

From: Raymond Jook [mailto:]
Sent: Tuesday, November 11, 2014 9:49 PM
To: response
Subject: Re: Concept Paper on Weighted Voting Rights

My answers and views to your questions:

Q1: The Exchange should allow companies to use WVR structures. The current IPO shareholding structure of requiring only a public free float of 25% makes outsiders impossible to engage any hostile takeover activities. It means WVR virtually makes no difference in terms of protecting minority shareholder interests.

Q2:

a. No.

b. The Exchange should only allow new applicants to use WVR structures.

c. i) Yes, only for particular industries requiring R&D, innovative, creative and high growth in nature, ii) such as IT, tech, Internet, biotech and companies that have technology patents or very high brand equity. iii) The market cap must be significant and at least over US\$2bn.

d. No.

Q3: Yes.

Q4: No.

Q5: Yes. Some changes such as revision of placement and rights issue mandate, might be needed to make it more difficult for the major shareholder to dilute the minority shareholders. For example, the mandate must seek approval from that Exchange first, and the maximum new shares to be issued to be cut to no more than 10% per year and at a maximum discount of no more than 5% to the 10-day average share price before the placement or rights issue.

Q6:

a. No. WVR should only be allowed in main board.

b. The Exchange should allow overseas companies with WVR structure to have a secondary or dual listing in Hong Kong. If it seeks to list on the Exchange for the first time, it should meet the requirements stated in Q2c.

Q7. We should go ahead to allow WVR structures in Hong Kong.

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