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Thank you for taking the time to respond to the **Consultation Paper on Competitiveness Review of Listing Framework**.

Please state whether your response represents the view of your company/organisation or your personal view:

◉ **Company/Organisation view**

○ Personal view

Please provide the following information about your company/organisation. A statement on HKEX's privacy policy is set out in **Appendix VII** to the Consultation Paper.

Company/Organisation Name*:

[redacted]

Company/Organisation Type*:

- ○ Accounting Firm
- ○ Corporate Finance Firm / Bank
- ○ HKEX Participant
- ○ Law Firm
- ○ Listed Company
- ○ Investment Firm / Asset Manager Focusing on Private Equity
- ○ Investment Firm / Asset Manager Focusing on Public Equity
- ◉ **Professional Body / Industry Association**
- ○ Prospective Listing Applicant
- ○ Others (please specify)

Contact Person*:

- (●) **Mr.**
- ( ) Miss
- ( ) Ms.
- ( ) Mrs.
- ( ) Mx.

Name*:

[redacted]

Job Title:

[redacted]

Phone Number*:

[redacted]

Email Address*:

[redacted]

Important note: All fields marked with an asterisk (*) are mandatory. HKEX may use the contact information above to verify the identity of the respondent. Responses without valid contact details may be treated as invalid.

Disclosure of identity HKEX may publish your identity together with your response. Respondents who do NOT wish their identities to be published should check the box below; otherwise, please click "Next":

- [x] **I/We do NOT wish to disclose my/our identity to the members of the public.**

Question 1

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

- (●) **Yes**
- ( ) No

Please give reasons for your views and any alternative suggestions.

We agree to the overall direction of this Consultation Paper in seeking a more inclusive and dynamic market environment and becoming more competitive versus other markets in attracting high growth companies. We have additional comments about making our WVR regime more relevant to companies and the equity market. Please see our answers to the Question "Overall Comments" .

Question 2

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

- (selected) **Yes**
- No

Please give reasons for your views and any alternative suggestions.

The proposed financial eligibility test brings Hong Kong's requirements closer to those of mainland exchanges, and even more competitive under the market capitalisation/revenue test. This fits with the objective of raising HK's competitiveness to attract WVR issuers, many of which originate from the mainland.

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)?

- (selected) **Yes**
- No

Please give reasons for your views and any alternative suggestions.

We have no issue of raising the WVR ratio cap to 20:1. The US and UK exchanges have no such cap whereas the proposed ratio is higher than those adopted by mainland and regional exchanges. By maintaining one but having it at a higher ratio, HK is striking a balance between attractiveness, competitiveness and investor protection. The raised WVR ratio cap is permissible only to companies of at least $40 billion. We believe this will provide extra safeguard. Companies with large market capitalisation at listing signifies strong market support and is a vote of confidence of investors to the quality of the founder/management. Allowing these company founders/management to enjoy higher voting power will ensure they continue to make an influence to the company's strategy and business direction.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

We agree that an underlying economic interest of $4 billion is sufficiently large to align shareholders' interests. The reduction to 5% is available only to large-sized companies of $80 billion. That is reasonable and proportionate.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

By specifically spelling out the two Routes, it makes clear that the WVR structure is solely for technology companies. The new explanation clearly points to new business model as a key innovation characteristic and that the business model may not necessarily be enabled by technology. This opens up WVR regime to a broader non-technology companies, which we welcomed. We have additional comments on this point. See our answer to Question "Overall Comments".

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)?

- (selected) **Yes**
- No

Please give reasons for your views and any alternative suggestions.

This will provide a clear definition of what constitutes innovative companies and is consistent with the WVR objective.

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)?

- (selected) **Yes**
- No

Please give reasons for your views and any alternative suggestions.

See our answer to previous question.

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)?

- [x] **Yes**
- [ ] No

Please give reasons for your views and any alternative suggestions.

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)?

- [x] **Yes**
- [ ] No

Please give reasons for your views and any alternative suggestions.

The "one of the first few" phrase clarifies that Novelty is not exclusive to the absolute "first mover", which is the correct approach. However it is still restrictive. We suggest removing the novelty requirement altogether. Please see our answer in “Overall Comments”.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

This provides a consistent interpretation that the market has come to comprehend.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

We agree and also with the possibility of a lower percentage if the market capitalisation exceeds a considerable size.

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)?

- (selected) **Yes**
- No

Please give reasons for your views and any alternative suggestions.

The change is acceptable as it corresponds to the change for WVR primary listing.

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)?

- (selected) **Yes**
- No

Please give reasons for your views and any alternative suggestions.

This gives a consistent threshold.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

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)?

