

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/cp2017091.pdf>

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

1. Do you agree with our proposed MB Rule amendment to add a fixed period delisting criterion?

☐ Yes

☒ No

If your answer is "No", please explain why.

We consider that the primary purpose of the delisting framework is still to promote resumption as minority and public shareholders would be stuck with a private company's shares once listed companies are delisted. Subject to a clear bright line test on delisting criteria, we agree to add a standardised fixed delisting period which would be applicable to all types of delisting. For example, the Exchange can provide a bright line test on what constitutes insufficient level of operations or material breach of the Listing Rules and provide guidance on the issuer's remedial action plan.

2. Do you think the appropriate period under the fixed period delisting criterion should be:

☐ 12 months

☐ 18 months

☐ 24 months

☒ Other 48 months (please state)

Please also explain why.

Issuers should be given sufficient time to remedy the relevant issues. Hence the period may vary depending on the reason giving rise to the delisting process.

3. Do you agree with our proposed MB Rule amendment to allow the Exchange to delist an issuer under any applicable delisting criteria in MB Rule 6.01 immediately, or publish a delisting notice and give the issuer a period of time to remedy the relevant issues to avoid delisting?

☐ Yes

☒ No

If your answer is "No", please explain why.

We do not agree to delist an issuer immediately under MB Rule 6.01 because (i) MB Rule 6.01 is very wide in scope and many things can trigger a breach of MB Rule 6.01; and (ii) the delisting power of the Exchange is unclear. This will create market uncertainty rather than promoting it.

The Exchange should give the issuer a period of time and guidance on how to address the relevant issues.

4. Do you agree with our proposal to remove Practice Note 17 and to delist issuers without sufficient operations or assets under either the fixed period criterion or the new delisting process for MB Rule 6.01?

☐ Yes

☒ No

If your answer is "No", please explain why.

Unless a clear and standardised delisting procedure is put in place as mentioned above, we do not agree to remove PN 17.

5. Do you agree with our proposal to add a note to MB Rule 13.24 setting out the characteristics of issuers which are unable to comply with MB Rule 13.24?

☐ Yes

☒ No

If your answer is "No", please explain why.

We consider the Exchange should qualify MB Rule 13.24 as much as possible so that listed issuers have clear bright line standards to follow.

6. Do you agree with our proposal to remove MB Rule 6.01(1)?

☒ Yes

☐ No

If your answer is "No", please explain why.

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7. Do you agree with our proposal to clarify in MB Rule 2B.07(5) the applicable procedures for reviewing decisions to suspend or cancel a listing under MB Rule 6.01?

☒ Yes

☐ No

If your answer is "No", please explain why.

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8. Do you agree with our proposed MB Rule amendment to require suspended issuers to announce quarterly updates?

☒ Yes

☐ No

If your answer is "No", please explain why.

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9. Do you agree with the proposed transitional arrangements described in paragraph 52 of the consultation paper, and the proposed commencement dates of the fixed period under different situations?

☒ Yes

☐ No

If your answer is "No", please explain why.

10. Do you agree with our proposed GEM Rule amendment to add a fixed period delisting criterion?

☐ Yes

☒ No

If your answer is "No", please explain why.

See our response to question 1 above.

11. Do you think the appropriate period under the fixed period delisting criterion should be:

☐ 6 months

☐ 12 months

☒ Other **48 months** (please state)

Please also explain why.

See our response to question 2 above.

12. Do you agree with the proposed transitional arrangement described in paragraph 59 of the consultation paper?

☒ Yes

☐ No

If your answer is "No", please explain why.

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13. Do you agree with our proposal to align the wording of GEM Rule 9.15 with MB Rule 6.10?

☐ Yes

☒ No

If your answer is "No", please explain why.

<i>Issuers should be given sufficient time to remedy the relevant issues.</i>
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14. Do you agree with our proposal to remove GEM Rule 9.04(5)?

☒ Yes

☐ No

If your answer is "No", please explain why.

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15. Do you agree with our proposal to clarify in GEM Rule 4.07(6) the applicable procedures for reviewing decisions to suspend or cancel a listing under Chapter 9 of the GEM Rules?

☒ Yes

☐ No

If your answer is "No", please explain why.

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16. Do you agree with our proposed GEM Rule amendment to require suspended issuers to announce quarterly updates?

☒ Yes

☐ No

If your answer is "No", please explain why.

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17. Do you agree with our proposal to remove MB Rule 14.37(1) / GEM Rule 19.37(1)?

☒ Yes

☐ No

If your answer is "No", please explain why.

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18. Do you agree with our proposal to remove MB Rule 14.37(2) / GEM Rule 19.37(2)?

☒ Yes

☐ No

If your answer is "No", please explain why.

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19. Do you agree with our proposed MB / GEM Rule amendment to delegate authority to the Listing Department to direct resumption of trading and to provide for an accelerated review procedure?

☒ Yes

☐ No

If your answer is "No", please explain why.

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- End -