**Submitted via Qualtrics**

**O'Melveny & Myers**

**Company/Organisation view**

**Law Firm**

## Question 1

**Do you agree that the WVR Financial Eligibility Test thresholds should be lowered?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree. Hong Kong's current WVR financial eligibility thresholds remain the highest globally for any WVR-equivalent regime, placing the Exchange at a material competitive disadvantage relative to peer exchanges in the Mainland, the US, and the UK. Since the regime's introduction in 2018, a significant number of Greater China and Southeast Asian innovative companies have opted to list with WVR structures on US exchanges instead. The 2018 reforms fundamentally reshaped Hong Kong's market composition — new economy industries now represent 48.2% of market capitalisation, up from just 14.6% prior to 2017 — and lowering the thresholds would build on that momentum by broadening the pipeline of innovative companies eligible for WVR listings. At the same time, the proposed thresholds would remain well above the ordinary Main Board requirements, ensuring that WVR structures are not made available to smaller or riskier issuers.

The proposal is timely and consistent with the HKSAR Government's stated policy objectives. Globally, exchanges are competing more aggressively for innovative company listings — the US, UK, and Singapore have all recently updated their frameworks — and Hong Kong must respond to remain the leading fundraising destination for growth companies in Asia. The strong compliance track record of existing WVR issuers since 2018, with no reported corporate governance concerns from non-WVR shareholders, demonstrates that appropriate safeguards are in place and supports a measured relaxation. Proliferation risk is further mitigated by the refined Innovative Company Requirements discussed below.

## Question 2

**Do you agree with the proposed WVR Financial Eligibility Test thresholds (as set out in paragraph 91 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree with the proposed thresholds. The recalibrated thresholds bring Hong Kong broadly into alignment with those of its principal peer markets in the Mainland, addressing a gap that has driven listing candidates to choose alternative venues. Importantly, the revenue-to-market-capitalisation ratio under WVR Test B is maintained at the same level as the current test, preserving the proportionality of the requirement. The thresholds also enhance the Exchange's competitiveness as a platform for A+H issuers, facilitating cross-border capital market connectivity between the Mainland and Hong Kong — a strategic priority that benefits both issuers and investors. The proposed thresholds remain well above the ordinary Main Board requirements, preserving a meaningful distinction between WVR and non-WVR issuers.

We further recommend the Exchange provide further practical guidance on how market volatility leading up to the pricing/listing date will be treated for dual listed applicant. If an applicant targets the HK$6 billion threshold but experiences a temporary, marginal dip due to macroeconomic turbulence during the book-building process, a rigid application could derail otherwise high-quality IPOs. Providing a narrow safe-harbor or a trailing-average calculation for the final days before listing would offer much-needed execution certainty.

**<u>Question 3</u>**

**Do you agree with the proposal to accept a 20:1 WVR Ratio Cap if an applicant has a market capitalisation of at least HK$40 billion at the time of listing (see paragraph 103 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree. The current 10:1 cap was set conservatively at inception, reflecting the nascent stage of Hong Kong's WVR regime in 2018. In the intervening years, the market has gained meaningful experience with WVR structures, and the regime's investor protection safeguards have proven effective. By contrast, US exchanges impose no statutory limit on WVR ratios, and the UK's ESCC category permits higher ratios — Hong Kong's 10:1 cap has therefore become restrictive relative to its international peers and we have seen a number of US listed companies being discouraged to "home-coming" listing due to the 10:1 cap restriction as they typically have a higher than 10:1 WVR Ratio. The proposed relaxation is appropriately calibrated: it is limited to large-cap issuers, ensuring that WVR beneficiaries hold a substantial economic stake aligned with minority shareholder interests, and non-WVR shareholders would still retain sufficient voting power to block special resolutions. The Exchange also retains discretion to refuse a listing in extreme cases, and all existing safeguards (voting restrictions on certain resolutions, enhanced governance requirements, sunset provisions) would continue to apply.

