

## Summary Report on Policy Work and Recommendations of the Listing Policy Panel (“LPP”) for 2018

<b>Date of Meeting</b>	13 September 2018
<b>Key issue(s) considered by the LPP</b>	A proposal to expand the existing weighted voting rights regime to allow corporate entities to be weighted voting rights beneficiaries (“ <b>Corporate WVR</b> ”).
<b>LPP’s considerations and recommendations</b>	<p>Following the publication of the “<i>Consultation Conclusions Paper on a Listing Regime for Companies from Emerging and Innovative Sectors</i>” (“<b>Conclusions</b>”), in April 2018 new Listing Rules were introduced to broaden Hong Kong’s listing regime by facilitating the listing of companies in emerging and innovative sectors. The new Rules came into effect from 30 April 2018, including Chapter 8A of the Main Board Listing Rules to permit the listings of companies with individual beneficiaries of weighted voting right (“<b>WVR</b>”) structures.</p> <p>In the Conclusions, the Exchange stated that it had received feedback from a number of parties that the Exchange should also permit corporate entities to benefit from WVR. The Exchange said in the Conclusions that it planned to launch a separate consultation on Corporate WVR by 31 July 2018.</p> <p>The Exchange announced on 25 July 2018 that significant progress had been made in developing Corporate WVR proposals. However, given that the current WVR regime had only recently been put in place, the Exchange believed it should deliberate on the extended WVR regime further and would continue to engage with relevant stakeholders in order to develop a broader consensus on the subject. Accordingly, the Exchange decided not to launch the Corporate WVR consultation by 31 July 2018 as initially planned.</p> <p>In view of the broader regulatory / market implications of the subject, the proposals were put forward for discussion at the LPP meeting.</p>

The LPP considered an HKEX presentation on the competitive landscape and rationale for Corporate WVR.

Acknowledging the views that have been expressed by different market segments, the LPP agreed that the Corporate WVR consultation should be framed in a manner that would allow the public to comment on the underlying concepts as well as the specific requirements. The LPP also discussed the eligibility criteria, particularly the market capitalisation threshold and the nature of contribution to be made by the Corporate WVR beneficiary to the listing applicant in order to justify a WVR structure.

Broad agreement was reached as to the general shape of the proposals. The LPP agreed that the Exchange should continue to work on the proposals in light of its discussions with a view to publishing a public consultation paper. No specific timetable for that consultation was discussed.