



信和酒店(集團)有限公司
Sino Hotels (Holdings) Limited

(於開曼群島註冊成立之受豁免有限公司)
(An exempted company incorporated in the Cayman Islands with limited liability)

13 September 2016

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

Dear Sirs,

Re: Joint Consultation Paper on Proposed Enhancements to the Stock Exchange of Hong Kong Limited's Decision-making and Governance Structure for Listing Regulation

We have studied the Joint Consultation Paper and do not consider the proposed decision-making and governance structure for listing regulation to be beneficial for the future development of the Hong Kong stock market. The proposed changes result in a shift towards a regulator-led regime for Hong Kong which is a step backward against an international trend of moving towards a disclosure based-regime which may stifle market development for Hong Kong.

The current two-tier regime has worked well in ensuring a balance of regulation and market growth. The front line regulator is the Hong Kong Stock Exchange and its Listing Committee comprising 28 market practitioners and professionals which offers market perspective to the listing function. The back line regulator is the Securities and Futures Commission (SFC) which under the Securities and Futures Ordinance has veto powers and rule-change powers. The Listing Committee is currently responsible for listing decisions and can provide a quick response to the market. The nomination of members into the Listing Committee is determined by the Listing Nominating Committee which has half of its members from the SFC (Chairman and 2 Executive Directors). Under the current regime, all checks and balances are in place.

Under the new proposals in the consultation paper, two new committees, namely the Listing Policy Committee (LPC) and the Listing Regulatory Committee (LRC) will be set up to oversee listing matters. The new 8-member LPC will steer the Exchange's work on Listing Rules amendments and overall listing policy and the new 6-member LRC will decide on day-to-day listing matters concerning new listing applicants or listed issuers that have suitability concerns or broader policy implications. If the proposed restructure of listing function is implemented, the powers of the Listing Committee will be reduced to routine listing matters. All listing suitability matters will be determined by LRC whose members will comprise members of SFC and members of the Listing Committee (who must be approved by SFC). All listing department governance and appraisal and policies matters will be under the LPC which is dominated by SFC. The proposed changes will replace the current two-tier regime by effectively a regulator-led system.

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We doubt that such revamp of the decision-making and governance structure for listing regulation will deliver the results they are set out to achieve in the consultation paper. On the contrary, we have reservations that such proposals may expose the governing framework to the risk of overregulation, undermine Hong Kong's competitiveness as a desirable market for initial public offerings and jeopardise Hong Kong's stature as an international finance centre.

Yours faithfully,

For and on behalf of

SINO HOTELS (HOLDINGS) LIMITED

Velencia Lee

Chief Financial Officer and Company Secretary