

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.

I am a staff of Huatai Financial Holdings (Hong Kong) Limited. I fully support HKEX to establish the New Board. It can accommodate the WVR and other characteristics of the New Economy issuers. It would help Hong Kong to embrace the New Economy issuers to list in the Hong Kong market. It will help Hong Kong to remain as a global financial centre in the coming decade.

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.

I agreed with the HKEX's view that the targeted companies should be segregated from the Main Board and GEM, as it will avoid unnecessary impact to the existing issuers on the Main Board and 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.

I agreed that the New Board should be segregated to New Board Pro and New Board Premium to accomodate different type of issuers.

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.

I agreed with the roles of the GEM and Main Board proposed in the HKEX's consultation papers.

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.

When New Board PRO issuers move to the other boards, they should fulfill the criterias of the respective 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.

Agreed, the proposed financial and track record requirements of New Board PRO should be able to accommodate the characteristics of the New Economy issuers, and New Board PREMIUM should have same requirements as the Main Board to accomodate the issuers which meet the other requirements of the Main Board but have the WVR features.

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.

Agreed, it will allow the HKEX to avoid poor quality issuers to be listed on the New Board PRO or PREMIUM.

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.

Agreed, it should set a minimum public float to facilitate a fair market.

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.

Agreed, because the quality companies listed on the Recognised US Exchange such as Baidu Inc can be listed in Hong Kong.

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.

Agreed, these companies are start ups, if we do not set a "lighter touch" approach, the impact of establishing the New Board PRO or PREMIUM will be insignificant.

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.

Agreed, as the New Board PRO will accommodate the new startups which have inherently high risk, therefore, it should be restricted to the professional investors only.

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.

However such measures should be balanced, otherwise it would discourage the Exchange Participants take part in the New Board PRO.

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.

Agreed.

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.

We agree with the proposal.

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.

We agree with the proposal, in line with our thinking that a financial advisor rather than a sponsor shall be required for the New Board Pro listing.

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 are of the view that a lower level of continuous listing obligations may be appropriate for New Board Pro listed companies, a level that somewhat between the requirement for bond instruments and the Main Board level obligations.

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.

Yes

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.

On WVR structure, we do not think additional mandatory safeguard is necessary.

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.

I agreed.

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

Please give reasons for your views.

I agreed.

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.

I agreed.

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.

No. We do not see strong argument for the SFC to refrain from using its enforcement power in the case of New Board.

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