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Strictly private and confidential

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3174

Date
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Dear Sirs/Madam,

Re: Consultation Paper on Listing Framework Competitiveness Review

We refer to the Consultation Paper on Listing Framework Competitiveness Review (the "**Consultation Paper**") issued in March 2026 and are pleased to respond with our comments. Unless otherwise defined, all capitalised terms used in this letter shall have the same meanings as defined in the Consultation Paper.

We have not completed the questionnaire and prefer to respond in letter format which we trust is acceptable.

We set out our comments on the specific proposals in the table below.

Question 1
Do you agree that the WVR Financial Eligibility Test thresholds should be lowered?
We agree. In our experience, the current thresholds can be too restrictive for some innovative issuers that are, nonetheless, commercially credible and of substantial size. We consider that lowering the thresholds, whilst maintaining the other investor protection architecture of the regime, would ensure that Hong Kong is able to remain competitive as a listing venue when compared against other markets.
Question 2
If your answer to Question 1 is "yes", do you agree with the proposed WVR Financial Eligibility Test thresholds (as set out in paragraph 91 of the Consultation Paper)?

We agree and consider that the proposed thresholds of HK$20 billion under Test A and HK$6 billion plus HK$600 million revenue under Test B are appropriately calibrated and align more closely with peer Mainland markets. The proposed thresholds would widen the pool of eligible issuers in a targeted way, whilst continuing to exclude companies that lack sufficient scale.
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)?
We support the proposal. For very large founder-led or controller-led companies, a higher WVR ratio may be material to the issuer's choice of listing venue, particularly where comparable overseas markets permit more flexible control structures. We recognise that a higher WVR ratio increases the potential divergence between voting control and economic exposure, but consider this is adequately addressed by limiting the higher cap to issuers with a market capitalisation of at least HK$40 billion, together with the existing requirements for meaningful economic alignment and non-WVR shareholder protections.
Question 4
Do you agree with the proposal 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)?
We agree with codifying minimum floors of 5% and HK$4 billion, as this should improve predictability for potential listing applicants and provide a transparent basis for accepting a lower economic interest. However, we note from the proposed edits to the Note to Rule 8A.12 that the acceptance of a lower minimum economic interest would remain at the Exchange's discretion, given the formulation "The Exchange ***may be prepared to*** accept a lower minimum percentage…". To provide greater certainty, the Exchange could consider amending the Note to read "The Exchange will accept …". The Exchange's overarching discretion to refuse listing in extreme cases would continue to apply as preserved in the remainder of the Note.
Question 5
Do you agree with the proposal to provide Route A and Route B to meet the Innovative Company Requirements?
We agree and support a two-route framework. Innovation is not confined to proprietary technology or research-intensive activity. We consider that the two-route approach appropriately reflects that innovation may arise either from technology or from a distinctive business model, and that a regime recognising this is more commercially realistic and better aligned with the range of new-economy companies that Hong Kong should seek to attract.
Question 6
If your answer to Question 5 is "yes", in respect of Route A, do you agree with:

(a) the proposed retention of the current Specialist Company Presumptions (as set out in paragraph 127(a) of the Consultation Paper)?
We consider that retaining the Specialist Company Presumptions under Route A is sensible, given the specialist listing chapters already contain detailed eligibility criteria tailored to sectors where innovation is central. Preserving the existing presumptions avoids unnecessary duplication, supports consistency across related parts of the Listing Rules and gives listing applicants and advisers greater certainty in planning transactions.
(b) 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)?
We agree. Where an applicant can demonstrate that it satisfies objective specialist-sector criteria directed to innovation, development activity and commercialisation, it should not be required to re-establish the same underlying proposition through a separate, more discretionary analysis. This approach should make the WVR suitability assessment more predictable, while still preserving appropriate scrutiny under the other applicable WVR suitability requirements.
(c) 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)?
We support the refinements to the Innovative Characteristics which provide for a clear formulation and make the assessment of the IP characteristic easier to apply.
Question 7
If your answer to Question 5 is "yes", do you agree with
(a) 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)?
We support the proposed measurable indicators under Route B, including a revenue CAGR of at least 30% and a prominent industry position. We consider these criteria could better reflect the nature of those entities that may seek to list under the new business model Route B where R&D or IP measures may be less relevant.
(b) 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)?
We support the assessment criteria for sophistication proposed by the Exchange and consider that assets under management, investment experience and sector expertise are all relevant factors that should be considered. We also support the Exchange's proposal to treat investors who meet existing SPAC or Specialist Technology guidance as sophisticated, as this should increase certainty in applying the external validation requirement.
(c) 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)?
We support the use of a quantified benchmark which gives listing applicants a clearer route to demonstrating meaningful third-party validation. The proposed 10% aggregate holding should generally provide credible evidence that sophisticated third-party investors have made a material commitment to the listing applicant. At the same time, retaining discretion to recognise substantial