## Question 4

**Do you agree with the proposal to clarify that the Exchange may be prepared to accept the listing of an applicant whose WVR beneficiaries collectively hold a lower minimum economic interest at listing only if such lower underlying economic interest, at the time of the applicant's initial listing: (a) represents at least 5% of the applicant's total issued share capital; and (b) has an amount of at least HK$4 billion (see paragraph 105 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree. The current case-by-case discretion for accepting a lower minimum WVR shareholding percentage, while flexible, lacks the clarity and predictability that listing applicants and their advisers require when structuring WVR arrangements ahead of an IPO. The proposal codifies this discretion by establishing clear floors in both percentage and absolute dollar terms. This dual-floor approach strikes an appropriate balance: it preserves a meaningful proportionate stake for WVR beneficiaries while ensuring their economic exposure is large enough in absolute terms to align incentives with minority shareholders and mitigate risks of expropriation and entrenchment. The thresholds are internally consistent with the broader recalibration reflected across the Consultation Paper. The Exchange's retained discretion to refuse listings in extreme cases provides an appropriate backstop.

## Question 5

**Do you agree with the proposal to provide a choice of Route A and Route B that applicants can use to meet the Innovative Company Requirements (as set out in paragraph 126 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We support the two-route framework. The current requirements do not explicitly distinguish between technology-driven and business-model-driven innovators, which has created uncertainty for companies whose competitive edge derives from novel business models rather than proprietary technology. Route B is a particularly welcome development. Innovation in today's economy is not confined to technology — companies that have disrupted traditional industries through new business models can be equally deserving of the governance flexibility that WVR structures provide. By allowing the Exchange to apply distinct, tailored criteria for each route — technology-focused metrics for Route A and commercial-performance-based metrics for Route B — the framework better reflects how innovation actually manifests across different sectors. The refinements largely codify existing vetting practice, enhancing transparency and predictability without fundamentally altering the regulatory intent of the regime.

To maximise the utility of Route B, we recommend the Exchange establish a consultative "pre-vetting" or early-guidance channel specifically for business-model-driven innovators, similar to the current TECH channel. Because "business model innovation" can be highly subjective, an early-stage temperature check would help applicants gauge whether their model qualifies before incurring substantial IPO preparation and sponsor costs.

**Question 6(a)**

**In respect of Route A, do you agree with the proposed retention of the current Specialist Company Presumptions (as set out in paragraph 127(a) of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree. The existing presumptions have functioned well since their introduction. They provide an efficient, predictable pathway for specialist companies and reduce duplicative regulatory assessment. There is no compelling reason to change an approach that has proven effective.

**Question 6(b)**

**In respect of Route A, do you agree with the proposed “innovative” presumption for Qualified Biotech Applicants and Qualified Specialist Technology Applicants (as set out in paragraphs 127(b), 132 and 133 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We support this proposal. Qualified Biotech Applicants and Qualified Specialist Technology Applicants share similar specialist characteristics with companies that list under the Specialist Chapters, even if they do not seek to do so themselves. Extending the presumption to these categories is a logical and coherent development: it avoids requiring companies that have already demonstrated their innovative credentials through sustained R&D activity, product commercialisation, and IP ownership to undergo a potentially redundant assessment of innovativeness. Importantly, these applicants would still need to satisfy the “success of the company” and “external validation” requirements.

**Question 6(c)**

**In respect of Route A, do you agree with the proposed refinements to the Innovative Characteristics that are applicable to Route A (as set out in paragraphs 127(c), 129 and 130 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We support the refinements. The requirement that Route A applicants demonstrate more than one Innovative Characteristic ensures a robust, multi-dimensional assessment without being overly prescriptive. The broadened IP Characteristic, which now also references “significant” intellectual property, sensibly accommodates the reality that competitive advantage in technology sectors is often embodied in trade secrets, proprietary know-how, and data assets — not only formal patent portfolios. These changes codify current vetting practice and provide greater clarity for applicants and their advisers.

**Question 7(a)**

**Do you agree with the proposed refinements to the Innovative Characteristics that are applicable to Route B (as set out in paragraphs 129 and 131 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree. The proposed Route B criteria — requiring both strong revenue growth and a prominent industry position — appropriately ensure that business-model-driven innovators can demonstrate tangible commercial success and market validation, not merely novelty. These performance-based measures are a logical substitute for the technology-focused criteria applicable to Route A and reflect the distinct way in which business model innovation creates value. The growth threshold is grounded in empirical analysis of precedent cases, lending credibility to the standard.

