Submitted via Qualtrics

(Anonymous)

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.

Lowering the thresholds should enhance the Exchange's attractiveness as a listing venue for high-quality, high-growth companies intending to retain their WVR structures. The proposed thresholds remain higher than the highest initial market capitalisation threshold under MB Rule 8.05 and, together with the Innovative Company Requirements and other WVR-specific safeguards, should mitigate proliferation risk.

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.

The proposed thresholds are generally in line with the corresponding thresholds of the SSE and SZSE (including their main boards and specialist markets) and maintain the same ratio of revenue to market capitalisation embedded in the current test.

Question 3

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.

The proposed 20:1 WVR ratio cap (for applicants with a market capitalisation of at least HK$40 billion at the time of listing) should make the WVR regime more competitive by bringing it more closely in line with the requirements of other major markets. We also support the position that existing listed WVR issuers should not be permitted to increase the votes currently attached to their WVR shares.

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.

The proposed floors should increase the clarity and certainty of the requirement while ensuring that only issuers whose WVR beneficiaries hold a sufficiently large economic interest at listing are eligible.

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.

Providing a clear choice between Route A (technology-driven) and Route B (business model-driven) should improve regulatory clarity and accommodate a broader spectrum of innovative business models. We agree that it remains important to ensure that the WVR regime continues to prevent proliferation and that the market does not become synonymous with WVR structures.

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.

Retaining the current Specialist Company Presumptions for applicants listing under the Specialist Chapters is appropriate and provides continuity.

<u>Question 6(b)</u>

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.

The proposed presumption is a sensible extension which recognises that Qualified Biotech Applicants and Qualified Specialist Technology Applicants may share the characteristics of those listing under the Specialist Chapters. We support the requirement that such applicants must still meet the "success of the company" and "external validation" requirements.

<u>Question 6(c)</u>

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.

The refinements to the Novelty Characteristic and the clearer framing of the IP Characteristic — focusing on intellectual property rather than "unique features" — codify existing practice and improve clarity.

<u>Question 7(a)</u>

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.

The introduction of more objective criteria, such as a revenue CAGR threshold and an industry position requirement, should better reflect issuers whose innovativeness is driven by business model rather than technology-led R&D or IP, and reduce subjectivity in the suitability assessment.

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.

Providing further guidance on what constitutes a "sophisticated investor" – by reference to net assets/AUM, experience and expertise, and by aligning to existing SPAC and Specialist Technology guidance – should enhance consistency and certainty.

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.

Setting a quantified 10% aggregate investment threshold for Route B applicants should provide greater certainty on what constitutes "meaningful third-party investment" and reduce the subjectivity of the assessment of whether such applicants are suitable for listing with a WVR structure based on a new business model.

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.

Aligning the thresholds ensures consistency across both primary and secondary listings for issuers with WVR structures.

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.

The adjustment ensures that the financial eligibility requirements for a non-WVR secondary listing are not more stringent than those applicable to a WVR issuer. It should also facilitate further homecoming listings whilst still meeting the regulatory principle of ensuring that only relatively large issuers with a strong compliance track record are eligible.

Question 10

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.

The existing threshold under Criteria A is sufficient and continues to serve as an accessible route for issuers with a longer compliance track record to list in Hong Kong.

Question 11

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 support the Exchange exploring measures to facilitate the Hong Kong listings of issuers listed overseas, including streamlined documentation and review processes for issuers from Recognised Stock Exchanges. Please see our further suggestions below.

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

We would encourage the Exchange to consider the following:

1. More pragmatic approach to vetting. For large companies that are already listed on a recognised overseas exchange — for example, in Mainland China or the United States — and which satisfy certain threshold criteria (e.g., a minimum market capitalisation equivalent to HK$40 billion, a listing track record of at least two years, and full compliance with home jurisdiction rules throughout that period), we would suggest that the Exchange consider adopting a more pragmatic approach to the vetting process. In particular, the Exchange could consider relaxing certain vetting criteria or exercising greater flexibility in assessing whether such companies meet Hong Kong listing requirements. This is especially relevant where disparities between the Hong Kong rules and those of the home jurisdiction may otherwise operate to the disadvantage of an applicant. For instance, a home jurisdiction may take a more lenient approach to historic regulatory matters or litigation involving a controlling shareholder or director — particularly where such matters arose well outside the track record period referred to above and had no material adverse impact on the listed company or its shareholders, whether at the time or subsequently. In cases of this nature, where the circumstances and overall impact are known and well understood, we would suggest that the Exchange assess such matters pragmatically on a case-by-case basis and be prepared to exercise appropriate flexibility in applying the relevant listing requirements.

