BlackRock.

8 May 2026

The Hong Kong Exchanges and Clearing Limited
8/F Two Exchange Square
8 Connaught Place
Central, Hong Kong

Submitted by email

RE: Consultation Paper on Listing Framework Competitiveness Review

Dear Sirs,

BlackRock[1] is grateful for the opportunity to respond to the Consultation Paper on Listing Framework Competitiveness Review (the "Consultation Paper") issued by The Stock Exchange of Hong Kong Limited (the "Exchange").

BlackRock supports a regulatory regime that increases transparency, protects investors, and facilitates responsible growth of capital markets while preserving consumer choice and assessing benefits versus implementation costs.

Our perspective is informed by our role as an investor across public and private markets. We invest across the capital structure and throughout the market lifecycle, including through private capital strategies, primary market participation, active secondary market investing and long-term index ownership. As such, our comments are shaped not only by the objective of attracting high-quality listings to Hong Kong, but also by the importance of preserving market quality, governance standards, investor confidence and effective secondary market functioning over time.

As a long-term investor in Hong Kong and a fiduciary for our clients, we are keen to work constructively with policymakers and market institutions to support the continued development of Hong Kong's capital markets.

We welcome further discussion on any of the points we have raised.

Yours faithfully,

[redacted]

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[1] BlackRock is one of the world's leading asset management firms. We manage assets on behalf of institutional and individual clients worldwide, across equity, fixed income, liquidity, real estate, alternatives, and multi-asset strategies. Our client base includes pension plans, endowments, foundations, charities, official institutions, insurers and other financial institutions, as well as individuals around the world.

APPENDIX

BlackRock's Response to Select Consultation Questions
Note: Unless otherwise stated, all references to paragraphs or appendices in this response are to the Consultation Paper.

Questions 1-2

No comment.

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)? Please give reasons for your views and any alternative suggestions.

Agree, subject to the safeguards we suggest below.

- We note that the Exchange continues to recognise the "one share, one vote" ("OSOV") principle as the optimum method of empowering shareholders and aligning their interests in a company (Paragraph 71).
- As noted in BlackRock Investment Stewardship's (BIS) Global Principles for Benchmark Policies (https://www.blackrock.com/corporate/literature/publication/blackrock-investment-stewardship-benchmark-global-principles.pdf), we have concerns with the creation of a share class with equivalent economic exposure and differentiated voting rights.
- However, we recognise that in certain markets, at least for a period of time, companies may have a valid reason for listing dual classes of shares with differentiated voting rights. We appreciate that the proposed relaxation to the WVR Ratio Cap is to make Hong Kong's WVR regime more competitive, while mitigating some potential risks from those changes (Paragraph 109).
- We note that the Consultation Paper references WVR structures in the US as context for the proposed relaxation. We would caution against direct comparisons. US-listed companies typically have a highly dispersed shareholding base, deep secondary market liquidity, and a well-established culture of private securities litigation – all of which create strong market-based discipline on controlling shareholders that exists independently of the listing framework. Hong Kong's market structure is different: concentrated ownership is prevalent, secondary market liquidity is thinner, and the avenues for private shareholder recourse are more limited in practice. The more limited market-based checks means that governance safeguards embedded in the listing rules themselves become correspondingly more important.
- The proposed relaxation in the Ratio Cap would materially amplify the separation of control from economic exposure - a WVR beneficiary can attain approximately 51% voting power with just 5% equity holding under the 20:1 Ratio Cap without other constraining requirements. While limiting the relaxation to large cap issuers via a market capitalisation requirement can provide some level of safeguard, we urge the Exchange to also consider the below measures to better protect minority shareholder rights and enhance investor confidence.
    - **Period review and sunset mechanism**
        - In our view, companies with differentiated voting rights should review the share class structures on a regular basis or as company circumstances change. Additionally, they should seek shareholder approval of their capital structure on a periodic basis via a management proposal at the company's shareholder meeting. The proposal should give unaffiliated shareholders the opportunity to affirm the current structure or establish mechanisms to end or phase out controlling structures at the appropriate time, while minimising costs to shareholders.

