



NORGES BANK
INVESTMENT MANAGEMENT

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

Date: 28.11.2014

Concept Paper on Weighted Voting Rights

We refer to your 29 August 2014 invitation to respond to the Concept Paper on Weighted Voting Rights ('**Concept Paper**'). We appreciate the opportunity to participate and provide comments to Hong Kong Exchanges and Clearing Limited ('**the Exchange**').

Norges Bank Investment Management is the investment management division of the Norwegian Central Bank ('**Norges Bank**') and is responsible for investing the Norwegian Government Pension Fund Global (the '**fund**'). The fund is invested in assets of about USD 860 billion of which approximately USD 19 billion is invested in equities listed in Hong Kong.

We are a diversified investor with an equity portfolio consisting of minority stakes in listed companies. We regard the protection of minority shareholder rights as a necessary requirement to safeguard and promote the fund's financial interests. As such, issues concerning the treatment and rights of different shareholders are of interest to us.

In this letter we have raised our main perspectives. In the appendix to the letter we have also detailed our response to your Consultation Questions.

- We recommend that the Exchange keep its current rule of not allowing weighted voting rights structures. Equal voting rights of shareholders, in proportion to their holding, ensures the influence of minority shareholders and in most circumstances will reduce potential for conflicts of interests.
- Through its listing rules, the Exchange plays the role of a regulator of the Hong Kong market. This is a key role of the Exchange. In our view, the commercial part of the Exchange should not be emphasised at the cost of its role in developing good market practices and standards.
- The Exchange has successfully sought greater international credibility in recent years through revisions to its code on corporate governance, among other things. Hong Kong's broad competitiveness as a financial market has been widely recognised by various international rankings, as referred to in the Concept Paper. In our opinion, Hong Kong should continue to differentiate itself on the quality of its regulations, the rule of law and governance.

Norges Bank Investment Management is a division of Norges Bank – The Central Bank of Norway

POSTAL ADDRESS
P.O. Boks 0179 Sentrum,
NO-0107 Oslo

OFFICE ADDRESS
Bankplassen 2,
Oslo, Norway

Tel. +47 24 07 30 00
Fax +47 24 07 30 01
Web www.nbim.no

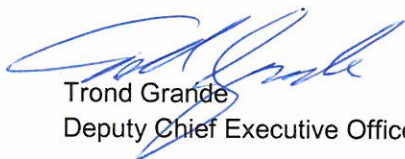
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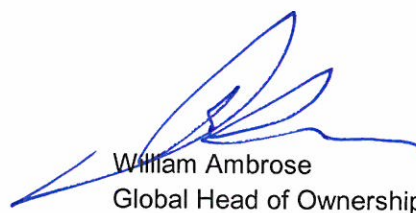
- A possible rule change must be seen in the context of other mechanisms that protect investors in the Hong Kong market. In our view, should the Exchange opt to make a rule change there is a need to review this together with other regulatory rules and provisions in the market to protect minority shareholders.
- Finally, we would also like to highlight that Hong Kong is regarded as the main market place for Mainland Chinese companies looking to attract foreign capital. Many of the Chinese companies seeking listing will have the presence of a controlling shareholder in one form or another. There is a risk that lowering listing requirements at the Exchange through the introduction of weighted voting rights structures will leave minority shareholders in such companies with less influence.

Once again, thank you for providing us with an opportunity to contribute our views.

Yours sincerely



Trond Grande
Deputy Chief Executive Officer



William Ambrose
Global Head of Ownership Strategies

Appendix 1:
Detailed response to Concept Paper from Hong Kong Stock Exchanges and Clearing Limited