

## 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.

HKEX should definitely attract more new economy industries to list here, to boost the the economy as well as diversifies the current range. I agree the New Board will have a positive impact, which would raise the general valuation of the current boards.

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.

Main Board and GEM have specific and strict listing rules, such as meeting certain amounts of revenue or profits. Many innovative companies such as tech or biotech companies have longer track periods to reach that, which may result them to choose not get listed in HK.

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 on having the New Board PRO and the New Board PREMIUM as a clear guidance to companies as well as investors. However, the New Board should not be restricted to particular industries, but it could favor high-growth tech companies.

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 think it sets a foundation to the HK capital market and will set a clearer guidance to the investors of the companies that will be listed on the New Board.

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.

A company should be able to move to other boards if it wishes, and it should impose a public offer since there are different requirements of the 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.

I agree with having the two segments under New Board because high-growth companies may have different reasons which they couldn't meet the criteria of the Main board or GEM. Setting criterias more clearly will give investors a clearer view of the current situation of the company.

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 think the Exchange shouldn't refuse an applicant who meets the requirements of the other board to be listed on the New Board. The New Board is set up to attract innovative companies who have potential high growth, and a company should be able to identify itself that way.

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.

I think it should adopt a similar approach as the Main Board has right now.

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.

I think there should be partoa; exemption that specifically caters to the HK investor protection laws.

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.

Meeting a "lighter" financial criteria would be one of the recommendation, such as non-profit making .

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.

I think the New Board PRO should be open to all investors, and the professional investors would be defined as institutional.

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.

As least there should be some minimum criteria to ensure the investors who invested in the New Board PRO possess a basic knowledge on these new economy companies and understand the risks associated with investing in these companies.

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.

I think the New Board should adopt the current sponsor regime, as sponsors will give professional guidance to the companies. Due diligence requirements should be similar, but should be weighed more heavily on FDD.

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.

I agree with the proposed role, which can give a an overall guidance to the New Board.

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.

I think as long as the listing document could provide accurate and adequate information to let professional investors to make an informed investment decision, it should be sufficient for the New Board PRO, provided that there will be a mechanism to penalize those issuers/intermediates who is responsible for unfair/false disclosures that caused investors to incur losses.

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.

I think the continuous listing obligations of the New Board should be comparable to that of the Main Board (New Board PREMIUM) and that of GEM board (New Board PRO)

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.

I agree with this approach and think that this approach should be applied to both segments. As long as the WVR structure disclosed in the listing documents, the investors could be able to make an informed investment decision.

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.

I think the same safeguards should be applied to both segments. As least there should be some minimum safeguard to avoid abuses by the issuers. Sunset clause of say 10 years or a fall away of WVR structure after the controlling parties has a total voting rights of less than 30% of all voting rights.

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.

Yes, as long as those companies listed on NYSE and NASDAQ compile with the requirement of New Board PRO and New Board PREMIUM, I think they can be allowed to be listed on these boards. HKEx may consider opening up the New Board for companies listed on the LSE and SGX too.

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

Please give reasons for your views.

Support. Stringent restriction on the period of suspension may motivate listed companies to avoid lengthy suspension, thereby providing higher investor protection.

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 for all the above. Though we may need to be a little bit more patient when we invested in some new economy companies that are early stage or research based, we have to set some minimum criteria such as restrictions (discount and issue sizes or special approval even though under WVR) on refinancing if the company is suffering for N consecutive years, compliance on use of proceeds in the listing documents, and frequent disclosure requirement for those on the watchlist in order to better protect investors. Of course, for those companies that are research based and expected to be loss making for a period of time could apply for waiver and fully disclose in the listing documents.

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.

I think the current setting is good enough. New Board PRO is light enough for companies that is not suitable for New Board PREMIUM / GEM / Main Board. Most companies have been taken care of and lighter touch is not necessary.

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