



Power Assets Holdings Ltd.
電能資產有限公司

於香港註冊成立的有限公司
Incorporated in Hong Kong with limited liability
股份代號 Stock Code: 6

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19 September 2016

BY HAND AND BY FAX (2810 5385)

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

BY HAND AND BY FAX (2524 0149)

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

Dear Sirs/Madams,

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

Power Assets Holdings Limited takes the opportunity to provide our concern to the regulatory structure proposed in the captioned consultation paper.

The current regulatory structure for listing regulation has largely been in place for decades following the model laid down in the 1988 Hay Davison Report. It has been very effective in serving the market, and has gained confidence from local and worldwide investors, issuers and other stakeholders alike. During this time, the financial markets in Hong Kong have prospered, and Hong Kong has developed into one of the leading international financial centres today.

The success of the current regulatory structure can be attributed to the active involvement of the market to regulate itself. This allows the appropriate balance to be struck between the interests of various stakeholders and market and regulatory needs. The voices of the market are heard and considered through the Listing Committee, with its 28 members coming from different market and professional background, on the basis of which decisions are made for IPO and policy matters. Meanwhile, the market takes strong comfort in the gatekeeper role of SFC, which is tasked to ensure an orderly and open market through its veto right for decisions by the Listing Committee and its enforcement power.

We see the regulatory structure proposed in the consultation paper as a significant change from the current regulatory model, rather than a mere enhancement. In particular, the role of the Listing Committee will essentially be reduced to approval of the run-of-the-mill type IPO applications and, perhaps, making non-binding suggestions on policy matters, significantly sidelining the objective and the role of the Listing Committee. Policy settings and IPO applications with any non-routine features will be decided by the two new committees, that is, the 8-member Listing Policy Committee and the 6-member Listing Regulatory Committee with half of their members being representatives from the SFC. Representations from the market on the committees will be drastically reduced from 28 to merely 3 or 4 persons.

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The proposed structure hence raises genuine concern that not only the market will effectively no longer be regulating itself, but also that the market will lose its voices in important decisions which affect listed issuers, other stakeholders and the future of Hong Kong's financial market. There can be serious and irreversible ramifications in proceeding with the proposed changes.

It is imperative that Hong Kong does not give up the success we have enjoyed over all these years under the current regulatory structure. Accordingly, we consider that it is well justified to devote more time and effort to thoroughly study and discuss the impacts, and the pros and cons, of the proposed structure.

Yours faithfully,

Alex Ng
GROUP LEGAL COUNSEL &
COMPANY SECRETARY