

28 November 2014

**BY HAND AND BY EMAIL**

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

Attn: Corporate and Investor Communications Department

Dear Sirs,

**Concept Paper on Weighted Voting Rights**

Ernst & Young is pleased to respond in this letter to the request of Hong Kong Exchanges and Clearing Limited ("HKEx") for comments on the concept of weighted voting rights ("WVR") structures.

We note that the concept paper quoted a recommendation of the Financial Services Development Council in its first research paper *Strengthening Hong Kong as a Leading Global International Financial Centre*: "Hong Kong should consolidate its position as the premier international capital raising centre for Mainland Chinese companies, both state-owned and private, by ensuring that our listing regulations are competitive, while maintaining our quality standard". We agree that HKEx should ensure that its listing regulations are competitive and that any possible policy or rule change to allow WVR structures must be considered in the context of effective investor protection and robust corporate governance standards.

Rule 8.11 of the Main Board Listing Rules states that:

"The share capital of a new applicant must not include shares of which the proposed voting power does not bear a reasonable relationship to the equity interest of such shares when fully paid ("B Shares"). The Exchange will not be prepared to list any new B Shares issued by a listed issuer nor to allow any new B Shares to be issued by a listed issuer (whether or not listing for such shares is to be sought on the Exchange or any other stock exchange) except... in exceptional circumstances agreed with the Exchange..."

In the event that HKEx permits WVR structures, appropriate safeguards should be in place to ensure that the principle of sufficient investor protection is not compromised. In addition, it should only do so in exceptional circumstances, and such permission should be restricted to new applicants as there would not be any public shareholders at this point of time and it would be up to investors to decide whether to invest in a company with a WVR structure.

Should you have any questions on the above comments, please do not hesitate to contact our Professional Practice Partner in Hong Kong, Mr [REDACTED], on [REDACTED]

Yours faithfully,

A large black rectangular redaction box covering the signature of the Professional Practice Partner.

*Certified Public Accountants*  
Hong Kong