

PROFILE OF RESPONDENTS

	<u>Number</u>
Main Board issuers (* 3 of which are constituent stocks of the Hang Seng Index)	49*
GEM issuers	7
Professional and trade associations	8
Market practitioners	22
- financial advisers	7
- legal advisers	5
- accountants	3
- others	7
Institutional investors	2
Retail investors	4
Others	1
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TOTAL	93
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ANALYSIS OF RESPONSES

The following tables set out an analysis of responses by respondent category* to each of the questions previously set out in the Consultation Paper, relating to the Consultation Proposals. This response analysis should be read in conjunction with the Consultation Conclusion Report and the Consultation Paper, both of which are available on HKEx's website at www.hkex.com.hk.

* The four respondent categories are:

- LC: listed companies
- PTA: professional bodies / trade associations
- MP: market practitioners
- INV: investors

Reference to the paragraph number of the Consultation Conclusion Report

Part B – Initial Listing Eligibility Criteria

TRACK RECORD

Trading Record Period

	<u>Consultation Proposal B.29:</u>	# Paragraph
	We will maintain the current requirement that generally a listing applicant must have a trading record period of not less than three financial years.	23
Q1	<i>Do you agree with our proposal?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 52:0 PTA: 6:0 MP: 16:1 INV: 1:1 Other views: 0 No comment: 16 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree	0%
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We decided to maintain the current requirement that generally a listing applicant must have a trading record of not less than three financial years.	

	<u>Consultation Proposal B.30:</u>	Paragraph
	We will amend the Main Board Rules such that those listing applicants to be listed under the market capitalisation/revenue test (as discussed in paragraph 52 of Part B of the Consultation Paper) may be granted a waiver from the trading record period requirement. However, the Exchange must be satisfied that such listing applicants are able to meet minimum requirements on management experience (as discussed in paragraph 53 of Part B of the Consultation Paper) and number of shareholders (as discussed in paragraph 82 of Part B of the Consultation Paper).	23
Q2	<i>Do you agree with our proposal?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 50:2 PTA: 5:1 MP: 12:4 INV: 0:2	

	Other views: 0 No comment: 17 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree. No waiver from the trading record period requirement should be granted.	25% (INV)
	Total	100%
	<u>Conclusion</u> We have amended the Main Board Rules to provide that listing applicants to be listed under the alternative market capitalisation/revenue test will be granted a waiver of the trading record period requirement. Where such alternative requirement is applied, the Exchange must be satisfied that such listing applicants are able to meet, among others, the minimum requirements on management experience and number of shareholders.	

Management and Ownership Continuity

	<u>Consultation Proposal B.34:</u> We will codify our interpretation of the current rule to require a listing applicant to demonstrate management continuity during the three financial-year trading record period and ownership continuity and control for at least the most recent financial year of the trading record period.	Paragraph 190
Q3	<i>Do you agree with our proposal?</i> Responses: <u>Category: Agree:Disagree</u> LC: 8:44 PTA: 4:2 MP: 13:3 INV: 1:1 Other views: 0 No comment: 17 Total: 93	
	Agree	50% (PTA, MP)
	Disagree. The listing applicant should demonstrate management continuity and ownership continuity and control during the three-financial year trading record period.	25% (LC)
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We have codified our interpretation of the current rule to require a listing applicant to demonstrate management continuity for at least the three-financial-year trading record period and ownership continuity and control for at least the most recent financial year of the trading record period.	

FINANCIAL STANDARDS

Profit

	<u>Consultation Proposal B.41:</u> We will maintain the current profit requirement as one of the quantitative tests for assessing the track record financial performance of a listing applicant. If our proposals set out in paragraphs 48 and 52 of Part B of the Consultation Paper are adopted, listing applicants may apply to be listed under alternative financial standards to the profit requirement. These alternative financial standards are the market capitalisation/revenue/cash flow test and the market capitalisation/revenue test as	Paragraph 31
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	discussed in paragraphs 44 to 53 of Part B of the Consultation Paper.	
Q4	<i>Do you think that there should be other alternative financial standards?</i>	
	Responses: <u>Category: Yes:No</u> LC: 50:2 PTA: 5:1 MP: 12:3 INV: 0:2 Other views: 0 No comment: 18 Total: 93	
	Yes	75% (LC, PTA, MP)
	No. The current profit requirement is sufficient for assessing the track record financial performance of a listing applicant. There is no need to introduce alternative financial standards.	25% (INV)
	Total	100%
	<u>Conclusion</u> We decided to maintain the current profit requirement as one of the quantitative tests for assessing the track record financial performance of a listing applicant. (See also conclusions to Consultation Proposals B.48 and B.52 below)	

	<u>Consultation Proposal B.42:</u> We will amend the Main Board Rules so that pre-tax profits will be used by listing applicants for the purpose of satisfying the profit record requirement, rather than post-tax profits as currently required in the Main Board Rules. However, we will maintain our current position that such pre-tax profits should exclude any income generated by activities outside the ordinary and usual course of business, as well as the results of associated companies.	Paragraphs 32 and 33
Q5	<i>Do you agree with our proposal to use pre-tax profits for the purpose of the profit record requirement?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 50:2 PTA: 4:2 MP: 14:2 INV: 1:1 Other views: 0 No comment: 17 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree. The current rule to use post-tax profits for the purpose of the profit record requirement should be retained.	0%
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We have not adopted the proposal and post-tax profits will remain as the standard to be used by listing applicants for the purpose of satisfying the profit record requirement.	
Q6	<i>Do you agree with our proposal to maintain our current position to exclude any income generated by activities outside the ordinary and usual course of business of the listing applicant, as well as the results of associated companies, for the purpose of the profit record requirement?</i>	
	Responses: <u>Category: Agree:Disagree</u>	

	LC: 51:1 PTA: 4:2 MP: 11:5 INV: 1:1 Other views: 0 No comment: 17 Total : 93	
	Agree	75% (LC, PTA, MP)
	Disagree	0%
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We have maintained our current policy that such post-tax profits should exclude any income generated by activities outside the ordinary and usual course of business, as well as the results of associated companies.	

	<u>Consultation Proposal B.43:</u> We will maintain the current minimum HK\$50 million aggregated profit requirement. However, we will amend the Main Board Rules to allow for greater flexibility in the spread of the aggregated profit such that no less than HK\$20 million can be attributable to the preceding two years and no less than HK\$20 million can be attributable to the most recent financial year of the track record period.	Paragraph 36
Q7	<i>Do you agree with our proposal to retain our current minimum HK\$50 million aggregated profit requirement?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 52:0 PTA: 6:0 MP: 15:1 INV: 1:1 Other views: 0 No comment: 17 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree. The threshold of the aggregated profit should be increased/reduced.	0%
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We have maintained the current minimum HK\$50 million aggregated profit requirement, and the current requirement on the spread of the aggregated profit throughout the track record period.	
Q8	<i>Do you agree with our proposal with regard to the spread of aggregate profit throughout the track record period?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 52:0 PTA: 5:1 MP: 14:1 INV: 1:1 Other views: 1 No comment: 17 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree. The current Main Board Rules with regard to the spread of aggregated profit	0%

	throughout the track record period should be retained.		
	Equal	25% (INV)	
	Total	100%	
	<u>Conclusion</u> We have maintained the current minimum HK\$50 million aggregated profit requirement, and the current requirement on the spread of the aggregated profit throughout the track record period.		

Market Capitalisation / Revenue / Cash Flow

	<u>Consultation Proposal B.48:</u> We will amend the Main Board Rules to introduce an alternative quantitative test to the profit requirement (as discussed in paragraphs 41 to 43 of Part B of the Consultation Paper) for assessing the financial performance of a listing applicant during the three financial-year track record period. This will apply to listing applicants with market capitalisation of at least HK\$2 billion at the time of listing and revenue of at least HK\$500 million during the most recent financial year comprising 12 months and positive cash flow from operating activities that are to be listed of at least HK\$100 million in aggregate for the three financial-year track record period. For the avoidance of doubt, these listing applicants are still required to comply with the trading record period of not less than three financial years. For the purpose of calculating revenue under the alternative quantitative tests to the profit requirement under Part B of the Consultation Paper, the Exchange will only recognise revenue that generates actual cash inflow but not revenue that is created merely on books, such as banner barter transactions or writing back of accounting provisions.		Paragraph 191
Q9	<i>Do you agree with our proposal?</i>		
	Responses: <u>Category: Agree:Disagree</u> LC: 51:1 PTA: 5:1 MP: 13:3 INV: 0:2 Other views: 0 No comment: 17 Total: 93		
	Agree	75% (LC, PTA, MP)	
	Disagree. There is no need to introduce alternative financial standards.	25% (INV)	
	Total	100%	
	<u>Conclusion</u> We have amended the Main Board Rules to introduce an alternative market capitalisation/revenue/cash flow test to the profit requirement. This alternative test will apply to listing applicants with market capitalisation of at least HK\$2 billion at the time of listing and revenue of at least HK\$500 million for the most recent financial year comprising 12 months and positive cash flow from operating activities that are to be listed of at least HK\$100 million in aggregate for the three-financial-year track record period. Listing applicants are, however, still required to comply with the trading record period of not less than three financial years. For the purposes of calculating revenue under this alternative test, only revenue arising from the principal activities of the listing applicants and not items of revenue and gains that arise incidentally will be recognised. Revenue arising from “book” transactions, such as banner barter transactions or writing back of accounting provisions, will be disregarded.		

Market Capitalisation / Revenue

	<u>Consultation Proposal B.52:</u>	Paragraph 43
	We will amend the Main Board Rules to introduce another alternative quantitative test to the profit requirement, in addition to the market capitalisation/revenue/cash flow test as discussed in paragraph 48 of Part B of the Consultation Paper. This will apply to listing applicants having a market capitalisation of at least HK\$4 billion at the time of listing and revenue of at least HK\$500 million during the most recent financial year comprising 12 months. There will also be a specific requirement for a higher minimum number of shareholders so as to demonstrate that the listing applicants opting for this alternative test can attract significant investor interest. For details please refer to paragraph 82 of Part B of the Consultation Paper.	
Q10	<i>Do you agree with our proposal?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 51:1 PTA: 5:1 MP: 14:3 INV: 1:2 Other views: 0 No comment: 15 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree. There is no need to introduce alternative financial standards.	25% (INV)
	Total	100%
	<u>Conclusion</u> We have amended the Main Board Rules to introduce the market capitalisation/revenue test to apply to listing applicants with market capitalisation of at least HK\$4 billion at the time of listing and revenue of at least HK\$500 million for the most recent financial year comprising 12 months. In addition, there is a specific requirement for a higher minimum number of shareholders so as to demonstrate that the listing applicants can attract significant investor interest. For the purposes of calculating revenue under this alternative test, only revenue arising from the principal activities of the listing applicants and not items of revenue and gains that arise incidentally will be recognised. Revenue arising from “book” transactions, such as banner barter transactions or writing back of accounting provisions, will be disregarded.	

