



30 September 2016

By Fax (2524 0149) and By Hand

The Stock Exchange of Hong Kong Limited
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: Joint Consultation Paper on Proposed Enhancements to the Stock Exchange of Hong Kong Limited's Decision-making and Governance Structure for Listing Regulation (the "Consultation Paper")

We refer to the Consultation Paper issued by the Securities and Futures Commission ("SFC") and The Stock Exchange of Hong Kong Limited (the "Exchange").

Introduction

We are firmly of the view that upholding the efficiency and quality of the regulation of securities listing and listed securities is the bedrock of a successful capital market and is in line with the position of Hong Kong being a leading international financial centre. CLP, much like the Exchange, experienced the growth in our business operations and market capitalisation alongside Hong Kong's economic growth and path to become a leading international financial centre. For Hong Kong to maintain this position, we believe that it is of paramount importance that investors continue to have confidence in the integrity of the markets over the longer term. The Exchange and the SFC, as well as listed issuers and other market participants, all have a vital role to play in this and we welcome the opportunity to provide our views on this important issue.

Other Matters – Our Response

We note that the changes proposed in the Consultation Paper are intended to "enhance" the overall listing regulation. CLP clearly supports this objective. We note that the reforms proposed are somewhat of a compromise and seek to better co-ordinate the approach towards listing regulation as between the SFC and the Exchange, rather than to simply transfer the listing function to the SFC. While we support this objective, we acknowledge the inevitability of differences in views between the SFC and Exchange from time to time and remain conscious that the key to the success of the changes as they are currently proposed, lies in the consensus building that the new structure seeks to facilitate. One fundamental area we believe that this consensus building approach should address for the purpose of the overall listing regulation is the marrying of the market driven focus of the Stock Exchange's functions with the statutory regulator role of the SFC.

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We acknowledge that the newly proposed committees could, in theory, provide the forum for the consensus building, however, the new committees, with equal representations from the SFC and the Exchange, could also lead to potential deadlocks. It was not obvious from the Consultation how these would be dealt with in practice. We foresee that the more challenging situations would be cases where the views or guidance from the committees are being sought (as opposed to a decision making case), and in a deadlock situation, how would such cases be dealt with? Would the committees be unable to provide the guidance sought? We would like to see some further elaboration on this.

We envisage that the consensus building would, in practice, need to expand beyond these committees, in order that a common view is developed of what is required to support the long term, sustainable development of the markets so that Hong Kong can maintain its position as a leading international financial centre. This may require some regular interaction between the representatives from the SFC and the Exchange outside the committees' meetings and structure. However, the Consultation Paper did not go on to elaborate and explore this, other than a brief mention of a contemplated "high level group". This may have been considered by the SFC and the Exchange, and if this was the case, further details and context on this would be useful as part of this Consultation.

We greatly appreciate the opportunity to comment on the Consultation Paper. Should you have any questions, please feel free to contact the undersigned on

Yours faithfully,
For and on behalf of
CLP Holdings Limited

David Simmonds
Company Secretary

c.c. Corporate Finance Division, Securities and Futures Commission

