



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/August-2018-Review-Structure-to-LC-Decisions/Consultation-Paper/cp201808.pdf>

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

1. Do you agree to revise the current review structure so that decisions of Material Significance made by the Listing Committee will be subject to only one level of review?

☒ Yes

☐ No

Please give reasons for your views.

In deciding the number of levels of review mechanism is a matter of balance between the efficiency in a competitive market and the fairness of having reasonable review opportunities.

Taking into consideration of (i) already establishing an independent review committee (where entirely of outside market participants with no current Listing Committee members or representatives of the SFC or HKEX); and (ii) keeping abreast with the fast changing world, one level of review would be preferred.



2. Do you agree with:

- (a) the proposal to establish a new independent review committee to replace the LRC and the LD(R)C respectively and to hear reviews currently conducted by them?

☒ Yes

☐ No

Please give reasons for your views.

It is agreed establishing a new independent review committee to replace the LRC and the LD(R)C, as this would promote a higher degree of independence for the review bodies, and avoid the perceived independence of the LRC and LD(R)C from the Listing Committee, for the fact that the LRC and the LD(R)C comprise members of the Listing Committee.

For returned decision, 2nd review should also be reviewed by a new independent review committee, which aligns with other review cases.

In addition, based on current practice for vetting an IPO case, it normally takes at least 2 months for HKEX IPO vetting team to send out comments. In this regard, it is suggested to increase the number of people in IPO vetting team in order to accelerating the vetting process.

- (b) the size and composition of the new independent review committee (including the mix of members' representation)?

☒ Yes

☐ No



Please give reasons for your views.

It is agreed that the size of at least 15 members with composition of having at least four of whom are investor representatives, and the remaining members representing a suitable balance of representatives of listed issuers and market practitioners including lawyers, accountants, corporate finance advisers and Exchange participants (or their officers), would be appropriate, because (i) sufficient members in the pool of the proposed size could be drawn for each review case; and (ii) a mix of representatives as new Listing Review Committee composition could achieve a balance of public interest representation, knowledge, experience and technical skills.



3. If the Exchange decides to retain two levels of review for decisions of Material Significance made by the Listing Committee, do you agree that the LAC is to be replaced by a review committee with members being drawn from the proposed new independent review committee and chaired by a member of a separate chairperson panel? Are there any additional process or safeguards that you would suggest to enhance this aspect of the review structure for such decisions of Material Significance?

☒ Yes

☐ No

Please give reasons for your views.

It is agreed that agree the LAC being replaced by a review committee with members being drawn from the proposed new independent review committee and chaired by a member of a separate chairperson panel. First of all, the principal of fairness would be more valued. Therefore, even if retaining two levels of review for decisions of Material Significance, an independent review committee would be preferred. Secondly, having a chairperson retired from their profession would ensure the independence of the chairperson panel and reduce the possibility of chairperson panel members being conflicted out from hearing a case.

No additional process or safeguards would be suggested..

4. Do you agree with the proposal to routinely publish decisions of the new Listing Review Committee for non-disciplinary matters on the basis described in paragraphs 102 to 105 of the Consultation Paper?

☒ Yes

☐ No



Please give reasons for your views.

Routinely publishing a review decision for non-disciplinary matters on a “no-names” basis would enhance the transparency and accountability of the Exchange's decision-making process. First of all, this would let the market practitioners understand more on the rationales of the Exchange's decisions would be deduced, so that the market could make a reference (though understanding that each precedent case do not representing a binding precedent) for future cases. Secondly, this would boost the Exchange's accountability on making its decisions, so that the proposed adoption of a one-level review structure (instead of a two-level review structure) , where the market might view as unfair for having one less chance for review, would make a right balance.

5. The Exchange does not consider that specific consultation is required in relation to the provisions for the SFC's power to request review of decisions as set out in Chapter 5 of the Consultation Paper (as they reflect the MOU and administrative procedures) but would be pleased to receive any comments from respondents.

Agree without further comments.

- End -