



VTech Holdings Ltd  
Incorporated in Bermuda with Limited Liability

17 November 2016

BY FAX (2524 0149) AND BY POST

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

Dear Sirs,

Re: Consultation Paper on Proposed enhancements to the Stock Exchange's  
Decision-making and Governance Structure for Listing Regulation

We refer to the above Consultation Paper and appreciate the joint consultation of the Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX) to respond to the rapid developments in the market to reinforce Hong Kong's status as the premier capital formation centre.

1. Fundamental change to existing structure

In our view the existing structure has been working very well in the recent years that makes Hong Kong one of the leading international financial centre for IPOs. The proposed new Listing Regulatory Committee and Listing Policy Committee will involve fundamental change to the existing regime for listing regulation in Hong Kong. The Proposals lack check and balance inherent in the existing regime, as the Proposals give SFC too much influence on the nomination of persons to these two new committees and approval of who can become members. The separation of powers is a fundamental principle to all systems and the proposed structures have failed to address this issue.

2. Listing Committee being sidelined

The current Listing Committee (which is widely represented by market participants and professionals) has been a pivotal part of Hong Kong's listing regulatory system, contributing valuable market expertise, experience and perspectives to the IPOs



and Listing Rules regime. However under the Proposals, the Listing Committee is sidelined and relegated to a marginal position to preside over only common routine IPO and post IPO matters.

### 3. Merits –based regulator regime

Hong Kong has adopted a Disclosure -based regime which allows the market to decide and to educate investors to be responsible for their investment decisions, similar to those in the US and Australia. The Proposals will lead to a Merits-based regulatory regime rather than a Disclosure -based regulatory regime, as the listing policy and listing rules will be controlled by SFC. This is detrimental to Hong Kong as a Merits -based regime will inevitably move Hong Kong backwards in regulation for listing matters.

In conclusion we recommend that the current decision-making and governance structure be maintained as it has been working efficiently and effectively with check and balance between SFC and the HKEX in place. We are worried that the Proposals will not enhance the current structure and respectfully request the Consultant Paper be withdrawn.

Yours faithfully,

For and on behalf of

VTech Holdings Limited

A large black rectangular box redacting the signature of Allan Wong Chi Yun.

Allan Wong Chi Yun

Chairman and Group Chief Executive Officer