

## 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 with the rationale stated in the consultation paper. In particular, an issuer which uses the market capitalisation/revenue test to list ("Rule 8.05(3) issuer") does not need to be a profitable company or meet the minimum cash flow requirement and may have a track record of less than three years. Such an issuer does not need to demonstrate a "proven" financial track record and therefore may be a riskier investment for public investors compared to companies using the other two Rule 8.05 financial requirements to list.*

*We fail to see justification of a higher minimum shareholder threshold for Rule 8.05(3) issuers.*

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.

*For those investors who subscribe for shares using yellow application forms, their shares will be held through CCASS and will be registered in the name of HKSCC Nominee Limited. HKSCC Nominee Limited is therefore the “one and only” registered member for such shares from the issuer’s perspective.*

*Presumably this restricted method of counting is not the intention of the Listing Rule requirement and in practice there are mechanisms to identify the number of successful IPO share applicants who have subscribed for shares through the various application forms. We suggest the Listing Rules should be made clear that the number of minimum shareholders refers to the total number of shareholders and successful applicants to whom, or their nominees, have been allotted and issued IPO shares.*

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