

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.

<p>(a) This is a non question as it is the same as asking one for view on the needs for a general public to earn more money.</p> <p>(b) Based on the existng proposal I am not convinced that the New Board would give any significant positive impact on Hong Kong's ability to attract additional New Economy issuers to HKEx. One of the determining factors that drive where those new issuers will be listed is the investors. If the investors are not convinced that the New Board (based on the proposal currently set out in the Concept Paper) would give them more advantages like more liquidity, higher valuation etc., as people are mostly inert they will continue to go to the markets where they are comfortable with like NASDAQ. However based on the proposed framework of the New Board set out in the Concept Paper I can't see how the New Board can provide the investors with more advantages so as to bring more investors to use the New Board, and subsequently drive more New Economy issuers to the New Board.</p>

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.

This goes down to (1) how GEM would be positioned following the GEM CP is concluded, and (2) the difference between the New Board and Main Board.

For (1), I agree that there should be a separate platform like the New Board Pro for new companies, not limiting to the new New Economy companies but for all new companies, to grow and develop where their risk of busting would be higher than the existing listed issuers on Main Board and GEM. Please see my response to the GEM CP submitted under separate cover to the HKEx for further details.

For (2), the current proposed framework for the New Board Premium is essentially the same as granting a waiver to the listing applicant on LR8.11. For the four concerns stated in the Concept Paper para 118 to 122, the only valid concern that is proven by fact is #2 "Satisfies regulatory expectation".

For concern #1, it is a refuted claim as currently the Main Board is full of issuers that has failed to meet the listing requirement subsequent to their listing. New Economy issuers themselves are no riskier than the relatively "old" traditional economy issuers. This misconception can be resulting from the failure of high profile New Economy startups which were funded by well known investors, while the traditional economy startups are usually much more low profile. It is also observed that established companies in the traditional economy and the New Economy companies are all prone to be replaced by the rapid technology improvement and we can all see well established traditional economy companies failed every year if the management failed to keep the company moving forward.

For concern #3, Swire Pacific, being the one and only one WVR structured issuer currently listed on the Stock Exchange, is included in the HSI. While there's a historical reason behind the existence of Swire Pacific B (0087:HK), I see no one complaining about the inclusion of Swire Pacific into HSI, or any index at all whether it is by Hang Seng Index Company, MSCI, S&P or whatever. This indicates that with a properly designed corporate governance framework WVR structure would not be a barrier at all for inclusion in index products.

For concern #4, I'll ask "If NASDAQ ceased to allow WVR structure, would the share price of say Alphabet (GOOG:US) goes up by around 15%?" Also I'll take Swire Pacific as example again. Swire Pacific A (0019:HK) is always trading at premium against Swire Pacific B. As Swire Pacific A has a higher liquidity than Swire Pacific B which explains the lower share price of Swire Pacific B, doesn't this implies that with a properly designed WVR structure, investors would be more concern about liquidity and the quality of the company itself rather than whether it has a WVR structure implemented or not?

With the above in mind I'm in doubt of setting up a New Board like New Board Premium solely for the purpose of accommodating WVR structured issuers. However I'm supportive in setting up a New Board like the New Board Pro to accommodate real startup companies and to properly and realistically achieve what GEM originally intend to achieve.

Interest declaration: I currently holds Swire Pacific B

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.

I agree that segregation is needed based on the associated inherent risk of busting of such potential listing applicant. Whether the characteristics described in the Concept Paper is a fair and reasonable factor to assess the riskiness of such potential listing applicant is another topic to be discussed. See my response to Q6 below for further details.

Aside from this risk-based segregation, as a matter of fairness since I can't see and think of any valid reason that old traditional economy companies should not be allowed, say, a WVR structure but the New Economy companies should merely due to common practise in the industry, and in view of the rapid economy development which will definitely exceed the pace of development of rules and regulations, the New Board should NOT be specifically restricted to particular industries where new, unseen industry categories or companies that can't be easily classified into one of the defined industry category may emerge any time in the future. Also I believe that market participants are far cleverer in terms of exploiting possible rules and regulations loophole (do remember that there's a Chinese saying "You have Cheung Leung's trick, I have wall crossing ledder"). I am very confident that any intended restriction in allowing particular industries to the New Board will be circumvented very easily given the possible vagueness of industry classification.

From my point of view, the reason set out in para 102 of the Concept Paper is also invalid. HKEx should not pre-empt a company in the so-called "old economy" have less room for growth. Growth potential should also not be a consideration of whether a company is suitable for listing or not. If growth is a key factor for HKEx to approve its listing onto the New Board, then should the companies be delisted once their growth slow down, or if they can't achieve say a 100% growth in revenue or profit in the 12 months subsequent to listing? How about when the growth of the companies flat out? As such no matter for fairness for all potential applicant or monitoring difficulties, it's better leave this area open.

