

**Submitted via Qualtrics**

**Hong Kong Women Professionals & Entrepreneurs Association  
Company / Organisation  
Professional Body / Industry Association**

**Question 1**

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

Yes

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

**Question 2**

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with the list of Specialist Technology Industries and the respective acceptable sectors set out in paragraph 4 of the Draft Guidance Letter (Appendix V to the Consultation Paper)?**

Yes

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

But the list must be stated to be non-exhaustive and sectors not falling within the list should be expressly stated not to be automatically excluded.

**Question 3**

**Do you agree that the Exchange should take into account the factors set out in paragraph 107 of the Consultation Paper to determine whether a company is “primarily engaged” in the relevant business as referred to in the definition of “Specialist Technology Company”?**

Yes

**Please give reasons for your views.**

**Question 4**

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

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Yes

**Please give reasons for your views.**

**Question 5**

**Do you agree that the Specialist Technology Regime should accommodate the listings of both Commercial Companies and Pre-Commercial Companies?**

Yes

**Please give reasons for your views.**

**Question 6**

**Do you agree with the proposed approach to apply more stringent requirements to Pre-Commercial Companies?**

Yes

**Please give reasons for your views.**

But such requirements should relate more to governance and post-listing compliance, rather than be benchmarks which are prohibitive of listing.

**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.**

Same as for Chapter 18A and robust warning to retail investors.

**Question 8**

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

No

**Please give reasons for your views.**

This is too high.

We believe that the proposed minimum market capitalisation threshold (HK\$8 billion for Commercial Companies and HK\$15 billion for Pre-Commercial Companies) is too high. This is (1) disproportionate to the current market capitalisation requirement of Chapter 18A companies, and (2) limiting the Specialist Technology Regime to a handful of potential issuers which would have other choices of listing venue. In particular, given the current market conditions, a P/S ratio of 32 times does not seem reasonable. While we appreciate that the Exchange has examined 507 Specialist Technology Issuers listed in the US and Mainland China between January 2019 and March 2022 to arrive at the current conclusion, we would suggest examining more recent P/S ratio of such Specialist Technology Issuers as to the number of them that would be able to satisfy the proposed qualification requirements under the new listing before implementing new rules.

Furthermore, peer markets provided a more diverse regime while the Specialist Technology Regime sets out only one test for Commercial Companies and one test for Pre-Commercial Companies. By way of example, the STAR Market provided four different tests for a listing applicant to choose from, enabling potential listing applicants to prove an overall qualification with alternatives.

#### **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.**

This is too high. Please see response to Question 8.

#### **Question 10**

**Do you agree that a Commercial Company must have revenue of at least HK\$250 million for the most recent audited financial year?**

No

**Please give reasons for your views.**

This is too high. For the same reasons as set out in the response to Question 8, we suggest a substantial reduction of this figure.

#### **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.**

Although the Exchange should allow for cyclical or economic downturns.

**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.**

Although the Exchange should allow for cyclical or economic downturns.

**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.**

A sustainable growth requires a reasonable length of R&D time. Three years is appropriate.

**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.**

These percentages are achievable.

**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.**

These percentages are achievable.

**Question 15**

**Do you agree with the proposed method for determining the amount of qualifying R&D investment and the total operating expenditure as set out in paragraph 141 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

**Question 16**

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

Yes

**Please give reasons for your views.**

This is consistent with our response to the length of period required for R&D.

**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.**

It would be unusual and inappropriate for there to be ownership change so close to the time of the IPO/

**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.**

In principle but we would suggest relaxation of independence requirements to facilitate fundraising.

**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?**

No

**Please give reasons for your views.**

We believe the proposed scope of sophisticated investors (whose investment will be taken into consideration to satisfy the requirements of the minimum third-party investment requirement if also satisfying the independence requirement) is too narrow and suggest the Exchange further examine and expand such scope as appropriate. In particular, an increasing number of family offices are playing active roles in the investment industry. Many of them are equipped with professional knowledge and years of investment experiences but might not be able to qualify as sophisticated investors, considering the high AUM and investment portfolio size mentioned in

the examples of factors the Exchange would consider when assessing whether an investor is a “sophisticated investor”.

