



羅兵咸永道

Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

28th May 2021

Dear Sirs,

Re: Consultation Paper on Listing Regime for Overseas Issuers

PricewaterhouseCoopers (“PwC”) welcomes the opportunity to respond to the subject consultation. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the consultation paper.

In general, we support the Exchange’s initiative to streamline and enhance the listing regime for overseas issuers.

Consolidation of requirements to reduce complexity

We agree to consolidate the primary listing and secondary listing requirements for Overseas Issuers that are currently set out in various places in the Listing Rules, the JPS and Country Guides into Chapter 19 and Chapter 19C of the Listing Rules respectively. The current structure of the requirements is challenging to follow and can result in confusion in the market.

Secondary listing of Greater China Issuers from traditional sectors and/or without WVR Structures

We welcome the proposal to allow overseas-listed Greater China companies from traditional sectors to secondary list on the Exchange as there are many good quality Greater China Issuers operating in traditional industries. Also, it has been a trend that companies engaging in traditional industries will have innovative elements in their business operations which makes the distinction between a traditional company and an innovative company impractical or difficult.

Moreover, we agree with the proposal to allow Greater China Issuers without WVR Structures to secondary list on the Exchange with a lower market capitalisation threshold so as to align the requirement for Greater China Issuers with that for Non-Greater China Issuers, as we agree that the level of risk to shareholders’ interests that Greater China Issuers pose is no higher than that posed by non-Greater China Issuers.

Issuers with Non-compliant WVR and/or VIE Structures

The paper proposes to allow Grandfathered Greater China Issuers and Non-Greater China Issuers to retain their Non-compliant WVR and/or VIE Structures (subsisting at the time of their secondary listing or dual primary listing in Hong Kong) if they delist from the Qualifying Exchange on which they are primary listed. We disagree with such proposal as it creates loophole for circumvention of the requirements for WVR and VIE structures and unfairness between issuers listed directly on the Exchange, which are required to comply with all the requirements for WVR and VIE structures set out in Chapter 8A of the Listing Rules and LD43-3, and those listed through secondary listings and/or dual primary listings. As an alternative, we recommend the Exchange to continue reviewing and where necessary modifying the requirements for WVR and VIE structures set out in Chapter 8A of the Listing Rules and LD43-3.

Financial reporting standards and auditing standards

We agree to codify the JPS requirement on alternative financial reporting standards and retain as guidance the alternative financial reporting and auditing standards listed in the JPS.

In addition, we agree with the proposal that any issuer that wishes to adopt US GAAP for the preparation of its financial statements (including annual financial statements and the financial statements included in its accountant's report) must include a reconciliation statement showing the financial effect of any material differences between its financial statements and financial statements prepared using HKFRS or IFRS. We consider the reconciliation statement will provide useful information to the Hong Kong investors for making informed investment decisions as most of them are more familiar with IFRS or HKFRS than US GAAP. In order to provide consistent information to the investors, we recommend the Exchange to set out the expected minimum level of information and disclosures for the reconciliation statement.

Common waivers for secondary listings

Currently, according to the Appendix in the JPS, listing applicants seeking secondary listings on the Exchange through the JPS route may apply for the common waiver from the reporting accountant's independence and qualification requirements under Rule 4.03. However, we noted that such common waiver is not codified in the proposed Rule 19C.11B. We would like to seek clarification why this common waiver is not being codified. We noted that a similar waiver is codified in Rule 19.59 for primary and dual primary listings and consider such waiver should also be codified for secondary listings.

We hope the above are helpful. If you would like to discuss any matters further, please do not hesitate to contact [REDACTED] at [REDACTED].

