

**From:** Patrick Yuen <[REDACTED]>  
**Sent:** 01 March 2018 15:52  
**To:** response  
**Subject:** Re: Emerging and Innovative Companies CP

**1<sup>st</sup> March 2018**

Corporate & Investor Communications Department  
Hong Kong Exchange & Clearing Ltd.  
12/F., One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

**SUBJECT: Emerging and Innovative Companies CP**

Dear Sirs,

Re. Issuers with WVR Structures

We write to submit our comments on your consultation paper February 2018.

As far as the Expected Market Capitalization is concerned, we suggest to separate the listing requirement for new economy companies with and without WVR structure considering the latest published proposal of the expected market cap of HK\$40 billion, increased from HK\$10 billion, is not realistic for supermajority of the new economy businesses.

New economy businesses in renewable energy sector, as electrical vehicles R&D and manufacturing, require substantial amount of funding at multiple stages including R&D, licenses certification, construction of production facility and trial production prior to final commercial products delivery thus reaching revenue generation stage. Therefore, lesser revenue is expected to be generated at the pre-production stage similar in nature as biotech companies. If the listing threshold is held exceedingly high, companies would be limited to go for private equity placement or debt financing only instead of public fund-raising. This would undermine the public listing market function as a capital funding medium to support, grow and offer retail investors to choose its target investment companies among the new economy businesses which have structurally different regime as traditional businesses.

It is understandable to require higher listing requirements for companies with WVR structure, however, for new economy companies without WVR structure should be offered a separate set of requirement as an extension based on current Main Board listing requirement as follows:

For market cap between HK\$4 billion to HK\$10 billion, the revenue of HK\$200 million is required;

For market cap between HK\$10 billion to HK\$20 billion, the revenue of HK\$100 million is required.

Yours faithfully,

Yuen Sik Ming Patrick