As a further discussion point, NASDAQ has no restriction on what industry the listing applicant is in for that matters. However because the investors are familiar with NASDAQ, they tend to pay more attention on NASDAQ listed companies and issuers are happy that NASDAQ managed to gather quality investors for them, therefore a virtuous cycle is formed.

Also, thinking a step further, if the New Board only allows New Economy companies to be listed, what if a New Board listed issuer acquires an old economy business, let alone those intentional RTO cases? Will the New Board listing rules specifically set out that as a continuous obligation of New Board issuer old economy business cannot contribute more than say 50% of the total revenue? Or profit? What if an issuer relies on an old economy business to provide cash flow to fund the New Economy business? Or suddenly in a year businesses in the New Economy fluctuates greatly and making the New Board issuer failed the continuous obligation on New Economy?

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.

As mentioned in my response to Q2 above, New Board Premium is simply the same as the Main Board sans the requirement of LR8.11. If the Main Board remains as the key product offered by HKEx in the equity market, I can't see the needs for establishing New Board Premium solely for the purpose of avoiding LR8.11.

For GEM, as mentioned in the GEM CP it has already lost its intended function. With HKEx intending to remove GEM's role as a stepping stone for going to Main Board, under the proposed overall listing framework GEM is simply too costly to function as a fund raising platform for small and medium sized companies. Please see my response to the GEM CP submitted under separate cover to the HKEx for further discussion.

p.s. For the Private Market, as there's no trading or matching function, I'm seriously in doubt of how it can be called a "market". It is at most a "Private Display", or to make it easier to be understood by general public, a "fish tank". As such I don't consider it fits in any part of the proposed "listing" framework.

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.

Based on my view set out in the response to Q6 below, I concur that companies moving out from New Board Pro where only professional investors are allowed to other boards that general public is allowed to participate are required to meet all the admission criteria and other listing requirements of the relevant board due to the difference in risk profile between New Board Pro and other boards.

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.

For New Board Pro I agree that no financial and track record requirement should be imposed. See my response to Q13 below for further discussion on my view on the proposed admission criteria for New Board Pro.

For New Board Premium, as mentioned in my response to Q2 above, the currently proposed admission criteria makes the New Board Premium a Main Board with LR8.11 exempted. Aside from satisfying regulatory expectation I can't see any reason that the targeted investors for that segment differs from that of the Main Board based on a set of admission criteria that is substantially the same as the Main Board. If HKEx considers that companies with non standard governance structure is riskier than that with standard governance structure, the admission requirement of New Board Premium should then be even higher than the Main Board to reflect the riskiness of such non standard governance structure. However, how to avoid such higher requirement to give the public an impression that WVR structured companies are even more premier than the Main Board issuers and hence undermining the risk associated thereof is another topic to be discussed. This also echo my view that there's no need for a new board solely for the purpose of circumventing LR8.11 as any escalated listing requirement as a result of the higher risk associated with WVR structure may wrongly interpreted by the market as WVR structured companies can satisfy higher listing requirement and hence making it more premier than Main Board issuers.

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.

I strongly against the proposal that Exchange has the right to refuse an application for listing on New Board Pro solely because it believes the applicant could meet the eligibility requirement of another three boards.

As mentioned in my response to Q3 above, the Exchange failed to demonstrate why it is fair to allow only New Economy companies to listed on the New Board and such requirement would fall behind the economy development anytime or be easily circumvented. Such right, together with the restrictive listing criteria set out by the Exchange in the Concept Paper, would therefore posts extreme uncertainties for potential listing applicants of the New Board Pro and therefore significantly reduce the attractiveness of the New Board Pro, particularly in view that the ongoing listing status maintenance burden is very different for New Board Pro versus the other three boards. New Board Pro companies should be given the right to choose where to list itself. They may choose to list on New Board Pro simply due to the lower ongoing listing status maintenance costs in order to save more resources for business development.

In my view, any restriction not clearly explained will simply comes a point deduction reason for potential issuers when they choose where to list their companies.

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.