**Question 7(b)**

**Do you agree with the proposed guidance on the meaning of a "sophisticated investor" for the purpose of the "external validation" requirement (as set out in paragraph 134 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We support this proposal. A multi-dimensional, case-by-case approach to assessing investor sophistication is preferable to a rigid quantitative threshold, as it accommodates the diversity of investor profiles in the pre-IPO market. Cross-referencing existing guidance for SPACs and Specialist Technology Companies promotes consistency across the Exchange's listing regimes and reduces the risk of divergent interpretations. The guidance responds to legitimate market enquiries and will increase certainty for applicants structuring their pre-IPO investor base.

**Question 7(c)**

**Do you agree with the proposed guidance on what constitutes "meaningful third-party investment" for Route B applicants for the purpose of the "external validation" requirement (as set out in paragraph 135 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree. A quantified investment threshold provides welcome certainty in an area previously assessed on a subjective basis. This is particularly important for Route B applicants, whose innovativeness derives from a new business model rather than proprietary technology. For such companies, meaningful third-party investment by sophisticated investors provides a critical market-based signal of quality and commercial viability, serving as an important complement to the Exchange's own assessment. A clear threshold enables applicants and their advisers to plan their pre-IPO fundraising with confidence.

**Question 8**

**Do you agree with the proposal to lower the financial eligibility thresholds for a secondary listing of an overseas issuer with a WVR structure to align them with those proposed for WVR issuers with a primary listing (see paragraph 173 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree with the proposal. The proposed lowering of financial eligibility thresholds is in line with the broader policy objective. Aligning the financial eligibility thresholds for both primary and secondary listing would enable potential listing applicants to choose the most suitable form of listing based on their specific circumstances and commercial considerations.

**Question 9**

**Do you agree with the proposal to lower the market capitalisation threshold under Criteria B from HK$10 billion to HK$6 billion (see paragraph 177 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree with the proposal. As noted by the Stock Exchange, the proposed lowering of the market capitalization threshold under Criteria B for overseas issuer seeking a secondary listing without a WVR structure would ensure that the financial eligibility requirements for secondary listing of a non-WVR issuer are not more stringent than those for a WVR issuer.

Alternatively, the Stock Exchange may consider consolidating Criteria A and Criteria B into one set of criteria (the "Streamlined Criteria") which requires (i) a track record of good regulatory compliance of at least three full financial years (as compared to five full financial years under the current Criteria A and two full financial years under the current Criteria B), and (ii) a market capitalization of at least HK$3 billion at the time of listing (which is the same as the market capitalization requirement under the current Criteria A and lower than the HK$10 billion market capitalization requirement under the current Criteria B and the HK$6 billion market capitalization requirement under the updated Criteria B as proposed by the Stock Exchange). We believe that the proposed Streamlined Criteria, which apparently provides for a much lower market capitalization requirement than that of the updated Criteria B as proposed by the Stock Exchange, would not in practice result in a significant increase in the number of qualified listing applicants as compared with the Stock Exchange's proposal, considering that a vast majority of potential applicants is expected to satisfy the current Criteria A.

**<u>Question 10</u>**

**Do you agree with the proposal to retain the market capitalisation threshold under Criteria A (see paragraph 178 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree with the proposal and consider that the current market capitalisation threshold under Criteria A is appropriate. We have made an alternative proposal to consolidate the current Criteria A and Criteria B into the Streamlined Criteria (as elaborated in our response to Question 9 above) which would provide for the same market capitalisation threshold as the current Criteria A.

**<u>Question 11</u>**

**What measures (if any) do you think the Exchange should implement to further facilitate the listings, in Hong Kong, of issuers listed overseas (see paragraphs 198 and 199 of the Consultation Paper)?**

We believe potential qualified overseas companies would benefit if the Stock Exchange would launch a dedicated overseas companies listing channel to provide them with more direct guidance and advisory services, similar to the Technology Enterprises Channel (TECH) for prospective Specialist Technology Companies and Biotech Companies launched by the Stock Exchange in 2025. We also agree that the applicability of the existing eligibility, prohibitive and disclosure requirements under the

Listing Rules and the Guide should be revisited in the case of secondary listings while ensuring the changes would not undermine the regulatory integrity of the Hong Kong market.

