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**BY EMAIL & BY POST**

28 April 2020

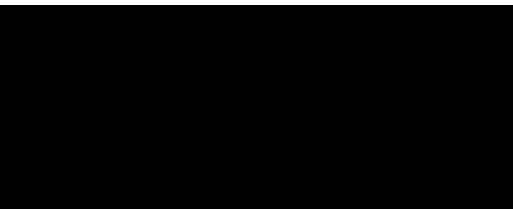
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Dear Sirs,

**Consultation Paper on Corporate WVR Beneficiaries**

I refer to the captioned Consultation, and I enclose the Law Society's Submissions on the subject matter for your attention.

Yours faithfully,



Encl.



## CONSULTATION PAPER ON CORPORATE WVR BENEFICIARIES

### The Law Society's Submission

The Stock Exchange of Hong Kong Limited (the "Exchange") has on 31 January 2020 launched a public consultation on "Corporate WVR Beneficiaries" (the "Consultation Paper"). In response thereto, the Law Society provides the following submission on the consultation questions posed.

The same abbreviations and the definitions appearing in the Consultation Paper are used in the submission below. For easy reference, the definition pages of the Consultation Paper are excerpted and appended to this Submission.

**Question 1** *Do you agree, in principle, that the Exchange should expand the existing WVR regime to enable corporate entities to benefit from WVR provided that they meet appropriate conditions and safeguards?*

*Please give reasons for your views. If your agreement is conditional upon particular aspect(s) of the proposed regime being implemented, please state what those aspect(s) are.*

#### **Law Society's response:**

We welcome the Exchange's proposal to extend Weighted Voting Rights ("WVR") to corporate entities who meet the eligibility requirements, subject to our comments below. The availability of corporate WVR structures will be a relevant consideration for issuers seeking a suitable listing venue, and it will enhance the attractiveness of the Hong Kong market for innovative companies.

**Question 2** *Do you agree that a corporate WVR beneficiary must be either the Eligible Entity or a wholly owned subsidiary of the Eligible Entity?*

*Please give reasons for your views. In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

Yes. The eligibility criteria (subject to our comments below) are important to reduce the risks of abuse, and are in line with the policy of the Exchange to allow issuers to list with a WVR structure sparingly. If an applicant can meet the eligibility criteria to list with a corporate WVR beneficiary, using a wholly-owned subsidiary to hold the WVR should be permitted. The use of cross holdings structure that creates a complex web of control over the issuer should, however, be disallowed.

**Question 3** *Recognising that, with at least a 30% economic interest, the corporate WVR beneficiary would be regarded as having "de facto control" of the relevant listing applicant even without WVR and would be considered a Controlling Shareholder under both the Listing Rules and the Takeovers Code, the Exchange has proposed a minimum shareholding requirement for a corporate WVR beneficiary to own at least 30% of the economic interest in the listing applicant. Do you agree with the proposed requirement for a corporate WVR beneficiary to: own at least 30% of the economic interest in the listing applicant; be the single largest shareholder at listing; and that its WVR should lapse if it fails to maintain at least a 30% economic interest on an ongoing basis?*

*Please give reasons for your views.*

**Law Society's response:**

We do not agree that requiring a corporate WVR beneficiary to maintain at least 30% economic interest of the issuer is practical nor is it necessarily as an effective guarantee against misalignment of interests between WVR holders and non WVR holders. If a corporate WVR beneficiary already has

“de facto” control of the WVR issuer, having WVR shares will be less relevant to its choice of listing venue. On the other hand, corporate WVR beneficiaries which have their stake in an issuer dilute over time through multiple fund raisings prior to listing and do not have a controlling stake in the issuer will find WVR shares far more attractive.

