



By email (info@hkex.com.hk/ response@hkex.com.hk)

22 May 2026

Our ref: C/CFC, M142422

Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sirs,

Re: Response to Exchange Consultation Paper on Listing Framework Competitiveness Review (March 2026)

The Corporate Finance Committee ("CFC") of Hong Kong Institute of Certified Public Accountants ("the Institute") has reviewed the Consultation Paper on Listing Framework Competitiveness Review (March 2026) issued by the Stock Exchange of Hong Kong Limited ("the Exchange"), and would like to submit its views, as set out below, in response to the invitation for written comments on the proposal.

CFC members generally support the Exchange's objective of enhancing Hong Kong ("HK")'s competitiveness as an international listing venue, while maintaining robust investor protection and safeguarding market quality. Our comments below focus on selected proposals where we believe further clarification or refinement would help to enhance the overall effectiveness of the reforms.

1. Weighted Voting Rights (WVR) Regime

I. Financial Eligibility Requirements

Question 1 Do you agree that the WVR Financial Eligibility Test thresholds should be lowered?

Please give reasons for your views and any alternative suggestions.

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)?

Please give reasons for your views and any alternative suggestions.

II. Voting Power and Economic Interest

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.

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.

We support the proposal to lower the WVR Financial Eligibility Test thresholds (Questions 1 and 2), as well as the proposed reforms to voting power and the minimum economic interest requirements (Questions 3 and 4) for companies that possess more than one of the Innovative Characteristics outlined in paragraph 121 of the CP, in order to make the HK market more competitive generally.

At the same time, the consultation would benefit from clearer articulation of the main objective(s) and expected outcomes of the proposed reforms, whether that be, e.g. attracting Greater China companies that might otherwise list in the US (although, on this point, as noted in the CP, the US will still have fewer restrictions on WVRs), attracting more A+H share issuers, or more overseas new economy companies, to list in HK.

As regards investor protection, we note that, as WVR beneficiaries are not required to maintain a minimum collective 10% economic interest in the WVR issuers post-listing (paragraph 117), this makes it harder to ensure that their interests continue to be aligned with the interests of minority shareholders in the same company in the longer term. The proposed changes will add to this possible risk. While non-WVR shareholders must always be entitled to cast at least 10% of the votes that are eligible to be cast on resolutions at the company's general meetings (paragraph 100), in effect, this only allows them to convey any dissenting views to the management, and, potentially, call for an extraordinary general meeting or add resolutions to a meeting agenda (paragraphs 118-119). Therefore, in order to strike a balance between facilitating market development and ensuring adequate investor protection, the Exchange should consider enhancing the existing corporate governance measures, such as requiring WVR beneficiaries to retain an economic interest in a relevant company for a certain period after listing, and increasing the minimum number of independent non-executive directors on the board. In addition, we would suggest making the disclosures under current Rule 8A.30(9) mandatory disclosures, and also considering expanding the scope of this requirement to cover sub-paragraphs (1) to (3) of Rule 8A.30, on top of sub-paragraphs (4) to (6).

III. Innovative Company Requirements

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

We have no specific comments on the proposed changes. However, we note from paragraph 125 of the CP that other peer exchanges do not explicitly require an issuer to demonstrate that it is an innovative company as a pre-requisite for listing with a WVR structure. We would suggest, therefore, that further analyses be conducted as to the nature of non-innovative WVR companies, and the ratio of non-innovative companies relative to innovative WVR companies in those markets, as well as the attractiveness of non-innovative WVR companies in terms of market turnover, etc. The aim would be to see whether there are lessons that HK could learn from this and whether HK should consider moving in the same direction.

2. Issuers Listed Overseas

I. Qualification Requirements for Secondary Listings – Issuers with WVR structures

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.

We support lowering the financial thresholds for overseas issuers with a WVR structure seeking secondary listings, consistent with the proposal set out in paragraph 91 of the CP. Given the Exchange’s reliance on overseas regulatory regimes, we believe consideration could also be given to whether even lower thresholds may be appropriate for issuers with a long and demonstrably strong compliance track record. For example, issuers that can evidence at least five years of sound compliance history could qualify for such reduced thresholds. In the absence of such a track record, however, the same thresholds as applicable to primary listings should continue to apply.

Furthermore, while we support lowering the financial thresholds for innovative companies, we would also suggest considering expanding the WVR mechanism to encompass companies beyond the “innovative” classification. For such overseas issuers with WVR structures seeking secondary listings in HK, the current WVR safeguards—including the existing financial eligibility thresholds, the 10:1 WVR ratio cap on voting power, and the minimum economic interest requirement of at least 10% WVR shareholding at listing—could be retained.

We believe this approach would strike an appropriate balance between broadening access to the WVR framework for high-quality overseas issuers, while ensuring that robust investor protections and market integrity are preserved.

II. Issuers without WVR structures

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.

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.

