

**Submitted via Qualtrics**

**CFN Lawyers and AnJie Broad Law Firm 安杰世澤律師事務所  
Company / Organisation  
Law Firm**

**Question 1**

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

Yes

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

We agree with the broad definitions under the proposed draft Chapter 18C which allows the list of industries and sectors to be included as a Specialist Technology Industry to be updated by the Exchange from time to time.

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with the list of Specialist Technology Industries and the respective acceptable sectors set out in paragraph 4 of the Draft Guidance Letter (Appendix V to the Consultation Paper)?**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We agree with the preliminary list of Specialist Technology Industries set out in the Draft Guidance Letter.

We note that under paragraph 4 of the Draft Guidance Letter, the list of acceptable sectors set out therein is “non-exhaustive” and that the list might be updated from time to time, after consultation with the SFC and with its approval. We hope the Exchange can clarify in the case where a listing applicant submits its Specialist Technology Products are within the list of Specialist Technology Industries but not within the listed ‘acceptable sector’, whether the Exchange would have the discretion to accept such applications, or whether the applicant must wait for the approval of the SFC and the updating of the ‘acceptable sector’ list by the Exchange.

**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”?**

No

**Please give reasons for your views.**

In relation to paragraph 107(b), we have concerns from the perspective of the listing applicant. It might be hard to prove whether the basis of their investors' valuations and the expected market capitalisation of the company are based primarily on the company's Specialist Technology business segment. Firstly, even in the same round of investment, the valuation basis relied on by different investors might be different and such a basis might not be available to the listing applicant. Secondly, the lack of a clear test on to what extent the valuation of the applicant is considered 'primarily' based on the Specialist Technology business segment creates further uncertainty for the listing applicant.

We propose the Exchange specify clearly what constitutes 'primarily' for the purpose of paragraph 107(b), e.g. not less than 60% of the investors' valuation is based on the Specialist Technology business segment.

**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.**

Rules 2.03, 2.06 and 8.04 of the Listing Rules have already provided the basis for the Exchange's discretion to accept or reject listing applications based on the suitability for listing. Considering the relatively subjective nature of the principles referred to in paragraph 101 and the fact that the principles are the basis of the Exchange when considering the scope of the Specialist Technology Industries, we believe the additional discretion to reject applications shall be set out in the Guidance Letter rather than in the main text of Chapter 18C.

**Question 5**

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

Yes

**Please give reasons for your views.**

We agree the Specialist Technology Regime shall accommodate the listing of both Commercial Companies and Pre-Commercial Companies to provide investment opportunities to investors

and fund-raising opportunities to these Specialist Technology Companies with high growth potential.

**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.**

We agree that more stringent requirements should be applied to Pre-Commercial Companies, in particular, the additional disclosure requirements in the prospectus and the additional continuing obligations requirements after listing, which is consistent with the existing listing regime for Biotech Companies. In relation to the requirement of minimum market capitalisation, please see our response below in Q9.

**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 as the rule is consistent with the existing regime of Main Board listing and pre-revenue Biotech Companies listing.

**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.**

Our opinion is that the requirement of a minimum expected market capitalisation of HK\$8 billion at listing is on the higher end of the scale and the pool of companies which falls within this high market capitalization threshold would be very limited.

We note the Exchange's basis of setting HK\$8 billion as the threshold is based on, among other factors, their study on the issuers in the Ineligible Sample Cohort with a market capitalisation of at least HK\$8 billion, where a majority of them had achieved the said implied P/S ratio of 32x or more at the time of listing. As a comparison, the revenue requirements under the rules of STAR market ranged from RMB200 million to RMB300 million and the market capitalization requirements for companies with revenue under the rules of STAR market ranged from RMB1.5

billion to RMB 3 billion, which represents an implied P/S ratio of 6.6 (Listing Criterion 2) to 10 (Listing Criterion 4). We note that the companies in the Sample Cohorts were listed between January 2019 and March 2022 (the “Sample Cohort Period”). In light of the current market sentiment and macro-economic environment as compared with the Sample Cohort Period, and taking into account the interest rate sensitivity of the pre-profit Specialist Technology Companies, we suggest that a lower threshold closer to the requirement of the existing listing regime of pre-revenue Biotech Companies and the requirements imposed by the STAR market and other comparable securities markets shall be adopted instead.