Requiring a corporate WVR beneficiary to step up its economic interests in the issuer to 30% prior to listing may require substantial cash outlay given that the minimum market capitalisation of an issuer is HK\$10 billion. If a corporate WVR beneficiary having a minimum historical holding of 10% has to step up to 30%, other investors in the issuer may not want to be diluted to such an extent shortly before listing. It will be a disincentive for WVR issuers to select Hong Kong as a listing venue. The current listing regime requires individual WVR holders to own collectively only 10% underlying economic interest of the issuer. If the concern is that corporate entities do not have a natural lifespan, the Exchange could consider further tightening the sunset clause for corporate WVR beneficiaries. A lower economic interest of say, 20% for corporate WVR beneficiaries coupled with other safeguards against abuses of ordinary shareholders seem to be a more practical approach.

We agree that the WVR corporate beneficiary should be the single largest shareholder of the issuer (save for any individual WVR beneficiary). If a lower threshold of shareholding, say 20%, is permitted, consideration should also be given to whether other members of the WVR corporate beneficiary which contribute to the ecosystem and also meet other eligibility criteria should be permitted to hold WVR shares. By allowing cross holdings of the issuer, a complex network of voting control may be created. If the economic threshold is lowered, it may be appropriate to prevent other members of a WVR corporate beneficiary from holding WVR shares in the same issuer as the WVR corporate beneficiary.

**Question 4** *If your answer to Question 3 is “no”, do you propose a different economic interest in order for the applicant to benefit from WVR and, if so, what this should be? Do you believe that any other conditions and requirements should be imposed if a lower economic interest threshold is allowed? If so please state these conditions/requirements.*

*Please give reasons for your views.*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

Please see our response to Question 3.

**Question 5** *Do you agree with the proposed exception from the [Listing] Rules to permit an issuance of shares on a non-pre-emptive basis to a corporate WVR beneficiary without shareholders' approval if the conditions set out in paragraph 144 of the Consultation Paper are satisfied?*

*Please give reasons for your views. If your answer to Question 5 is "no", and you agree with the requirement for the corporate WVR beneficiary to hold at least 30% of economic interest in the issuer on an ongoing basis, what alternative measures would you propose to enable such minimum economic interest to be maintained on an ongoing basis?*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

We agree, provided that there is express provision requiring the subscription price to be benchmarked against the average or a discounted average trading price of the shares over a reasonable period of time. If the proposed subscription price will be lower than the stipulated price, we propose that a specific mandate of the shareholders should be required.

**Question 6** *Do you agree with the proposed requirement that a corporate WVR beneficiary must have held an economic interest of at least 10% in, and have been materially involved in the management or the business of, the listing applicant for a period of at least two financial years prior the date of its application for listing?*

*Please give reasons for your views. If your answer to Question 6 is "no", do you agree that a historical holding requirement should be imposed? If so what alternative threshold or holding period would you propose?*

*In your response, you may propose additional or*

*alternative measures to the ones discussed in this paper.*

**Law Society's response:**

Yes, we agree that a corporate WVR beneficiary should have a minimum economic interest and have been materially involved in the management of the issuer for a period of at least two financial years prior to listing. This demonstrates that the corporate WVR has a significant economic interest and material involvement in the issuer to qualify for its holding of the WVR shares.

**Question 7** *Do you agree that the maximum ratio of weighted votes permitted for shares of a corporate WVR beneficiary should be lower than the maximum ratio permitted for individual WVR beneficiaries? Do you agree that this ratio should be set at no more than five times the voting power of ordinary shares? If not, what is the maximum ratio that you would propose?*

*Please give reasons for your views.*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

We do not have any strong views on the proposal that the maximum ratio of weighted votes for a corporate WVR is lower than that permitted of an individual WVR. There are, however, some concerns that the shared control arrangements between corporate and individual founders prior to listing may be distorted after listing because of the different weightings attached to the WVR shares.