While we agree with lowering the Criteria B threshold to HK\$6 billion, we question whether the five-year track record requirement under Criteria A, coupled with a lower market capitalisation threshold, remains proportionate compared with the requirements applicable under Criteria B. A shorter track record may provide a more balanced and appropriate standard, ensuring that issuers with proven performance and credibility are not unduly constrained, while still maintaining investor protection and market integrity.

III. Further Facilitative Measures for Issuers Listing Overseas

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.

We encourage the Exchange to streamline administrative requirements for overseas issuers in order to reduce any unnecessary burdens and enhance efficiency. In particular, we recommend permitting foreign-language regulatory announcements to be published under a standardised wrapper, with the original language document attached. This would ensure consistency of content between the Chinese and English versions of announcements, while significantly improving usability and accessibility for investors.

3. Initial Listing Requirements and Listing Arrangements

I. Ownership Continuity and Control

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)?

Please give reasons for your views and any alternative suggestions.

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)?

Please give reasons for your views and any alternative suggestions.

We agree with the proposed changes as they are in keeping with the principle of "substance over form".

II. Financial Reporting Standards

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.

We agree with the proposed requirement to extend the use of US GAAP in paragraph 213 of the Consultation Paper.

We would like to clarify that the proposal in Question 15—namely, the removal of the requirement for US-listed issuers using US GAAP to adopt HKFRS or IFRS upon delisting from the US—appears to be premised on the condition that a reconciliation statement would still be required in annual and interim reports, even after such delisting, and that this would be sufficient. We would instead suggest that Exchange encourage US-delisted issuers to revert to preparing their financial statements using “local” standards, i.e., HKFRS or IFRS, thereby eliminating the need for ongoing reconciliation statements once the transition has been made.

Given that the Exchange would become the sole overseas listing platform for these issuers following their US delisting, we cannot see any tangible value or benefit for investors in the HK capital market by removing the current requirement. In principle, maintaining the obligation to revert to using HKFRS or IFRS would ensure consistency, comparability, and alignment with other listed peers—factors that are important in sustaining investor confidence and market integrity. To allow affected issuers to make the necessary changes, a grace period of, say, two years after delisting from the US, could be provided.

We have no strong view on Question 16.

III. Commercialised Biotech Companies and Specialist Technology Companies

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)?

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.

We agree and are supportive of this level-playing-field approach.

IV. Confidential Filing and Return Mechanism

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)?

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.

Regarding Question 19, we believe that HK's current approach is not sufficiently competitive, particularly given that public filing has been required since 2013, whereas the US permits confidential filing. In practice, uncertainties often surrounding other regulatory approvals that Chinese Mainland applicants may require rendering the public filing regime impractical, and any incomplete filings and/or subsequent updates may distort market perception of the issuers, potentially suggesting they are not ready for listing when that may not be the case. We are therefore supportive of adopting a confidential filing mechanism in Hong Kong, as proposed in paragraph 260 of the CP.

In our view, confidential filing strikes the right balance: it reduces unnecessary burdens on issuers, aligns HK more closely with international practice, and still ensures that investors receive adequate information at the appropriate stage of the listing process.

With respect to the Enhanced Return Mechanism put forward in Question 20, we do not agree with the proposed enhancement for the following reasons:

- i. While we understand that the listing process is a collective effort involving multiple professional parties, the proposal risks creating further confusion by naming all parties without clearly identifying which specific sections of the Application Proof ("AP") the Exchange considers incomplete or problematic. This lack of precision blurs accountability rather than strengthening it.
- ii. If all professional parties are to be named, the costs could outweigh the benefits. Such an approach imposes an additional burden on every party involved. Would this imply, for example, that reporting accountants must concurrently review industry experts' reports? If so, this added responsibility would translate into higher costs for issuers in practice, ultimately making HK's capital market less competitive compared with other jurisdictions.

- iii. Furthermore, firms of certified public accountants and reporting accountants in initial public offerings are subject to oversight by the Accounting and Financial Reporting Council ("AFRC"). If the Exchange has evidence of misconduct or serious deficiencies in the work of reporting accountants, it can notify AFRC under the reciprocal reporting mechanism for investigation. This existing regulatory framework already provides a robust mechanism to ensure accountability in respect of a reporting accountant's roles and responsibilities, and work quality, in order to safeguard the market and the public interest.

Therefore, we are opposed to what might be seen as issuing a general criticism of the work of all professionals who may have some involvement in a returned application, without any clear rationale for doing so. We do not see a need to alter the existing practice, but, if changes are made, any disclosures should indicate the key areas leading to the return of an application and distinguish clearly between the responsibilities of relevant parties.

We have no strong view on the other questions.

Other comments:

In addition to specific points raised above, we would recommend promoting and enhancing corporate governance measures in parallel with implementing a more accommodative and competitive listing framework, in order to provide investors with more robust protection against risk. This could encompass, e.g., more extensive oversight of INEDs' performance and reporting and enhanced measures on board evaluations. While the CP briefly touches on investor protection matters, it could usefully provide more information and detail on how such measures could be reinforced and implemented.

Yours faithfully,

