



Dear Members,

The Stock Exchange of Hong Kong Limited ("SEHK") has finally listed the first company with weighted voting rights structure, not least a landmark event, and it is a good example of change to allow for market development.

The success of any stock market relies on a fine act of continued balance between regulation and access to market; between protection of investors and allowing corporate flexibility. We still remember the US stock market suffered a slump in listings of overseas companies when the very stringent Sarbanes-Oxley Act was enacted in the early 2000's. Companies would always choose a market where they can raise capital efficiently, enjoy good liquidity, have easy access to market opportunities without overbearing regulatory constraints. Regulations that go against these would only stifle market vitality.

As in every market, there are always a small number of ill-intent market players who carry out activities that may infringe on the interests of minority investors. Regulators often overreact with more prohibitive rules but at the expense of legitimate activities, thus hampering market efficiency and liquidity. The whole market has to bear the costs because of a disproportionately small number and quantity of bad apples.

We have seen a successive tightening of rules recently, from the banning by the SEHK of rights issues, open offers and specific mandate placings that carry a value dilution of 25% or more to the raising of voting threshold for whitewash waivers to 75% by the Securities and Futures Commission. These new rules mean that issuers across the board would face higher constraints when doing fund raising or corporate restructurings regardless of their intentions. Currently, the SEHK is proposing another set of new rules that target backdoor listings and the existence of potential "shell" companies – those with little business operation or assets. The Consultation Paper explains that backdoor listings would give rise to market volatility, insider dealing and share price manipulation. But we hasten to say not all backdoor listings would lead to these problems. In Hong Kong, many successful companies have gained their respective initial listings by way of backdoor, including a few blue chip companies like Geely Automobile Holdings Limited, the predecessor of Citic Limited and the predecessor of PCCW Limited. Not to mention backdoor listings could provide an exit to the small shareholders of the purported "shell" companies, allowing them to salvage their investments. Surely, stringent regulations would always be effective in eliminating bad apples but the whole market needs to bear the costs. This begs the question whether or not targeted enforcement would be more effective in dealing with the isolated problematic cases, without having the whole market bearing the costs and risking a loss of overall market efficiency and liquidity.

各位會員：

香港聯合交易所有限公司（「聯交所」）終於完成首家採用同股不同權架構的公司上市，這可謂是一項里程碑，亦是促進市場發展的良好變革範例。

任何股市的成功均有賴於監管與市場准入之間，以及在保障投資者的權益及維持企業經營靈活性之間保持平衡有道。2000年代初美國頒佈嚴苛的薩班斯-奧克斯利法案（Sarbanes-Oxley Act）後，當地股市便曾經歷海外公司上市數量大跌，我們仍記憶猶新。企業總會選擇可以有效集資、流動性高、容易獲取市場機遇，且不會受過分監管規限的市場上市。與之相違背的監管措施只會扼殺市場活力。

正如每個市場一樣，總有一小撮惡意的市場參與者，他們進行可能侵犯少數投資者利益的行動。監管機構經常過度實施禁止性規則，但合法活動亦因而受阻，繼而窒礙市場效率及流動性。整個市場均需為不成比例的少數害群之馬而付出代價。

近期我們可見一系列收緊規則的行動，從聯交所禁止攤薄25%或以上股權的供股、公開發售及特別授權配售，到證監會提高對清洗豁免的投票門檻至75%。這些新規則意味著所有發行人無論出於何種目的，在集資或公司重組時均將面對更嚴格的限制。最近，聯交所正提議制定另一套新規則，針對借殼上市及潛在的「空殼」公司——即業務營運及資產不多的公司。有關諮詢文件解釋，借殼上市會造成市場波動、內幕交易及股價操縱。但我們必須指出，並非所有借殼上市活動都會導致這些問題。在香港，許多成功企業在其首次上市時，均採用借殼上市的方式，其中包括一些藍籌公司，如吉利汽車控股有限公司、中國中信股份有限公司的前身及電訊盈科有限公司的前身。此外，借殼上市還能為所謂「空殼」公司的小股東提供退出途徑，讓他們挽回投資。當然，嚴格監管確實能有效消除害群之馬，但整個市場亦會因而受累。這便引出了一個問題：若要處理單獨棘手個案，而非讓整個市場承擔後果，蒙受整體市場效率及流動性受損的風險，針對性執法是否會更有效？

The Chamber is working on a formal submission to present our viewpoints on this matter to the SEHK and we would very much love to hear your views on this.

In June, the Chamber held its Annual General Meeting, and election to the General Committee for the ensuing year was also conducted. I welcome the incoming committee members, either re-elected or newly-elected, and thank the outgoing ones. I look forward to working closely with all committee members and would draw on their respective wisdom and experience in fulfilling the goals and objectives of the Chamber.

Yours sincerely,

Francis Leung Pak To
Chairman

商會現正就相關議題撰寫意見書，稍後會向聯交所正式提交，我們亦非常樂意聽取大家的意見。

在6月份，商會舉行了會員週年大會，亦進行了新一屆常務委員會選舉。我在此歡迎各位連任或新當選的委員；我亦對離任的委員表達衷心謝意。我期盼與全體委員緊密合作，集思廣益，實現商會的宗旨和目標。

誠致謝意。

梁伯韜
主席

