



**香港聯合交易所**  
**The Stock Exchange of Hong Kong**

**NEWS RELEASE**

May 28, 1998

**The Exchange releases a consultation paper  
on second market for emerging companies**

The Stock Exchange of Hong Kong today (Thursday) released a consultation paper on a proposed new market for emerging companies.

Entitled *Consultation Paper on a Proposed New Market for Emerging Companies*, its release follows much public discussion and a study by the Exchange of an appropriate framework for a new market that would meet the capital needs of emerging companies and take into account the interests of both issuers and investors.

The paper sets out the major business and regulatory features of the second market, on which the public is invited to comment. It suggests a growth theme for the market whose main objective will be to become a capital formation centre for emerging companies, wherever incorporated.

A spokesman for the Exchange said the second market would give prominent investor risk warnings highlighting the greater risks involved. "The quantitative entry requirements will be lower than the existing criteria, which will allow smaller companies to acquire a listing," he said.

"Second market companies will be required to make more detailed and frequent disclosures in order to keep investors properly informed; and to adopt measures designed to strengthen their corporate governance.

"Prospective sponsors of companies seeking a listing on the second board will be required to apply to the Exchange and demonstrate that they meet detailed eligibility criteria. The Exchange will set up a separate unit to monitor and enforce compliance with the Second Market Listing Rules," the spokesman said.

The Consultation Paper invites written comments on all aspects of the proposals. In particular, the public is invited to comment on the need for a second market and whether the proposed business and regulatory features will be appropriate for adoption. The closing date for submission of comments is July 31, 1998.

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The full text of the Consultation Paper is available on the Exchange's web site at <http://www.sehk.com.hk> and copies of the paper can be obtained from the Exchange's office at 36th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

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