

SLAUGHTER AND MAY

司力達律師樓

香港
中環
康樂廣場一號
怡和大廈
四十七樓
電話：(+852) 2521 0551
傳真：(+852) 2845 2125
文件交匯中心會員編號：
DX-009003 Central 1

47th Floor
Jardine House
One Connaught Place
Central
Hong Kong
T (+852) 2521 0551
F (+852) 2845 2125
Interchange ref:
DX-009003 Central 1

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Corporate and Investor Communications Department
Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong
By email to response@hkex.com.hk

Your reference 貴行檔案編號

JHXC/JCKS/DKZL

Our reference 本行檔案編號

Direct line 直線電話

Dear Sirs / Madams,

Re: Response to the January 2020 Consultation Paper on Corporate WVR Beneficiaries (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 extend the Stock Exchange's current WVR regime to permit corporate entities to hold WVR in listed 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. Substance of the Proposal

Overall, we support the substance of the proposal to broaden the Stock Exchange's WVR Rules to permit corporate entities to benefit from WVR, subject to the safeguards set out in the Consultation Paper.

We believe that extending the ability to hold WVR in listed issuers to corporate entities would enhance the Stock Exchange's competitiveness as a listing venue for high-growth companies and companies engaged in emerging and innovative sectors, and the stature of Hong Kong's capital market as a whole.

2. Specific Comments to the Consultation Paper

In paragraph 157 of the Consultation Paper, the Stock Exchange noted that "...a mere financial investment and ordinary non-financial contribution..." would not constitute sufficient basis for a corporate shareholder to be entitled to WVR, and for this reason "...a corporate WVR beneficiary cannot be a private equity / venture capital company."

Partners

PWH Brien
BKP Yu
JH Webber
LMC Chung
PM Lake

JD Moore
YW Mok
CJCN Choi
N Yeung *
CP McGaffin

C Tse
JH Chen

* Not resident in
Hong Kong, resident
in Beijing

* 非駐香港·常駐北京

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We believe that private equity, venture capital funds and other institutional investors (together "**Investment Funds**") should not be precluded from becoming WVR beneficiaries simply because of the nature of their organisation structure. Rather, the basis of assessment should be the same basis as any other potential corporate WVR beneficiaries, particularly, whether the Investment Fund in question has made a unique contribution to the development of the listing applicant which cannot be easily replicated.

Large scale Investment Funds can, and do, offer their investment companies access to the fund's technological infrastructure and specialised insight developed during the course of the fund's operation and investment in other companies. These Investment Funds may also form the nexus from which its portfolio of companies can collaborate and are encouraged to develop new business opportunities together, in an ecosystem consistent with the one described in the Consultation Paper. To the extent that the contributions of such an Investment Fund could meet the Stock Exchange's requirement in relation to the contribution of a corporate WVR beneficiary (as well as all other proposed eligibility requirements), such an Investment Fund should be able to benefit from weighted voting rights as well.

Yours faithfully,

