

# Key differences between SGX and HKEx's proposed DCS framework

## SGX

Consultation open till April 27, 2018

## HKEX

Consultation open till March 23, 2018

### (I) Key additional admission and suitability criteria for DCS listings

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| <ul style="list-style-type: none"><li>■ Meet mainboard admission criteria. One of which is having a market value of at least S\$300 million.</li><li>■ Suitability for listing with a DCS structure depends on:<ul style="list-style-type: none"><li>– Business model</li><li>– Operating track record</li><li>– Role of multiple-vote (MV) shareholders</li><li>– Participation of sophisticated investors</li></ul></li></ul> | <ul style="list-style-type: none"><li>■ High market capitalisation of at least HK\$10 billion (S\$1.7 billion)</li><li>■ Suitability for listing with a WVR (Weighted Voting Right) structure depends on:<ul style="list-style-type: none"><li>– Nature of company – must be an innovative company</li><li>– Track record of high business growth</li><li>– Role of WVR shareholders.</li><li>– Meaningful investment from at least one sophisticated investor</li></ul></li></ul> |
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### (II) Safeguards against entrenchment risks

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| <ul style="list-style-type: none"><li>■ MV share to carry a maximum of 10 votes (ie. maximum ratio of 10:1)</li><li>■ Holders of MV to only directors.</li><li>■ Sunset clauses – MV shares to be converted to one-vote (OV) share once MV shareholders ceases to be directors, or sells/transfers of the MV shares.</li><li>■ No issuance of MV shares posting listings except right issue.</li><li>■ No increase in MV:OV voting proportion.</li><li>■ OV shareholders holding at least 10% of total voting rights or on a one-share-one-vote basis and be able to convene a general meeting.</li></ul> | <ul style="list-style-type: none"><li>■ Voting power or WVR shares is capped at not more than 10 times of ordinary shares.</li><li>■ Holders of WVR to only directors.</li><li>■ WVR will lapse once holders cease to be director, deemed incapacitated, dies or transfers to another person.</li><li>■ Prohibited from 'increasing' the proportion of WVR in issue or from issuing any further WVR shares.</li><li>■ 10% of non-WVR holding 10% voting rights can convene a general meeting.</li><li>■ WVR collectively own minimum of at least 10% and maximum of not more than 50% of economic interest of the total issues share capital.</li></ul> |
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### (III) Safeguards against expropriation risks

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| <ul style="list-style-type: none"><li>■ Enhanced Voting process where all shares (including MV shares) carry one vote each, for following key actions:-<ul style="list-style-type: none"><li>– appointment/removal of independent non-executive directors, auditors.</li><li>– winding-up or delisting</li><li>– changes to constitution/variation of class rights</li></ul></li><li>■ Independent directors from majority, including the chair of audit committee, nominating committee and remuneration committee.</li><li>■ Listing requirements on interested person transaction continues to apply.</li><li>■ No specific requirements to set up this corporate governance committee or the appointment of a compliance advisor.</li></ul> | <ul style="list-style-type: none"><li>■ Finding key matters to be decided on one-share-one-vote basis:<ul style="list-style-type: none"><li>– appointment/renewal of independent non-executive directors, auditors</li><li>– winding-up</li><li>– changes to constitutional dormants/variation to rights of shares.</li></ul></li><li>■ Establish a corporate convenance committee comprised of majority independent non-executive directors (INED) and chaired by INED.</li><li>■ Engage a compliance adviser.</li></ul> |
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