

STRICTLY PRIVATE AND CONFIDENTIAL

Our Ref: [REDACTED]

28 November 2014

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Dear Sirs,

Re: Concept Paper on Weighted Voting Rights

SHINEWING Risk Services Limited ("SHINEWING") has thoroughly studied the concept paper on Weighted Voting Rights and our detailed comments on it are set out in the questionnaire attached to this letter.

We strongly believe that this open discussion on Weighted Voting Rights would enhance the competitive advantage of Hong Kong as an international financial centre. We hope that the Stock Exchange of Hong Kong Limited could speed up the consultation progress to meet the international practices.

Should you have any questions on the above comments, please do not hesitate to contact [REDACTED] Managing Partner, at [REDACTED]

Yours faithfully,

[REDACTED]

SHINEWING Risk Services Limited

Part B Consultation Questions

Please reply to the questions below that are raised in the Concept Paper downloadable from the HKEx website at: [add link]. Please indicate your preference by ticking the appropriate boxes.

Where there is insufficient space provided for your comments, please attach additional pages.

We encourage you to read all of the following questions before responding.

1. Should the Exchange¹ in no circumstances allow companies to use WVR structures?

Yes (in no circumstances allow companies to use WVR structures)

No

Please give reasons for your views below.

It should allow companies to use WVR structure with certain circumstances. Companies with engaged shareholders and WVR structure are more likely to be successful in the long term because vigilant shareholders will be able to identify any problems at once. Their mere presence can alleviate managerial complacency. To maintain fairness of the market, certain circumstances as said below are suggested to apply.

Please only answer the remaining questions if you believe there are circumstances in which companies should be allowed to use WVR structures.

2. Should the Exchange permit WVR structures:

(a) for all companies, including existing listed companies; or

(b) only for new applicants (see paragraphs 147 to 152 of the Concept Paper);
or

(c) only for:

(i) companies from particular industries (e.g. information technology companies) (see paragraphs 155 to 162 of the Concept Paper), please specify below which industries and how we should define such companies;

¹ References to “the Exchange” in this Questionnaire mean The Stock Exchange of Hong Kong Limited, a HKEx subsidiary.

or

- (ii) “innovative” companies (see paragraphs 163 to 164 of the Concept Paper), please specify how we should define such companies below;

or

- (iii) companies with other specific pre-determined characteristics (for example, size or history), please specify with reasons below;

or

- (d) only in “exceptional circumstances” as permitted by current Listing Rule 8.11² (see paragraph 81 of the Concept Paper) and, if so, please give examples below.

Please give reasons for your views below.

² GEM Rule 11.25.

We support allowing WVR structures for only new applicants . The principal function of the Exchange is to provide a fair, orderly and efficient market for the trading of securities. The rights of a Company's existing shareholders may be unfairly reduced if the Company implements WVR structure after listing. For new applicants, full disclosure on WVR structure may be required in listing documents, for example prospectus. Individual investors can make their own decisions whether or not to invest in a Company with WVR structure.

We do not support the permission for companies from particular industries as this is not an international practice. Moreover, classification may be subjective which, as a result, may destroy the fair market we built. We believe that, by giving full disclosure in listing documents, investors should make their own decisions to invest or not in a Company with WVR structure.

If you wish, you can choose more than one of the options (b), (c) and (d) above to indicate that you prefer a particular combination of options.

3. If a listed company has a dual class share structure with unequal voting rights at general meetings, should the Exchange require any or all of the restrictions on such structures applied in the US (see the examples at paragraph 153 of the Concept Paper), or others in addition or in substitution?

Please identify the restrictions and give reasons for your views below.

We agree to apply all of the restrictions on such structures applied in the US as a starting point. The Exchange may, from time to time, monitor the market practices and update the restrictions later.

4. Should other WVR structures be permissible (see Chapter 5 of the Concept Paper for examples), and, if so, which ones and under what circumstances?

Please give reasons for your views below. In particular, how would you answer Question 2 and Question 3 in relation to such structures?

Not applicable.

5. Do you believe changes to the corporate governance and regulatory framework in Hong Kong are necessary to allow companies to use WVR structures (see paragraphs 67 to 74 and Appendix V of the Concept Paper)?

Yes

No

If so, please specify these changes with reasons below.

Not applicable.

6. Do you have any comments or suggestions regarding the additional matters discussed in paragraphs 33 to 47 of the Concept Paper:

(a) using GEM, a separate board, or a professional board to list companies with WVR structures (paragraphs 33 to 41 of the Concept Paper); and

Not applicable.

(b) the prospect of overseas companies seeking to list for the first time on the Exchange with a WVR structure or seeking a further primary or secondary listing here (see paragraphs 44 to 47 of the Concept Paper)?

Not applicable.

7. Do you have any other comments or suggestions regarding WVR structures?

Not applicable.

- End -



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AND CLEARING LTD.

Corporate Communication Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre,
1 Harbour View Street,
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Re: Concept Paper on Weighted Voting
Rights

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