	<u>Consultation Proposal B.53:</u>	Paragraph 44
	We will also amend the Main Board Rules to provide that listing applicants under the market capitalisation/revenue test that wish to apply for a waiver from the three financial-year trading record requirement will be required to demonstrate management continuity and ownership continuity and control for the most recent financial year comprising 12 months. In addition, they must demonstrate, to the satisfaction of the Exchange, that their management has sufficient and satisfactory experience of at least three years in the line of the business and industry of the listing applicants.	
Q11	<i>Do you agree with our proposal that a waiver from the trading record requirement should be granted?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 50:2 PTA: 6:1 MP: 11:4 INV: 1:2 Other views: 1 No comment: 15 Total: 93	

	Agree	75% (LC, PTA, MP)	
	Disagree	25% (INV)	
	Total	100%	
	<u>Conclusion</u> We have amended the Main Board Rules to provide that listing applicants under the market capitalisation/revenue test will be granted a waiver of the trading record period requirement, subject to the listing applicant demonstrating management continuity and ownership continuity and control for the most recent financial year comprising 12 months. In addition, the listing applicant must demonstrate that its management has sufficient and satisfactory experience of at least three years in the line of the business and industry of the listing applicant.		
Q12	<i>Do you agree with our proposal to make management experience a pre-condition to a waiver?</i>		
	Responses: <u>Category: Agree:Disagree</u> LC: 50:0 PTA: 5:1 MP: 11:4 INV: 1:2 Other views: 2 No comment: 17 Total: 93		
	Agree	75% (LC, PTA, MP)	
	Disagree	25% (INV)	
	Total	100%	
	<u>Conclusion</u> We have amended the Main Board Rules to provide that listing applicants under the market capitalisation/revenue test will be granted a waiver of the trading record period requirement, subject to the listing applicant demonstrating management continuity and ownership continuity and control for the most recent financial year comprising 12 months. In addition, the listing applicant must demonstrate that its management has sufficient and satisfactory experience of at least three years in the line of the business and industry of the listing applicant.		
Q13	<i>Do you think there should be other pre-condition(s) that should be met?</i>		
	Responses: <u>Category: Yes:No</u> LC: 0:49 PTA: 3:2 MP: 3:13 INV: 0:3 Other views: 1 No comment: 19 Total: 93		
	Yes	25% (PTA)	
	No	75% (LC, MP, INV)	
	Total	100%	
	<u>Conclusion</u> No other pre-conditions to be met.		

WORKING CAPITAL SUFFICIENCY

	<u>Consultation Proposal B.57:</u>	Paragraphs 192 and 193
	We will maintain the current practice not to compulsorily require a listing applicant to include a profit forecast in its initial listing document. However, listing applicants will be encouraged to include a profit forecast when circumstances permit.	

Q14	<i>Do you agree with our proposal to maintain the inclusion of a profit forecast in the initial listing document as a voluntary requirement?</i>		
	Responses: <u>Category: Agree:Disagree</u> LC: 52:0 PTA: 6:0 MP: 11:5 INV: 0:2 Other views: 0 No comment: 17 Total: 93		
	Agree	75% (LC, PTA, MP)	
	Disagree	25% (INV)	
	Total	100%	
	<u>Conclusion</u> The Exchange's current practice does not compel a listing applicant to include a profit forecast in its initial listing document. We will maintain this practice. The current practice of the Exchange prohibits the issue of pre-deal research with a profit forecast by sponsors and/or each of the underwriters unless a profit forecast is included in the listing applicant's initial listing document. We will codify this current practice into the Main Board Rules and further to clarify that any forward-looking statements not included in an initial listing document should not be included in a pre-deal research published by these parties.		

	<u>Consultation Proposal B.58:</u> We will amend the Main Board Rules to introduce a new requirement, in addition to the current requirement, on working capital sufficiency such that a listing applicant (except a listing applicant that is subject to prudential supervision by a regulator acceptable to the Exchange) has to show that it has sufficient working capital (including the proceeds raised from listing and its application) for its current needs and for at least the next 12 months from the date of the initial listing document. In this connection, we would also require the sponsor to confirm to the Exchange in writing that it: <ul style="list-style-type: none"> (a) has obtained written confirmation from the listing applicant that the working capital available to the group is sufficient for its present requirements, and for at least the next 12 months from the date of publication of the initial listing document; and (b) is satisfied that the confirmation in paragraph 58(a) of Part B of the Consultation Paper has been given after due and careful enquiry by the listing applicant and that the persons or institutions providing finance have stated in writing that the relevant financing facilities exist. 	Paragraphs 194 and 195	
Q15	<i>Do you agree with our proposal?</i>		
	Responses: <u>Category: Agree:Disagree</u> LC: 51:1 PTA: 4:2 MP: 14:3 INV: 1:1 Other views: 0 No comment: 16 Total: 93		
	Agree / Agree in principle	75% (LC, PTA, MP)	
	Disagree	0%	
	Equal	25% (INV)	
	Total	100%	
	<u>Conclusion</u>		

	<p>We have amended the Main Board Rules to introduce a new requirement on working capital sufficiency such that a listing applicant (except a listing applicant, whose business is entirely or substantially that of the provision of financial services, and its solvency and capital adequacy are subject to prudential supervision by a regulator acceptable to the Exchange) has to show that it has sufficient working capital for its current needs, that is for at least the next 12 months from the date of the initial listing document.</p> <p>We have amended the Main Board Rules to require the sponsor to confirm to the Exchange in writing that it:</p> <p>(a) has obtained written confirmation from the listing applicant that the working capital available to the group is sufficient for its present requirements, that is for at least the next 12 months from the date of publication of the initial listing document; and</p> <p>(b) is satisfied that the confirmation in paragraph (a) immediately above has been given after due and careful enquiry by the listing applicant and that the persons or institutions providing finance have stated in writing that the relevant financing facilities exist.</p>	
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MARKET CAPITALISATION

	<p><u>Consultation Proposal B.67(a):</u></p> <p>We will amend the Main Board Rules to increase the initial minimum expected market capitalisation to HK\$200 million such that:</p> <ul style="list-style-type: none"> in respect of a listing applicant that has only one class of securities and is applying to list such class of securities on the Exchange, the minimum expected market capitalisation of HK\$200 million at the time of listing will comprise only one class of securities that are to be listed and traded on the Exchange. 	Paragraph 48
Q16	<p><i>Do you agree with our proposal to require an initial minimum expected market capitalisation of HK\$200 million?</i></p> <p>Responses:</p> <p><u>Category:</u> Agree:Disagree</p> <p>LC: 7:46</p> <p>PTA: 3:3</p> <p>MP: 11:5</p> <p>INV: 1:1</p> <p>Other views: 1</p> <p>No comment: 15</p> <p>Total: 93</p>	
	Agree	25% (MP)
	Disagree	25% (LC)
	Equal	50% (PTA, INV)
	Total	100%
	<p><u>Conclusion</u></p> <p>We have amended the Main Board Rules to increase the initial minimum expected market capitalisation to HK\$200 million.</p>	

	<p><u>Consultation Proposal B.67(b):</u></p> <p>We will amend the Main Board Rules to increase the initial minimum expected market capitalisation to HK\$200 million such that:</p> <ul style="list-style-type: none"> in respect of a listing applicant that has more than one class of securities and all of which are unlisted apart from the class to be listed on the Exchange, the minimum 	Paragraphs 55 and 56
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	expected market capitalisation of HK\$200 million at the time of listing will comprise only the class of securities that are to be listed and traded on the Exchange.	
Q17	<i>Do you agree with our proposal to apply the same minimum threshold of HK\$200 million to the global market capitalisation of listing applicants that have more than one class of securities and all of which are unlisted apart from the class to be listed and traded on the Exchange?</i>	
	<p>Responses:</p> <p><u>Category:</u> Agree:Disagree</p> <p>LC: 7:45</p> <p>PTA: 3:2</p> <p>MP: 10:4</p> <p>INV: 1:1</p> <p>Other views: 2</p> <p>No comment: 18</p> <p>Total: 93</p>	
	Agree	50% (PTA, MP)
	Disagree	25% (LC)
	Equal	25% (INV)
	Total	100%
	<p><u>Conclusion</u></p> <p>We have amended the Main Board Rules to provide that the minimum expected market capitalisation of HK\$200 million will be calculated on the basis of all issued share capital (inclusive of the class to be listed on the Exchange and other class(es) that are either unlisted or listed on other regulated markets) of a listing applicant at the time of listing. The expected issue price of the securities to be listed on the Exchange will be used as a basis for determining the market value of the other class(es) of securities that are unlisted, or listed on other regulated markets.</p> <p>Applicants to be listed under the market capitalisation/revenue test or the market capitalisation/revenue/cash flow test will be required to meet the respective applicable market capitalisation standards.</p>	

	<p><u>Consultation Proposal B.67(c):</u></p> <p>We will amend the Main Board Rules to increase the initial minimum expected market capitalisation to HK\$200 million such that:</p> <ul style="list-style-type: none"> in respect of a listing applicant that has more than one class of securities and all or part(s) of such other class(es) of securities are listed and traded on other regulated markets, the minimum expected market capitalisation of HK\$200 million at the time of listing will comprise the aggregate of such securities listed and traded on other regulated markets as well as securities that are to be listed and traded on the Exchange. 	Paragraphs 55 and 56
Q18	<i>Do you agree with our proposal to apply the same minimum threshold of HK\$200 million to the global market capitalisation of listing applicants that have more than one class of securities and all or part(s) of such other class(es) of securities are listed and traded on other regulated markets?</i>	
	<p>Responses:</p> <p><u>Category:</u> Agree:Disagree</p> <p>LC: 3:49</p> <p>PTA: 2:3</p> <p>MP: 7:6</p> <p>INV: 1:1</p> <p>Other views: 3</p> <p>No comment: 18</p> <p>Total: 93</p>	
	Agree	25% (MP)
	Disagree	50% (LC, PTA)
	Equal	25% (INV)

	Total	100%	
	<u>Conclusion</u> We have amended the Main Board Rules to provide that the minimum expected market capitalisation of HK\$200 million will be calculated on the basis of all issued share capital (inclusive of the class to be listed on the Exchange and other class(es) that are either unlisted or listed on other regulated markets) of a listing applicant at the time of listing. The expected issue price of the securities to be listed on the Exchange will be used as a basis for determining the market value of the other class(es) of securities that are unlisted, or listed on other regulated markets. Applicants to be listed under the market capitalisation/revenue test or the market capitalisation/revenue/cash flow test will be required to meet the respective applicable market capitalisation standards.		