    - The Exchange identifies the risks arising from WVR structures (Paragraph 70), and continues to believe that an OSOV principle remains foundational for equitable shareholder rights and is the optimal approach (Paragraph 86). That WVR beneficiaries are not required to maintain a minimum economic interest after listing (Paragraph 117) implies that the disparity between control and ownership can widen over time.
    - Beyond event-based triggers, the current proposals do not have mechanisms to continually and periodically assess the appropriateness of a WVR structure after listing. As such, the Exchange could consider introducing a time-based sunset mechanism and/or requiring periodic OSOV-based shareholder vote on the continuation of the WVR structure, for all WVR structures, and not limited to corporate WVR beneficiaries.
    - This gives non-WVR shareholders a direct, periodic mechanism to assess whether the structure continues to serve the company's interest. It is also a more practical and proportionate recourse for non-WVR shareholders than the existing rights to convene an extraordinary shareholder meeting (EGM) or add resolutions to the meeting agenda, which require coordination among dispersed shareholders to meet the 10% threshold. The Exchange acknowledges that minority shareholders may not have sufficient voting power to defeat resolutions (Paragraph 119). That no non-WVR shareholder has requisitioned a general meeting to date (Paragraph 120) may equally reflect the practical difficulties of exercising this right, rather than the absence of grievances.
  - **Lowering the threshold for non-WVR shareholders to convene an EGM and add resolutions to the meeting agenda:** for reasons mentioned above, the Exchange may wish to consider lowering the threshold (10%) for non-WVR shareholders to convene an EGM and submit shareholder resolutions. While shareholders of Hong Kong-incorporated companies can submit shareholder resolutions with 2.5% shareholding (Company Ordinance, Section 615), offshore WVR issuers would not be subject to this threshold.
  - **Enhancing board independence:**
    - **Lead INED appointment:** The Exchange could consider mandating the appointment of a Lead Independent Non-Executive Director (INED) for all WVR issuers. In the face of the governance risks inherent in WVR structures (Paragraph 70), non-WVR shareholders would much appreciate a dedicated, independent point of contact at the board level to support effective board oversight. This approach would be a targeted and proportionate extension of the existing governance framework, where the Lead INED remains Recommended Best Practice for the wider market (RBP C.1.8).
    - **Fully independent audit committee:** WVR issuers are required to have a fully independent Corporate Governance Committee (MB Rule 8A.30) to "review and monitor whether the listed issuer is operated and managed for the benefit of all its shareholders". The audit committee, which is mandated to review an issuer's financial results, risk management and internal control systems, and the effectiveness of the internal audit function (MB Appendix C1 Corporate Governance Code), arguably plays an equally critical role in safeguarding the interests of non-WVR shareholders. These functions map directly onto the risks the Exchange associates with WVR structures, in particular, private benefits extraction and tunnelling (Paragraph 70(a)-(b)). However, currently there are no requirements for the audit committee to be fully independent, nor a cap on the influence WVR beneficiaries may exercise over its composition. The Exchange could therefore consider requiring a fully independent audit committee for all WVR issuers, with the voting power of WVR beneficiaries collectively capped at a specific percentage for

the election of at least one audit committee member. (Korea provides a regional precedent where, for all listed companies with assets of KRW 2 trillion or more, the voting power of the largest shareholder and related parties is capped at 3% for audit committee member elections. Please refer to Korean Commercial Code Article 542-12 for more details. While the Korean rule is not WVR-specific, the underlying principle is directly relevant: the audit committee should not be composed of directors whose election is controlled by those they are trying to oversee).

