

## Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEx website at:

<http://www.hkex.com.hk/eng/newsconsul/mktconsul/documents/cp2010092.pdf>

Where there is insufficient space provided for your comments, please attach additional pages.

1. Should the Exchange remove MB Listing Rule 8.05(3)(f) and make a consequential amendment to MB Listing Rule 8.08(2) to require a minimum number of 300 shareholders for the Market Capitalisation/Revenue Test?

Yes

No

Please provide reasons for your views.

*We agree to the reasoning as stated in the consultation paper.*

2. If your answer to question 1 is “Yes”, do you agree that the proposed draft Rule amendments in Appendix II to the Consultation Paper will implement our proposal?

Yes

No

If your answer is “No”, please provide reasons and alternative views.

3. Are there any other comments you would like to make?

Yes

No

If your answer is “Yes”, please provide your comments.

*Under the current CCASS system, shareholders hold their shares through their banks and brokers and in turn their shareholdings would appear under the CCASS nominee as beneficial interests only but not legal title. Likewise, many investors would submit their IPO application through their brokers, again their subsequent shareholdings will be under the CCASS nominee. Hence, the shareholders number as appeared on the company register does not reflect the actual number of legal owners. So just by setting a minimum shareholder number does not help much in verifying how many individual shareholders are behind a company because the figure is likely to be distorted.*

*This situation however will be remedied under the proposed scripless trading system where more investors would have a choice to open an account with CCASS to hold the legal title directly and have their names appeared on the company register. The shareholder number appeared on the register would then be a better indication of the shareholding situation. The Exchange should at that time review the whole issue of minimum shareholders requirement.*

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