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Corporate and Investor Communications Department
Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
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By email to [REDACTED]

Dear Sirs

Re: Response to the March 2021 Consultation Paper on Listing Regime for Overseas Issuers (the "**Consultation Paper**") by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")

We refer to the Consultation Paper in which the Stock Exchange invited comments on the proposal to streamline the listing regime for, and facilitate the listing of, issuers that are incorporated outside of Hong Kong and the PRC (the "**Overseas Issuers**").

Our comments to the Consultation Paper are set out below for the Stock Exchange's consideration. Unless otherwise specified, capitalised terms have the meanings given to them in the Consultation Paper.

1. General Comments on the Proposals in the Consultation Paper

Overall, we support the substance of the proposal to consolidate and streamline the requirements for overseas issuers currently set out in Listing Rules, the "Joint Policy Statement Regarding the Listing of Overseas Companies" published by the Stock Exchange and the Securities and Futures Commission and Country Guides.

We believe that the proposed amendments would provide for a more uniform set of rules for overseas issuers and greater clarity to the market, and enhance the attractiveness of the Hong Kong market to established Greater China issuers listed on Qualifying Exchanges.

2. Specific Comments on the Proposals in the Consultation Paper

In paragraphs 160 and 161 of the Consultation Paper, the Stock Exchange proposed to allow Grandfathered Greater China Issuers and Non-Greater China Issuers to "dual primary list directly on the Exchange while retaining their Non-compliant WVR and/ or VIE Structures", subject to these issuers with Non-compliant WVR and / or VIE Structures "satisfying the eligibility and suitability requirements of Chapter 19C for Qualifying Issuers with a WVR structure even though they are applying for dual primary listing".

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We believe that issuers with Non-compliant VIE Structures but do not have a WVR structure should not be required to comply with the requirement to demonstrate the necessary characteristics of innovation and growth pursuant to guidance letter GL94-18 (the "**Innovative Company Requirement**") as currently framed in the amended Listing Rule 19C.03 in Schedule D of the Consultation Paper.

Imposing the Innovative Company Requirement on issuers with Non-compliant VIE Structures seeking dual primary listing on the Exchange will create a disconnect with the proposal to remove the Innovative Company Requirement for non-WVR secondary listing applicants (including those with Non-compliant VIE Structures) As stated in paragraph 187 of the Consultation Paper when justifying the proposal to remove the Innovative Company Requirement for secondary listing, the purpose of the Innovative Company Requirement is to prevent WVR structures from becoming commonplace in Hong Kong, and the current mandatory application of this requirement, including to those without WVR structure, exceeds this regulatory intention. We believe this rationale is equally applicable to issuers without a WVR structure seeking a dual-primary listing on the Exchange, and imposing such a requirement create difficulties for issuers in more traditional industries (given the need to demonstrate innovation) despite their business success, which would exceed the regulatory intention behind the Innovative Company Requirement and would not be conducive towards achieving the stated aim of the proposals to create uniformity and promote the listing of Overseas Issuers on the Exchange. To the extent that issuers with Non-compliant VIE Structures but no WVR structure could meet the good regulatory compliance and market capitalization requirements (as well as all other proposed eligibility requirements), they should not be forced to comply with the Innovative Company Requirement and be potentially precluded from seeking direct dual-primary listing in Hong Kong.