**Question 8** *In summary, the Exchange recognises that the synergistic benefits of the ecosystem and the strategy and vision of the leader in developing the ecosystem may be difficult for a listing applicant to replicate on its own or with other business partners; and that this provides a basis for the listing applicant to determine that it is in its interest to issue WVR shares to the lead company within the ecosystem in order to reinforce its own role within the ecosystem. Accordingly, the Exchange has proposed that a corporate WVR beneficiary should be required to demonstrate its*

*contribution through the inclusion of the listing applicant in its ecosystem in order to benefit from WVR. Do you agree with the Exchange's proposal in relation to the ecosystem requirement?*

**Law Society's response:**

From the perspectives of shareholders' protection and equality of treatment, we believe that imposing qualifications on corporate holding of WVR is a correct one. There remain, however, the following concerns:

- (a) the eligibility criteria is suggestive of an inclination toward inter-dependent relationships among members of a closed or closely knit "ecosystem", and this runs counter to the usual requirement of listing applicants that their business and finances should be independent of those of its parent/controlling shareholder;
- (b) we agree that a mere financial investor whose contribution can easily be replicated should not be entitled to preferred voting status. The ecosystem criterion seems to impose, from the perspective of equality of treatment of shareholders, a limiting condition to entitlement but the reliance of the issuer on the ecosystem may lead to lower competitive strength over time;
- (c) paragraph 162 of the Consultation Paper refers only to "transactions between" members of an ecosystem. If indeed membership of an ecosystem creates value, then shall such value, if quantifiable, be quantified and the issuer pay for the benefit similar to benefits from other continuing connected transactional relationship? If the relationship or implied benefit is not valued and expensed, the financial statements of the issuer may not give a true and fair view of the results and financial position of its operations;
- (d) it is unclear whether all or only some of the stated characteristics of the ecosystem have to exist; and
- (e) there appears to be a fair degree of subjective judgment on the part of the Exchange to determine if all (or some) of the stated characteristics have been fulfilled. The Exchange may consider providing more clarity to the market in the further guidance it will publish (similar to Guidance Letter GL93-18 on Suitability for Listing with a WVR Structure) following formal revision of the Listing Rules as to its expectations and the factors that the Exchange will take into account when considering whether a corporate WVR beneficiary is indeed eligible to hold WVR shares.

**Question 9** *Do you agree with the required characteristics of the ecosystem as outlined in paragraph 156 of the Consultation Paper? Please elaborate if you wish to propose an alternative or additional criteria.*

**Law Society's response:**

Please refer to our response to question 8.

**Question 10** *Are there other circumstances relevant to innovative companies that, in your view, could either (a) justify granting WVR to a corporate WVR beneficiary; or (b) be required as a pre-requisite to being granted WVR?*

**Law Society's response:**

As the emerging and innovative sectors are evolving rapidly, it is worth considering giving the Exchange a general power to make a subjective judgment on whether a corporate shareholder has played a pivotal role in the growth and development of the issuer and is eligible to hold WVR shares other than in circumstances that fall under the criteria referred to in paragraph 156 of the Consultation Paper.

**Question 11** *Do you agree that the corporate WVR beneficiary can be a traditional economy company provided that it develops a similar ecosystem which can satisfy the eligibility criteria?*

**Law Society's response:**

Yes.

**Question 12** *If your answer to Question 8 is "yes", do you agree that the corporate WVR beneficiary should be required to provide a contribution to the WVR issuer (e.g. by facilitating the applicant's participation in the ecosystem and including the applicant in its vision and planning for the ecosystem) on an ongoing basis as described in paragraph 160 [of the Consultation Paper]?*

**Law Society's response:**

Please refer to our response in question 8. We have concerns that an



ongoing requirement will induce and encourage reliance which, over time, will lower the competitive strength of the issuer. This also runs counter to the usual requirement that a listed vehicle should operate independently of its parent/controlling shareholder. On top of the requirement imposed in paragraph 57 of the Consultation Paper, which permits renewal of successive terms of five years after the initial ten years, consideration may be given to introducing a time-defined sunset clause of say, 30 years, beyond which the preferential voting rights of a corporate WVR beneficiary will lapse permanently.