- **Minimum economic holding requirement (see also Q4):**
  - With more concentrated voting power as a result of the 20:1 Ratio Cap, the Exchange may wish to consider increasing, or at least maintaining, the minimum economic holding requirement proportionally to help maintain alignment between economic interest and voting power, rather than relaxing both parameters concurrently. We elaborate further in our response to Question 4.
  - Furthermore, currently there is no requirement for WVR beneficiaries to maintain any minimum economic interest after listing (Paragraph 117). We elaborate on this concern and our suggestions in our response to Question 4.
- **Expanding matters subject to OSOV (or certain shareholder approval threshold) under MB Rule 8A.24:** Currently, the set of matters subject to OSOV is relatively limited. Notably absent are connected transactions – key corporate actions that could materially change business risk – even though these are areas where the governance risks from WVR structure might be most acute. The PRC exchanges require WVR shares to be limited to OSOV or certain shareholder approval threshold (two-thirds) on a significantly broader set of matters (Appendix III). The Exchange may wish to assess whether, with the increased Ratio Cap, the current scope of OSOV matters remains appropriate. We would highlight the below:
  - **Connected transactions:** The connected transaction regime relies on independent shareholders' approval to protect minority interests (MB Rule 14A.03). Where a WVR beneficiary holds disproportionate voting power, their ability to cast WVR-weighted votes on connected transactions — even those to which they are not a direct party — may undermine the effectiveness of this protection. Adding connected transactions to the OSOV matters under MB Rule 8A.24 would ensure this protection is not diluted by the WVR structure. Relatedly, we note that secondary listed issuers are exempt from Chapter 14A entirely (MB Rule 19C.11), meaning that even the basic principle of interested party exclusion does not apply. As the Exchange proposes to lower the eligibility thresholds for secondary listings with WVR structures, we would recommend extending the requirement that votes of interested parties be excluded when approving connected transactions to all listed issuers, as we elaborate in our response to Question 8.
  - **Key corporate actions:** More broadly, the Exchange may wish to consider extending OSOV (or certain shareholder approval thresholds) to corporate actions that would materially alter the issuer’s business profile or risk, such as mergers or disposal of substantial assets, among others. A regional example we encountered illustrates the concern: the founder of an Indonesian technology company with 30:1 super-voting right reportedly displaced a CEO credited with the business turnaround over differing views on a potential merger that would materially alter the company’s business and risk profile . The founder has since resumed the role himself, with limited accountability to minority shareholders bearing the majority of the economic risk.

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)? Please give reasons for your views and any alternative suggestions.

Disagree.

- We recognise the principle of OSOV as foundational for equitable shareholder rights and long-term financial value creation, while also recognising the need for pragmatic flexibility to keep Hong Kong's capital market competitive. We are supportive of the Exchange's broader efforts to review and update the WVR regime. However, we have reservations about lowering the minimum economic interest to 5% (Paragraph 105(a)) simultaneously with increasing the WVR Ratio Cap to 20:1 (Paragraph 103). For the same reasons set out in our response to Question 3, the case for maintaining stronger structural safeguards in Hong Kong is, in our view, more compelling than in markets with materially different enforcement environments and ownership profiles.
- **Combined effect of simultaneous relaxation**
    - Each of the two proposed relaxations, a higher Ratio Cap and a lower economic interest floor, may be reasonable in isolation. Together, they compound the separation of control from economic exposure.
    - Under the current framework (10:1 Ratio Cap, 10% minimum economic interest), a WVR beneficiary at the minimum 10% holding commands 52.6% of total votes, just over the majority control threshold (Appendix V). To reach 75% voting power, the level required to pass special resolutions under the Listing Rules, the same beneficiary would need to hold 23.1% economic interest, providing more meaningful alignment with minority shareholders.
    - Under the proposed framework, the Exchange introduces two relaxations that can compound for the largest issuers:
        - **Higher Ratio Cap:** Issuers with a market capitalisation of at least HK$40 billion may adopt a WVR ratio of up to 20:1 (Paragraph 103). At the current 10% minimum economic interest, this 20:1 Ratio Cap alone would give a WVR beneficiary 69.0% of total votes (Appendix V).
        - **Lower economic interest floor:** For issuers where the HK$4 billion absolute floor represents 5% equity (implying a market capitalisation of at least HK$80 billion) the minimum economic interest can fall to 5% (Paragraph 105).
    - Where both relaxations apply, a WVR beneficiary can hold just 5% economic interest with a 20:1 WVR ratio. In this case, the 5% economic interest would command approximately 51% of total votes, while the 75% supermajority threshold can be reached with just 13.0% economic interest, which is nearly half the stake required under the current framework.
    - This means the proposed changes allow WVR beneficiaries to achieve the same degree of control with substantially less economic accountability. This is precisely the misalignment the Exchange identifies as a key risk of WVR structures, where controlling shareholders with "a disproportionately small equity interest" may "face less deterrent to extracting private benefits of control" (Paragraph 70(a)). At a 5% economic exposure, the WVR beneficiary bears a level of economic risk more comparable to that of a professional manager/ hired executive than a traditional controlling shareholder. Controlled companies are generally understood to have a less severe agency problem because the controlling shareholder's significant equity stake aligns their interests with those of other shareholders. A 5% economic interest largely eliminates this alignment, reintroducing the agency problem while preserving and amplifying the entrenchment that makes the controlling shareholder unaccountable to the shareholders who bear the remaining 95% of economic risk. We would suggest that the Exchange consider at least maintaining the 10% minimum