### **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.**

Please see our response in Q8. In addition, the minimum expected market capitalisation requirement of HK\$15 billion is significantly higher than pre-revenue Biotech companies and the requirements imposed by the other comparable securities markets for the listing of pre-revenue companies. We are concerned that the proposed market capitalization requirement will cause a number of promising pre-revenue Specialist Technology Companies to abandon plans to seek a listing in Hong Kong.

In particular, we note that the Exchange has not given any basis on the proposed threshold of HK\$15 billion for Pre-Commercial Companies which is tenfold of the threshold of pre-revenue Biotech Companies. To maintain the Exchange’s attractiveness for the Specialist Technology Companies, we propose the threshold shall be more in line with other securities markets.

### **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.**

Considering the existing revenue requirement under the market capitalisation/revenue/cash flow test and the market capitalisation/revenue test (the “Alternative Tests”), we believe the requirement of at least HK\$250 million, which is a lower threshold, is a reasonable requirement and is in line with the relevant revenue requirement of STAR market.

### **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 agree as the rule is consistent with the existing rule for the Alternative Tests.

**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 agree as the Specialist Technology Companies listing regime aims to target companies in high-growth potential sectors and we believe it would not be difficult for these companies to meet this requirement.

**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.**

Please see our response in Q12(a).

**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.**

We agree as the rule is consistent with the existing listing regime of pre-revenue Biotech Companies.

**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.**

Please also see our response in Q14(b) and Q15.

**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.**

Taking into account that the proposed scope of Specialist Technology Industries is wide, some industries (e.g. new agricultural technology) may not need to reach the threshold of 50% R&D investment to achieve a meaningful commercialization. We propose that the criteria for the amount of minimum R&D investment can be specified in terms of percentage (e.g. 50%) or an absolute amount.

Please also see our response in Q15.

**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.**

If the direct cost of revenue is included in total operating expenditure, we propose that the Exchange shall allow Commercial Companies applicants to submit alternative tests to demonstrate their R&D investments, upon taking into account (i) the differences in the cost structure and in particular, the cost of revenue of different sectors in the Specialist Technology Industries; and (ii) the financial impact of non-Specialist Technology Products in the applicant's product mix.

**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.**

We agree as the rule is consistent with the existing regime of Main Board listings.

**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.**

We agree as the rule is consistent with the existing regime of Main Board listings.

**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.**

We note that for the listing of Biotech Companies, under Guidance Letter HKEX-GL92-18, the Exchange may not require compliance with the requirement to have received meaningful third-party investment from a Sophisticated Investor if the applicant is a spin-off from a parent company and it is able to otherwise demonstrate to the Exchange's satisfaction that a reasonable degree of market acceptance exists for its R&D and products. We propose the same principle and a similar exemption shall be applied to the spin-off listing of a Specialist Technology Company, particularly for a Specialist Technology Company whose parent company is listed in the PRC the appetite of investors of which are generally similar to that of the investors of Hong Kong listed companies.

In addition, we propose that, considering the Commercial Companies have already commercialized their products, and it is relatively less difficult to reach a consensus on the valuation of these companies, the requirement of meaningful third-party investment shall not be applied to Commercial Companies. This would be consistent with the rule of the current listing regime of the Exchange, i.e. only pre-revenue companies shall be subject to the requirement of having external validations of sophisticated investors.

**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.**

We agree with the definition of independence.

**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.**

The quantitative threshold of 'sophisticated investor' is significantly higher than the definition of 'sophisticated investor' under the listing regime for Biotech Companies. We propose that the Specialist Technology Listing regime of Pre-Commercial Companies should adopt similar quantitative thresholds for 'sophisticated investor' for the listing regime of pre-revenue Biotech Companies.

**Question 21**

**Do you agree that as an indicative benchmark for meaningful investment, an applicant should have received third party investment from at least two Sophisticated Independent Investors who have invested at least 12 months before the date of the listing application, each holding such amount of shares or securities convertible into shares equivalent to 5% or more of the issued share capital of the listing applicant as at the date of listing application and throughout the pre-application 12-month period?**

No

**Please give reasons for your views.**

We propose that the requirement shall only apply to Pre-Commercial Companies and the same benchmark of meaningful investment by independent sophisticated investors for the listing of Biotech Companies shall be applied.

