<u>**Submitted via Qualtrics**</u>

Slaughter and May

Company/Organisation view

Law Firm

<u>Question 1</u>

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

Yes

Please give reasons for your views and any alternative suggestions.

As a general comment, we support the Exchange's initiative to enhance Hong Kong's attractiveness as a listing venue for high quality, high growth companies through targeted measures that balance investor protection. We support the proposed reduction of financial eligibility thresholds for WVR listings, which is consistent with this objective.

<u>Question 2</u>

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.

See our reasoning at Q1.

<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.

The proposal seems justified as a means to attract new WVR applicants with a large market capitalisation, particularly given the US exchanges do not impose similar restrictions.

<u>Question 4</u>

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.

See our reasoning at Q3 which applies equally here. Please can the Exchange clarify the references in LR8A.12 and the note to: (i) "total issued share capital" – whether it should exclude treasury shares; and (ii) "minimum shareholding percentage" rather than "minimum underlying economic interest".

<u>Question 5</u>

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 agree with the Exchange's refinements to reflect existing vetting practice, in particular to codify a route for business model innovation.

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

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.

Hong Kong has built a credible reputation as a biotech listing hub, whilst the specialist technology listing route has not yet seen a similar uptake. We support retaining the presumptions to attract biotech and specialist technology companies to list in Hong Kong.

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.

See our reasoning at Q6(a).

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 agree with the Exchange's rationale for the refinements / codifications.

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)?

Please give reasons for your views and any alternative suggestions.

We agree with the refinements to the Novelty Characteristic and providing clarity on the external validation requirement, but we would defer to banks and other market participants on whether the proposed brightline thresholds of 30% CAGR in revenue and 10% third-party investment for Route B applicants make financial sense. Please clarify if there is overlap between the 30% CAGR requirement and the requirement to demonstrate "high business growth" and if these requirements can be streamlined.

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

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)?

Please give reasons for your views and any alternative suggestions.

Please see our response at Q7(a),

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

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)?

Please give reasons for your views and any alternative suggestions.

Please see our response at Q7(a),

<u>Question 8</u>

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.

See our reasoning at Q1.

<u>Question 9</u>

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 Exchange’s rationale for the proposal.

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.

We agree with retaining HK$3 billion as the threshold under Criteria A (being 50% of the proposed threshold under Criteria B).

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 welcome consideration of measures to facilitate listings of overseas issuers, such as: (i) measures to harmonise or streamline disclosures between the home market and Hong Kong; (ii) reviewing the compliance track record period for secondary listings under Criteria A (currently five years with possibility of waiver for those with high market capitalisation); and (iii) a dedicated channel at the Exchange to guide and advise prospective overseas issuers.

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

We support consideration of measures to attract high quality issuers listed overseas (from Greater China and beyond) to foster a more dynamic and diverse market environment.

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 Exchange's rationale for the codification.

<u>Question 13</u>

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 with the Exchange's rationale for the updates.

<u>Question 14</u>

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 Exchange's rationale for the proposal.

<u>Question 15</u>

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.

We agree with the Exchange's rationale for the proposal.

<u>Question 16</u>

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.

We agree with the Exchange's rationale for the proposal.

<u>Question 17</u>

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.

We agree with the Exchange's rationale for the proposal.

<u>Question 18</u>

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.

We agree with the Exchange's rationale for the modifications.

<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.

We support extending the option for confidential filing to all listing applicants which would bring Hong Kong in line with peer exchanges and enhance its competitiveness. We agree this should be at applicants' discretion as some may wish to publish earlier to facilitate investors' assessment.

<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)?

No

Please give reasons for your views and any alternative suggestions.

We understand the Exchange seeks to strengthen the deterrent effect of the Return Mechanism through expanding the categories of professional parties who will be publicly named upon a returned application. We appreciate the rationale for this measure, but submit it raises issues that merit further consideration. In particular: (i) naming all professional advisers may not fairly reflect their respective roles or degrees of responsibility in relation to a returned application; and (ii) where there is potential misconduct by a particular party, accountability would more appropriately be pursued through the relevant professional regulator based on detailed investigation of the facts involved.

<u>Question 20(b)</u>

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)?

No

Please give reasons for your views and any alternative suggestions.

Please see our response to Q20(a).

<u>Question 21</u>

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.

We agree with the Exchange's rationale for the proposal, which should contribute to the deterrent effect of the Return Mechanism.

<u>Question 22</u>

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.

We agree with the Exchange's rationale for the consequential amendments.

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