**Question 13** *Are there alternative or additional conditions or requirements that you would propose for the corporate WVR beneficiary or the WVR issuer on an ongoing basis?*

**Law Society's response:**

Please see our response to question 12.

**Question 14** *If your answer to Question 12 is "yes", do you agree that a WVR issuer's corporate governance committee should (after making due enquiries) confirm, on a six month and annual basis, that there has been no termination or material disruption, etc., to the corporate WVR beneficiary's contribution to the listing applicant as described in paragraph 161 [of the Consultation Paper]? Alternatively, would you prefer there to be a different mechanism to check that this requirement is being met? If so, please state what this should be.*

*Please give reasons for your views.*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

Subject to our comments in response to Question 12 above, if there is indeed an ongoing requirement, a confirmation every six and 12 months by the issuer's corporate governance committee as proposed by the Exchange is appropriate.

**Question 15** *Balancing the need to ring-fence corporate WVR beneficiary on a fair, rational and justifiable basis to avoid a*

*proliferation of WVR structures, and the risk that a high market capitalisation requirement may be seen as creating an uneven playing field, the Exchange has proposed that a prospective corporate WVR beneficiary must have an expected market capitalisation of a least HK\$200 billion at the time of the WVR issuer's listing. Do you agree with the proposed minimum market capitalisation requirement of HK\$200 billion for a prospective corporate WVR beneficiary? Please state the reasons for your views.*

**Law Society's response:**

As we have seen from recent developments, market capitalisations can "vaporise" as a result of occurrence of macro geopolitical events beyond the control of any company in any ecosystem. The Exchange may lose its competitive edge in attracting quality innovative issuers by imposing an inflexible/rigid market capitalisation requirement for its prospective corporate WVR beneficiary relative to the prevailing market condition at any one time. The Exchange should also have regard to the qualifying criteria, whether in absolute quantitative terms such as an expected market capitalisation requirement of the prospective corporate WVR beneficiary or more qualitative terms, imposed by other markets with corporate WVR beneficiaries regime.

**Question 16** *Do you consider that any exceptions to the market capitalisation requirement should be provided? If your answer to this question is "yes", please explain the reason(s) for your view and state under what circumstances, and the factors that you consider to be relevant.*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

Exceptions to the market capitalisation requirement can be framed by reference to other quantitative criteria such as the combined revenue or profitability of the corporate WVR beneficiary.

**Question 17** *Do you agree with the proposed requirement that to be suitable to benefit from WVR, a corporate WVR beneficiary must be either: (a) an Innovative Company or (b) have business experience in one or more emerging and*

*innovative sectors as well as a track record of investments in, and contributions to, innovative companies?*

**Law Society's response:**

For (a), yes.

For (b),

- **“business experience”** - it is unclear as to what is meant by having “business experience”. In recent years, a lot of traditional economy companies attempt to transform themselves into a “technology company” (or purport to undergo “digital transformation”) by utilizing some technology in their businesses or develop an online platform to sell their products and services. In most cases, the companies merely apply technology to increase their operational efficiency or create an additional sales or distribution channel. It is difficult to assess whether or not such companies genuinely have “business experience in one or more emerging and innovative sectors”. If a wide interpretation is adopted, it is very likely that most, if not all, companies satisfy the requirement of having the relevant “business experience”. We suggest tying this condition to the proposal sets out in Question 11, i.e. if a company has the relevant “business experience”, it means that the company has developed a similar ecosystem which can satisfy the eligibility criteria.
- **“a track record of investments in, and contributions to”** – objective and quantitative criteria should be imposed to assess whether a corporate WVR beneficiary has a track record of investments in, and contributions to, innovative companies.

