

Dear Sirs,

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

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.

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 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. Indeed, the Consultation Paper shall be withdrawn as it does not see what is urgently need for Hong Kong by erroneously prescribing inappropriate in proposals for addressing the listing regulation in Hong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.

I would set out my grave concern below in relation to the implementation of Consultation Paper.

1. The first and the second benefits alleged under the Consultation Paper is that there will be closer coordination between SFC and the Exchange to adopt a holistic and proactive approach towards formulation of listing policy and listing rules and under a more collaborative structure, this facilitates consensus – building.

The Consultation Paper places too much emphasis on the consensus-building and totally ignores the importance of **check and balance** in the existing regime. This is really putting the cart before the house.

The Consultation Paper fails to recognize that the proposals will move Hong Kong towards the **merits-based regime** from the disclosure based regime, as regulators in general prefer the merits- based regime, which is not in line with the trend in the financial world.

All above, there is **fundamental change (instead of minor fine-tuning)** to the existing regime by establishing two new committees, i.e. LPC and LRC and transferring the IPO vetting and the formulating of listing policies and listing rules to these two new committees.

2. The third and the fourth benefits alleged under the Consultation Paper, i.e. the making of listing policy related matter more efficient and simpler; enhancing information sharing among SFC, Listing Committee and Listing division of the Exchange; and making listing regulatory regime efficient while maintaining standards and equality.

The Consultation Paper seems to ignore the existing dual filing system for IPO applications and the reality that the listing process will be more cumbersome under the proposals, as the hearings of listing committee and LRC are involved and there is tendency for the listing division to refer the new listings to LRC.

3. The fifth benefit alleged under the Consultation Paper is that closer coordination between SFC and the Exchange enhances Hong Kong's ability to interact and to enter into formal cooperative arrangement with Mainland China and other overseas securities authorities.

The Consultation Paper seems to fail to appreciate the reality that the members of LC with diverse background and connections may communicate more effectively with Mainland China authority and relatively speaking, the market development is more paramount, which is unlikely to be effectively discharged by SFC-led regulatory regime under the proposals.

I strongly request not to implement the Consultation Paper and it is not the right time to do so.

Yours faithfully