2. Simplified Chapter 14A rules. In our experience, one of the principal concerns raised by overseas-listed issuers contemplating a Hong Kong listing has been the complexity of Hong Kong's connected transaction rules under Chapter 14A of the Listing Rules.

We recognise that the Chapter 14A rules serve an important purpose: they exist to safeguard shareholders and protect company assets. The underlying rationale —

ensuring that transactions are conducted in the best interests of the company, that assets are not misappropriated, and that shareholders are not prejudiced — is well understood and widely supported. However, the rules themselves have become increasingly intricate over the years, to the point where even practitioners well-versed in the Listing Rules find them difficult to navigate. For an ordinary businessperson, Chapter 14A is now exceedingly difficult to understand, and management at listed companies routinely needs to rely on specialist legal advice simply to interpret its requirements. A straightforward example is the definition of "associate". Rather than prescribing highly granular categories, the Exchange could adopt a broader, principles-based approach — treating any person with a material relationship with the listed issuer or its connected persons as falling within scope, supplemented by a deeming power to ensure adequate coverage in cases of doubt. Even though such principles based simplification could on the fact of it encompass a wider group, in practice it would only become relevant when they actually enter into transactions with the listed issuer (whether directly or indirectly). This approach would also assist in excluding people who may be caught by the current definition even though they should not be, for example distant relatives of connected persons who do not maintain any actual contact with them.

This point illustrates a wider concern: the entire architecture of the connected transaction rules has become overly complex, with detailed provisions seeking to address a multitude of circumstances and specific fact patterns. We believe it would be helpful to the market if the Exchange could undertake a comprehensive review of Chapter 14A with a view to simplifying the rules wherever possible, while preserving the shareholder protections they are designed to achieve.

3. Shortening of the settlement cycle. We note that the Exchange is conducting a separate consultation on this topic, and we are supportive of those efforts. The length of the current settlement cycle can result in a material amount of collateral being tied up in unsettled trades, which is a practical concern for institutional investors.

<u>Question 12</u>

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.

Codifying the existing guidance should provide more certainty to potential applicants, including those from high-growth sectors that undergo fundraising-driven ownership changes shortly before listing.

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.

The consequential guidance updates — clarifying the applicant's responsibility to evidence no material change in management influence and the Exchange's power to reject applications where packaging concerns are not satisfactorily addressed — are a logical and appropriate complement to the proposed codification.

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.

Expanding the scope should reduce the compliance burden for applicants. The continued requirement to reconcile to HKFRS or IFRS ensures that investors can make informed comparisons.

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.

Removing this requirement is sensible where an issuer has an established US GAAP reporting track record with reconciliation. The burden and cost of transitioning to a different accounting framework following a US delisting would be disproportionate, particularly where the issuer has consistently provided reconciliation statements to investors.

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.

Removing this requirement is consistent with the approach for interim financial reporting. The retention of audit committee review for interim report reconciliation statements provides an appropriate level of oversight.

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.

The proposal should provide helpful flexibility for commercialised specialist issuers that may prefer to access the benefits of the Specialist Chapters and TECH, without compromising investor protection.

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 reflect that Eligible Specialist Companies are at a more mature stage of development. We also support applying the size-based exemption from "double dipping" that applies to ordinary Main Board applicants.

Question 19

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.

The proposal ensures that the benefits of confidential filing are available to all listing applicants. We note the Exchange's finding that there has been no material difference in the quality of documents filed confidentially versus publicly.

Question 20(a)

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.

Publishing the identities of professional parties upon a return decision should strengthen the deterrent effect of the Return Mechanism, helping to maintain the quality of listing applications under a confidential filing regime.

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.

The proposed list appropriately recognises that disclosure in an AP is a collective effort involving multiple advisers and provides transparency on the parties involved in a return decision.

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.

The proposal ensures that the moratorium period takes into account the additional time required for completion of review procedures (or for invoking them).

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.

These are sensible consequential amendments which align the disclosure framework for Issuer-related Listing Applications with the proposed confidential filing regime.

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