**Question 18** *Do you agree with the proposed requirement that to benefit from WVR, a corporate beneficiary must have and maintain a primary listing on the Exchange or a Qualifying Exchange?*

*Please give reasons for your views.*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

Yes, this ensures that the corporate WVR beneficiary is subject to a degree of regulatory oversight. A listed vehicle does not, however, owe any fiduciary duty to its subsidiary or associate company. In view of this, other

exceptions that serve as ring fencing purposes can be considered. These exceptions may possibly include:

- (a) a corporate WVR beneficiary listed on a mainland Stock Exchange given that a significant number of unicorns operate in the mainland;
- (b) an unlisted corporate WVR beneficiary (i) with a combined turnover or profitability exceeding a certain threshold, and (ii) having a director appointed to the board of directors of the issuer.

**Question 19** *Do you agree with the requirement that a listing applicant must not represent more than 30% of the corporate WVR beneficiary in terms of market capitalisation at the time of its listing? If not, do you prefer an alternative threshold?*

*Please give reasons for your views.*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

We agree with the principle that a corporate WVR beneficiary shall not introduce a WVR structure over a material part of its business/assets. This is also in line with the expectation that the corporate WVR beneficiary is the ecosystem leader.

The requirement that an issuer must not represent more than 30% of the market capitalisation of the corporate WVR beneficiary is, however, too inflexible given that the issuer and the corporate WVR beneficiary may have different valuation methods especially if the corporate WVR beneficiary is a traditional economy company or may have other investments that do not fall under the innovative sector. Alternative thresholds such as requiring an issuer to account for not more than 30% of the combined turnover or profitability of the corporate WVR beneficiary can also be introduced as a choice.

**Question 20** *Do you agree with the proposed requirement that a least one director of the listing applicant must be a Corporate Representative?*

*Are there any alternative or additional measures that you would propose to increase a corporate WVR beneficiary's responsibility and accountability for how it exercises its*

*control?*

*Please give reasons for your views.*

**Law Society's response:**

Yes. This may, however, have the unintended consequence of giving the market a perception of an apparent safeguard that may not in reality exist. The Corporate Representative as a director of the issuer owes a fiduciary duty to the issuer. On the other hand, if the Corporate Representative is also a director of the corporate WVR beneficiary, he also owes a fiduciary duty to the corporate holder. If he, for example, receives confidential information relating to the issuer, he may not pass the information to the corporate holder. The reverse is also true. So how the Corporate Representative balances his role when he is serving two different capacities is a question of mixed law and fact. Having a Corporate Representative on the board of an issuer does not necessarily ensure that the corporate WVR beneficiary is responsible for the performance of an issuer.

As a separate and additional measure, the blackout period preceding announcement of interim and annual results should also apply to corporate WVR holders.

**Question 21** *Do you agree that the WVR attached to a corporate WVR beneficiary's shares must lapse permanently if:*

- (a) the beneficiary no longer has a Corporate Representative on the listed issuer's board of directors for a continuous period of 30 days;*
- (b) the Corporate Representative is disqualified as a director or found unsuitable by the Exchange as a result of an action or decision taken in his or her capacity as director of the listed issuer save where the corporate WVR beneficiary is able to demonstrate to the Exchange's satisfaction that the action or decision was taken outside of the authority granted by the corporate WVR beneficiary to the Corporate Representative; or*
- (c) the corporate WVR beneficiary has been convicted of an offence involving a finding that the beneficiary acted fraudulently or dishonestly?*

*If not do you suggest any alternative criteria?*

*Please give reasons for your views.*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

Please see our response to Question 20.

**Question 22** *Do you agree that the Exchange should impose a time-defined sunset on the WVR of a corporate WVR beneficiary?*

*Please give reasons for your views.*

**Law Society's response:**

We agree that the Exchange shall impose a time-defined sunset clause. This is in line with the accepted principle that the WVR held by an individual will eventually lapse and the number of companies having preferential voting structures will not proliferate over time. As a corporate WVR beneficiary does not have a natural lifespan, it is suggested that the sunset period shall not be subject to perpetual renewal every five years after the lapse of the initial term of ten years. A definitive lifespan of say, 30 years, beyond which the preferential rights cannot be further renewed appears to be a good balance between giving due recognition to the contribution of the corporate shareholder to the growth of the issuer and the protection of minority interests.