For New Board Pro, I believe it would be too simple to simply make a simple cut of 25% public float requirement under the current Listing Rules definition. Taking into consideration that some professional venture funds or early stage private equities may already have invested in the potential New Board Pro applicants which would hold over 10% of interest even after listing, to allow them to exit part of their investments after listing instead of forcing them to exit at listing (or significantly reducing their interest in the potential New Board Pro issuer at listing in order to make themselves not a connected person merely because they have an over 10% shareholding in the company) the Exchange should consider to rephrase the requirement as "the single largest shareholder / concert party should not hold more than 75% interest of the issuer**" where the definition of "concert party" here should exclude professional investment funds who satisfy the exemption set out in LR8.08(1)(b) Note 2(a).

And there should not be any requirement for minimum number of investors as the New Board Pro is not a market for the general public. Reference is made to the offering of professional investors only debt products which are also limited to professional investors only. For the minimum market capitalisation of HK\$200 million which translate into about US\$ 25.5 million, the minimum public float of 25% means there's only HK\$50 million or about US\$6 million worth of shares in the hands of the non-controlling shareholder. A minimum of 100 investors means on average each investor will have HK\$500,000 or US\$60,000 worth of shares which is just the same as the minimum denomination requirement for professional investors only debt securities under LR37.09, and is lower than the US\$100,000 customary minimum denomination of professional investors only debt securities listed under Chapter 37 of the Main Board Listing Rules . Granted that it is unlikely for a debt offering to have one single largest holder after the offering is close, but to the professional investors market, liquidity has no connection with the number of holders of such products.

No comment on that for New Board Premium for the reasons stated above in Q6.

** The definition of "public float" is not discussed in the Concept Paper for WVR structured companies. In footnote 64 of the Concept Paper the existing "number of issued shares" concept under LR8.08(1) is referred to but number of shares may not be very meaningful in a WVR structure unless it's specified that each share, regardless of classes and voting rights attached thereto, is entitled to an equal proportion of economic interest like in the case of Swire Pacific A and Swire Pacific B. However mandating such requirement will reduce the flexibility of such WVR structure for potential New Board applicants. Alternatively the definition of "public float" needs to be clearly defined for WVR structured New Board companies.

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.

As legal class action is the basis why the Recognised US Exchange allows such WVR structure, unless it is legal for a general public Hong Kong exchange participant to join, or initiate, a class action against the companies listed on a Recognised US Exchange as a mean to protect the minority shareholders' interest, I can't see the reason behind the exemption for New Board Premium, particularly that the New Board Premium will be accessible by general public.

For New Board Pro, I agree with the Concept Paper that as it is intended for professional investors only, they might have sufficient resources to deal with any inequities arising from the WVR structure and therefore have no comment on implementing this exemption for New Board Pro.

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.

Given that New Board Pro is a professional investors only trading platform, I agree that a "lighter touch" suitability assessment can be applied.

To start off, I recommend to begin the discussion on the extent of how such "lighter touch" can be applied by making reference to the requirement set out in Chapter 37 of the Main Board Listing Rules and make appropriate amendment to its assessment criteria rather than relaxing the existing Main Board suitability criteria set out in Chapter 8 of the Main Board Listing Rules.

Take out: LR37.05; LR37.07 to 08; LR37.12 to 16; LR37.40 to 43; LR37.49 to 50

To amend as appropriate: LR37.06 (as it is an equity offering 6 months instead of 15 months would be appropriate); LR37.36 (to amend the 5 business day undertaking to align with other equity offering application service pledge); LR37.48

Impose if arrangement in place for a WVR structure to migrate to a traditional structure: LR37.17 to 25

Then additional requirement should be added such as the financial and track record requirement as well as public float requirement.

Also, as long as there's adequate disclosure made, guidance letter applicable to Main Board listing applicants including but not limited to GL29-12, GL43-12, GL44-12 should not be applied for New Board Pro applicant given that it is intended for Professional Investors to invest.

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.

Agree given the inherent risk of the nature of listing applicants of New Board Pro. To avoid confusion it would be adequate to follow the market customs of how professional investors is defined currently i.e. as defined under LR37.58.

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.

Given the relaxed regulation nature of New Board Pro it is important to ensure that only professional investors can participate in the New Board Pro. Every month all Exchange Participants who have traded in any securities listed on New Board Pro or any of their clients have any position in any securities listed on New Board Pro should be asked to sign a declaration to the Exchange confirming that all trades effected during the month were by or for professional investors and all position held under the Exchange Participant as at month end are for professional investors. Random sample checking should be carried out by Exchange or SFC to ensure the declaration is true and accurate.

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.

Agree, as the investors of New Board Pro listing applicants are professional investors and the directors and senior management of the listing applicants will, I assume, continued to hold the ultimate responsibility for the accuracy of the information set out in the listing documents and other materials produced by the listing applicant, a Financial Adviser who has exercised reasonable due care to ensure there is no material misstatement in the documents and materials provided will be enough. This is also in line with the existing market practise to perform a due diligence with standard below that required by a Sponsor for a Hong Kong IPO for pre-IPO rounds of investments and debts under Ch.37 of the Main Board Listing Rules targeting professional investors.