investment in absolute dollar terms is appropriate for larger issuers, where a lower percentage may still represent a significant economic commitment and a meaningful validation of the business.
Question 8
If your answer to Question 2 is "yes", 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)?
We agree with the proposal to align the secondary listing thresholds for WVR overseas issuers with any recalibrated primary WVR thresholds to promote consistency across the listing framework. The proposed revised primary WVR thresholds would still limit the concessionary secondary listing route to relatively large issuers. The continuing requirement for a good compliance track record on a Qualifying Exchange remains an important protection, as it ensures that the concessionary secondary listing framework is available only to issuers that have already been subject to regulatory oversight in a recognised market.
Question 9
If your answer to Question 8 is "yes", 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)?
We support the proposed reduction. Reducing the Criteria B threshold to HK$6 billion would avoid making the non-WVR secondary listing route more stringent than the WVR route, while facilitating homecoming listings by suitable overseas issuers. The two-year compliance track record requirement continues to provide an important eligibility filter.
Question 10
Do you agree with the proposal to retain the market capitalisation threshold under Criteria A (see paragraph 178 of the Consultation Paper)?
Criteria A currently requires a five-year compliance track record and a market capitalisation of HK$3 billion, and the proposal is to retain Criteria A unchanged. We support retaining the existing market capitalisation threshold of HK$3 billion for Criteria A. Criteria A requires a longer period of regulatory compliance, which justifies a lower market capitalisation threshold than Criteria B. Maintaining that structure preserves the logic of the two routes: issuers with a longer proven compliance record may access the regime at a lower valuation threshold, while issuers relying on a shorter compliance period must satisfy a higher scale requirement.
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 continuing to explore facilitative measures for overseas-listed issuers seeking a Hong Kong listing. In particular, the Exchange could consider: (i) greater ability to incorporate by reference existing home-market filings, subject to clear cross-referencing and a Hong Kong-specific wrapper; (ii) targeted relief from duplicative prospectus-style disclosure for well-followed issuers with a long public reporting history; and (iii) a more formal pre-filing engagement channel for overseas-listed issuers considering a homecoming listing. Any such

measures should be limited to issuers from markets with robust shareholder protection standards and should preserve clear liability for Hong Kong-facing disclosure. In addition, based on our experience, there can be real challenges for companies listed in overseas jurisdictions to comply with all Hong Kong requirements given competing regulatory regimes. For overseas issuers seeking a dual primary listing in Hong Kong, we would encourage the Exchange to provide greater assistance to these issuers to help them resolve regulatory alignment issues, including in particular enabling flexibility with respect to aspects of the CCASS rules.
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)?
We consider that this proposal to codify the existing guidance in the Listing Rules would provide welcome certainty, in particular for those listing applicants that may undergo fundraising rounds resulting in ownership changes. Shifting the focus to whether there has been a material change in influence over management better targets the relevant risk.
Question 13
If your answer to Question 12 is "yes", do you agree with the proposed consequential updates to our guidance (as set out in paragraph 207 of the Consultation Paper)?
We support the consequential updates which are important to ensure that codification does not become an automatic safe harbour. Listing applicants should be required to provide a coherent and evidence-backed submission to show that management influence has remained materially unchanged. We consider that the Exchange should, as proposed, also retain discretion to reject a listing application where the facts indicate that the business has been packaged for listing or that a new controlling influence has emerged in substance.
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)?
We support the proposed expansion. For issuers that are economically and operationally connected to the United States, requiring conversion from US GAAP may impose significant cost and timetable burdens without delivering a commensurate investor protection benefit. Continued reconciliation to HKFRS or IFRS should allow investors to compare financial information across reporting frameworks, while permitting US GAAP should reduce unnecessary friction for otherwise suitable applicants.
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)?

