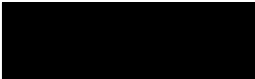




12 October 2018



The Stock Exchange of Hong Kong Limited  
10/F., One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

Dear Sirs,

**Response to the Consultation Paper on Proposed Changes to Review Structure for Listing Committee Decisions (Consultation Paper)**

We refer to the Consultation Paper published by The Stock Exchange of Hong Kong Limited (the "Exchange") on 10 August 2018.

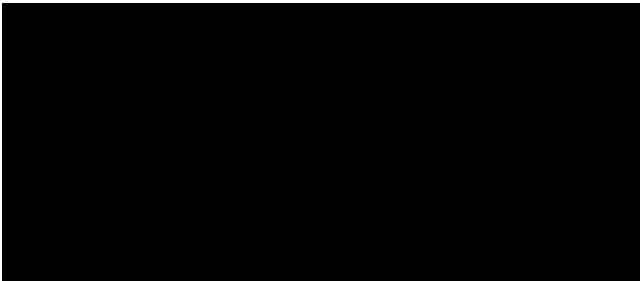
We are supportive of the Exchange's objectives to promote transparency, accountability and consistency in Listing Committee's decisions. From a high-level perspective to improve Hong Kong's competitiveness as an international financial centre, we set out below some general comments in respect of the existing and proposed review structure for your consideration.

1. Categorization of review matters should reflect the seriousness of impacts to the affected parties

The existing categorization of disciplinary and non-disciplinary matters set out in Appendix 1 and Appendix 2 of the Consultation Paper does not differentiate matters in accordance with the seriousness of the consequences to listed issuers or listing applicants. Regardless of whether there will be one level or two levels of the finalized review structure, the review structure is the same for all categories of matters. We invite the Exchange to clarify the rationales behind the existing categorization.

We advocate to:



- 
- (a) group together all matters with serious implications to listed issuers or listing applicants into one category (the "**Serious Matters**"), which include all decisions in relation to:
- suspension of trading
  - resumption of trading
  - commencement of delisting procedure
  - cancellation of listing status
  - rejection of IPO
  - continuing listing criteria that a listed company must carry out a sufficient level of operations or assets (under Rule 13.24)
- (b) allow the affected parties of these Serious Matters to have two "as-of-right" opportunities to make "face-to-face" submissions to the decision-making body at the Listing Committee level.

Since these Serious Matters are complicated in nature and have significant impacts to the listed companies and their shareholders (or the listing applicant and their stakeholders), we consider one level of review process without an appeal mechanism as too controversial.

In case the proposed one level review structure is adopted, the Exchange is urged to allow exceptions to the Serious Matters and provide opportunities for the affected parties to have a second review opportunity.

We consider the day-to-day compliance and monitoring issues (excluding the commencement of delisting procedures) as less serious matters. For these less serious matters, preferably the affected parties can also have two "as-of-right" opportunities to make a direct submission at the Listing Committee level. Nevertheless, for the purpose of simplifying the decisions making process, the proposed one level review structure for the less serious matters is also reasonable.

2. Quorum of the proposed Listing Review Committee should include a minimum number of "qualified" representatives

The proposed composition of the new Listing Review Committee will comprise of three types of representatives, namely investors, listed issuers and market practitioners. We agree that it is a good practice to set out a clear guidance on who is qualified to hear a review matter.

The proposed quorum for a review hearing by the new Listing Review Committee has specified the number of members in person (five members). However, the quorum does not specify the minimum number of each representative type. To maintain a balanced and consistent composition of the quorum, we consider it necessary to include at least one member from each representative group in the quorum.

We hope our response provides useful suggestions to enhance the Exchange's decision-



making process. Please contact us if you have any questions in relation to our response.

Yours faithfully,