	<u>Consultation Proposal B.68:</u> We will maintain the current requirement of the Main Board Rules that options, warrants or similar rights to subscribe or purchase securities for which listing is sought must have a minimum market capitalisation of at least HK\$10 million at the time of listing.		Paragraph 196
Q19	<i>Do you agree with our proposal?</i> Responses: <u>Category: Agree:Disagree</u> LC: 51:1 PTA: 6:0 MP: 16:0 INV: 1:1 Other views: 0 No comment: 17 Total: 93		
	Agree	75% (LC, PTA, MP)	
	Disagree	0%	
	Equal	25% (INV)	
	Total	100%	
	<u>Conclusion</u> We have decided to maintain the current requirement of the Main Board Rules that options, warrants or similar rights to subscribe or purchase securities for which listing is sought must have a minimum market capitalisation of at least HK\$10 million at the time of listing.		

PUBLIC FLOAT

	<u>Consultation Proposal B.73(a):</u> We will amend the Main Board Rules to provide for the following: <ul style="list-style-type: none"> in respect of a listing applicant that has only one class of securities and is applying to list such securities on the Exchange, there must be at least 25% of the listing applicants' total existing issued share capital, having an aggregate market capitalisation of not less than HK\$50 million, in the hands of the public. 		Paragraph 61
Q20	<i>Do you agree with our proposal to require at least 25% of the listing applicant's total existing issued share capital, having an aggregate market capitalisation of not less than HK\$50 million, in the hands of the public?</i>		
	Responses: <u>Category: Agree:Disagree</u> LC: 7:46 PTA: 3:2		

	MP: 12:4 INV: 1:1 Other views: 1 No comment: 16 Total: 93	
	Agree	50% (PTA, MP)
	Disagree	25% (LC)
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> Our proposal to require (in the case of a listing applicant having only one class of securities) at least 25% of the listing applicant's total existing issued share capital having an aggregate market capitalisation of not less than HK\$50 million to be in the hands of the public restates the existing position.	

	<u>Consultation Proposal B.73(b):</u> We will amend the Main Board Rules to provide for the following: <ul style="list-style-type: none"> in respect of a listing applicant that has more than one class of securities and all of which are unlisted apart from the class to be listed on the Exchange, the total securities held by the public at the time of listing on the Exchange must be at least 25% of the listing applicant's total existing issued share capital, having an aggregate market capitalisation of not less than HK\$200 million. 	Paragraphs 62 and 64
Q21	<i>Do you agree with our proposal to apply the same percentage threshold of public float to listing applicants that have more than one class of securities and all of which are unlisted apart from the class to be listed and traded on the Exchange?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 50:2 PTA: 4:1 MP: 13:2 INV: 1:1 Other views: 2 No comment: 17 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree	0%
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We will take into account all classes of securities of a listing applicant, including the class to be listed on the Exchange and other class(es) that are either unlisted or listed on other regulated markets, when determining the market capitalisation of a listing applicant. Accordingly, for the purposes of the public float requirement, reference will also be made to the total issued share capital of a listing applicant (irrespective of whether listed or unlisted). A corresponding modification has been made to our proposals. We have amended the Main Board Rules to provide that where a listing applicant has more than one class of securities apart from the class to be listed on the Exchange, the total securities held by the public (on all regulated markets including the Exchange) at the time of listing on the Exchange must be at least 25% of the listing applicant's total existing issued share capital. However, the securities that are to be listed on the Exchange must not be less than 15% of the listing applicant's total existing issued share capital, having an expected market capitalisation at the time of listing of not less than HK\$50 million.	

	<u>Consultation Proposal B.73(c):</u>	Paragraphs 62 and 64
	<p>We will amend the Main Board Rules to provide for the following:</p> <ul style="list-style-type: none"> in respect of a listing applicant that has more than one class of securities and all or part(s) of such other class(es) of securities are listed and traded on other regulated markets, the total securities held by the public (on all regulated markets including the Exchange) at the time of listing on the Exchange, must be at least 25% of the listing applicant's total existing issued share capital. However, the securities that are to be listed and traded on the Exchange must not be less than 10% of the listing applicant's total existing issued share capital, having an aggregate market capitalisation of not less than HK\$50 million. 	
Q22	<i>Do you agree with our proposal to apply the same percentage threshold of public float to listing applicants that have more than one class of securities and all or part(s) of such other class(es) of securities are listed and traded on other exchanges?</i>	
	<p>Responses:</p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 47:5 PTA: 3:2 MP: 13:2 INV: 1:1 Other views: 2 No comment: 17 Total: 93</p>	
	Agree	75% (LC, PTA, MP)
	Disagree	0%
	Equal	25% (INV)
	Total	100%
	<p><u>Conclusion</u></p> <p>We will take into account all classes of securities of a listing applicant, including the class to be listed on the Exchange and other class(es) that are either unlisted or listed on other regulated markets, when determining the market capitalisation of a listing applicant. Accordingly, for the purposes of the public float requirement, reference will also be made to the total issued share capital of a listing applicant (irrespective of whether listed or unlisted). A corresponding modification has been made to our proposals.</p> <p>We have amended the Main Board Rules to provide that where a listing applicant has more than one class of securities apart from the class to be listed on the Exchange, the total securities held by the public (on all regulated markets including the Exchange) at the time of listing on the Exchange must be at least 25% of the listing applicant's total existing issued share capital. However, the securities that are to be listed on the Exchange must not be less than 15% of the listing applicant's total existing issued share capital, having an expected market capitalisation at the time of listing of not less than HK\$50 million.</p>	
Q23	<i>Do you agree with our proposal to require at least 10% of the listing applicant's total existing issued share capital to be listed and traded on the Exchange?</i>	
	<p>Responses:</p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 49:3 PTA: 4:0 MP: 10:5 INV: 1:1 Other views: 3 No comment: 17 Total: 93</p>	
	Agree	75% (LC, PTA, MP)
	Disagree. The percentage threshold should be higher/lower.	0%
	Equal	25% (INV)
	Total	100%

	<p><u>Conclusion</u> We will take into account all classes of securities of a listing applicant, including the class to be listed on the Exchange and other class(es) that are either unlisted or listed on other regulated markets, when determining the market capitalisation of a listing applicant. Accordingly, for the purposes of the public float requirement, reference will also be made to the total issued share capital of a listing applicant (irrespective of whether listed or unlisted). A corresponding modification has been made to our proposals.</p> <p>We have amended the Main Board Rules to provide that where a listing applicant has more than one class of securities apart from the class to be listed on the Exchange, the total securities held by the public (on all regulated markets including the Exchange) at the time of listing on the Exchange must be at least 25% of the listing applicant's total existing issued share capital. However, the securities that are to be listed on the Exchange must not be less than 15% of the listing applicant's total existing issued share capital, having an expected market capitalisation at the time of listing of not less than HK\$50 million.</p>	
Q24	<p><i>Do you agree with our proposal that the 10% of the listing applicant's total existing issued share capital to be listed and traded on the Exchange should represent an aggregate market capitalisation of not less than HK\$50 million?</i></p>	
	<p>Responses: <u>Category: Agree:Disagree</u> LC: 46:6 PTA: 4:0 MP: 8:4 INV: 1:1 Other views: 3 No comment: 20 Total: 93</p>	
	Agree	75% (LC, PTA, MP)
	Disagree	0%
	Equal	25% (INV)
	Total	100%
	<p><u>Conclusion</u> We will take into account all classes of securities of a listing applicant, including the class to be listed on the Exchange and other class(es) that are either unlisted or listed on other regulated markets, when determining the market capitalisation of a listing applicant. Accordingly, for the purposes of the public float requirement, reference will also be made to the total issued share capital of a listing applicant (irrespective of whether listed or unlisted). A corresponding modification has been made to our proposals.</p> <p>We have amended the Main Board Rules to provide that where a listing applicant has more than one class of securities apart from the class to be listed on the Exchange, the total securities held by the public (on all regulated markets including the Exchange) at the time of listing on the Exchange must be at least 25% of the listing applicant's total existing issued share capital. However, the securities that are to be listed on the Exchange must not be less than 15% of the listing applicant's total existing issued share capital, having an expected market capitalisation at the time of listing of not less than HK\$50 million.</p>	
Q25	<p><i>If you think that the percentage threshold of the listing applicant's issued share capital should be higher than 10%, do you agree that the threshold of the aggregate market capitalisation of securities to be listed and traded on the Exchange represented by such percentage should be maintained at HK\$50 million?</i></p>	
	<p>Responses: <u>Category: Agree:Disagree</u> LC: 43:5 PTA: 2:0 MP: 5:4</p>	

	INV: 0:2 Other views: 3 No comment: 29 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree	25% (INV)
	Total	100%
	<p><u>Conclusion</u> We will take into account all classes of securities of a listing applicant, including the class to be listed on the Exchange and other class(es) that are either unlisted or listed on other regulated markets, when determining the market capitalisation of a listing applicant. Accordingly, for the purposes of the public float requirement, reference will also be made to the total issued share capital of a listing applicant (irrespective of whether listed or unlisted). A corresponding modification has been made to our proposals.</p> <p>We have amended the Main Board Rules to provide that where a listing applicant has more than one class of securities apart from the class to be listed on the Exchange, the total securities held by the public (on all regulated markets including the Exchange) at the time of listing on the Exchange must be at least 25% of the listing applicant's total existing issued share capital. However, the securities that are to be listed on the Exchange must not be less than 15% of the listing applicant's total existing issued share capital, having an expected market capitalisation at the time of listing of not less than HK\$50 million.</p>	
Q26	<i>If you think that the percentage threshold of the listing applicant's issued share capital should be lower than 10%, do you agree that the threshold of the aggregate market capitalisation of securities to be listed and traded on the Exchange represented by such percentage should be maintained at HK\$50 million?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 43:2 PTA: 2:0 MP: 5:2 INV: 0:2 Other views: 3 No comment: 34 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree	25% (INV)
	Total	100%
	<p><u>Conclusion</u> We will take into account all classes of securities of a listing applicant, including the class to be listed on the Exchange and other class(es) that are either unlisted or listed on other regulated markets, when determining the market capitalisation of a listing applicant. Accordingly, for the purposes of the public float requirement, reference will also be made to the total issued share capital of a listing applicant (irrespective of whether listed or unlisted). A corresponding modification has been made to our proposals.</p> <p>We have amended the Main Board Rules to provide that where a listing applicant has more than one class of securities apart from the class to be listed on the Exchange, the total securities held by the public (on all regulated markets including the Exchange) at the time of listing on the Exchange must be at least 25% of the listing applicant's total existing issued share capital. However, the securities that are to be listed on the Exchange must not be less than 15% of the listing applicant's total existing issued share capital, having an expected market capitalisation at the time of listing of not less than HK\$50 million.</p>	