economic interest floor for any issuer adopting a ratio above 10:1, rather than relaxing both parameters concurrently.

- **Absolute dollar amount is not necessarily a substitute for proportionate alignment:** We note the Exchange's rationale that a stake worth at least HK$4 billion represents meaningful economic exposure (Paragraph 116). In our view, alignment of interests between controlling and non-controlling shareholders is ultimately a function of the ratio of economic exposure to voting power, rather than the absolute dollar amount at stake. A 5% economic interest — regardless of its dollar value — means that the remaining 95% of the economic risk associated with governance outcomes is borne by non-WVR shareholders.
- **Requirement for minimum economic interest post-listing:** There is currently no requirement for WVR beneficiaries to maintain any minimum economic interest after listing (Paragraph 117), meaning the disparity between voting control and economic exposure can widen over time through secondary sales or dilutive issuances. While we recognise the flexibility this provides, maintaining at least a collective 10% economic interest is already observed practice of a majority of WVR issuers (Paragraph 117, footnote 105). Codifying a post-listing minimum economic interest floor would formalise existing market practice while providing a backstop against the erosion of alignment in outlier cases, particularly for issuers adopting the higher 20:1 ratio.
- **A discretionary safeguard would benefit from greater specificity:** We note the Exchange's reservation of discretion to refuse listings representing an "extreme case of non-conformance with corporate governance norms" (Paragraph 106). We would welcome greater transparency on the parameters the Exchange would apply in exercising this discretion. Codified thresholds defining acceptable combinations of the WVR ratio and economic interest could complement the case-by-case approach and provide greater certainty for market participants.
- **Implications for investors and long-term stewardship:** Lower economic interest, combined with higher voting leverage, further reduces the incentive for WVR beneficiaries to engage constructively with minority shareholders, as their control becomes increasingly insulated from economic accountability. We are concerned that this dynamic, over time, may weaken the broader stewardship ecosystem that supports long-term financial value creation in Hong Kong's markets. We would therefore urge the Exchange, if it proceeds with the proposed relaxations, to accompany them with proportionate governance safeguards such as those outlined in our responses.

Question 5-7

No comment.

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)? Please give reasons for your views and any alternative suggestions.

Agree, subject to our suggested enhancements of safeguards.

- We are broadly supportive of the proposal to lower the financial eligibility thresholds for secondary listings of overseas issuers with WVR structures, to the extent that alignment with the thresholds proposed for primary-listed WVR issuers promotes consistency and reduces unnecessary listing barriers in Hong Kong (Paragraph 174). We recognise that these reforms are part of a broader effort to enhance Hong Kong's competitiveness as a listing venue, and we support that objective.
- Lowering these thresholds will widen the pool of overseas issuers eligible for secondary listing with WVR structures. This has implications for minority shareholder protections that, in our view, should be addressed alongside any reduction in thresholds. Secondary listed issuers are currently exempt from a considerable number of Listing Rules that would otherwise apply to primary listing (MB

Rule 19C.11), including Chapter 14A (Connected Transactions) and Rule 13.44 (requirement for directors to abstain from voting on board resolutions in which they have a material interest).

