

19 September 2016

Corporate Finance Division
Securities and Futures Commission
35/F, Cheung Kong Centre
2 Queen's Road Central
Hong Kong

BY FAX (2810-5385) & EMAIL

Dear Sirs,

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

I am a market practitioner and have been working in the industry for over 15 years. I am licensed to carry on Type 6 (advising on Corporate Finance) regulated activities under the SFO.

I appreciate this chance to provide comments to the Securities and Futures Commission (the "SFC") and The Stock Exchange of Hong Kong Limited (the "Exchange") with regard to captioned consultation paper (the "Consultation Paper").

Under the existing regime, the listing division of the Exchange is responsible for vetting the applications for IPO and giving preliminary view on such application and then submit the same to the listing committee of the Exchange for approval and the SFC reserves the veto power to reject such application and also to reject listing rules formulated by the listing committee of the Exchange. This system has been working well since 2003.

I have a strong conviction of upholding the status quo of the decision-making and governance structure of the Exchange under the existing regime for the development and making of listing decisions, listing policies and the Listing Rules as mentioned in paragraphs 37 to 43 of the Consultation Paper, as the existing regime allows the **check-and-balance** to work in an effective and seamless manner.

Furthermore, I do not think the proposals in the Consultation Paper for (i) the existing Listing Committee ("LC") for making listing decisions without any listing policy implications; (ii) the proposed establishment of the new Listing Policy Committee ("LPC") for formulating development of listing policy; and (iii) the proposed establishment of the new Listing Regulatory Committee ("LRC") for making listing decisions on applications for initial public offerings ("IPO") will work at all.

Under the new structure, the LC is bypassed (at most offering their non-binding views) and, LRC will make final decisions based on much narrower perspectives, without the active input by a group of market practitioners of a diverse background (LC has 28 members from the market, whereas, LRC only has 6 members with 3 from the SFC and 3 from the Exchange). In addition, the new structure will be very likely to delay the entire vetting process of IPO by adding an extra layer in the form of LRC, with additional work in the listing process. What's more, there is tendency for the listing division to refer the new listings to LRC. Thus, it would be difficult to argue that the proposed structure would improve efficiency of the listing process. As the hearings of LC and LRC are involved, the listing process will be more cumbersome under the proposals. Given the capital market change so quick and time is of essence, market practitioners always have the wishes that LC could shorten/simplify the vetting process of IPO, the proposed change in structure is moving against the market request.

I understand that the proposed structure aim to combat the widespread reverse takeovers and suspected "manufacturing" of shell companies. However, the aforesaid market problems should be tackled by focused and targeted methods rather than changing the fundamental of the existing listing regulatory regime of Hong Kong. I cannot see such change to the structure could improve the quality of new issues and have real jurisdiction over market misconduct. In fact, if the SFC takes prompt actions against the wrongdoers in the market with vigor for market manipulation, insider dealings, creation of false market, etc. under the SFO, this will deter future occurrences of such market misconduct and enhance quality of our market. Hong Kong has a set of sophisticated and well-established rules and codes which govern corporate behavior and treatment of minority shareholders. They can be relied on to protect investors.

As such, I am of the view that the Consultation Paper shall be withdrawn as it does not see what is urgently need for Hong Kong by erroneously prescribing inappropriate in proposals for addressing the listing regulation in Hong Kong and these will harm Hong Kong's position as an international finance centre and move our market backward.

Yours faithfully, ✓

Tsang Po Shan Corina (AFW551)