	<u>Consultation Proposal B.74:</u> We will amend the Main Board Rules to provide that the Exchange may, at its discretion, accept a lower percentage of public float between 15% and 25% if the market capitalisation of securities of a listing applicant that are listed and traded on regulated markets determined as at the time of listing on the Exchange, exceeds HK\$10 billion. However, the listing applicant must demonstrate, to the satisfaction of the Exchange, that it has sufficient safeguard in place to protect the interests of minority shareholders. If this proposal is adopted, the revised lower percentage of public float of between 15% and 25% shall only apply to listing applicants referred to in paragraph 111 of Part B of the Consultation Paper, and will not affect those existing issuers that have already been granted a waiver from the public float requirement.	Paragraph 77
Q27	<i>Do you agree with our proposal to increase the floor to 15% with regard to the minimum percentage of public float that the Exchange may grant?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 50:2 PTA: 4:2 MP: 12:4 INV: 1:1 Other views: 0 No comment: 17 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree	0%
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We have amended the Main Board Rules to provide that: (a) the Exchange may, at its discretion, accept a lower percentage of public float between 15% and 25% if the market capitalisation of securities of a listing applicant determined as at the time of listing on the Exchange exceeds HK\$10 billion. For the avoidance of doubt, the HK\$10 billion refers to the market capitalisation of all class(es) of securities of the listing applicant (whether listed or not); and (b) as a sufficient safeguard to protect the interests of minority shareholders, listing applicants that are granted the waiver will be required to include appropriate disclosure of the lower prescribed percentage of public float in their initial listing documents and confirm sufficiency of public float in successive annual reports after listing.	
Q28	<i>Do you agree with our proposal to increase the threshold of the market capitalisation of securities that are listed and traded on regulated markets to HK\$10 billion for the grant of the lower percentage of public float?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 8:44 PTA: 3:2 MP: 12:3 INV: 1:1 Other views: 2 No comment: 17 Total: 93	
	Agree	50% (PTA, MP)
	Disagree	25% (LC)
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u>	

	We have amended the Main Board Rules to provide that the Exchange may, at its discretion, accept a lower percentage of public float between 15% and 25% if the market capitalisation of securities of a listing applicant determined as at the time of listing on the Exchange exceeds HK\$10 billion. For the avoidance of doubt, the HK\$10 billion refers to the market capitalisation of all class(es) of securities of the listing applicant (whether listed or not).	
Q29	<i>Do you agree with our proposal to require listing applicants to demonstrate that they have put in place sufficient safeguard to protect the interests of minority shareholders as a pre-condition for granting a lower percentage?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 6:43 PTA: 3:3 MP: 9:6 INV: 1:1 Other views: 4 No comment: 17 Total: 93	
	Agree	25% (MP)
	Disagree	25% (LC)
	Equal	50% (PTA, INV)
	Total	100%
	<u>Conclusion</u> We have amended the Main Board Rules to provide that as a sufficient safeguard to protect the interests of minority shareholders, listing applicants that are granted the waiver will be required to include appropriate disclosure of the lower prescribed percentage of public float in their initial listing documents and confirm sufficiency of public float in successive annual reports after listing.	
Q30	<i>Do you think there should be any other pre-condition(s) that should be met?</i>	
	Responses: <u>Category: Yes:No</u> LC: 2:49 PTA: 1:3 MP: 2:11 INV: 1:1 Other views: 1 No comment: 22 Total: 93	
	Yes	0%
	No	75% (LC, PTA, MP)
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> No other pre-conditions to be met.	
Q31	<i>Do you agree with our proposal that the revised lower percentage of between 15% and 25% should not apply to existing issuers that have already been granted a waiver from the current public float requirement?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 5:47 PTA: 2:3 MP: 11:5 INV: 1:1 Other views: 0 No comment: 18 Total: 93	
	Agree	25% (MP)

	Disagree	50% (LC, PTA)	
	Equal	25% (INV)	
	Total	100%	
	<u>Conclusion</u> The lower percentage of public float of between 15% and 25% shall not affect existing issuers that have already been granted a waiver from the public float requirement.		

SPREAD OF SHAREHOLDERS

	<u>Consultation Proposal B.82:</u> We will amend the Main Board Rules to increase the minimum number of shareholders to 300. This will apply to all listing applicants including H share listing applicants, in which case, the number of H share holders must be at least 300. For listing applicants to be listed under the proposed alternative market capitalisation/revenue test as discussed in paragraph 52 of Part B of the Consultation Paper, the minimum number of shareholders will be 1,000.		Paragraph 86
Q32	<i>Do you agree with our proposal to increase the minimum number of shareholders to 300?</i>		
	Responses: <u>Category: Agree:Disagree</u> LC: 5:48 PTA: 3:3 MP: 9:8 INV: 1:1 Other views: 0 No comment: 15 Total: 93		
	Agree	25% (MP)	
	Disagree	25% (LC)	
	Equal	50% (PTA, INV)	
	Total	100%	
	<u>Conclusion</u> We have amended the Main Board Rules to increase the minimum number of shareholders to 300.		
Q33	<i>Do you agree with our proposal to require at least 1,000 shareholders for listing applicants to be listed under the alternative market capitalisation/revenue test?</i>		
	Responses: <u>Category: Agree:Disagree</u> LC: 6:46 PTA: 3:3 MP: 9:8 INV: 1:2 Other views: 1 No comment: 14 Total: 93		
	Agree	25% (MP)	
	Disagree	50% (LC, INV)	
	Equal	25% (PTA)	
	Total	100%	
	<u>Conclusion</u> For listing applicants to be listed under the market capitalisation/revenue test, the minimum number of shareholders will be increased to 1,000.		

	<u>Consultation Proposal B.83:</u>	Paragraph 99
	Of the minimum 300 or, as the case may be, 1,000 shareholders, we will amend the Main Board Rules to require the top 5 shareholders that are regarded as "public" shareholders not to hold in aggregate more than 50% of the public float at the time of listing.	
Q34	<i>Do you agree with our proposal?</i>	
	Responses: Category: <u>Agree:Disagree</u> LC: 4:47 PTA: 2:4 MP: 12:5 INV: 1:1 Other views: 0 No comment: 17 Total: 93	
	Agree	25% (MP)
	Disagree	50% (LC, PTA)
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We have modified our proposal to reduce the number from 5 to 3, such that the maximum average holding by each of the 3 top public shareholders would be increased to slightly over 4%. We have amended the Main Board Rules to provide that the top 3 public shareholders cannot hold in aggregate more than 50% of the public float at the time of listing.	
Q35	<i>Do you agree that the term "shareholders" should refer to beneficial, and not registered, owners of an issuer's securities?</i>	
	Responses: Category: <u>Agree:Disagree</u> LC: 8:44 PTA: 3:2 MP: 10:5 INV: 1:1 Other views: 2 No comment: 17 Total: 93	
	Agree	50% (PTA, MP)
	Disagree	25% (LC)
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We have amended the Main Board Rules to provide that the term "shareholders" should refer not only to the registered, but also the beneficial, owners of an issuer's securities.	
	<u>Consultation Proposal B.84:</u>	Paragraph 99
	We will amend the Main Board Rules so that substantial shareholders and their associates, irrespective of whether their shares are being locked up, will be excluded from the calculation of the minimum number of shareholders at the time of listing.	
Q36	<i>Do you agree with our proposal?</i>	
	Responses: Category: <u>Agree:Disagree</u> LC: 6:46 PTA: 5:1 MP: 13:3 INV: 1:1 Other views: 0 No comment: 17	

	Total:	93	
	Agree		50% (PTA, MP)
	Disagree		25% (LC)
	Equal		25% (INV)
	Total		100%
	<u>Conclusion</u> We have amended the Main Board Rules to provide that substantial shareholders and their associates, irrespective of whether their shares are being locked up, will be excluded from the calculation of the minimum number of shareholders at the time of listing.		

	<u>Consultation Proposal B.85:</u> We will also amend the Main Board Rules to delete the guideline of 3 holders each holding HK\$1 million.		Paragraph 99
Q37	<i>Do you agree with our proposal?</i>		
	Responses: <u>Category: Agree:Disagree</u> LC: 50:1 PTA: 5:1 MP: 16:0 INV: 1:1 Other views: 0 No comment: 18 Total: 93		
	Agree		75% (LC, PTA, MP)
	Disagree		0%
	Equal		25% (INV)
	Total		100%
	<u>Conclusion</u> We have amended the Main Board Rules to delete the guideline of not less than 3 holders for each HK\$1 million of the issue at the time of listing .		

MINIMUM ISSUE PRICE

	<u>Consultation Proposal B.93:</u> We will amend the Main Board Rules to introduce a minimum issue price of HK\$2 for shares applying to be listed on the Exchange.		Paragraph 100
	<u>Note</u> As this proposal relates closely to the issues under review in the November Consultation Paper, we consider it more appropriate to consider this proposal together with the November Consultation Paper. However, we would comment that whilst it is generally up to the listing applicants and their advisers to consider and set initial pricing, they should have regard to the parameters of the trading system on the Exchange, and if circumstances require, adjustments should be made to ensure fair and orderly trading.		

MINERAL COMPANIES

	<u>Consultation Proposal B.98:</u> We will amend the Main Board Rules to clarify that the initial listing eligibility criteria as proposed under Part B of the Consultation Paper will apply equally to listing applicants that are mineral companies.		Paragraph 105
Q40	<i>Do you agree with our proposal?</i>		

Responses:		
<u>Category: Agree:Disagree</u>		
LC: 48:0		
PTA: 4:2		
MP: 13:2		
INV: 1:1		
Other views: 0		
No comment: 22		
Total: 93		
Agree	75% (LC, PTA, MP)	
Disagree	0%	
Equal	25% (INV)	
Total	100%	
<u>Conclusion</u>		
We have amended the Main Board Rules to clarify that the initial listing eligibility criteria will apply equally to listing applicants that are mineral companies.		