- The implicit assumption underlying the exemption is that secondary listed issuers are already subject to adequate regulation in their primary listing jurisdiction (Paragraph 159(a)). This assumption warrants closer scrutiny. The Exchange itself acknowledges that its pre-emptive approach to investor protection differs fundamentally from frameworks that rely on shareholders "to seek redress for losses they have suffered due to abuse after it has occurred" (Paragraph 80). However, the post-event methods of redress available in primary listing jurisdictions are generally not accessible to investors who purchased their shares in Hong Kong — meaning the Exchange's reliance on the primary market's regulatory framework may provide less protection to Hong Kong investors than it appears.
- Furthermore, the Exchange itself identifies the risk that companies may primary list overseas with the intention of subsequently seeking a secondary listing in Hong Kong as a means to circumvent full compliance with the Listing Rules (Paragraph 159(c)). Lowering the financial eligibility thresholds while maintaining the current scope of rule exemptions may inadvertently strengthen this incentive — particularly for smaller issuers, for whom the compliance cost differential between a primary and secondary listing is most material.
- We are therefore concerned that the combination of (i) lower eligibility thresholds attracting a broader pool of secondary-listed WVR issuers and (ii) the continued exemption creates a widening gap in minority shareholder protection — precisely for the category of issuers where such protection is most needed. We recommend that the Exchange consider the following:
    - **Require that votes of interested or connected parties be excluded when approving connected transactions:** In our view, minority shareholders' interests are best protected when connected transactions require approval by an issuer's independent shareholders, and the Exchange should consider clearly stipulating that the votes of interested parties must not be counted when approving connected transactions. The connected transaction rules applicable to primary listings already require that persons with a material interest abstain from voting on resolutions approving connected transactions (MB Rule 14A.03), but this safeguard does not apply to secondary listed issuers exempt from Chapter 14A.
    - **Encourage conversion to primary listing over time:** With secondary listed companies accounting for a growing share of trading activity in Hong Kong, we are concerned that shareholder protections in the overall market may have a decaying trend as a growing part of the market becomes subject to lower regulatory standards. Seven secondary listed issuers have already converted to primary or dual primary listing (Paragraph 165). We would encourage the Exchange to continue facilitating this transition and to consider whether issuers that become a significant segment of trading volume in Hong Kong should be expected to move to full regulatory compliance within a defined timeframe, rather than maintaining indefinite secondary listing status.
    - **Apply the full set of WVR-specific governance safeguards to secondary listed WVR issuers:** Currently, Grandfathered Greater China Issuers and Non-Greater China Issuers retaining pre-existing WVR structures are exempt from the continuing obligations and corporate governance requirements (Paragraph 192). If the financial eligibility threshold for secondary listing is lowered, the Exchange should consider whether these governance exemptions remain appropriate — particularly for issuers adopting the higher 20:1 ratio, where the governance risks are structurally amplified.

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)? Please give reasons for your views and any alternative suggestions.

Agree.

- This is contingent on Question 8. It ensures that the financial eligibility requirements for secondary listing of a non-WVR issuer are not more stringent than those for a WVR issuer.

Question 10 Do you agree with the proposal to retain the market capitalisation threshold under Criteria A (see paragraph 178 of the Consultation Paper)? Please give reasons for your views and any alternative suggestions.

Agree

- This is unchanged from the current requirement. (Criteria A (1) a track record of good regulatory compliance of at least five full financial years on a Qualifying Exchange or (only for issuers without a centre of gravity in Greater China) any Recognised Stock Exchange; and (2) a market capitalisation of at least HK$3 billion at the time of listing).

