



28th November 2014

David Graham
Chief Regulatory Officer & Head of Listing
The Stock Exchange of Hong Kong Limited
12/F One IFC, Central
Hong Kong

Dear Mr Graham

HKEx Consultation on Weighted Voting Rights

The Hong Kong Venture Capital and Private Equity Association (“HKVCA”) welcomes the opportunity to submit comments to HKEx on Weighted Voting Rights (WVR).

Introduction

Hong Kong has one of the most active IPO markets in the world and is the largest single centre for Private Equity in Asia. The listing of portfolio companies on stock exchanges is a major route for private equity firms to monetize their investments – and it is therefore in our members’ interests to have the best stock market platform available in Hong Kong. HKVCA held a consultation exercise to obtain feedback from members on this subject. A summary of the views received is given below.

Comments on Weighted Voting Rights

1. As shareholders in growing companies looking to list, it is in the Private Equity community’s interest to have as wide a choice of listing options as possible for investee companies.
2. Listing a portfolio company in HK has advantages of convenience and familiarity for HKVCA members – but the key factors are valuation and liquidity (at IPO and particularly in the secondary market).
3. HKVCA recognises that, if HKEx does not allow WVR, some companies (particularly high growth technology companies) may choose to list elsewhere. From a Private Equity shareholders point of view, we are supportive of WVR being introduced so that our portfolio companies have more choice of high quality listing venues.

4. When asked to comment as sophisticated individual investors, there was a general concern about the potential for prejudice against small shareholders and a sentiment that HKEx needs to take great care to make sure that it protects small shareholders' interests if it introduces a policy of allowing WVR.

About HKVCA

HKVCA is a member-based trade association which was established in Hong Kong in 1987 currently with 300 members of whom 165 are Hong Kong based private equity managers across the full spectrum of the industry from venture capital, through growth capital and growth buyouts to institutional fund investors, fund of funds and secondary investors. HKVCA represents small teams investing in start-ups as well as 8 of the 10 largest global private equity firms.

In submitting this opinion, HKVCA agrees that HKEx may publish the contents of this letter on its website.

Yours sincerely



John Levack
Vice Chairman of HKVCA