	<u>Consultation Proposal B.99:</u>	Paragraph 105
	Listing applicants that wish to apply for a waiver from the trading record requirement and/or financial standards requirement will be required to demonstrate, to the satisfaction of the Exchange, that their management has sufficient and satisfactory experience of at least three years in mining and/or exploration activities.	
Q41	<i>Do you agree with our proposal to make management experience a pre-condition to a waiver?</i>	
Responses:		
<u>Category: Agree:Disagree</u>		
LC: 46:1		
PTA: 4:2		
MP: 8:5		
INV: 1:1		
Other views: 2		
No comment: 23		
Total: 93		
Agree	75% (LC, PTA, MP)	
Disagree	0%	
Equal	25% (INV)	
Total	100%	
<u>Conclusion</u>		
We have amended the Main Board Rules to provide that listing applicants that wish to apply for a waiver of the trading record requirement and/or financial standards requirement will be required to demonstrate, to the satisfaction of the Exchange, that their management has sufficient and satisfactory experience of at least three years in mining and/or exploration activities.		
Q42	<i>Do you think there should be other pre-condition(s) that should be met?</i>	
Responses:		
<u>Category: Yes:No</u>		
LC: 0:47		
PTA: 1:3		
MP: 2:11		
INV: 0:2		
Other views: 1		
No comment: 26		
Total: 93		
Yes	0%	
No	100% (LC, PTA, MP, INV)	
Total	100%	

	<u>Conclusion</u> No other pre-conditions to be met.	
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INFRASTRUCTURE COMPANIES

	<u>Consultation Proposal B.103:</u> We will amend the Main Board Rules to incorporate the requirements of the Announcement regarding Infrastructure Project Companies into the Main Board Rules and to provide that the initial listing eligibility criteria as proposed under Part B of the Consultation Paper will apply equally to listing applicants that are infrastructure companies.	Paragraph 111
Q43	<i>Do you agree with our proposal to incorporate the requirements of the Announcement regarding Infrastructure Project Companies into the Main Board Rules?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 48:0 PTA: 5:1 MP: 14:1 INV: 1:1 Other views: 4 No comment: 18 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree	0%
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We have amended the Main Board Rules to incorporate, with appropriate modifications, the requirements of the Announcement regarding Infrastructure Project Companies into the Main Board Rules.	
Q44	<i>Do you agree with our proposal to apply the proposal initial listing eligibility criteria to listing applicants that are infrastructure companies?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 48:0 PTA: 3:3 MP: 13:1 INV: 1:1 Other views: 0 No comment: 23 Total: 93	
	Agree	50% (LC, MP)
	Disagree	0%
	Equal	50% (PTA, INV)
	Total	100%
	<u>Conclusion</u> We have amended the Main Board Rules to provide that the initial listing eligibility criteria will apply equally to listing applicants that are infrastructure companies.	

	<u>Consultation Proposal B.104:</u> Listing applicants that wish to apply for a waiver from the trading record requirement and/or financial standards requirement, will be required to demonstrate, to the satisfaction of the Exchange, that they comply with all the specific requirements, including the additional disclosure requirements, set out in the Announcement regarding Infrastructure Project Companies. In addition, they must demonstrate, to the satisfaction of the Exchange, that their management has sufficient and satisfactory experience of at least three years in the line of the business and industry of the listing applicants.	Paragraph 111
Q45	<i>Do you agree with our proposal to make the specific requirements, including the additional disclosure requirements, as set out in the Exchange's Announcement regarding Infrastructure Project Companies and management experience pre-conditions to a waiver?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 7:43 PTA: 4:2 MP: 11:3 INV: 1:1 Other views: 2 No comment: 19 Total: 93	
	Agree	50% (PTA, MP)
	Disagree	25% (LC)
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> We have amended the Main Board Rules to provide that listing applicants that wish to apply for a waiver of the trading record requirement and/or financial standards requirement, will be required to demonstrate, to the satisfaction of the Exchange, that they comply with all the specific requirements, including additional disclosure requirements. In addition, they must demonstrate, to the satisfaction of the Exchange, that their management has sufficient and satisfactory experience of at least three years in the line of the business and industry of the listing applicant.	
Q46	<i>Do you think there should be other pre-condition(s) that should be met?</i>	
	Responses: <u>Category: Yes:No</u> LC: 0:47 PTA: 1:3 MP: 2:12 INV: 0:2 Other views: 1 No comment: 25 Total: 93	
	Yes	0%
	No	100% (LC, PTA, MP, INV)
	Total	100%
	<u>Conclusion</u> No other pre-conditions to be met.	

DEEMED NEW LISTING

	<p><u>Consultation Proposal B.109(a):</u></p> <p>We will amend the Main Board Rules to provide for the following:</p> <ul style="list-style-type: none"> subject to the proposal in paragraph 109(b) of Part B of the Consultation Paper, an issuer that is treated as a new listing applicant under the current Main Board Rules, and if our proposal on "reverse takeover" in the Corporate Governance Consultation Paper is adopted, an issuer that is treated as a new listing applicant by engaging in transactions leading to a "reverse takeover", will be required to comply with all the proposed initial listing eligibility criteria, except for the spread of shareholders requirement. Where a NewCo is to be set up to hold assets of the issuer and to be listed instead of the issuer, the NewCo will be required to comply with all the proposed initial listing eligibility criteria, except for the spread of shareholders requirement. 	Paragraph 122
Q47	<p><i>Do you agree with our proposal?</i></p> <p>Responses:</p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 5:47</p> <p>PTA: 4:2</p> <p>MP: 10:8</p> <p>INV: 1:2</p> <p>Other views: 0</p> <p>No comment: 14</p> <p>Total: 93</p>	
	Agree	50% (PTA, MP)
	Disagree	50% (LC, INV)
	Total	100%
	<p><u>Conclusion</u></p> <p>We have revisited our proposal that deemed new listing applicants will not be required to comply with the spread of shareholders requirement. If a level playing field is to be provided to all listing applicants seeking a listing on the Exchange, deemed listing applicants should also be subject to the same set of initial listing eligibility criteria, which require a listing applicant to have an adequate spread of shareholders. Further, we do not anticipate this requirement would pose an additional burden to the new controlling shareholders given that any placing down by the new controlling shareholders in these situations is similar to public offer in the case of initial public offerings. Accordingly, we have modified our proposal to drop this exception and require deemed new listing applicants to comply with all the initial listing eligibility criteria.</p>	

	<p><u>Consultation Proposal B109(b)(i):</u></p> <p>We will amend the Main Board Rules to provide for the following:</p> <ul style="list-style-type: none"> where assets are injected with a view to bringing an issuer that is in financial difficulties back to long-term compliance with the Main Board Rules and such assets to be injected are expected to make a contribution to the revenue of the enlarged group, the issuer, or the enlarged group of the issuer, or the NewCo, will be required to comply with the proposed initial listing eligibility criteria as follows: <ul style="list-style-type: none"> (i) the asset to be injected must meet: <ul style="list-style-type: none"> the track record requirement inclusive of trading record period and management and ownership continuity requirements; and the financial standards requirement. 	Paragraph 123
Q48	<p><i>Do you agree with our proposal?</i></p> <p>Responses:</p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 4:48</p> <p>PTA: 4:2</p> <p>MP: 8:10</p>	

	INV: 1:2 Other views: 0 No comment: 14 Total: 93	
	Agree	25% (PTA)
	Disagree	75% (LC, MP, INV)
	Total	100%
	<p><u>Conclusion</u> We have amended the Main Board Rules to provide that in case of “reverse takeover” transactions including asset injection in rescue situations, the enlarged group (or where appropriate, the NewCo) or the assets to be injected will be required to comply with the initial listing eligibility criteria as follows:</p> <ul style="list-style-type: none"> • the asset to be injected/acquired or the enlarged group must meet: <ul style="list-style-type: none"> (a) the track record requirement inclusive of trading record period and management and ownership continuity requirements; and (b) the profit or other financial standards requirement. 	

	<p><u>Consultation Proposal B.109(b)(ii):</u> We will amend the Main Board Rules to provide for the following:</p> <ul style="list-style-type: none"> • where assets are injected with a view to bringing an issuer that is in financial difficulties back to long-term compliance with the Main Board Rules and such assets to be injected are expected to make a contribution to the revenue of the enlarged group, the issuer, or the enlarged group of the issuer, or the NewCo, will be required to comply with the proposed initial listing eligibility criteria as follows: <ul style="list-style-type: none"> (ii) the enlarged group of the existing issuer, or NewCo, must meet: <ul style="list-style-type: none"> • the working capital sufficiency requirement; • the market capitalisation requirement; • the public float requirement; • the minimum issue price requirement, as represented by the value of the consideration shares. 	Paragraph 123
Q49	<i>Do you agree with our proposal?</i>	
	<p>Responses: <u>Category: Agree:Disagree</u> LC: 47:5 PTA: 4:2 MP: 11:6 INV: 1:2 Other views: 1 No comment: 14 Total: 93</p>	
	Agree	75% (LC, PTA, MP)
	Disagree	25% (INV)
	Total	100%
	<p><u>Conclusion</u> We have amended the Main Board Rules to provide that in case of “reverse takeover” transactions including asset injection in rescue situations, the enlarged group (or where appropriate, the NewCo) or the assets to be injected will be required to comply with the initial listing eligibility criteria as follows:</p> <ul style="list-style-type: none"> • the enlarged group of the existing issuer, or the NewCo, must meet: <ul style="list-style-type: none"> (a) the working capital sufficiency requirement; 	

	<p>(b) the market capitalisation requirement;</p> <p>(c) the public float requirement;</p> <p>(d) the spread of shareholders requirement; and</p> <p>(e) the minimum issue price requirement, if, upon conclusion, adopted.</p>	
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	<p><u>Consultation Proposal B.109:</u></p> <p>In both cases, the issuer, or the enlarged group of the issuer, or NewCo has to comply with the spread of shareholders requirement on a continuing basis.</p> <p>For the avoidance of doubt, no relaxation to the proposed initial listing eligibility criteria, except for the spread of shareholders requirement, will be considered in case of deemed new listing applicants.</p>	Paragraph 122
Q50	<p><i>Do you agree with our proposal?</i></p> <p>Responses:</p> <p>Category: Agree:Disagree</p> <p>LC: 3:49</p> <p>PTA: 4:2</p> <p>MP: 9:7</p> <p>INV: 1:2</p> <p>Other views: 0</p> <p>No comment: 16</p> <p>Total: 93</p>	
	Agree	50% (PTA, MP)
	Disagree	50% (LC, INV)
	Total	100%
	<p><u>Conclusion</u></p> <p>We have revisited our proposal that deemed new listing applicants will not be required to comply with the spread of shareholders requirement. If a level playing field is to be provided to all listing applicants seeking a listing on the Exchange, deemed listing applicants should also be subject to the same set of initial listing eligibility criteria, which require a listing applicant to have an adequate spread of shareholders. Further, we do not anticipate this requirement would pose an additional burden to the new controlling shareholders given that any placing down by the new controlling shareholders in these situations is similar to public offer in the case of initial public offerings. Accordingly, we have modified our proposal to drop this exception and require deemed new listing applicants to comply with all the initial listing eligibility criteria.</p>	

EFFECTIVE DATE

	<p><u>Consultation Proposal B.111:</u></p> <p>We propose that if our proposals regarding the eligibility criteria for initial listing set out in Part B of the Consultation Paper are adopted, such criteria will become effective immediately when amendments of the Main Board Rules are made. Details will be included in an announcement to be made by the Exchange as and when appropriate. Listing applicants that submit their listing application (Form A1) after amendment of the Main Board Rules, and listing applicants that have submitted their Form A1 before such amendments but remain unlisted three months after amendment of the Main Board Rules, must comply with these initial listing eligibility criteria.</p>	Paragraph 127
Q52	<p><i>Do you agree with our proposal?</i></p> <p>Responses:</p>	

	<u>Category: Agree:Disagree</u> LC: 49:0 PTA: 3:3 MP: 10:5 INV: 1:1 Other views: 0 No comment: 21 Total: 93		
	Agree	50% (LC, MP)	
	Disagree	0%	
	Equal	50% (PTA, INV)	
	Total	100%	
	<u>Conclusion</u> The new listing eligibility criteria will be effective on 31 March 2004. Listing applicants that submit their listing application (Form A1) after this date, and listing applicants that have submitted their Form A1 before this date but remain unlisted three months afterwards, must comply with these initial listing eligibility criteria.		

