

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.

In the past 30 years, Hong Kong has developed itself as an outstanding international financial center. However, we need to upgrade ourselves from capital-driven economy to innovation-driven. Attracting companies from New Economy industries to Hong Kong can help sustain the future development of our economy. The New Board can attract companies that Hong Kong regime currently cannot accommodate to be listed in Hong Kong and increase the diversity of companies that investors can choose. Therefore we support this initiative.

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.

Yes, we support that such targeted companies should be segregated onto a New Board. It is good to segregate the New Board Pro and New Board Premium and differentiate it from Main Board and GEM as the nature and risk profile of such companies are very different from the other companies already listed in Main Board or GEM. A new Board can give investors a clear picture of what they are investing into. At the same time, we should consider how to make use of the Stock Connect in the New Board so that investors and issuers can better grasp on the opportunities from investors in Mainland China that have more appetite for such companies. We should also consider to cooperate with Shenzhen Qianhai in order to bring innovative companies with high potentials to be listed in the New Board Pro or New Board Premium.

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 that for New Board PRO the restriction to certain types of investors and financial eligibility is appropriate. However in terms of industry restrictions we do not see that as necessary as in this day and age traditional companies are also more and more moving into the Internet+ era and connecting to New Economy. It is very hard to define which industry the companies belong to. It is the responsibilities of the companies themselves to attract investors and if they failed to do so they won't be able to get listed

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 support the view of newly proposed roles of GEM and Main Board under the proposed overall listing framework. This way investors have wider choice and better transparency in deciding which Board to invest in. It maybe necessary to consider to rename the GEM board to SME Board to fully reflect its new functional role.

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 support that for New Board companies to migrate to other Boards they should be treated as the same as a new listing under such 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.

We agree with the proposed admission criteria of New Board Pro and New Board Premium.

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 disagree with this proposal. We believe the Exchange should respect the decision of the applicant as the company knows which kind of listing can best fit the future development of a company. As long as they fulfill the requirement of the New Board there shouldn't be other reasons to refuse such applications.

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.

The proposed requirements for minimum public float and minimum number of investors at listing in the New Board Pro is already stringent enough to protect the professional investors. No further measures need to be imposed.

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.

We believe as HK is an independent international financial center we should exercise our own regulatory duties and not delegate to other regimes. Therefore we do not support the exemption as long as our proposed standards is world class and in line with new trend of the investment world.

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.

A "lighter touch" suitability assessment of new applicants should be applied so as to improve the attractiveness and competitiveness of Hong Kong stock markets to companies with high potential. The underlying principle should be that as long as full transparency is achieved and investors are fully aware of their risk and reward (including non-traditional governance models), the regulator should stand back and let the investors decide for themselves.

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.

At the beginning, in view of the higher risk as well as the stricter rules in terms of de-listing etc, it is appropriate to restrict the New Board PRO to professional investors. As the New Board PRO become more popular and higher traded, SEHK should review from time to time whether to relax such restrictions.

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.

Yes, as the risk profile is not significantly different.

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.

The proposal for a Financial Advisor to be appointed by an applicant to list on New Board Pro is good as it lower the cost of listing. And information provided to PIs could be more technical and the companies seeking to be listed can mobilise its own resources to attract the PI's. It will also give financial advisors new opportunities to serve in the New Board market and enrich their knowledge and experience.

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.

The prosped role of the Listing Committee can monitor the smoother operation of New Board especially in the initial stage. We can review its role from time to time in order to suit the ever-changing markets and business models.

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 support as the readers are professional investors that have the knowledge and professional help to understand all the information and a Prospectus like document is unnecessary.

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.

The proposed continuous listing obligations is necessary for maintaining a healthy New Board market with active transactions. Different standards could apply to different segments due to different business nature although it is not mandatory. One should be very careful in laying down different standards for the same board.

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.

The Exchange should take a disclosure-based approach as our investors should be well informed.

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.

We support the imposition of mandatory safeguards in terms of the transferring of the WVR shares. Such shares should be restricted to a few named individuals during the initial listing and when transferred to any their party their voting rights to fall back to the same as other ordinary shareholders, unless a prior approval is approved by an General Meeting of the company where WVR shareholders are not allow to vote. We do not believe a "Sun-set" arrangement is required.

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.

SEHK should have its own regulatory requirement to maintain the independence status of Hong Kong as an international financial center. Therefore we do not see exemption is good. However SEHK should consider a "fast track" for those companies already listed in other exchanges

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

Please give reasons for your views.

We support to have suspension and delisting measures in order to maintain quality of the market.

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.

We do not oppose the imposing of quantitative performance criteria to maintain a listing but such criteria should be carefully crafted. It is ok to have share price threshold as a measurement as it reflects market acceptance. However we do not support any profit or revenue measures as it is very common for New Economy Companies to not make any profit continuously for a pro-longed period of time (e.g. Tesla). Therefore such criteria should be carefully drafted to reflect the nature of the industry. As long as investors support the company, the regulator should not interfere the situation by imposing some unnecessary quantitative measures.

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.

As the public watchdog it is the responsibility of SEHK and other regulators to maintain an healthy and fair market and defend the position of Hong Kong as an international financial center. So we don't believe that have a "lighter touch" enforcement by design is a good thing to have at the moment. As time goes on we should review from time to time all the enforcement regime of the boards as a whole to reflect market and time requirements.

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