



滙漢控股有限公司

ASIA ORIENT HOLDINGS LIMITED

12 September 2016

Corporate Communications Department
c/o Hong Kong Exchanges and Clearing Limited
12/F., One International Finance Centre,
1 Harbour View Street,
Central Hong Kong

BY FAX AND
BY HAND

Dear Sirs,

Re: Consultation Paper on Proposed Enhancement to The Stock Exchange of Hong Kong Limited ("HKEX")'s Decisions-Making and Governance Structure for Listing Regulation ("Proposal")

Upon perusal of the Proposal, we, Asia Orient Holdings Limited being a company listed on HKEX (Stock Code : 214) hereby submit our opposition to the same for the following reasons :-

The Proposal does not serve its purposes

We would like to quote from the consultation paper, highlighting that the Proposal is intended "to achieve closer coordination and cooperation between the Securities and Futures Commission ("SFC") and HKEX on policy formulation, to provide the SFC with earlier and more direct input on listing policy matters and listing regulation, and to streamline the processes for making important or difficult listing decisions." Presently, these objectives have already been met by means of the Securities and Future Rule, Listing Rules, and Memorandum of Understanding Governing Listing Matter and Listing Matters Liaison Meetings. Given that SFC has oversight and control of the Listing Rules, listing policy and listing application and it is constantly in the know with regards to listing application; therefore, the introduction of a new system under the Proposal is redundant.

The Proposal undermines a well proven system

Presently, HKEX administers IPOs and enacts/amends listing rules, with the Listing Committee, which is staffed by finance and legal professionals, reviewing them for approval whereas the SFC, being an independent statutory body, regulates Hong Kong's securities and futures markets. These distinctive features have given Hong Kong its privileged position that is revered by the rest of the world and the financial community benefited from it greatly for many years. Under the Proposal, it is feared that it would leave such well-established system and practice all topsy-turvy by side-stepping HKEX's important functions and giving SFC excessive regulatory authority without proper check-and-balance.

The Proposal lacks the substance required to challenge the obstacles facing by the practitioners

It is considered that the aim of the Proposal is to combat the problems, such as rampant reverse takeover and dubious use of shell companies. As these problems should be addressed by policing, monitoring and punishing the wrongdoer, the need to change the fundamental policy and regulatory structure as set out by the Proposal is uncalled for.

The Proposal grants SFC dominant control over IPO approval and policy setting

Under the Proposal, two new committees, i.e. the Listing Policy Committee ("LPC") and Listing

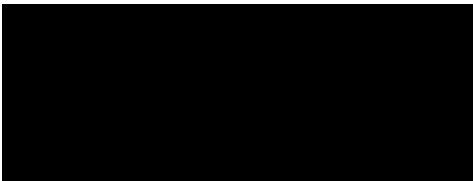
Regulatory Committee ("LRC") will be created above the Listing Committee. Both of these new committees will be dominated by SFC through its control of their membership. In the circumstance, the new structure will give the regulator defacto control over all appointees and alter the power balance between the SFC and HKEX.

It is also noted that the proposed LPC will replace the Listing Committee to vet applicants and has a veto over listings, the contribution of Listing Committee is minimized and resorted to only preside over common routine IPO and Post IPO matters. At present, the decision of the Listing Committee is made after thorough discussion with market practitioners having diverse expertise, experience and market perspectives which can complement the regulator's perspective. Under the new structure, the Listing Committee is bypassed and the LRC and LPC will make final decisions based on much narrower perspectives as contributions from the Listing Committee members is minimized.

This new LPC will also initiate, steer and decide listing policy proposal and propose Listing Rule Amendment and has ultimate control over the Listing Rule regime affecting all listing companies. As such, the SFC's authority is so excessive and far reaching which will overtake the traditional HKEX functions and making the Listing Department a subordinate of the SFC.

Having stated our point of views in support of our object to the Proposal, we wish that our position is now given your careful consideration.

Yours faithfully,
For and on behalf of
ASIA ORIENT HOLDINGS LIMITED



Fung Siu To, Clement
Chairman

