Investors?**

No

**Please give reasons for your views.**

We do not agree that at least 50% should be a mandatory requirement. Rather than adopting such a one-size-fits-all policy, the Stock Exchange can set the minimum percentage of shares held by Independent Institutional Investors based on different market capitalization.

**Question 31**

**Do you agree that in the case where a Specialist Technology Company is listed by way of a De-SPAC Transaction, at least 50% of the total number of shares issued by the Successor Company as part of the De-SPAC Transaction (excluding any shares issued to the existing shareholders of the De-SPAC Target as consideration for acquiring the De-SPAC Target) must be taken up by Independent Institutional Investors?**

No

**Please give reasons for your views.**

Same as the reply to Q30 above.

**Question 32**

**Do you agree that in the case of a Specialist Technology Company seeking to list by introduction, the Exchange will consider granting waivers, on a case-by-case basis, from the requirement for the minimum allocation of offer shares to Independent Institutional Investors, if the applicant is able to demonstrate that it is expected to meet the applicable minimum market capitalisation at the time of listing (see paragraph 120 of the Consultation Paper), having regard to its historical trading price (for at least a six-month period) on a Recognised Stock Exchange with sufficient liquidity and a large investor base (a substantial portion of which are independent Institutional Professional Investors)?**

Yes

**Please give reasons for your views.**

**Question 33**

**Do you agree that there should be a new initial retail allocation and clawback mechanism for Specialist Technology Companies to help ensure a robust price discovery process?**

Yes

**Please give reasons for your views.**

**Question 34**

**Do you agree with the proposed initial allocation and clawback mechanism for Specialist Technology Companies as set out in paragraph 205 of the Consultation Paper?**

Yes

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

Although we disagree with the Stock Exchange's market capitalization requirements for Specialist Technology Companies, generally speaking, this type of company has a relative high market capitalization and a more rigorous initial allocation and clawback mechanism is suitable. This is also consistent with practice that the Stock Exchange, has granted waivers to companies with the initial offering size is above HK\$10 billion.

**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.**

This practice is consistent with Listing Rules 6.01, which the Stock Exchange may suspend or delist any securities at any time in order to protect investors and maintain an orderly 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.**

**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.**

We agree with this approach. However, same as the reply in Q30, we do not agree that at least 50% shares must be taken up by Independent Institutional Investors should be a mandatory requirement.

**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.**

Same as biotechnology company, the “Existing Shareholder Conditions” referred to HKEX-GL85-16 does not apply to Specialist Technology Company. Current proposals in paragraph 225 are reasonable for companies that may also have certain financing needs for its prospects and future growth at their early stage, especially this is quite common in Specialist Technology Sector.

**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 do not agree with the scope of key persons under paragraph 242(d). This category is usually employees of the company, such as engineers, etc., not management. They may have received equity in the company at early stage as part of their salary or bonus. We consider it is too long and unfair to impose the same lock-up period of 12-24 months on them as the company's controlling shareholders, and generally they do not hold much equity. We suggest that the lock-up period can be shortened for these key persons.

**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?**

Yes

**Please give reasons for your views.**

**Question 45**

**Do you agree that controlling shareholders, key persons and Pathfinder SIIIs should be permitted (in accordance with current Rules and guidance) to sell their securities prior to an IPO and offer them for sale in the IPO, such that only the securities retained by them after listing would be subject to the lock-up restrictions?**

Yes

**Please give reasons for your views.**

**Question 46**

**Do you agree that any deemed disposal of securities by a person resulting from the allotment, grant or issue of new securities by a Specialist Technology Company during a lock-up period would not constitute a breach of the lock-up requirements?**

Yes

**Please give reasons for your views.**



**Question 47**

**Do you agree that a lock-up period in force at the time of the removal of designation as a Pre-Commercial Company should continue to apply unchanged?**

No

**Please give reasons for your views.**

We suggest the lock-up period shall not continue to apply upon removal of designation as a Pre-Commercial Company.

**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?**

No

**Please give reasons for your views.**

We partially agree with the above requirements. Stock Exchange's website will publish shareholders who hold 5% or more interest of listed companies and interim and annual reports also have disclosure requirements regarding shareholders. As such, investors already have enough channels to obtain relevant information. Therefore, we suggest that Specialist Technology Company can just disclose in its Listing Document the total number of securities in the issuer held by the persons that are subject to the lockup requirements under the Listing Rules, and its interim and annual reports continue to comply with current requirements.

**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.**

We agree with the additional disclosure in the interim and annual reports of Pre-Commercial Companies. And we further suggest for pre-commercial companies to provide more frequent update like quarterly announcements (in addition to interim half-year and annual reports) on its development progress for better investors' protection.

**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.**

We agree with Pre-Commercial Companies should be subject to the ongoing disclosure requirements, and we suggest this requirement should be complied until its commercialization. Provided with such additional disclosure in the interim and annual reports, potential investors would have more necessary and continuous information required to make an informed decision about these companies.

**Question 51**

**Do you agree that Pre-Commercial Companies should be subject to a remedial period of 12 months to re-comply with the sufficiency of operations and assets requirement before delisting, in the event that the Exchange considers that a Pre-Commercial Company has failed to meet its continuing obligation to maintain sufficient operations or assets?**

No

**Please give reasons for your views.**

We suggest to adopt 18-month period which shall be the same as other issuers. Given the pre-Commercial Company is not allowed to effect any fundamental change to its principal business, the failure to maintain sufficiency of operations and assets may be due to unforeseeable factors that may need additional time to remedy. From investors perspective, the Stock Exchange shall provide reasonable and adequate time for the listed issuer to remedy the situation.

**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.**