**Question 23** *If your answer to Question 22 is "yes", do you agree with the proposed maximum 10 year length of the initial "sunset period"? If not, what length of period would you prefer?*

*Please give reasons for your views.*

**Law Society's response:**

Please see our response to Question 22.

**Question 24** *Do you agree that the WVR of a corporate WVR*

*beneficiary could be renewed at the end of the sunset period with the approval of independent shareholders? If so, do you agree with the maximum five year length of the renewal period or would you prefer an alternative renewal period length?*

*Please give reasons for your views.*

**Law Society's response:**

Yes. A renewal for a five-year term after the lapse of the initial 10 years will provide greater certainty to the market.

**Question 25** *Do you agree that there should be no limit on the number of times that the WVR of a corporate WVR beneficiary could be renewed? If not, what is the limit that you would propose?*

**Law Society's response:**

Please see our response to Question 22.

**Question 26** *Should the Exchange impose any other requirements on a corporate WVR beneficiary as of a condition of renewing its WVR? If so, please provide details of the suggested requirement.*

*Please give reasons for your views.*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

An affirmative vote by independent shareholders seems to suffice.

**Question 27** *Do you agree that the Exchange should not restrict an issuer from granting WVR to both corporate and individual beneficiaries provided that each meets the requisite suitability requirement?*

*Please give reasons for your views.*

**Law Society's response:**

Yes. There is no reason for corporate and individual beneficiaries to be mutually exclusive if each can meet the eligibility requirements.

**Question 28** *Are there any additional measures that you would propose for the WVR beneficiaries or the WVR issuer to safeguard the interests of the WVR issuer (e.g. prevent a deadlock) if there were both corporate and individual beneficiaries?*

**Law Society's response:**

Boardroom and shareholders' disputes over competing interests are not unfamiliar. We do not consider that the Listing Rules should regulate against deadlock.

**Question 29** *Do you agree that where an issuer has both a corporate WVR beneficiary and individual WVR beneficiaries, the time-defined sunset should only apply to the corporate WVR beneficiary?*

*Please give reasons for your views.*

**Law Society's response:**

Yes. An individual holder's WVR will eventually lapse over time and is not subject to renewal if any of the events provided in Rule 8A.17 of the Listing Rules occurs.

**Question 30** *Do you agree that, in the event that the WVR of the corporate WVR beneficiary falls away as a result of its time-defined sunset, the individual beneficiary should be required to convert part of his or her WVR shares into ordinary shares such that the individual beneficiary will control the same proportion of voting power in the issuer both before and after the corporate WVR beneficiary's WVR fall away?*

*Please give reasons for your views.*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*



**Law Society's response:**

Agree. This offers better protection to the ordinary shareholders.

**Question 31** *Do you agree that the Listing Rules need not mandate that, if an individual beneficiary's WVR falls away before a corporate WVR beneficiary's WVR, the corporate WVR beneficiary should convert part of its WVR shares into ordinary shares such that the corporate WVR beneficiary will control the same proportion of voting power in the issuer both before and after the individual beneficiary's WVR fall away? Please give reasons for your views.*

*In your response, you may propose additional or alternative measures to the ones discussed in this paper.*

**Law Society's response:**

Agree. A corporate WVR shareholder should, however, be given a choice to convert part of its preferential shares into ordinary shares if there are Takeovers Code implications arising by reason of the lapse of the individual shareholder's preferential voting rights.