**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.**

Please see our reply in Q21.

**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.**

We agree as the rule is consistent with the existing listing regime of pre-revenue Biotech Companies.

**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 propose that the Pre-Commercial Company should only be required to demonstrate a credible path to the commercialisation of its Specialist Technology Products. However, we do not agree that the applicant shall demonstrate in the Listing Document that it will achieve the Commercialisation Revenue Threshold.

We are concerned that the Exchange's proposal that, under normal circumstances, the 'credible path' to achieve the Commercialisation Revenue Threshold must be demonstrated by achieving substantial potential aggregate contract value realisable within 24 months from the date of listing would lead to the inclusion of overly optimistic projections in the Listing Document, which might be relied upon by potential investors.

We also propose that the expansion of the definition of 'highly reputable customer' to include sizeable large corporations (e.g. in terms of market capitalization or other financial metrics).

**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.**

Please see our response in Q24.

**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?**

No

**Please give reasons for your views.**

Please see our response in Q24.

**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?**

No

**Please give reasons for your views.**

Please see our response in Q24.

**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.**

We agree as the rule is consistent with the existing listing regime of pre-revenue Biotech Companies.

**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?**

No

**Please give reasons for your views.**

As mentioned in paragraph 209 of the Consultation Paper, an IPO price could be set by a few Independent Institutional Investors each taking a small stake to meet the requirement to allocate 50% of shares to Independent Institutional Investors, and these investors could also include investors whose primary objective is to support the listing of an applicant.

We note that the Exchange's comments on the characteristics of the Hong Kong price discovery process and it considers that the IPO price might sometimes be inflated in a "hot" IPO by retail sentiment, instead of aiming to achieve a more robust price discovery process by stipulating a minimum allocation to institutional investors. The Exchange may therefore consider to reform the initial allocation and clawback mechanism as a whole instead of implementing special rules for Specialist Technology Companies listings.

**Question 29**

**Do you agree with the definition of Independent Institutional Investors as set out in paragraphs 201 to 202 of the Consultation Paper?**

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

**Question 30**

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

**Please give reasons for your views.**

**Question 31**

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

**Please give reasons for your views.**

**Question 32**

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

No

**Please give reasons for your views.**

As stated in our response in Q28, we do not agree that an additional requirement of minimum allocation to Institutional Independent Investors should be applied to Specialist Technology Companies listings.

**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?**

No

**Please give reasons for your views.**

We propose that the Exchange should adopt a unified approach for the initial allocation and clawback mechanism for all listing applicants for improving the price discovery process.

**Question 34**

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

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

**Question 35**

**Do you agree that a Specialist Technology Company seeking an initial listing must ensure that a portion of its issued shares with a market capitalisation of at least HK\$600 million is free from any disposal restrictions (whether under: contract; the Listing Rules; applicable laws; or otherwise) upon listing (referred to as its “free float”)?**

No

**Please give reasons for your views.**

As set out in paragraph 207 of the Consultation Paper, the size of the minimum free float requirement of HK\$600 million was determined with reference to issuers with a market capitalisation of at least HK\$8 billion. Please see our reply in Q8 on our comments on the minimum market capitalization of Specialist Technology Companies. We however suggest that the minimum free float requirement should be set as a percentage of the expected market capitalization instead of a fixed amount.

**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?**

No

**Please give reasons for your views.**

Such reservation without objective indicators may instead lead to uncertainty and ambiguity.

**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.**

We agree with the proposed additional information set out in paragraph 32 of the Draft Guidance Letter.

**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.**

We believe the additional information currently proposed should be enough to allow the investor to make an informed decision.

**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 believe this arrangement is fair in light of the existing listing regime for Biotech Companies. With regard to the requirement of minimum allocation to Independent Institutional Investors and minimum free float requirement, please see our response in Q28.

**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.**

We agree as the rule is consistent with the existing listing regime of pre-revenue Biotech Companies.