Part D – Continuing Obligations

GENERAL

	<u>Consultation Proposal D.185:</u>	Paragraph 197
	We will amend the Main Board Rules to make the continuing obligations requirements contained in the Listing Agreement part of the Main Board Rules. In addition to the continuing listing eligibility criteria as proposed in Part C of the Consultation Paper, on-going suitability for listing would also be assessed with reference to compliance with the continuing obligations set out in the Main Board Rules.	
Q82	<i>Do you agree with our proposal?</i>	
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 7:46</p> <p>PTA: 3:3</p> <p>MP: 13:2</p> <p>INV: 2:1</p> <p>Other views: 1</p> <p>No comment: 15</p> <p>Total: 93</p>	
	Agree	50% (MP, INV)
	Disagree	25% (LC)
	Equal	25% (PTA)
	Total	100%
	<p><u>Conclusion</u></p> <p>We have amended the Main Board Rules to incorporate the continuing obligations requirements previously contained in the Listing Agreement (for equity securities only) as part of the Main Board Rules. Ongoing suitability for listing would be assessed with reference to compliance with the continuing obligations set out in the Main Board Rules.</p>	

PUBLIC FLOAT

	<u>Consultation Proposal D.193:</u>	Paragraph 198
	We will maintain the current continuing obligation with regard to the public float such that an issuer is generally required to maintain, at all times after listing, not lower than the prescribed percentage of securities in public hands at the time of initial listing. We will retain our current discretion not to require a suspension of the issuer's securities where the shortfall in the prescribed percentage arose purely from an increased or newly acquired holding of the issuer's securities by a person or entity (which the Exchange would expect to be institutional investors with a wide spread of investments other than in the issuer's securities). Such shareholder is, or after such acquisition becomes, a connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries and is otherwise independent of the issuer.	
Q83	<i>Do you agree with our proposal to maintain the current continuing obligation on minimum public float?</i>	
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 53:0</p> <p>PTA: 6:0</p> <p>MP: 16:0</p> <p>INV: 0:2</p> <p>Other views: 0</p> <p>No comment: 16</p> <p>Total: 93</p>	
	Agree	75% (LC, PTA, MP)
	Disagree	25% (INV)

	Total	100%	
	<u>Conclusion</u> We have decided to maintain the current continuing obligation with regard to the public float.		
Q84	<i>Do you agree with our proposal to require an issuer to maintain, at all times after listing, not lower than the prescribed percentage of public float at the time of initial listing?</i>		
	Responses: <u>Category: Agree:Disagree</u> LC: 51:1 PTA: 6:0 MP: 15:0 INV: 1:2 Other views: 1 No comment: 16 Total: 93		
	Agree	75% (LC, PTA, MP)	
	Disagree	25% (INV)	
	Total	100%	
	<u>Conclusion</u> An issuer is generally required to maintain, at all times after listing, not lower than the prescribed percentage of securities in public hands at the time of initial listing.		
Q85	<i>Do you agree with our proposal to retain our current discretion not to require a suspension of an issuer's securities in situations where the shortfall in the prescribed percentage arose purely from an increased or newly acquired holding of the issuer's securities by a person or entity (which the Exchange would expect to be institutional investors with a wide spread of investments other than in the issuer's securities), and such shareholder is, or after such acquisition becomes, a connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries and is otherwise independent of the issuer?</i>		
	Responses: <u>Category: Agree:Disagree</u> LC: 52:0 PTA: 6:0 MP: 15:1 INV: 2:1 Other views: 0 No comment: 16 Total: 93		
	Agree	100% (LC, PTA, MP, INV)	
	Disagree	0%	
	Total	100%	
	<u>Conclusion</u> We will retain discretion under the current Main Board Rules not to require a suspension of an issuer's securities if the shortfall in the prescribed percentage arises purely from an increased or newly acquired holding of the issuer's securities by a person or entity (which the Exchange would expect to be institutional investors with a wide spread of investments other than in the issuer's securities) that becomes a connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries after such acquisition, and is otherwise independent of the issuer.		

	<u>Consultation Proposal D.194:</u>	Paragraphs 140 and 141
	We will also amend the Main Board Rules to provide that the Exchange will normally require suspension of an issuer's securities where its public float is 15% or less. However, the Exchange may consider granting a waiver to an issuer in a general offer situation from complying with the minimum public float requirement until such time	

	when the general offer is completed. The issuer must comply with the continuing obligation with regard to the public float immediately after the general offer is completed.	
Q86	<i>Do you agree with our proposal to require suspension of an issuer's securities where its public float is 15% or less?</i>	
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 8:44</p> <p>PTA: 3:3</p> <p>MP: 11:5</p> <p>INV: 2:1</p> <p>Other views: 0</p> <p>No comment: 16</p> <p>Total: 93</p>	
	Agree	50% (MP, INV)
	Disagree	25% (LC)
	Equal	25% (PTA)
	Total	100%
	<p><u>Conclusion</u></p> <p>We have amended the Main Board Rules to provide that the Exchange will normally require suspension of an issuer's securities where its public float falls below 15% (or 10% in the case of an issuer that has been granted a public float waiver at the time of listing).</p>	
Q87	<i>Do you agree with our proposal that a temporary waiver from the minimum public float requirement may be granted in a general offer situation until the general offer is completed?</i>	
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 53:0</p> <p>PTA: 6:0</p> <p>MP: 14:2</p> <p>INV: 2:1</p> <p>Other views: 0</p> <p>No comment: 15</p> <p>Total: 93</p>	
	Agree	100% (LC, PTA, MP, INV)
	Disagree	0%
	Total	100%
	<p><u>Conclusion</u></p> <p>The Exchange may consider granting a waiver to an issuer in a general offer situation (including privatisation offer) from complying with the minimum public float requirement for a period after the close of the general offer. The Exchange will normally regard three months as an adequate period for full restoration of the public float. The issuer must comply with the continuing obligation with regard to the public float immediately after the expiration of the waiver, if granted.</p>	
Q88	<i>Do you agree that a waiver from the minimum public float requirement should be granted in general offer situations to privatise an issuer where the offeror of the issuer is not able to acquire sufficient shares as to compulsorily buy out the shares of the other shareholders?</i>	
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 50:2</p> <p>PTA: 5:1</p> <p>MP: 14:2</p> <p>INV: 1:2</p> <p>Other views: 0</p> <p>No comment: 16</p> <p>Total: 93</p>	

	Agree	75% (LC, PTA, MP)	
	Disagree	25% (INV)	
	Total	100%	
	<u>Conclusion</u> The Exchange may consider granting a waiver to an issuer in a general offer situation (including privatisation offer) from complying with the minimum public float requirement for a period after the close of the general offer. The Exchange will normally regard three months as an adequate period for full restoration of the public float. The issuer must comply with the continuing obligation with regard to the public float immediately after the expiration of the waiver, if granted.		
Q89	<i>Do you agree that a waiver from the minimum public float requirement should be granted in share repurchase situations where an issuer effects repurchases under the Share Repurchases Code resulting in its public float falling below 25%, provided that the issuer can still maintain at least 15% of public float having an aggregate market capitalisation of not less than HK\$500 million?</i>		
	Responses: Category: <u>Agree:Disagree</u> LC: 48:2 PTA: 6:0 MP: 13:2 INV: 1:2 Other views: 0 No comment: 19 Total: 93		
	Agree	75% (LC, PTA, MP)	
	Disagree	25% (INV)	
	Total	100%	
	<u>Conclusion</u> We do not consider it appropriate to extend the public float waiver to share repurchases situations.		
Q90	<i>How long do you think the waiver period should be?</i>		
	1 month 2 months/3 months – may further extend depending on circumstances 6 months 1 year Others Other views No comment	1 5/5 7 1 49 – as soon as issuer can reasonably be expected to operate without the waiver 1 – Not possible to specify a time limit which varies with market conditions 24	
	<u>Conclusion</u> The Exchange will normally regard three months as an adequate period for full restoration of the public float. The issuer must comply with the continuing obligation with regard to the public float immediately after the expiration of the waiver, if granted.		

	<u>Consultation Proposal D.195(a):</u> We will also amend the Main Board Rules to clarify that: <ul style="list-style-type: none"> if our proposal with regard to the lower percentage of public float (as discussed in paragraph 74 of Part B of the Consultation Paper) is adopted, the lower percentage of between 15% and 25% that the Exchange may at its discretion accept for issuers with market capitalisation of over HK\$10 billion, will only be applicable at the time of listing and will not be considered post listing. The percentage of the public float will be fixed at the time of listing and issuers may not apply for a lower 	Paragraph 146
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	percentage after listing.	
Q91	<i>Do you agree with our proposal?</i>	
	<u>Responses:</u> <u>Category: Agree:Disagree</u> LC: 5:46 PTA: 2:4 MP: 9:7 INV: 1:2 Other views: 0 No comment: 17 Total: 93	
	Agree	25% (MP)
	Disagree	75% (LC, PTA, INV)
	Total	100%
	<u>Conclusion</u> We have amended the Main Board Rules to clarify the existing rules and our interpretation thereof that the lower percentage of public float which the Exchange may at its discretion accept for issuers with market capitalisation of over HK\$10 billion, is only applicable at the time of listing and will not be considered post listing. The percentage of the public float (between 15% and 25%) will be fixed at the time of listing and issuers may not apply for a lower percentage after listing.	

	<u>Consultation Proposal D.195(b):</u> We will also amend the Main Board Rules to clarify that: <ul style="list-style-type: none"> the lower percentage of public float, once granted, will apply to issuers throughout their listing on the Exchange, subject to such conditions that the Exchange may impose at the time the lower percentage is granted. 	Paragraph 146
Q92	<i>Do you agree with our proposal?</i>	
	<u>Responses:</u> <u>Category: Agree:Disagree</u> LC: 5:46 PTA: 2:4 MP: 10:6 INV: 2:1 Other views: 0 No comment: 17 Total: 93	
	Agree	50% (MP, INV)
	Disagree	50% (LC, PTA)
	Total	100%
	<u>Conclusion</u> We have amended the Main Board Rules to clarify the existing rules and our interpretation thereof that the lower percentage of public float which the Exchange may at its discretion accept for issuers with market capitalisation of over HK\$10 billion, once granted, will apply to issuers throughout their listing on the Exchange, subject to such conditions that the Exchange may impose at the time the lower percentage is granted.	