**The Law Society of Hong Kong  
28 April 2020**

## DEFINITIONS

TERM	DEFINITION
“2015 WVR Concept Paper Conclusions”	“Consultation Conclusions to Concept Paper on Weighted Voting Rights” published in June 2015 ( <a href="#">here</a> )
“Alibaba”	Alibaba Group Holding Limited
“CG Code”	Appendix 14 of the Rules – Corporate Governance Code and Corporate Governance Report
“Controlling Shareholder”	Any person (including a holder of depositary receipts) who is or group of persons (including any holder of depositary receipts) who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the issuer or who is or are in a position to control the composition of a majority of the board of directors of the issuer; or in the case of a PRC issuer, the meaning ascribed to that phrase by Rule 19A.14 provided always that a depositary shall not be a Controlling Shareholder merely by reason of the fact that it is holding shares of the issuer for the benefit of the holders of depositary receipts
“Corporate Governance Committee”	A committee of the board of an issuer that has the responsibility for performing the corporate governance duties set out in the terms of reference of CG Code Provision D.3.1
“Corporate Representative”	An officer (as defined under the SFO) of the corporate WVR beneficiary who, in his or her capacity as a member of the board of directors of a WVR issuer, acts as a representative of the corporate WVR beneficiary
“Eligible Entity”	A corporate that meets the proposed eligibility requirements to benefit from WVR
“Exchange” or “SEHK”	The Stock Exchange of Hong Kong Limited
“Financial Eligibility Tests”	The financial eligibility requirements of the Main Board, being: <ul style="list-style-type: none"> <li>(a) Rule 8.05(1)(a) (profit test);</li> <li>(b) Rule 8.05(2)(d), (e) and (f) (the market capitalisation/revenue/cash flow test); or</li> <li>(c) Rule 8.05(3)(d) and (e) (the market capitalisation/revenue test)</li> </ul>

<sup>1</sup> <https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/January-2020-Corporate-WVR/Consultation-Paper/cp202001.pdf?la=en>

<b>TERM</b>	<b>DEFINITION</b>
	of the Listing Rules
“FSDC”	Financial Services Development Council, Hong Kong
“HKEX”	Hong Kong Exchanges and Clearing Limited
“Huya”	Huya Inc.
“Innovative Company”	A company that demonstrates the characteristics set out in paragraph 4.2 of the WVR Guidance Letter
“IPO”	Initial public offering
“Listing Rules” or “Rules”	The Rules Governing the Listing of Securities on SEHK (Main Board unless otherwise stated)
“LSE”	London Stock Exchange plc
“Main Board”	The main board of the SEHK
“NASDAQ”	Nasdaq Stock Market
“New Board Concept Paper”	The Concept Paper on a New Board published on 16 June 2017 ( <a href="#">here</a> )
“New Board Concept Paper Conclusions”	The Conclusions to the New Board Concept Paper published on 15 December 2017 ( <a href="#">here</a> )
“NYSE”	New York Stock Exchange LLC
“PRC” or “Mainland”	The People’s Republic of China
“Prospectus”	A prospectus as defined under Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32. of the Laws of Hong Kong)
“Qualifying Exchange”	NYSE, NASDAQ or the Main Market of the LSE (and belonging to the UK FCA’s “Premium Listing” segment)
“Rule Chapters Conclusions Paper”	The conclusions to the Rule Chapters Consultation Paper published on 24 April 2018 ( <a href="#">here</a> )
“Rule Chapters Consultation Paper”	The Consultation Paper on a Listing Regime for Companies from Emerging and Innovative Sectors published on 23 February 2018 ( <a href="#">here</a> )
“SFC”	Securities and Futures Commission

<b>TERM</b>	<b>DEFINITION</b>
<b>“SFO”</b>	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
<b>“Takeovers Code”</b>	The Codes on Takeovers and Mergers and Share Buy-backs
<b>“Tencent”</b>	Tencent Holdings Limited
<b>“UK”</b>	United Kingdom
<b>“unicorn company”</b>	A private company valued at more than US\$1 billion
<b>“US”</b>	United States of America
<b>“WVR”</b>	Weighted voting rights
<b>“WVR issuer”</b>	Issuer with a WVR structure
<b>“WVR Guidance Letter”</b>	Guidance issued by the Exchange entitled “Suitability for Listing with a WVR Structure”, HKEX-GL-93-18
<b>“WVR structure”</b>	A structure that results in any party having WVR