**Question 41(a)**

**Do you agree that the controlling shareholders of a Commercial Company should be subject to a lock-up period of 12 months?**

No

**Please give reasons for your views.**

We understand the Exchange's rationale that, given the increased investment risk in investing in Specialist Technology Companies, a more stringent lock-up period would give more assurance to potential investors on the future management stability and prospects of the issuer. We find the same rationales equally applicable to Biotech Companies, which are pre-revenue and the future prospects of which often depends on its senior management and key personnel responsible for the development of their Core Products, yet the key persons of Biotech Companies are only subject to the unmodified Rule 10.07 lock-up requirements.

Instead of creating a separate class of rules for Specialist Technology Companies, it is proposed to have a set of unified rules for (i) revenue-generating companies (i.e. applicants under Main Board Eligibility Tests and Commercial Specialist Technology Companies) and (ii) pre-revenue companies (i.e. Biotech Companies and Pre-Commercial Specialist Technology Companies).

**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?**

No

**Please give reasons for your views.**

Please see our response in Q41(a).

**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.**

Subject to our suggestion of creating unified rules for revenue-generating companies and pre-revenue companies, we agree that key persons shall be subject to disposal restrictions.

**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?**

No

**Please give reasons for your views.**

Please see our response in Q41(a).

**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?**

No

**Please give reasons for your views.**

Please see our response in Q41(a).

**Question 44(a)**

**Do you agree with the proposed lock-up period on the securities of Pathfinders SII of six months for a Commercial Company?**

No

**Please give reasons for your views.**

In light of the limited participation of retail investors under the different initial allocation and clawback mechanism to be applied to Specialist Technology Companies listing, we consider the concern that public investors' reliance on the pre-IPO investments of the Pathfinder SII would be limited. On the other hand, imposing an additional lock-up period on the Pathfinder SII might not be beneficial to the Specialist Technology Companies and their shareholders as a whole in the sense that (i) their pre-listing funding flexibility would be inhibited as some pre-IPO investors might try to invest in a sum below the Pathfinder SII requirement to avoid being designated as a Pathfinder SII in order to maintain their flexibility in realizing their investment; and (ii) the Pathfinder SII might seek a lower valuation when they take into account of the lock-up requirement to be imposed on their investments.

**Question 44(b)**

**Do you agree with the proposed lock-up period on the securities of Pathfinders SII of 12 months for a Pre-Commercial Company?**

No

**Please give reasons for your views.**

Please see our response in Q44(a).

**Question 45**

**Do you agree that controlling shareholders, key persons and Pathfinder SII 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.**

We agree as the rule is consistent with the existing listing regime.

**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.**

We agree as the Specialist Technology Companies might have significant funding needs and the lock-up undertakings shall not restrict the genuine financing activities of these companies.

**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.**

Agree.

**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 understand the Exchange's intention to avoid potential circumvention of the lock-up requirements by the person subject to it, in particular, the Exchange's proposal that the disclosure obligation would continue to apply for so long as such persons remain as

shareholders, irrespective of whether the person has ceased to hold the relevant positions and whether the lock-up period has expired.

We believe the proposed rule might create a difficult situation for the issuer on their post-listing compliance obligations. Key persons subject to lock-up are not obliged to report their position under the Disclosure of Interests regime under Part XV of SFO. As such, the issuer might have to seek confirmations with such persons who might have departed from the issuer and might not cooperate with the issuer after their departure to report the number of shares they hold for the issuer's disclosure in the interim and annual report.

**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.**

The continuing disclosure would enable the issuer's shareholders and potential investors to assess how well the company is adhering to its intentions as disclosed in its Listing Document and the requirement is consistent with the existing listing regime of pre-revenue Biotech 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.**

We agree that only the Pre-Commercial Companies should be imposed the additional on-going disclosure requirements as the valuation of the Pre-Commercial Companies are more sensitive to their ongoing R&D and commercialisation progress than Commercial 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?**

Yes

**Please give reasons for your views.**

We agree as the rule is consistent with the existing listing regime of pre-revenue Biotech Companies.

**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.**

We agree as the rule is consistent with the existing listing regime of pre-revenue Biotech 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.**

We agree as the rule is consistent with the existing listing regime of pre-revenue Biotech 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.**

We agree as the rule is consistent with the existing listing regime of pre-revenue Biotech Companies.

**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.**

We agree as the rule is consistent with the existing listing regime of pre-revenue Biotech Companies.