



Dear Members,

The enforcement action taken by the Securities and Futures Commission ("SFC") to fine four investment banks of up to HK\$786 million for failing to discharge their duties as IPO sponsors has set off an alarm bell and drawn the market's attention once again to the issue of market integrity. While I would not comment on the specifics of the cases, I believe the SFC's enforcement

decisions are useful in reminding IPO sponsors that a sponsor is required to conduct adequate and reasonable due diligence inquiries so as to put itself into a position to ensure that the information and representations provided in the prospectus and all information provided to the Stock Exchange during the listing process are true in all material respects and do not omit any material information. It is of crucial importance to maintain high standards of sponsors' conduct to protect the investing public and maintain the integrity and reputation of Hong Kong's financial markets. Inaccurate and misleading information would cause damages to investors and would in turn dampen their confidence and interest in our market, thereby shaking the foundation of Hong Kong as a financial centre. I hope the enforcement actions and penalty would serve as a wake-up call to all parties involved in an IPO process, not only the sponsors but also other advisers and intermediaries, such as lawyers, reporting accountants, valuers, as well as the issuer's directors, that they must act with due care and diligence and observe high standards of market conduct, in the best interests of the integrity and quality of our market.

This brings me to another market issue that I am concerned about, and that is related to market liquidity. Back in last January at a press briefing that the Chamber hosted, I shared with the media my concern that our stock market turnover was way too concentrated on a very small proportion of listed companies. As of the end of February 2019, our stock exchange had 2,231 listed companies. Yet, according to some press reports, on a given day, the 30 most traded stocks already accounted for over 44% of the total market turnover. It can be imagined that many smaller local companies have very low or even zero turnover. This can be due to various reasons, such as the quality of the companies concerned, the disinterest of retail investors because they have suffered losses before and a lack of follow-up by its sponsor after listing of a company. In any case, this is a very unhealthy situation and if it continues, it will cast very negative effects on the fund-raising capability of our market. No company would like to list in a market where there is no interest in its stock.

While the Stock Exchange has done a lot to boost the activities of our primary market, including amending its listing rules last year to allow the listing of companies with Weighted Voting Rights governance structure and pre-revenue biotech companies, a lot more needed to be done to improve secondary trading, particularly of the smaller stocks.

各位會員：

證券及期貨事務監察委員會（「證監會」）因四家投資銀行未能履行首次公開招股保薦人的職責，對其罰款高達7.86億港元。此次執法行動可謂敲響了警號，再度令市場從業員關注市場的誠信問題。雖然本人不會就事件的具體情況作評論，但本人相信證監會的執法裁決有助提醒眾多參與首次公開招股的保薦人，充分且合理的盡職審查實有其必要，因其有助保薦人確保招股章程所載的資料及陳述，以及在上市過程中向港交所提供的所有資料在各重要方面均屬真確無誤，且無遺漏任何重要資料。保薦人保持高尚的操守，對保障公眾投資者，以及維護香港金融市場的誠信及聲譽攸關重要。不準確和具誤導性的資訊會損害投資者利益，削弱他們對香港市場的信心及興趣，繼而動搖香港作為金融中心的基礎。本人希望是次執法行動與懲處能喚醒所有參與首次公開招股流程的各方人員，除保薦人之外，還有其他顧問及中介機構，例如律師、申報會計師、估值師以及發行人的董事：謹慎行事、履行高水平的市場操守，則我們市場的誠信及質素才會得以維持。

上述事件令本人想到另一件本人關注的市場問題，乃是關乎市場流動性的問題。今年1月，本人在商會舉辦的新聞發佈會上向傳媒表示，香港股票市場的成交額過分集中在一小部分上市公司上，情況令本人擔憂。截至2019年2月底，在港交所上市的公司共有2,231家，然而根據若干傳媒報導，在某特定日子，成交量最高的30隻股票已經佔市場總成交額逾44%。可想而知，許多小型本地公司的交投量極低，甚至為零。此現象可能是由多種原因造成，例如關乎該些公司的質素、散戶因曾蒙受損失而對其不感興趣，還有就是，保薦人在公司上市後欠缺跟進。無論如何，此情況相當不健康，如果繼續下去，將對我們市場的集資能力產生非常負面的影響。如市場對公司股票毫無興趣，則沒有公司會願意來此上市。

雖然港交所已努力推動一級市場的交投活動，包括去年修訂上市規則，容許同股不同權管治架構的公司以及無業務收入的生物科技公司上市，但對於改善二級市場交投，尤其是細價股而言，仍需要多番作為。

因此，本人樂見港交所正設法改善市值較低公司的流動性，包括降低交易成本，以及加入更多小型公司到深港通及滬港通，讓內地投資者可買賣其股票。

I am therefore happy to learn that the Stock Exchange is coming up with ways to improve the liquidity of companies with small capitalisation by various ways, including lowering trading costs, and adding more smaller companies to the Stock Connect Scheme so that they become accessible to Mainland investors.

The continuing success of a stock market depends on its having good quality companies, its intermediaries professing high integrity, and its ability to attract active investor participation. To achieve these, we need concerted efforts by the Stock Exchange and the sponsors and intermediaries alike to facilitate listing of good companies and ensure high standards of conduct and integrity. In addition, retail investors need to educate themselves as to how to evaluate and manage risks. Only then can we create a healthy eco-system that attracts investors and maintains liquidity in both primary and secondary markets, thereby sustaining market prosperity.

Yours sincerely,

Francis Leung Pak To
Chairman

股票市場能否持續暢旺，取決於其是否擁有高質素的公司、高誠信度的相關中介機構，以及吸引積極投資者參與的能力。為達到以上條件，市場有賴港交所與保薦人及中介機構共同努力，促進優質公司上市，並確保高標準的操守及誠信。此外，散戶投資者亦有責任學會如何評估及管理風險。只有這樣，我們才能創建健康的市場生態、吸引投資者，並維持一級與二級市場的流動性，從而保持市場興旺。

誠致謝意。

梁伯韜
主席

