

**BY FAX (2524 0149) AND BY POST**

Corporate and Investor Communications Department  
Hong Kong Exchanges and Clearing Limited  
12/F One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong

23 March 2018

Dear Sirs:

**Re: Emerging and Innovative Companies CP**

We, China International Capital Corporation Hong Kong Securities Limited ("CICC"), are writing to respond to the Hong Kong Stock Exchange's (the "Exchange") Consultation Paper ("Consultation Paper") on a Listing Regime for Companies from Emerging and Innovative Sectors. Unless otherwise indicated, the terms used in this letter shall have the same meanings as in the Consultation Paper.

CICC highly appreciates the Exchange's effort in introducing new Listing Rules to implement the proposals set out in the December 2017 consultation conclusions to the New Board Concept Paper ("New Board Conclusions"). We generally agree that the proposed Listing Rule amendments have followed closely the plans set forth in the New Board Conclusions, and are on the right track to bring more flexibility to the Hong Kong capital market. However, there are a number of comments from a practical point of view that we would like to share with the Exchange.

**Issuers with WVR structures: Delisting**

A proposed Chapter 8A will set out the qualifications for the primary listing of companies with WVR structures. However, we also suggest the requirement for delisting of the companies with WVR structures should be included. We are of the view that the delisting of the listed securities of the companies with WVR structures (ie, those non-WVR shares) should be considered in a separate class meeting that is to be attended and voted by the non-WVR shareholders only. Such requirements should be implemented in Chapter 6.

**Issuers with WVR structures: Compliance adviser**

Pursuant to the proposed Rule 8A.34, an issuer with a WVR structure must appoint a Compliance Adviser on a permanent basis commencing on the date of the issuer's initial listing. We consider that the relevant rule should be revised to reflect that a Compliance Adviser will not be required if all WVR shares cease to exist.

**Biotech companies: Cornerstone Investment**

Pursuant to the proposed Rule 18A.06, the Exchange will not consider shares allocated to a Cornerstone Investor in the initial public offering of a new applicant that is a Biotech Company, as securities of the issuer held by the public for the purpose of the Biotech Company's compliance with Rule 8.08(1) at its initial listing, and during any period immediately following its initial listing that a Cornerstone Investor is subject to a restriction, imposed by the Exchange, on the disposal of the Cornerstone Investor's shareholding in the new applicant.

Based on the policy rationale stated in paragraph 13 (i.e. to reduce the influence of pre-arranged deals on the book-building process and to help ensure that the pricing process is market-driven), we believe that the cornerstone shares should count toward the public float, as in the cases that the relevant conditions are fulfilled under GL85-16, there should be no threat to the fairness and orderliness of the book-building and price discovery process.

If the Exchange casts any doubt on the independence of the cornerstone investors in the initial public offering of a new applicant that is a Biotech Company, it is suggested that the Exchange can request for more information from the sponsors or issuers to verify such independence, rather than simply ruling that the shares held by all cornerstone investors should not count towards public float. To a certain extent, we consider that the proposed Rule 18A.06 is also contradictory to the long-standing principle of the Exchange on fairness and orderliness for the issue and marketing of securities to all potential investors. It would be useful for the market if the Exchange could re-consider this proposed rule concerning cornerstone investor for a Biotech Company.

**Conclusions**

Apart from the above observations, CICC is in agreement with the general direction of the draft Listing Rules. We trust that this will be a positive development and an important milestone for the Hong Kong capital market. We are looking forward to the successful launch of the new regime for Companies from Emerging and Innovative Sectors.

Please do not hesitate to contact Joe Zhou, Managing Director and Head of Legal, or Barry Chan, Managing Director and Head of Investment Banking, if you wish to discuss any of the above. We have no objections to disclosing the name of CICC in the version of this response published by the Exchange on its website.

Sincerely,

For and on behalf of  
China International Capital Corporation Hong Kong Securities Limited

Jiaying Zhou  
Managing Director & Head of Legal