



4 November 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 email: response@hkex.com.hk

Re: Consultation Paper on Proposed Enhancements to the Exchange's
Decision-Making and Governance Structure for Listing Regulation

Dear Sirs

New World Department Store China Limited (the "Company") disagrees to the proposed changes in the joint consultation paper by the Securities and Futures Commission (SFC) and HKEX on Proposed Enhancements to the Stock Exchange of Hong Kong Limited's Decision-making and Governing Structure for Listing Regulation ("Consultation Paper").

The consultation paper proposes setting up two new committees – the Listing Regulation Committee (LRC) and the Listing Policy Committees (LPC) which will be dominated by the SFC. Our Company is of the view that this will change completely our existing, proven regulatory structure that is centered on the Listing Committee (LC).

The LC has served our market well. But its role will be minimized under the proposed structure. For listing application approvals, though the consultation paper says only applications with suitability concerns and broader policy implications would be referred to the new LRC, given the vague nature of such, we are concerned that a large number of cases would end up being referred to it. This is not an ideal situation as firstly the LRC has only six members, it lacks the depth of experience and expertise of the LC, and secondly, with a smaller set up, it would take LRC a much longer time to process the applications, this will slow down our market efficiency. Even if it is indeed only a small number of cases gets referred to the LRC, it would still be better for these more complicated cases to be deliberated by a larger group of market experts at the LC.

On the other hand, the new LPC will take over the role of initiating, steering and deciding listing policy proposals and proposed Listing Rule Amendments. In other words, it will have overall control over the Listing Rules regime and that affects all



listed companies of Hong Kong. This is major change to our existing system and the consultation paper does not give a convincing argument why this is necessary and better. We do not see a real justification for such a major change.

Our Company also disagrees to letting LPC appraise performance of the senior staff of the Listing Department. Members of LPC are not full-time superiors of the Listing Department executives and it would be unfair if they are to appraise their performance and have an influence on their salary. In addition, this would be another way for SFC to gain control of the people at the forefront of listing regulation, which is inappropriate.

Regarding the objectives of the consultation paper to improve closer coordination and cooperation between the SFC and the Exchange, our Company believes this can be achieved by strengthening the existing processes. Under the existing legal and regulatory framework, SFC can already participate in policy formulation and listing regulation. SFC is also kept fully informed of listing applications under the dual filing arrangement and can object to any applications. SFC has huge regulatory oversight already and there is no need for it to gain more power.

In view of the above, our Company does not support the proposals outlined in the consultation paper. Our Company is of the view that the proposals will weaken the listing regulation and approval regime by handing it to much smaller and narrower bodies. The stated objectives of improving coordination and cooperation between SFC and HKEX can be achieved under the existing structure by having better communication and working relationship between them.

Yours sincerely
For and on behalf of
New World Department Store China Limited

Philip Cheung
Managing Director