**Please give reasons and specify any accompanying conditions for your suggested measures.**

**Question 12**

**Do you agree with the proposal to codify the existing guidance into a Rule to state that an applicant will be considered to have satisfied the Ownership Continuity Requirement if it can demonstrate, to the Exchange's satisfaction, that there was no material change in influence on management during the Relevant Period despite the change in controlling shareholder over that period to address any packaging concerns (see paragraphs 205 and 206 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree with the proposal. The concept of "controlling shareholder" is defined broadly under the Guide published by the Stock Exchange. As a result, it is not uncommon for a change in "controlling shareholder" to occur during the Relevant Period for potential listing applicants, due to pre-IPO fundraising, restructuring among shareholders/shareholding platforms, etc. From our experience, in most of those cases, the change in "controlling shareholder" was due to commercially reasonable considerations with no packaging concern. We consider the requirement under the existing guidance that there should be "no material change in influence on management" during the Relevant Period sufficient to address any packaging concerns. We agree that codification of the existing guidance would provide more certainty to potential listing applicants.

**Question 13**

**Do you agree with the proposed consequential updates to our guidance (as set out in paragraph 207 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree in principle. The proposed consequential updates would provide further clarification on the Stock Exchange's position and expectation in this respect. In addition, we believe potential listing applicants would benefit from further guidance from the Stock Exchange on the following aspects:

(a)clarifying that it will be presumed that there was "no material change in management influence" if, for example, (i) there was no material change in the relative shareholding of the major shareholders of the applicant, or (ii) there was no change in the shareholders' entitlement to appoint or nominate directors of the applicant during the Relevant Period pursuant to the applicant's constitutional document or contractual arrangements among the shareholders; and

(b)clarifying that it will be presumed that there is no packaging concern if, in the event that there was consolidation of multiple businesses, (i) each of the businesses consolidated would in itself meet the eligibility requirements for listing, or (ii) the consolidation was commercially reasonable.

We believe the above are generally in line with the approach currently adopted by the Stock Exchange, and that inclusion of the above in the Guide would provide clearer guidance on the key angles for potential applicants to demonstrate "no material change in management influence" and "no packaging concern" to the Stock Exchange as required by the updated guidance proposed by the Stock Exchange.

**Question 14**

**Do you agree with the proposal to expand the permitted use of US GAAP (as set out in paragraph 213 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree with the proposal. We consider the benefits (if any) of having their financial statements prepared using HKFRS or IFRS outweighed by the costs and burdens it would create, and that the proposed conditions (i.e. inclusion of a description of material differences and a Recoliciliation Statement) would provide sufficient information to potential investors to enable them to have a proper understanding of the financial performance of the listing applicants/listed issuers.

Regarding the meaning of “companies with substantial business operation(s) in the US”, we suggest that quantitative criteria should be set out in the Listing Rules or the Guide so as to avoid uncertainty (for example, companies with not less than 25% of its revenue in the most recent financial year generated by subsidiaries incorporated in the US).

**Question 15**

**Do you agree with the proposal to remove the requirement that a US-listed issuer using US GAAP must revert to preparing financial statements using HKFRS or IFRS if it subsequently delists from the US (see paragraph 214 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The reversion requirement creates a significant disincentive for US-listed Greater China Issuers considering a Hong Kong listing, as they face the risk of a costly and complex accounting standards transition if they later delist from the US. Removing this requirement provides certainty and reduces compliance burden.  US GAAP is a globally recognized, high-quality financial reporting framework, and ongoing reporting under it does not compromise investor protection. The proposal also supports the HKSAR Government's 2025 Policy Address objective of facilitating the return of China concept stock companies to Hong Kong.

**Question 16**

**Do you agree with the proposal to remove the requirement for a Reconciliation Statement produced for the purpose of unaudited financial results to be reviewed by auditors (see paragraph 215 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The Reconciliation Statement for unaudited financial results (e.g., interim reports) serves to bridge US GAAP to HKFRS/IFRS, and requiring a full auditor review for an unaudited document imposes a disproportionate cost and time burden on issuers. The proposal retains audit committee oversight, as any Reconciliation Statement in an interim report will still be required to be reviewed by the audit committee. This provides a reasonable safeguard while reducing unnecessary professional fees. The change brings the treatment into line with the unaudited nature of the underlying financial results themselves.

**Question 17**

**Do you agree with the proposal to allow Eligible Specialist Companies to seek a listing under the applicable Specialist Chapters (see paragraph 232 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Currently, commercially successful Biotech or Specialist Technology companies that meet the ordinary financial eligibility tests under Rule 8.05 are effectively excluded from the benefits of the Specialist Chapters (Chapters 18A and 18C) and, by extension, from TECH. This creates an anomalous outcome where a company's financial success works against it. The proposal provides flexibility by allowing these companies to choose the most appropriate listing route without compromising investor protection, as all substantive Specialist Chapter requirements (modified appropriately) would still apply.