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

- While we acknowledge market feedback and the Exchange's willingness to explore further facilitative measures, it is important that such measures are targeted and clearly scoped, and accompanied by strengthened governance, disclosure, and safeguards.
- **Clearly defined grace-period:**
  - A clearly defined grace period may be appropriate in exceptional cases, where non-compliance is technical and limited in scope. Especially for those issuers that have a strong track record of regulatory compliance on a recognised overseas exchange. Importantly, such grace periods should not become routine practice. We do not support automatic or broad grandfathering of non-compliant governance features.
  - We recommend accompanying safeguards including clear eligibility criteria disclosed upfront, and full disclosure to investors of the non-compliant features, remediation plan, and associated risks during the transition period.
- **Review of disclosure requirements for secondary listings:**
  - While we acknowledge the Exchange is considering reviewing whether certain disclosures for secondary listings may be streamlined, particularly where issuers are already subject to robust disclosure regimes overseas or have a meaningful track record as listed companies, in our view, any streamlining should focus on avoiding duplication, rather than reducing the substance of information relevant to Hong Kong investors.
  - We encourage the continued emphasis on Hong Kong-specific disclosure of 1) control and ownership structures 2) WVR arrangements and voting power concentration and 3) minority shareholder protections. There should be clear disclosure of key differences between Hong Kong requirements and the issuer's home-market regime.
- **Dedicated pre-listing guidance and advisory channel:**
  - We support the introduction of a dedicated Exchange channel to provide early-stage guidance for overseas-listed issuers considering a Hong Kong listing. This could improve regulatory clarity, reduce execution risk, and help issuers structure their listings in a manner consistent with Hong Kong's governance expectations from the outset.

  - However, such guidance should be principles-based, transparent and consistently applied, rather than constituting ad-hoc regulatory discretion.
- **Governance safeguards for WVR issuers**:
  - Any facilitative measures should be balanced by robust governance standards, particularly for issuers with WVR structures. Please refer to the safeguard measures in our earlier responses.
- **Post-listing market quality and issuer accountability**
  - We encourage the Exchange to continue examining whether easing specific regulatory parameters alone (for example, relaxing WVR Ratio Cap) would materially influence listing decisions. From the perspective of a private equity investor, the choice of listing venue also depends on broader factors such as depth and sophistication of the investor base, market liquidity, the valuation environment and proximity to the issuer's core business and investor community. As such, regulatory facilitation should be one part of a broader competitiveness assessment, rather than a substitute for maintaining high governance and market standards.
  - From our perspective as a long-term investor, the attractiveness of a listing venue is determined as much by the quality of the post-listing environment as by the ease of admission. Hong Kong's secondary market faces well-documented challenges: thin liquidity, a persistent valuation discount relative to comparable markets, and limited mechanisms to hold issuers accountable for long-term financial value creation after listing. IPOs may attract initial attention, but where trading activity diminishes significantly after listing, the credibility of the market as a venue for price discovery and long-term capital formation is weakened.
  - Exchanges across the region are increasingly recognising the importance of addressing this. We would encourage the Exchange to consider whether Hong Kong should develop its own framework to encourage issuers to focus on capital efficiency, shareholder returns and long-term financial value creation after listing.
- **Continued listing standards and addressing inactive issuers**
  - We would also encourage the Exchange, as part of its broader competitiveness review, to consider whether further measures are needed to address the long tail of listed companies with persistently thin trading activity. Where companies remain listed but are effectively illiquid, the credibility of the market as a whole is affected - valuations are depressed, price discovery is impaired, and the attractiveness of Hong Kong as an exit venue for pre-IPO investors is undermined. Private equity investors recycle capital; if the exit experience in Hong Kong is poor, they are less likely to bring future portfolio companies to this market. We would welcome the Exchange exploring whether additional mechanisms — whether through enhanced continued listing expectations, issuer engagement or other means - could help ensure that the listed company population remains active, investable and capable of supporting meaningful secondary market trading.
- **Financial disclosure quality**
  - We note that Hong Kong currently requires only semi-annual financial reporting for listed issuers. While we are mindful of the global debate on reporting frequency, and note that some jurisdictions are considering moving from quarterly to semi-annual reporting to promote long-termism, our concern is less about frequency per se and more about the depth and quality of disclosure that issuers provide. In our experience, financial disclosures from Hong Kong-listed issuers are often less detailed and less decision-useful than those provided by comparable issuers in other major markets. We would encourage the Exchange to consider whether guidance or expectations on the quality and granularity of ongoing financial disclosure should be strengthened, even if the frequency of mandatory reporting is not changed.