**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.**

**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.**

We suggest more flexibility (or lower thresholds) in the amount invested in order to attract investors.

**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.**

Agree that this should be the main reason for the raising of funds.

**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.**

We suggest that the Exchange should suggest what it expects from the applicant in order to demonstrate post-listing that it has made progress in its path to commercialization. This is ongoing process, not just a requirement at the time of the IPO .

**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.**

Please see response to Question 24.

**Question 26(a)**

**Do you agree that a Pre-Commercial Company applicant must explain and disclose, in detail, the timeframe for, and impediments to, achieving the Commercialisation Revenue Threshold?**

Yes

**Please give reasons for your views.**

Please see response to Question 24.

**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.**

Please see response to Question 24.

**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 amount is reasonable.

**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.**

This will assist with price stabilization.

**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.**

It is appropriate.

**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.**

For the same reason as set out in response to Question 28.

**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.**

For the same reason as set out in response to Question 28.

**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.**

Since the pricing for a listing by way of introduction has been more or less ascertained, there is no need to strictly adhere to the requirement for the minimum allocation of offer shares to Independent Institutional Investors.

**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.**

A new initial retail allocation and clawback mechanism for Specialist Technology Companies to help with price stabilization, ensure a robust price discovery process and not to discourage professional institutional investors from participation.

**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.**

The mechanism is appropriate but the threshold for triggering minimum allocation of 10% and 20% could be set higher, e.g. 20 times and 100 times respectively.

**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 it is necessary to take into account the free float ratio after any adjustment is made to the minimum market capitalization figures.

**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.**

Exchange should reserve the right not to approve the listing of a Specialist Technology Company in such circumstance.

**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.**

The additional information is necessary due to the high-risk nature of a Specialist Technology Company as the company may not be able to provide information on revenue and profit for

investors' assessment.

**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.**

Given the high risk and specialist nature of a Specialist Technology Company, we suggest to give more guidance to companies in terms of how to fulfil their governance duties. For example, if their INEDs have the expertise to meaningfully assess the post-listing development of the company.

**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.**

Existing shareholders should be allowed to participate in the IPO of a Specialist Technology Company so long as the public float requirement is met.

**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.**

The requirements are reasonable.

**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.**

The lockup periods are appropriate to demonstrate commitment to the company.

**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.**

The lockup periods are appropriate to demonstrate commitment to the company.

**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.**

The scope of key persons subject to a restriction on the disposal of their holdings after listing is appropriate.

**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.**

The lockup periods are appropriate to demonstrate commitment to the company.

**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.**

The lockup periods are appropriate to demonstrate commitment to the company.

**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.**

The lockup periods are appropriate to Pathfinders SIIIs

**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.**

The lockup periods are appropriate to Pathfinders SIIIs

**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.**

This permission is reasonable. Pathfinder SIIIs should be permitted to sell their securities prior to an IPO as this is justified by the fact that venture capital investors may need to realize their investment gains as explained in 252. However, I do not agree key persons should be allowed to sell their securities prior to an IPO as they need to demonstrate their commitment to their company and give confidence to other investors.

**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.**

This is reasonable.

**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.**

This is reasonable.

**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.**

Such transparency is required to give investors confidence in the company that the key persons remain committed.

**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.**

This is reasonable in view of the high-risk nature of Pre-Commercial Companies.

**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.**

However, these requirements should apply to Commercial Companies as well.

**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.**

A remedial period of 12 months to re-comply with the sufficiency of operations and assets requirement is reasonable.

**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.**

This is reasonable in view of the high-risk nature of Pre-Commercial Companies and to protect investors from risks resulting from changes to principle business which investors were not prepared to accept when they originally invested in the company.

**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.**

This is reasonable to alert investors of the high-risk nature of Pre-Commercial 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.**

This is reasonable in view of the change in the risk level of Pre-Commercial Companies once they reach Commercialization 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.**

Pre-Commercial Companies should be able to be permitted to demonstrate to the Exchange that they should no longer be regarded as a Pre-Commercial Company, with the Exchange having discretion to permit or decline them to change their status.