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.

Agree with the proposal set out in the Concept Paper.
However, if HKEx disregard my recommendation set out in Q3 above and insists that the New Board are only for New Economy companies, it would be better for the Listing Committee to form a sub-committee solely for the purpose of deciding whether a company qualifies to be a New Economy company or not for both New Board to ensure consistent application of such definition. Alternatively Listing Department should have a dedicate team to decide whether a company qualifies as a New Economy company for listing on the New Board Pro, and to advise the Listing Committee on the qualification.

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.

Agree, as I expect listing on the New Board Pro would be more analogous to providing a trading platform for the currently pre-IPO professional investors to trade their shares, and provide an earlier access to such potential high growth companies by non-institutional professional investors.
By doing so the New Board Pro has a chance to become a de facto trading platform for high flying start-ups which can give the Exchange an upper hand when those high flyer matures and ready to move to a listing platform available to general public.

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.

Principally agree with this. However in view that New Economy companies are more active in merger and acquisition activities, and timing is crucial for such New Economy transactions, Exchange should consider to allow the New Board issuers, in particularly New Board Pro issuers where the shareholders of which are professional investors, to adopt something like "M&A Programme". Analogue to the debt issuance programme as specified under LR37.40 to 43 or granting general mandate for directors to issue new shares to or repurchase issued shares from the market under LR13.26(2)(b) or LR10.06(1)(c), New Board issuers should be allowed to be granted a mandate to do appropriate transactions. Terms and extent of such mandate should remain open for the shareholders of the New Board issuers to approve, in particularly for New Board Pro issuers. Exchange should refrain from setting too much limitation on what such general mandate for transactions can be except some principal rules like the transaction should not be a very substantial acquisition or very substantial disposal solely based on the consideration test as set out under Chapter 14 of Main Board Listing Rules because such New Economy companies are very likely to be asset-light (making assets ratio irrelevant) and maybe at pre-profit or even pre-revenue stage (making both revenue ratio and profit ratio anomalous).

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.

No comment, but it won't be appropriate to solely adopt disclosure-based approach for New Board Premium given that it would be accessible by general public.

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.

For issuers on New Board Pro, these additional safeguards should be encouraged rather than mandatory given that only professional investors can access the market.
For issuers on New Board Premium, given that general public will be able to access it some additional safeguard should be implemented.
Som safeguard that the Exchange can consider includes
(a) requiring all the shares be listed on the New Board for trading under different stock code (like Swire Pacific A and B) after a maximum of say 7 years from date of first listing or any shorter time period the Company deems appropriate, or when the superior shares holders want to dispose of their superior shares holding (i.e. mandating all transfer of shares must be done on the New Board by way of mandating the superior shares be listed before they are transferred. However this may be overridden by a private contract between the buyer and seller and I don't believe any rules set out by Exchange can bar such private deal to take place); or
(b) once shares with superior voting rights are transferred they will only bear ordinary voting rights (by way of requiring every superior share be treated an one ordinary share stapled with some non-economic-interest-bearing voting only shares. Once it is transferred the stapled unit will be unstapled. The ordinary share will be transferred and the Company will be required to repurchase the voting only shares at nil cost).
p.s. If (a) is implemented (b) should not.

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.

How would "good compliance record" be defined? No class action against the Company? What if there's a class action case against the company after it has listed on the New Board? Can the Hong Kong shareholders participate in the class actions in US? Is the ruling binding on their shares in Hong Kong?
Since NYSE and NASDAQ have not implemented any extra shareholders protection mechanism, I don't agree that they can automatically be allowed to get listed on the New Board. Also, such "biased" waiver will likely making tons of companies exploiting this loophole by first arrange the Company to be listed on NYSE or NASDAQ, then get delisted on NYSE or NASDAQ to circumvent all relevant requirement of the New Board. Alternatively, with global trading getting more and more common particularly among professional investors, why companies listed on NYSE or NASDAQ needs to come to Hong Kong for dual listing?

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

Please give reasons for your views.

For companies listed on the New Board Pro, given that it is targeted at professional investors with a higher inherent risk at the very beginning, it should be fine to have a automatic delisting arrangement. For New Board Premium given that public investors can participate in the trading of such listed companies, if their shares get delisted automatically for some ridiculous reasons (see below for details) investors may end up become shareholders of a public unlisted company and putting them in an even more disadvantageous position, because as long as the company is listed both the Exchange and SFC as well as the media will help the general public to monitor the company, even if the trading of its shares is suspended.