We support removing the reversion requirement. If an issuer has an established US GAAP reporting history and continues to provide reconciliation to HKFRS or IFRS, mandatory conversion following a US delisting may be disproportionate. It could require significant systems, audit and management resources, potentially distract management, and reduce comparability for shareholders who have followed the issuer on a US GAAP basis. The better approach, as proposed, is to preserve transparency through reconciliation rather than mandate a costly change in accounting framework where investor understanding can be maintained.
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)?
We consider that the existing requirement for an auditor review of reconciliation statements in unaudited results may add cost and time without materially improving investor protection, particularly as the underlying financial results are themselves unaudited. We therefore support this proposal to remove the review requirement. The audit committee review should suffice as an appropriate governance safeguard.
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)?
We consider that allowing Eligible Specialist Companies to use the Specialist Chapters, even where they meet the financial eligibility tests under Chapter 8, provides useful flexibility. A company may meet the general financial eligibility tests while still having business characteristics that are better understood through the Specialist Chapters framework.
Question 18
If your answer to Question 17 is "yes", 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)?
We support the proposed modifications for Eligible Specialist Companies, including the tailored disapplication and adjustment of certain Chapter 18A and Chapter 18C requirements, reflecting that such issuers are more mature and may need less reliance on specialist-stage safeguards such as third-party investment validation and specialist warning statements. We consider that it is appropriate to remove or modify requirements that were designed principally for earlier-stage companies. The modifications should make the framework more proportionate and avoid imposing requirements that do not materially enhance investor protection for listing applicants that are more commercially mature.
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)?

We note that the Exchange's experience indicates that confidential filing has not materially reduced document quality or created transparency concerns. Given this, we support extending confidential filing to all applicants. The ability to avoid premature disclosure can be important where market conditions are uncertain or where the applicant is commercially sensitive to early disclosure. Making the option generally available is fairer and more consistent than limiting it to particular categories of applicant, and is in line with other markets. Investor transparency would still be preserved at the PHIP stage, when the application is closer to launch and the disclosure more settled. Broader adoption of confidential filing may, however, create practical difficulties in the marketing process. We therefore also support the proposal that applicants would remain free to publish their Application Proof voluntarily where they consider that appropriate. The requirement for confidentiality before publication of the PHIP may be particularly difficult to maintain in the context of spin-offs or A to H listings given there are publicly traded securities and disclosures may be required under regulations applicable to the parent company or A share market. Where a loss of confidentiality is due to a regulatory announcement, we note that the Exchange has indicated that in exercising its discretion to require an applicant to publish the AP and/or OC it would not normally do so where the loss of confidentiality was due to a disclosure made under applicable laws or regulatory requirement, including the Listing Rules or rules of a relevant overseas exchange. We invite the Exchange to codify this position such that publication of the AP would not be required in these circumstances, to provide greater certainty to applicants that such regulatory disclosures would not, of themselves, trigger a requirement to publish the AP.
Question 20
If your answer to Question 19 is "yes", do you agree with:
(a) 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)?
We broadly support the proposal to publish, upon a return decision, the names and roles of other professional parties, as doing so could help uphold the quality of listing documents under a broader confidential filing regime. However, we respectfully request that care be taken in the language used on the designated Exchange website to refer to such wider groups of professional parties. The Consultation Paper identifies those parties who bear primary responsibility for the Application Materials. We respectfully submit that the broader group of professional parties should not be referred to as "responsible" for the Application Materials, as this would be misleading in the broader regulatory context. We suggest that such persons be identified simply as professional parties involved in a listing application or offering, with their roles described consistently with the "Directors, supervisors and parties involved in the Global Offering" section of the AP.
(b) 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)?
We consider this list appropriate as it captures the principal professional parties involved in preparing the Application Materials. For the reasons set out in our response to (a) above, however, we respectfully request that these parties are not characterised as "responsible" for the Application Materials (unless expressly acting as named experts who have consented to inclusion of their

reports), and are instead identified as professional parties involved in the listing application or offering with their roles described consistently with the "Directors, supervisors and parties involved in the Global Offering" section of the AP.
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)?
We support this change. It better reflects the fact that, until review rights have been exhausted or allowed to lapse, the final status of the return decision may remain unresolved. Starting the moratorium only after that point is more coherent and should preserve the intended deterrent effect of the Return Mechanism. It also avoids a situation where the practical effect of the moratorium is reduced by the time taken to complete review procedures.
Question 22
If your answer to Question 19 is "yes", do you agree with the consequential changes to issuers' disclosure obligations in relation to Issuer-related Listing Applications (as set out in paragraph 267 of the Consultation Paper)?
We support the consequential changes. If applicants are permitted to file confidentially, related issuer disclosure obligations should be aligned with the point at which the relevant listing application is made public, while preserving the continuing disclosure obligations that apply under the SFO and the Listing Rules. The proposed changes should therefore allow the confidential filing regime to operate consistently, without creating premature disclosure obligations that would undermine the policy objective of the reform.

Please let us know if you have any queries in relation to the above.

We confirm that we are happy for the contents of this letter to be made publicly available as part of the consultation process.

Yours faithfully,

[redacted]

Herbert Smith Freehills Kramer