	<u>Consultation Proposal D.196:</u> We will also amend the Main Board Rules to require issuers to include a confirmation of sufficiency of public float in their annual reports, based on information such as filing under the SDI Ordinance, that is available to them.	Paragraph 150
Q93	<i>Do you agree with our proposal?</i>	
	<u>Responses:</u>	

	<u>Category: Agree:Disagree</u>		
	LC: 7:45		
	PTA: 3:3		
	MP: 12:4		
	INV: 2:1		
	Other views: 0		
	No comment: 16		
	Total: 93		
	Agree	50% (MP, INV)	
	Disagree	25% (LC)	
	Equal	25% (PTA)	
	Total	100%	
	<u>Conclusion</u>		
	We have amended the Main Board Rules to provide that a confirmation of sufficiency of public float is required to be included in an issuer's annual reports, based on information that is publicly available to it and within the knowledge of its directors as at the latest practicable date up to the issue of the annual report.		

SPREAD OF SHAREHOLDERS

	<u>Consultation Proposal D.201:</u>	Paragraphs 158 to 161
	We will amend the Main Board Rules to introduce a new continuing obligation in respect of the spread of shareholders. An issuer will be required at all times subsequent to listing, to maintain at least the minimum number of shareholders applicable to the issuer at the time of its initial listing. The Exchange may consider granting a waiver to an issuer in a general offer situation from complying with the minimum number of shareholders requirement until such time when the general offer closes. The issuer must comply with the continuing obligation in respect of the spread of shareholders immediately after the general offer closes.	
Q94	<i>Do you agree with our proposal to introduce a new continuing obligation in respect of the spread of shareholders?</i>	
	<i>Responses:</i>	
	<u>Category: Agree:Disagree</u>	
	LC: 1:52	
	PTA: 2:4	
	MP: 8:9	
	INV: 2:1	
	Other views: 0	
	No comment: 14	
	Agree	25% (INV)
	Disagree	75% (LC, PTA, MP)
	Total	100%
	<u>Conclusion</u>	
	In view of the practical difficulties to comply with the spread of shareholders requirement and having regard to the safeguard provided by the minimum public float requirement, we have decided that now is not the appropriate moment to introduce a continuing obligation on the spread of shareholders.	
Q95	<i>Do you agree with our proposal to require an issuer to maintain, at all times subsequent to listing, at least the minimum number of shareholders applicable to the issuer at the time of initial listing?</i>	
	<i>Responses:</i>	
	<u>Category: Agree:Disagree</u>	
	LC: 1:52	
	PTA: 2:5	
	MP: 8:9	
	INV: 2:1	
	Other views: 0	
	No comment: 13	

	Total:	93	
	Agree		25% (INV)
	Disagree		75% (LC, PTA, MP)
	Total		100%
	<p><u>Conclusion</u> In view of the practical difficulties to comply with the spread of shareholders requirement and having regard to the safeguard provided by the minimum public float requirement, we have decided that now is not the appropriate moment to introduce a continuing obligation on the spread of shareholders.</p> <p>To deal with the unusual circumstances of high concentration of shares, we have amended the Main Board Rules to provide that when the Exchange has reason to believe that there is a lack of genuine market in an issuer's securities, or that these securities may be concentrated in the hands of a few shareholders to the detriment or without the knowledge of the investing public,</p> <p>(a) the issuer will be required to issue an announcement to inform the public that the relevant securities may not have a genuine market or shareholding may have been concentrated in the hands of a few shareholders; and to remind the public to exercise caution when dealing in the securities; and</p> <p>(b) the issuer will be required to conduct an investigation under section 329 of the SFO and report to its shareholders on the results of the investigation.</p>		
Q96	<i>Do you agree with our proposal that a temporary waiver from the minimum number of shareholders requirement may be granted in general offer situations until the general offer closes?</i>		
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 47:3</p> <p>PTA: 4:2</p> <p>MP: 12:4</p> <p>INV: 1:2</p> <p>Other views: 2</p> <p>No comment: 16</p> <p>Total: 93</p>		
	Agree		75% (LC, PTA, MP)
	Disagree		25% (INV)
	Total		100%
	<p><u>Conclusion</u> Not to adopt the proposal because underlying proposal not adopted.</p>		

	<u>Consultation Proposal D.202:</u>	Paragraphs 158 and 159
	<p>We will amend the Main Board Rules to provide that where there is an indication that the securities of an issuer may not be held by an adequate spread of shareholders, such as when the average monthly turnover of an issuer is below certain reasonable level, say less than 2,000,000 shares, for the last 12 months, the Exchange may require the issuer to demonstrate to the satisfaction of the Exchange that it meets the continuing obligation in respect of the spread of shareholders.</p>	
Q97	<i>Do you agree with our proposal?</i>	
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 2:50</p> <p>PTA: 1:6</p> <p>MP: 4:12</p> <p>INV: 2:1</p>	

	Other views: 1 No comment: 14 Total: 93	
	Agree	25% (INV)
	Disagree	75% (LC, PTA, MP)
	Total	100%
	<u>Conclusion</u> Not to adopt the proposal because underlying proposal not adopted.	

	<u>Consultation Proposal D.203:</u> If our proposals on the initial listing eligibility criteria as well as our proposal in paragraph 201 of Part B of the Consultation Paper are adopted, a transitional period of 18 months will be granted to all existing issuers that are listed before the effective date of the initial listing eligibility criteria to comply with the new obligation. All such existing issuers will be required to maintain a minimum of 300 shareholders after the transitional period.	Paragraphs 158 to 159
Q98	<i>Do you agree with our proposal to require all existing issuers to maintain a minimum of 300 shareholders after the transitional period?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 0:53 PTA: 1:4 MP: 5:12 INV: 2:1 Other views: 1 No comment: 14 Total: 93	
	Agree	25% (INV)
	Disagree	75% (LC, PTA, MP)
	Total	100%
	<u>Conclusion</u> Not to adopt the proposal because underlying proposal not adopted.	
Q99	<i>Do you agree with our proposal to grant a transitional period of 18 months to all existing issuers to comply with the new continuing obligation in respect of the minimum number of shareholders?</i>	
	Responses: <u>Category: Agree:Disagree</u> LC: 0:50 PTA: 1:4 MP: 11:4 INV: 2:1 Other views: 2 No comment: 18 Total: 93	
	Agree	50% (MP, INV)
	Disagree	50% (LC, PTA)
	Total	100%
	<u>Conclusion</u> Not to adopt the proposal because underlying proposal not adopted.	

TIMELINESS OF ACCOUNTS

	<u>Consultation Proposal D.206:</u>		Paragraph 168
	We will amend the Main Board Rules to subject those issuers that fail to publish their financial results on the due date to an immediate suspension of trading of their securities. Trading may only resume after the issuer publishes the requisite financial results.		
Q100	<i>Do you agree with our proposal?</i>		
	<i>Responses:</i> <u>Category: Agree:Disagree</u> LC: 3:47 PTA: 3:4 MP: 6:9 INV: 1:1 Other views: 4 No comment: 15 Total: 93		
	Agree	0%	
	Disagree	75% (LC, PTA, MP)	
	Equal	25% (INV)	
	Total	100%	
	<u>Conclusion</u> We have amended the Main Board Rules to provide that trading of the securities of issuers that fail to publish their financial results on the due date will be immediately suspended. Trading may only resume after the issuers publish the requisite financial results.		
Q101	<i>If you think that a grace period should be given before suspension of the issuer's securities for failing to publish timely financial results, how long do you think the grace period should be?</i>		
	2 months	3	
	1 month	5	
	2 weeks	3	
	Other	3 months – 5 1 week – 1 Not specified – 4	
	Other views	50	
	No comment	22	
	<u>Conclusion</u> There will be a transitional period up to 31 December 2004 for all existing issuers to comply with this new continuing obligation.		

PROVISION OF INFORMATION TO THE EXCHANGE

	<u>Consultation Proposal D.208:</u>		Paragraphs 176 and 177
	We will amend the Main Board Rules to introduce a new continuing obligation with regard to the provision of information by the issuer to the Exchange. An issuer will be considered as failing to meet the continuing obligation if it makes a misrepresentation to the Exchange, omits necessary material information in the course of communicating with the Exchange, or otherwise fails to provide requested information.		
Q102	<i>Do you agree with our proposal?</i>		
	<i>Responses:</i> <u>Category: Agree:Disagree</u> LC: 5:47 PTA: 2:4 MP: 10:6 INV: 2:1		

	Other views: 1 No comment: 15 Total: 93	
	Agree	50% (MP, INV)
	Disagree	50% (LC, PTA)
	Total	100%
	<p><u>Conclusion</u> The provision of timely and accurate information to the market is of fundamental importance to its integrity and carries with it significant implications for the protection of investors. However, we also recognise the practical and legal limits to the degree of responsibility that can and should be fairly placed on directors of listed issuers.</p> <p>Given the complexity of the issues involved, we consider that more study should be conducted before arriving at a solution which should be able to balance the competing interests of timely disclosure against the assurances as to accuracy to be given by directors. In the interim pending finalisation of such a review, we have not made any changes to the Main Board Rules.</p>	

EFFECTIVE DATE

	<p><u>Consultation Proposal D.210:</u> We propose that if our proposals regarding the continuing obligations set out in Part D of the Consultation Paper are adopted, such new continuing obligations will become effective immediately when amendments of the Main Board Rules are made. However, there will be a transitional period of 18 months for existing issuers that are listed before the effective date of the initial listing eligibility criteria and listing applicants that have submitted their Form A1 before the effective date and listed within three months after the effective date, to comply with the minimum spread of shareholders requirement.</p>	Paragraph 180
Q104	<p><i>Do you agree with our proposal?</i> <i>Responses:</i> <u>Category: Agree:Disagree</u> LC: 4:46 PTA: 3:3 MP: 13:2 INV: 1:1 Other views: 3 No comment: 17 Total: 93</p>	
	Agree	25% (MP)
	Disagree	25% (LC)
	Equal	50% (PTA, INV)
	Total	100%
	<p><u>Conclusion</u> Given that we have decided not to proceed with our proposal on the spread of shareholders requirement as a continuing obligation, the need for transitional arrangements has largely disappeared. The continuing obligations rules are to take effect on 31 March 2004 except for the continuing obligation with regard to the timeliness of accounts. A transitional period up to 31 December 2004 will apply.</p>	