In general, it would be too simple to adopt an one-for-all criteria as set out in the Concept Paper to have a New Board listed company delisted if it had been suspended for a continuous period of 90 calendar days.

(a) If the suspension is due to the failure to publish financial information within the deadline (assuming to be 90 days as per current Listing Rules), plus a 90 days suspension since the deadline day, that's a 180 days period for the listed issuer to prepare for the financial information which I think it is adequate and warrant an immediate automatic delisting.

(b) If it is suspended due to an order set out by the Exchange or the SFC, the 90 days rule seems inappropriate given the reason, as set out in the Consultation Paper, can simply be "the Exchange considers it not suitable for listing (on the New Board)", particularly if the New Board at the end only allows "New Economy" companies to be listed as per the Concept Paper. This posts significant uncertainty to listed issuers and investors that the Exchange may at any time deems a then-New Economy listed issuer no longer operating in a New Economy sector and get it delisted.

(c) Currently in the Main Board market there're occasional cases that a listed issuer gets trading suspended pending for an announcement under Ch.14 of the Main Board Listing Rules, or even the Takeovers Code due to the fact that a definitive agreement had been signed while the Exchange and/or the SFC has not given the no comment clearance for the listed issuer to post the announcement. How would this be addressed? Would trading suspension be disallowed in the future because an announcement is still under regulatory vetting process?

Alternatively I recommend the Exchange to consider in situation (b) mandating such long suspended company, particularly those listed on New Board Premium, to convene an independent shareholders meeting to consider and approve, depending on the reasons of suspension, (i) to file for an request for Exchange to waive such automatic delisting requirement for a maximum of three times and effectively giving the listed issuer a year to resolve the problem putting the company in suspension; (ii) repurchasing the shares not owned by the controlling shareholders and parties acting in concert with them; or (iii) other appropriate actions including but not limited to appointment of a liquidator.

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.

Given the New Board Pro is for professional investors only I don't think it is necessary to require New Board Pro listed companies to meet quantitative performance to maintain a listing.

For New Board Premium, at the very beginning I agree that some quantitative criteria should be required to maintain a listing for the reasons stated in the Concept Paper. However after considering that there're general public investors participate in the trading of shares of New Board Premium listed companies, the impact of such delisting merely because of failing to meet quantitative performance criteria on them, as well as if such delisting occurs whether a proper exit can be arranged such as by mandating the repurchase of shares, all these together may simply give the market manipulators rooms for exploiting public minority shareholders like: (i) go listing; (ii) make it failed to meet such quantative criteria without jeopardising the quality of underlying business (there're always rooms for management to do so); (iii) offer to repurchase the minority shareholdings at very low price and general public will be forced to accept as failing to accept the repurchase offer will make them holding shares of unlisted public companies i.e. even less shareholders protection. This has happened quite a number of times where the "private group" companies got spinned off and continued to be controlled by the original controlling shareholders of the Main Board listed company (i.e. the seller, or offeree, of the Main Board "shell") during the "acquisitions" of a Main Board listed issuers .

Nevertheless if the admission criteria for New Board Premium will be aligned with the Main Board, any such quantitative criteria for maintaining listing must be mirrored to the Main Board.

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.

For New Board Pro, neutral on it given that it's for professional investors only. However the Exchange should consider carefully to avoid duplicating what the New Board Pro does and what the Private Market does particularly if such "lighter touch" enforcement is no difference from the next-to-no enforcement in the Private Market, given professional investors are those can access and transact with companies in the both Private Market and New Board Pro. It may render the New Board Pro meaningless if trading on New Board Pro means nothing more than additional transaction costs to both the issuer and investors comparing to the Private Market.

For New Board Premium, as well as for Main Board, also to conclude my comments to the Concept Paper, I would like to ask if the Exchange is going to continue to adopt the "difficult to get in, but once get in you can do whatever you like" approach currently the Exchange adopted, or take the chance to at least tweak the latter part of the attitude to "after getting in I'll still continue to, to a certain extent, monitor your performance"? If the Exchange would like to tackle the current situation of a massive amount of shells sitting there waiting to be acquired, such "lighter touch" enforcement regime should not be applied. I also urge the Exchange to consider in totality about what GEM would be afterwards, whether it would be a dumpster for Main Board and New Board Premium as to the pink form market for NASDAQ when such companies failed to meet certain quantitative performance measures criteria, or something in between the New Board Pro and Main Board / New Board Premium as set out in my comments to the GEM CP.

- End -