

Part B Consultation Questions

Please reply to the questions below that are raised in the Concept Paper downloadable from the HKEX website at:

<http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp2017061.pdf>

Please indicate your preference by checking the appropriate boxes.

Where there is insufficient space provided for your comments, please attach additional pages.

1. What are your views on the need for Hong Kong to seek to attract a more diverse range of companies and, in particular, those from New Economy industries to list here? Do you agree that the New Board would have a positive impact on Hong Kong's ability to attract additional New Economy issuers to our market?

Please give reasons for your views.

We agree the New Board would be able to attract additional New Economy issuers to HK, especially those Chinese companies listed in the United States but don't sound attractive to the USA investors.

2. What are your views on whether the targeted companies should be segregated onto a New Board, rather than being included on the Main Board or GEM?

Please give reasons for your views.

For those companies which may be interested in the New Board, they are usually not very well developed without a sound standard of corporate governance and a good internal control system, so it would be difficult for them to apply to be listed on the Main Board and the GEM.

3. If a New Board is adopted, what are your views on segmenting the New Board into different segments according to the characteristics described in this paper (e.g. restriction to certain types of investor, financial eligibility etc.)? Should the New Board be specifically restricted to particular industries?

Please give reasons for your views.

We believe different segments are advisable with more modifications are needed in the future. We don't support it needs to be restricted as it should serve the purposes of wider investment choices and greater flexibilities for the market.

4. What are your views on the proposed roles of GEM and the Main Board in the context of the proposed overall listing framework?

Please give reasons for your views.

We think the modifications are advantageous for the whole market.

5. What are your views on the proposed criteria for moving from New Board PRO to the other boards? Should a public offer requirement be imposed for companies moving from New Board PRO to one of the other boards?

Please give reasons for your views.

We agree on the proposed criteria for moving from New Board Pro to other boards. We don't think the public offer requirement is necessary if moving onto the GEM, but it becomes necessary if moving onto the Main Board.

6. What are your views on the proposed financial and track record requirements that would apply to issuers on New Board PRO and New Board PREMIUM? Do you agree that the proposed admission criteria are appropriate in light of the targeted investors for each segment?

Please give reasons for your views.

We agree on the proposed financial and track record requirements and think the proposed admission criteria is appropriate.

7. What are your views on whether the Exchange should reserve the right to refuse an application for listing on New Board PRO if it believes the applicant could meet the eligibility requirements of New Board PREMIUM, GEM or the Main Board?

Please give reasons for your views.

We think it is up to the listing applicant to choose the Board to be listed. It allows greater flexibility and ensure the characteristic of capitalism.

8. What are your views on the proposed requirements for minimum public float and minimum number of investors at listing? Should additional measures be introduced to ensure sufficient liquidity in the trading of shares listed on New Board PRO? If so, what measures would you suggest?

Please give reasons for your views.

Additional measure such as set up a target price for the listed companies to achieve, or else should be placed in the watch list.

9. What are your views on whether companies listed on a Recognised US Exchange that apply to list on the New Board should be exempted from the requirement to demonstrate that they are subject to shareholder protection standards equivalent to those of Hong Kong? Should companies listed elsewhere be similarly exempted?

Please give reasons for your views.

To protect the investors, they should not be exempted, but can rather apply a less stringent or simplified due diligence process.

10. What are your views on whether we should apply a "lighter touch" suitability assessment to new applicants to New Board PRO? If you are supportive of a "lighter touch" approach, what relaxations versus the Main Board's current suitability criteria would you recommend?

Please give reasons for your views.

We support the lighter touch approach, relaxations should be applied on the profitability requirement and less stringent internal control system.

11. What are your views on whether the New Board PRO should be restricted to professional investors only? What criteria should we use to define a professional investor for this purpose?

Please give reasons for your views.

We agree it should be restricted to the professional investors only. Criteria to define professional investor includes length of investment experiences, acceptance to risk exposure, and variety of investment experiences.

12. Should special measures be imposed on Exchange Participants to ensure that investors in New Board PRO-listed securities meet the eligibility criteria for both the initial placing and secondary trading?

☒ Yes

☐ No

Please give reasons for your views.

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13. What are your views on the proposal for a Financial Adviser to be appointed by an applicant to list on New Board PRO, rather than applying the existing sponsor regime? If you would advocate more prescriptive due diligence requirements, what specific requirements would you recommend be imposed?

Please give reasons for your views.

We support the appointment of Financial Adviser rather than Sponsor, it allows the New Board PRO greater flexibility and more attractive to the companies from the new economy area.
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14. What are your views on the proposed role of the Listing Committee in respect of each segment of the New Board?

Please give reasons for your views.

Listing Committee should reserve the rights to have final decision on delisting and disciplinary actions against listed companies.
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15. Do you agree that applicants to listing on New Board PRO should only have to produce a Listing Document that provided accurate information sufficient to enable professional investors to make an informed investment decision, rather than a Prospectus? If you would advocate a more prescriptive approach to disclosure, what specific disclosures would you recommend be required?

☒ Yes

☐ No

Please give reasons for your views.

Because New Board PRO would be restricted to the professional investors (PI) only, PI should be capable enough to analyze the profile of the listed companies based on the Listing Document. Prospectus may be too complicated and will distract the companies to be listed in HK.

16. What are your views on the proposed continuous listing obligations for the New Board? Do you believe that different standards should apply to the different segments?

Please give reasons for your views.

We agree on the proposed continuous listing obligations for the New Board and believe one standard can apply to all.

17. For companies that list on the New Board with a WVR structure, should the Exchange take a disclosure-based approach as described in paragraph 153 of this Concept Paper? Should this approach apply to both segments of the New Board?

Please give reasons for your views.

Disclosure based approach should be adopted and should apply to both segments.

18. If, in addition, you believe that the Exchange should impose mandatory safeguards for companies that list on the New Board with a WVR structure, what safeguards should we apply? Should the same safeguards apply to both segments of the New Board?

Please give reasons for your views.

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19. Do you agree that the SEHK should allow companies with unconventional governance features (including those with a WVR structure) to list on PREMIUM or PRO under the "disclosure only" regime described in paragraph 153 of the Concept Paper, if they have a good compliance record as listed companies on NYSE and NASDAQ? Should companies listed elsewhere be similarly exempted?

Please give reasons for your views.

We support the "one share, one vote" regime as it is the fairest and the rights of small individual investors can be safeguarded.

20. What are your views on the suspension and delisting proposals put forward for the New Board?

Please give reasons for your views.

We agree to the current proposal.

21. Should New Board-listed companies have to meet quantitative performance criteria to maintain a listing? If so, what criteria should we apply? Do you agree that companies that fail to meet these criteria should be placed on a "watchlist" and delisted if they fail to meet the criteria within a set period of time?

Please give reasons for your views.

Yes, quantitative performance criteria should be adopted. Delisting can eliminate the lower quality companies and ensure certain standard of the New Boards.

22. Do you consider that an even "lighter touch" enforcement regime should apply to the New Board (e.g. an exchange-regulated platform)?

☐ Yes

☒ No

Please give reasons for your views.

A lighter touch enforcement regime is not being supported by us as the interests of small individual investors need to be protected and it ensures the quality of HK financial market.

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