



鷹君集團有限公司  
Great Eagle  
Holdings Limited

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Our Ref: GE/CS/0519

20 May 2020

**BY FAX (2524 0149) AND BY POST**

Hong Kong Exchanges and Clearing Limited  
8/F, Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

Dear Sirs,

**Re: Consultation paper on Corporate WVR Beneficiaries**

We refer to the Consultation Paper (“Consultation Paper”) on Corporate Weighted Voting Rights (“WVR”) Beneficiaries released by the Exchange on 29 January 2020. We appreciate the efforts of the Exchange to review its current rules on WVR structure that aims to facilitate the listing of companies from emerging and innovative sectors and would like to share our view as follow:

1. Corporate WVR and Individual WVR are two different concepts. We have supported WVR for individual innovators who possess the spirit and leadership status in running the company. But he may not have the capital to grow and control his company, therefore the WVR structure would allow his spirit, ideas and leadership to continue even without holding controlling interest in his company. Allowing only corporate entities with bigger than HK\$200 billion market capitalization to benefit from WVR was not the original purpose.
2. Sizeable companies with a market capitalization of HK\$200 billion already possess the capital. It is unnecessary to allow them to use a small percentage capital to control a large number of smaller companies and enlarge its own influence at the expense of other competitors. It is basically against the “anti-competition” policy of the Government.

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3. The proposed corporate WVR and the “ecosystem” theory as mentioned in the Consultation Paper might also prejudice against smaller entrepreneurs in listing their own small WVR companies. Probably it might force smaller companies to fall in line and become a crony company of the big corporate WVR. We can see how the capital equity market can become skewed and distorted if this process is allowed.
4. The “ecosystem or platform” may be used by unscrupulous operators to create a hyped up market, and may possibly become a share manipulation issue.
5. In our opinion, if SFC and the Exchange could whole heartedly promulgate the “Disclosure Based Regime” for listing, then we would not mind a) big or small WVR, b) individual or corporate WVR. They would all be allowed, as long as everything would be fully disclosed to potential investors. All judgments then remain in the hands of investors armed with knowledge provided by the disclosure of material information. Regulatory authorities are not required to judge the merits.

We hope the Exchange could address the issues as mentioned above when reviewing its current rules on WVR structure. Meanwhile, if any further information is required, please do not hesitate to contact us.

Thank you for your kind attention.

Yours faithfully,

For and on behalf of

**GREAT EAGLE HOLDINGS LIMITED**