- **Diversity of listed companies:**
    - Finally, we would observe that a number of the proposals in the Consultation Paper, including the relaxation of WVR requirements and the lowering of secondary listing thresholds, may in practice attract a relatively specific profile of issuer. We would encourage the Exchange to consider the cumulative effect on the diversity of Hong Kong's listed company base. Hong Kong's long-term competitiveness as an international financial centre depends on building a diverse pool of high-quality listings.

Questions 12-13

No comment.

Question 14-16

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)? Please give reasons for your views and any alternative suggestions.

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)? Please give reasons for your views and any alternative suggestions.

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)? Please give reasons for your views and any alternative suggestions.

Agree.

- We are generally supportive of the proposals set out in Paragraphs 213–215. We see these as reasonable adjustments that help reduce reporting burden and support comparability, while maintaining investor protection through continued reconciliation to HKFRS or IFRS.
- With that said, we believe these proposals should be accompanied by robust safeguard measures, particularly in the following areas:
    - **Audit Committee Oversight**
        - In our view, effective audit committee oversight strengthens the quality and reliability of a company’s financial statements and provides an important level of reassurance to shareholders. As such, the audit committee should play a central role across all three proposals — overseeing the preparation and quality of reconciliation statements, scrutinizing key accounting judgements and assumptions, and ensuring consistency in the application of accounting policies.
        - This responsibility is particularly important in unaudited reporting periods, where external auditor involvement is reduced but investor reliance on governance oversight remains high.
        - Audit committees should include members with strong accounting and financial reporting expertise, and, where possible, familiarity with both US GAAP and HKFRS/IFRS. While the Listing Rules already requires at least one member to have financial management expertise, we would also encourage audit committees to designate an accounting professional with relevant dual-framework expertise to lead oversight of reconciliation quality.

- The audit committee should also periodically assess whether US GAAP remains the most appropriate and decision-useful reporting framework for shareholders — particularly following material changes in business model, investor base composition, or regulatory environment — and be prepared to recommend a transition to HKFRS or IFRS where warranted.

- **Effective Shareholder Communication**
  - Issuers should present reconciliation and accounting explanations in a clear, prominent and easy-to-locate manner, and proactively engage with investors on accounting matters — particularly in the context of IPOs, spin-offs, delistings or other significant corporate transactions.
  - Disclosure of key accounting differences should go beyond generic summaries and explain why the differences — such as different treatments of revenue recognition, share-based compensation, business combinations and goodwill, and impairment of long-lived assets — matter for the issuer's financial profile.
  - Material reconciliation movements should be accompanied by narrative explanation focusing on key drivers and implications for financial performance, rather than purely numerical adjustments.
  - Reconciliation statements included in unaudited financial results should be clearly labelled as unaudited, so investors appropriately understand the level of assurance applied.

- **Retention of Regulatory Discretion**
  - We support retaining the Exchange's discretion to require enhanced or additional disclosure where there are material changes to the issuer's business model or financial profile, where comparability across periods is materially affected, or where reconciliation movements are significant, unusual, or difficult for investors to interpret. This provides an important backstop without imposing prescriptive or blanket requirements.

Questions 17-18

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)? Please give reasons for your views and any alternative suggestions.

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)? Please give reasons for your views and any alternative suggestions.

Agree.

- We do not object to the proposals themselves but would note that where an Eligible Specialist Company seeks a listing under a Specialist Chapter, this would take away the opportunity for asset managers, acting for different portfolios, to participate as both cornerstone and placee in the mainbook. We would urge the Exchange to address this inadvertent impact.

Questions 19-22

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

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as it publishes its PHIP (as set out in paragraph 260 of the Consultation Paper)? Please give reasons for your views and any alternative suggestions.

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)? (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)? Please give reasons for your views and any alternative suggestions.

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)? Please give reasons for your views and any alternative suggestions.

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)? Please give reasons for your views and any alternative suggestions.

Agree.

- We are supportive of extending confidential filing to all new applicants. This aligns Hong Kong with international best practice and reduces the commercial risk associated with premature public disclosure of sensitive business information during the listing process. From the perspective of investors who participate in IPOs as placees or cornerstone investors, confidential filing may also improve the quality of the price discovery process by allowing more considered engagement between issuers and prospective investors before public scrutiny begins.