Part F – Disclosure Requirements at the time of Initial Listing

GENERAL

	<u>Consultation Proposal F.232:</u>	Paragraph 199
	We will amend the Main Board Rules to introduce additional qualitative disclosure requirements to enhance disclosure in the areas of corporate matters, including the pre-listing corporate governance related practices, of a listing applicant so as to enable investors to evaluate and price their investment accordingly.	
Q113	<i>Do you agree with our proposal?</i>	
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 4:48</p> <p>PTA: 5:2</p> <p>MP: 10:5</p> <p>INV: 2:1</p> <p>Other views: 0</p> <p>No comment: 16</p> <p>Total: 93</p>	
	Agree	75% (PTA, MP, INV)
	Disagree	25% (LC)
	Total	100%
	<p><u>Conclusion</u></p> <p>We have amended the Main Board Rules to introduce additional qualitative disclosure requirements to enhance disclosure in the areas of corporate matters of a listing applicant in the initial listing document, so as to enable investors to better evaluate and price their investment accordingly.</p>	

PROTECTION OF SHAREHOLDERS' RIGHTS

Over-allotment Option and Price Stabilising Activities

	<u>Consultation Proposal F.234:</u>	Paragraph 200
	<p>We will codify our current practice to require disclosure in the initial listing documents where a listing applicant or its selling shareholder has granted over-allotment options or it is proposed to enter into price stabilising activities in connection with an offering. The information to be disclosed will include:</p> <p>(a) confirmation that the price stabilising activities will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation;</p> <p>(b) the reason for entering into the price stabilising activities;</p> <p>(c) the number of shares subject to the over-allotment option, the option price, whether the shares issued or sold under an over-allotment option are to be issued or sold on the same terms and conditions as the shares that are subject to the main offering;</p> <p>(d) whether there are any other terms, such as the duration, of the option; and</p> <p>(e) the purpose for which the option has been granted.</p>	
Q114	<i>Do you agree with our proposal?</i>	
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 10:42</p> <p>PTA: 5:1</p> <p>MP: 15:1</p> <p>INV: 1:2</p> <p>Other views: 0</p> <p>No comment: 16</p> <p>Total: 93</p>	

	Agree	50% (PTA, MP)	
	Disagree	50% (LC, INV)	
	Total	100%	
	<p><u>Conclusion</u> We have codified our current practice to require disclosure in the initial listing documents where a listing applicant or its selling shareholder has granted over-allotment options or it is proposed to enter into price stabilising activities in connection with an offering. The information to be disclosed will include:</p> <p>(a) confirmation that the price stabilising activities will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation;</p> <p>(b) the reason for entering into the price stabilising activities;</p> <p>(c) the number of shares subject to the over-allotment option, the option price, whether the shares issued or sold under an over-allotment option are to be issued or sold on the same terms and conditions as the shares that are subject to the main offering;</p> <p>(d) whether there are any other terms, such as the duration, of the option; and</p> <p>(e) the purpose for which the option has been granted.</p>		

DIRECTORS AND BOARD PRACTICES

Information about the Listing Applicant's Past Corporate Governance Practices

	<p><u>Consultation Proposal F.237:</u> We will amend the Main Board Rules to require a listing applicant to disclose in the initial listing document its corporate governance practices during the three-financial-year track record period. Disclosure should include:</p> <p>(a) the corporate governance practices, particularly in relation to directors, board practices and shareholders' rights, adopted by the listing applicant;</p> <p>(b) whether the listing applicant was able to meet the minimum standard in the Code of Best Practice and its own code (if any). If not, details of any deviations or non-existence of the minimum standard should be disclosed;</p> <p>(c) whether the listing applicant had an audit committee or other specialised committees, and details on their role and function, composition and work performed by such committee; and</p> <p>(d) internal controls over the listing applicant's financial, operational and compliance matters and risk management.</p>	Paragraphs 183 and 184	
Q115	<p><i>Do you agree with our proposal?</i></p> <p><i>Responses:</i> <u>Category: Agree:Disagree</u> LC: 3:49 PTA: 2:4 MP: 6:9 INV: 2:1 Other views: 0 No comment: 17 Total: 93</p>		
	Agree	25% (INV)	
	Disagree	75% (LC, PTA, MP)	
	Total	100%	
	<u>Conclusion</u>		

	<p>We have decided not to adopt our proposal that requires disclosure by listing applicants in their initial listing documents their corporate governance practices (if applicable) during the three-financial-year track record period.</p> <p>Notwithstanding we are not to adopt the proposal, where information relating to past corporate governance practices is relevant to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the listing applicant and of its profits and losses and of the rights attaching to the securities to be listed, such information should be disclosed by listing applicants under the general disclosure for prospectuses as is currently required under the Main Board Rules.</p>	
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CORPORATE REPORTING AND DISCLOSURE OF INFORMATION

Information about the Persons in Control of the Listing Applicant

	<p><u>Consultation Proposal F.239:</u></p> <p>We will amend the Main Board Rules to require description of the matters that the listing applicant relied on in satisfying itself that it is capable of carrying on its business independently of the persons who are directly or indirectly, jointly or severally, in control of the listing applicant after listing.</p>	Paragraph 201
Q116	<i>Do you agree with our proposal?</i>	
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 8:44 PTA: 3:3 MP: 13:3 INV: 2:1 Other views: 0 No comment: 16 Total: 93</p>	
	Agree	50% (MP, INV)
	Disagree	25% (LC)
	Equal	25% (PTA)
	Total	100%
	<p><u>Conclusion</u></p> <p>We have amended the Main Board Rules to require description of the matters that the listing applicant relied on in satisfying itself that it is capable of carrying on its business independently of the persons who are directly or indirectly, jointly or severally, in control of the listing applicant after listing.</p>	

Accounts and Financial Information

	<p><u>Consultation Proposal F.243:</u></p> <p>We will maintain the current requirement that the latest financial period reported on by reporting accountants must not be more than 6 months before the date of the initial listing document.</p>	Paragraph 202
Q117	<i>Do you agree with our proposal?</i>	
	<p><i>Responses:</i></p> <p><u>Category: Agree:Disagree</u></p> <p>LC: 52:0 PTA: 6:0 MP: 16:0 INV: 1:1 Other views: 0 No comment: 17 Total: 93</p>	

	Agree	75% (LC, PTA, MP)	
	Disagree	0%	
	Equal	25% (INV)	
	Total	100%	
	<u>Conclusion</u> We have decided to maintain the current requirement that the latest financial period reported on by reporting accountants must not be more than 6 months before the date of the initial listing document.		

	<u>Consultation Proposal F.244:</u> We will introduce an additional requirement to include management accounts from the latest financial period of the accountants report to a period that is not more than 3 months before the date of the initial listing document. The information to be disclosed should be the net profit for the period and the unaudited balance sheet as at the date of the management accounts so disclosed. The management accounts should be reviewed by the reporting accountants to a standard comparable to that required by the Hong Kong Society of Accountants or the International Auditing Practice Committee of the International Federation of Accountants.		Paragraph 188
Q118	<i>Do you agree with our proposal?</i> <i>Responses:</i> <u>Category: Agree:Disagree</u> LC: 4:48 PTA: 4:2 MP: 9:6 INV: 1:1 Other views: 1 No comment: 17 Total: 93		
	Agree	50% (PTA, MP)	
	Disagree	25% (LC)	
	Equal	25% (INV)	
	Total	100%	
	<u>Conclusion</u> After balancing the potential benefits against the practical difficulties and additional costs which the new requirement may bring to listing applicants, we have decided not to adopt this proposal.		

The Management

	<u>Consultation Proposal F.247:</u> We will amend the Main Board Rules to require disclosure of the details of the expertise, experience and qualification of the management of a listing applicant to be listed under Chapter 8 of the Main Board Rules.		Paragraph 203
Q119	<i>Do you agree with our proposal?</i> <i>Responses:</i> <u>Category: Agree:Disagree</u> LC: 8:44 PTA: 4:2 MP: 13:2 INV: 1:1 Other views: 1 No comment: 17 Total: 93		
	Agree	50% (PTA, MP)	
	Disagree	25% (LC)	

	Equal	25% (INV)	
	Total	100%	
	<u>Conclusion</u> We have amended the Main Board Rules to require disclosure of the details of the expertise, experience and qualification of the management of a listing applicant to be listed under Chapter 8 of the Main Board Rules.		

	<u>Consultation Proposal F.248:</u>		Paragraph 204
	We will amend the Main Board Rules to require disclosure of the details of the management expertise and experience for the management of a listing applicant to be listed under the market capitalisation/revenue test and a listing applicant that is a mineral company or infrastructure company that wishes to apply for a waiver from the trading record requirement or financial standards requirement, where appropriate.		
Q120	<i>Do you agree with our proposal?</i>		
	<i>Responses:</i> <u>Category: Agree:Disagree</u> LC: 49:1 PTA: 5:1 MP: 12:3 INV: 2:1 Other views: 1 No comment: 18 Total: 93		
	Agree	100% (LC, PTA, MP, INV)	
	Disagree	0%	
	Total	100%	
	<u>Conclusion</u> We have amended the Main Board Rules to require disclosure of the details of the management expertise and experience for the management of a listing applicant to be listed under the market capitalisation/revenue test and a listing applicant that is a mineral company or infrastructure company that wishes to apply for a waiver of the trading record requirement or financial standards requirement, where appropriate.		

Prospects of the Group

	<u>Consultation Proposal F.250:</u>		Paragraph 205
	We will codify our current practice to require that where a profit forecast or estimate is prepared, such profit forecast or estimate must be prepared on a basis consistent with the accounting policies normally adopted by the listing applicant.		
Q121	<i>Do you agree with our proposal?</i>		
	<i>Responses:</i> <u>Category: Agree:Disagree</u> LC: 6:46 PTA: 5:1 MP: 14:2 INV: 2:1 Other views: 0 No comment: 16 Total: 93		
	Agree	75% (PTA, MP, INV)	
	Disagree	25% (LC)	
	Total	100%	
	<u>Conclusion</u> We have codified our current practice to require that where a profit forecast or estimate is prepared, such profit forecast or estimate must be prepared on a basis consistent with		

	the accounting policies normally adopted by the listing applicant.	
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EFFECTIVE DATE

	<u>Consultation Proposal F.251:</u>	Paragraph 206
	We propose that if our proposals regarding the new disclosure requirements set out in Part F of the Consultation Paper are adopted, such new disclosure requirements will become effective immediately when amendments of the Main Board Rules are made. Listing applicants that have submitted their listing application before such amendments will be encouraged to make similar disclosure in their initial listing document.	
Q122	<i>Do you agree with our proposal?</i>	
	<i>Responses:</i> <u>Category: Agree:Disagree</u> LC: 49:3 PTA: 4:2 MP: 13:3 INV: 1:1 Other views: 0 No comment: 17 Total: 93	
	Agree	75% (LC, PTA, MP)
	Disagree	0%
	Equal	25% (INV)
	Total	100%
	<u>Conclusion</u> The new disclosure requirements will become effective on 31 March 2004. Listing applicants that have submitted their listing application before implementation of these amendments are encouraged to make similar disclosure in their initial listing document.	