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Our Ref: [REDACTED]

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BY FAX (2524 0149) AND BY POST

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

Dear Sirs,

Re: Concept Paper on Weighted Voting Rights

We refer to the Concept Paper (“Concept Paper”) on Weighted Voting Rights (“WVR”) issued by the Exchange in August 2014. We appreciate the efforts of the Exchange to prepare a very thorough analysis of the present situation and practices about WVR structures. The Concept Paper forms a very useful platform for a focused and coherent discussion. We would like to share our views on WVR structure with the hope to assist the Exchange in developing a consultation paper on this topic.

I. “One-share, One-vote” Concept Should be Upheld

We firmly believe in the merit of “One-share, One-vote” principle. It is a fair and equal treatment of shareholders by aligning voting power with equity interest and such fundamental principle is well perceived by and commonly accepted in the market. The recent abolishment of the “Headcount Test” in the Companies Ordinance reinforced our believe that we should uphold the principle of “One-Share, One-vote” for listing on the Main Board for the foreseeable future.

Accordingly, we do not support any relaxation of the current rule for institutionalizing WVR structures. In fact, flexibility for the Exchange to allow WVR structures in exceptional circumstances is already provided in the Listing Rules. However, the Exchange has been very cautious in exercising its discretion and to date, it has not listed any company using this exception.

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II. The Exchange shall be the Gatekeeper

We support the current regulatory regime having the Exchange as the gatekeeper of the listing of WVR structures and the issue is how and under what circumstances the Exchange shall exercise its discretion while upholding the “One-share, One-vote” principle.

- *Extremely Exceptional Situation*

We advocate that the Exchange shall exercise its discretion only under extremely exceptional situation. However, we do not agree to provide any concrete definition of situations that might constitute “extremely exceptional situation” as it might infer that WVR structure for listing is generally acceptable thereby shaking the “One-Share, One-vote” principle.

We believe the Exchange shall act perceptively and exercise its discretion on a case by case basis subject to circumstances. While definition of “extremely exceptional situation” is not required, we do expect that the listing of WVR structures will be accepted by the Exchange if and only if it will bring in significant value and benefits to Hong Kong economy with the endorsement of the Financial Secretary of Hong Kong.

- *Only for Newly-listed Companies*

For the sake of consistency and predictability of the existing issuers, it is important that WVR structures should only be allowed for newly-listed companies whose founding shareholders are holding minority or non-controlling stake.

- *Sunset Clauses*

Furthermore, sunset clauses with a life span of no more than ten years shall be put in place to revert from the WVR structures so as to preserve the “One-Share, One-vote” principle ultimately. Any fundamental change of the founding shareholding structure shall be subject to the review of the Exchange and the approval of WVR structure will be withdrawn if the Exchange deems fit at its discretion.



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III. Revitalizing and Opening the GEM Board

GEM Board is designed to operate on an “enhanced disclosure” basis and accommodate higher investment risk. We would recommend revitalizing and opening the GEM Board up to allow listing of companies with WVR structures or other governance structures. GEM would be promoted as a Growth Board and/or a Technology Board on its own, but not as a second tier Board that can graduate to Main Board. Rigorous disclosure would be enforced, and buyer-beware philosophy would be adopted.

In conclusion, we strong support that the principle of “One-Share, One-vote” principle shall be upheld for listing on the Man Board and except in extremely exceptional situation we do not consider that governance structures that give certain persons voting power or other related rights disproportionate to their shareholding should be permissible for companies seeking to list on the Main Board. We also consider that the listing of WVR structures on the GEM Board is viable for reasons as mentioned above. We hope that the above could assist the Exchange in developing a consultation paper on this topic. Meanwhile, if you require any clarifications on our comments, please do not hesitate to contact us.

Thank you for your kind attention.

Yours faithfully,

For and on behalf of

GREAT EAGLE HOLDINGS LIMITED



Dr. K.S. Lo
Chairman