Considering that issuers listed overseas are already subject to regulation of the primary exchange, have established trading record, and provided that they demonstrate good regulatory compliance record, the process of their seeking a secondary listing in HK can be simplified. Firstly, the prospectus disclosure requirements is costly and time-consuming, if that can be waived it will be an important facilitating factor. As in other market, HK can allow incorporation by reference of documents filed under national regimes (para, 194 of the CP). Secondly, the grandfathering arrangement for WVR issuers should be generally applied to include all Greater China WVR issuers listed overseas and seeking a secondary listing in HK. They must still be required to meet certain criteria, such as a strong track record of regulatory compliance on their primary exchange and the new market capitalisation requirement of $20 billion, but removing the need to amend their existing WVR features to suit Hong Kong would be a big incentive. Although their WVR features might be different, as long as they are subject to thorough disclosure, investors are able to make their own well-informed decisions. There have not been mishaps by the grandfathered issuers that had hurt their shareholders, suggesting that company integrity is not tied to the WVR features but the overall governance standard.

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

Question 12

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

- (●) **Yes**
- ( ) No

Please give reasons for your views and any alternative suggestions.

This proposal can be considered a relaxation from existing requirements that shareholders that constitute a group of controlling shareholders must not be changed during the Relevant period. The proposed amendment requires an applicant to demonstrate no material change in management influence despite a change of ownership. We agree that is a fair requirement. It would be helpful for the HKEX to provide practical guidance on the proof required to prove the case. For the concern of packaging businesses for listing, it would be logical to assume if the applicant operates a single business, the concern of putting together multiple business is not imminent. Packaging of businesses and the change of controlling shareholders, in themselves are two distinct matters. The relationship between the two under HKEX's consideration of ownership continuity and control, if any, should also be spelled out in any practical guidance to be provided.

Question 13

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

- (●) **Yes**
- ( ) No

Please give reasons for your views and any alternative suggestions.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

We welcome the measures to provide more flexibility and remove the hurdles for US-listed companies, especially China concept stock companies, and their subsidiaries to return or seek a listing in Hong Kong,

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

This reduces the costs of US-listed companies returning to Hong Kong after their delisting, as long as the requirement of a Reconciliation Statement remains in force. This supports Hong Kong's goal to increase its competitiveness of the listing regime.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

We support this and trust that the company's Audit Committee would provide safeguard of the accuracy of the Reconciliation Statement.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

In addition to the reasons provided in the CP, Eligible Specialist Companies may want to list under the applicable Specialist Chapters to enjoy a clear positioning reflecting their Specialist nature. Investors would also find it easier to identify companies under a common specialised chapter as having comparable characteristics for peer analysis.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

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)?

- (selected) **Yes**
- No

Please give reasons for your views and any alternative suggestions.

We agree that premature and prolonged disclosure of details of listing application exposes sensitive business and commercial information unnecessarily and may trigger competitive issues, or even political ramifications under the current tense geopolitical situation. These concerns are not limited to Specialist Companies, we therefore agree to applying confidential filing to all listing applicants.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

We agree as this would promote shared accountability and give motivation for all working parties to improve quality of their application submission, shortening the application process.

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**
- ( ) No

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)?

- (●) **Yes**
- ( ) No

Please give reasons for your views and any alternative suggestions.

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**
- ( ) No

Please give reasons for your views and any alternative suggestions.

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

We agree with the overall direction of the CP in enhancing the listing competitiveness of Hong Kong. The lowering of the financial eligibility requirements for WVR issuers, targeting innovative companies, and the spelling out of Route A and Route B of application which provides further clarification that innovative companies not relying on technology but on business model are eligible to list with WVR structures are very helpful. We would like to point out however, with the market upturns in the past two years which see share valuation rebound, meeting the financial eligibility has become more of a secondary concern to potential WVR applicants. If Hong Kong wishes to attract more WVR companies, it should cast a wider net to include companies from more industries. The clarification of Route B in a way has open the door to companies from other industries other than technology, which is the correct approach. WVR should cater for start-up companies across industries which go through rounds of private funding, resulting in the "share dilution" problem for the founders. For these start-up companies, a WVR structure would help ensure the founders will continue to play an instrumental role to company's continuing success. We also think that the novelty characteristic requirement presents another level of barrier. Novelty is very short-lived and if that is applied, only a very few "first movers" of the industry can be eligible for WVR. We believe that can be removed. The innovative characteristics applied across industries, plus the other requirements would suffice. As for shareholders protection, investors choose to invest in WVR companies, based on their own assessment of growth and return, with full knowledge of the voting rights disparity while WVR companies observe enhanced corporate governance requirements. Since the introduction of WVR in 2018, no major corporate misconduct is reported. The regime is functioning well and that should give comfort to the Exchange to further maximise the regime to include more companies from more industries.

You have completed the questionnaire questions for this consultation but not yet submitted the same.

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2. Once you click "Next" at the bottom of this page, you will be taken to a preview page that summarises your responses (Response Summary Page) where you will be able to download a response summary in PDF format. Please note NO further amendments to your responses can be made on the Response Summary Page. You have to click “Submit” at the bottom of the Response Summary Page to submit your responses. An acknowledgement of receipt will pop up once you have successfully submitted your responses.

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