

香港聯合交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Implementation of Pricing Flexibility Mechanism for Initial Public Offerings

Enquiry: Ms May Mark 2522 1122

The Stock Exchange of Hong Kong Limited published on 2 February 2018 a new Guidance Letter -HKEX-GL90-18: "Guidance on Pricing Flexibility for Initial Public Offerings ("IPO")" (http://en-rules.hkex.com.hk/net_file_store/new_rulebooks/g/l/gl9018.pdf).

The objective of allowing an optional pricing flexibility for IPO is to facilitate new listing applicants to launch an IPO by eliminating the costs and time delay resulting from the withdrawal mechanism if an IPO is subsequently priced to a maximum of ten percent below the indicative offer price or price range disclosed in the prospectus ("**Pricing Flexibility Mechanism**"). This flexibility is conditional on there being enhanced disclosure in the prospectus and related documents on the scope, operation and impact of the price reduction.

Listing applicants have the option to adopt a Pricing Flexibility Mechanism in addition to the current pricing mechanism to determine the IPO price for the shares in a public offer.

The Pricing Flexibility Mechanism:

- enables listing applicants, without triggering the withdrawal mechanism, to price the IPO shares up to 10% below the indicative offer price or the bottom end of the indicative offer price range (provided that the range must not be more than 30% above the bottom end of the range) disclosed in the prospectus;
- requires listing applicants to comply with certain disclosure requirements in the prospectus, application forms and formal notice and make a price reduction announcement on the final adjusted offer price; and
- will run on a pilot basis and will be reviewed after a 12 month period.

Should you have any enquiries in relation to the above, please call 2522 1122.

David Graham

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