That being said, we believe that market is waiting to see the detailed guidance from the Stock Exchange in relation to the disclosure requirements in the prospectus for those commercially successful Biotech or Specialist Technology companies.

**Question 18**

**Do you agree with the proposed modifications to the additional requirements under the Specialist Chapters to be imposed on Eligible Specialist Companies (as set out in paragraph 233 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The proposed modifications appropriately recognize that Eligible Specialist Companies are at a more mature stage of development than pre-revenue specialist applicants. These adjustments proposed by the SEHK are logical, as the rationale for those extra protections (designed for pre-revenue companies) diminishes once a company is generating meaningful revenue and meeting the Rule 8.05 tests. The retention of the "double dipping" restriction (subject to a size-based exemption) is also appropriate.

As a separate note, in practice, we have the observation that currently the "double dipping" exemption has not be approved for Chapters 18A/18C companies except limited case. We would suggest the SEHK to clarify this in the Listing Guide to make it clear to the market that the size based exemption is not applicable to Chapters 18A/18C companies unless they are commercially successful Biotech or Specialist Technology companies meeting the Rule 8.05 tests. We believe this will provide a clearer guidance to the market.

**<u>Question 19</u>**

**Do you agree with the proposal to remove the Publication Requirements for all listing applicants, such that a listing applicant (including a listing applicant associated with an Issuer-related Listing Application) may choose not to publish its AP at the time it submits its listing application, in which case it would only be required to publish an OC Announcement on the same date as it publishes its PHIP (as set out in paragraph 260 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Confidential filing has already been available to secondary listing applicants and Biotech/Specialist Technology applicants without any adverse impact on market quality or investor protection. Extending this option to all applicants aligns Hong Kong with major competing markets (notably the US, where confidential filing is standard practice) and may encourage more companies to initiate the listing process by reducing the commercial and reputational risks of premature public disclosure.

**<u>Question 20(a)</u>**

**Do you agree with the proposal that, in addition to the existing Return Application Details, the identities of other professional parties responsible for the Application Materials also be displayed on the designated webpage of the Exchange (as set out in paragraphs 264 to 265 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

With the expansion of confidential filing, it is important to strengthen the deterrent effect of the Return Mechanism to maintain listing document quality. Publicly disclosing the identities and roles of all professional parties responsible for the Application Materials upon a return decision—not just the applicant and sponsor—recognizes that the preparation of an AP is a collective effort involving legal advisers, reporting accountants, and other advisers. The proposed list of professional parties in Box 1 (including sponsors, legal advisers, reporting accountants/auditors, industry experts, compliance advisers, and promoters in the SPAC context) is comprehensive and appropriate. This transparency provides a strong incentive for all professional parties to ensure that APs are substantially complete, even where confidential filing is elected.

**Question 20(b)**

**Do you agree with the list of professional parties proposed to be considered as responsible for the Application Materials for the above purpose (as set out in Box 1 under paragraph 265 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

See our responses to Q20(a).

**Question 21**

**Do you agree with the proposal to amend the starting point of the 8-week moratorium to either: (a) the date on which all applicable review procedures in respect of the Listing Division's decision to return the listing application have been completed; or (b) the date on which the time period for invoking any such review procedures has lapsed (as set out in paragraph 266 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Under the current rules, the 8-week moratorium begins from the date of the Listing Division's decision to return the application. However, since the applicant may invoke review procedures that extend the process beyond that date, the current approach could result in the moratorium effectively expiring before the return decision is finalized. The proposed amendment ensures that the full 8-week moratorium period runs from a meaningful date—i.e., when all review procedures have been completed or the time to invoke them has lapsed—so that the moratorium serves its intended purpose as a substantive cooling-off period. This strengthens the deterrent effect of the Return Mechanism and ensures that applicants do not circumvent the moratorium through procedural review requests.

**Question 22**

**Do you agree with the consequential changes to issuers' disclosure obligations in relation to Issuer-related Listing Applications (as set out in paragraph 268 of the Consultation Paper)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Please provide your overall comments (if any) regarding the Consultation Paper which have not been covered in the questions above.**

We support the Stock Exchange's proposal mentioned in the Consultation Paper and look forward to reviewing the consultation conclusions in this regard.