

BY HAND AND BY EMAIL

Our Ref: [REDACTED]

29 November 2018

Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place, Central Hong Kong

Dear Sirs,

Re: Consultation Paper on the Proposal relating to Listing Issuers with Disclaimer or Adverse Audit Opinion on Financial Statements

SHINEWING Risk Services Limited ("SHINEWING") has thoroughly studied the consultation paper on the Proposal relating to Listing Issuers with Disclaimer or Adverse Audit Opinion on Financial Statements and our detailed comments on it are set out in the questionnaire attached to this letter.

We support the two proposed amendments. Among the cases where a disclaimer or an adverse opinion on the issuer's financial statement were issued, some were due to fact that material deficiencies were found in the issuer's internal control system regarding maintenance of records and safeguarding of assets. We believe that the proposals could encourage issuers to maintain proper and effective risk management and internal control systems, and to promptly remediate the issues for resuming trading. Further, it is suggested that for issuers who receive disclaimer or adverse opinion for their first time, certain grace period (e.g. six months) should be given for resolving the issues before trading suspension. We believe that such mechanism could maintain a more orderly and fair market by lessening the number of suspensions.

Should you have any questions on the above comments, please do not hesitate to contact us at 3583 8000.

Yours faithfully,

[REDACTED]

SHINEWING Risk Services Limited

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below that are raised in the Consultation Paper downloadable from the HKEX website at:

<http://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/September-2018-Adverse-Audit-Opinion/Consultation-Paper/cp201809.pdf>

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

1. Do you agree with the proposal to add a Rule to require trading suspension if an issuer has published a preliminary annual results announcement and its auditor has issued, or has indicated that it will issue, a disclaimer or an adverse opinion on the issuer's financial statements?

Yes

No

If your answer is "No", please give reasons for your views.

2. Do you agree with the proposed Rule 13.50A to require the issuer to address the issues giving rise to the disclaimer or adverse opinion, provide comfort that a disclaimer or adverse opinion in respect of such issues would no longer be required, and disclose sufficient information for investors to assess its updated financial position before trading resumption (as described in paragraph 32 of the Consultation Paper)?

Yes

No

If your answer is "No", please give reasons for your views.

- End -