

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.

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

12 months

18 months

24 months

Other _____ (please state)

Please also explain why.

Giving an appropriate period can give an issuer as well as the public a clear deadline that such issuer must perform up to the Exchange's resumption criterion within the fixed period or otherwise being delisted, a better way-out than prolonging a trading suspension that the minority shareholders still have no exit for holding shares of the unlisted issuer.

18-month fixed period would be considered as an issuer takes time to set its resumption plan, submit a viable resumption proposal, and take concrete actions to resume trading.

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 disagree. The Exchange should apply consistent basis specifying a remedial period before delisting, but rather to delist an issuer immediately.

In the event of the example mentioned in paragraph 41 (page 13) in the consultation paper, the trading of its shares of such issuer is suspended, in any event. Maintaining its listing status (instead of delisting immediately) allows minority shareholders to obtain an up-to-date status of such issuer as required by the Listing Rules through a proper channel in HKEx website (since the suspended issuer is required to publish a quarterly updates as amended). This is of minimal value for delisting an issuer immediately.

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.

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.

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

Yes

No

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

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.

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.

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.

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

6 months

12 months

Other 18 months (please state)

Please also explain why.

Giving an appropriate period can give an issuer as well as the public a clear deadline that such issuer must perform up to the Exchange's resumption criterion within the fixed period or otherwise being delisted, a better way-out than prolonging a trading suspension that the minority shareholders still have no exit for holding shares of the unlisted issuer.

18-month fixed period would be considered as an issuer takes time to set its resumption plan, submit a viable resumption proposal, and take concrete actions to resume trading.

The resumption duration of 18-month fixed period for GEM Board issuers also aligns with the fixed period of Main Board issuers, regardless of the size and the capacity of an issuer.

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.

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.

14. Do you agree with our proposal to remove GEM Rule 9.04(5)?

Yes

No

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

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.

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.

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.

Though the removal of bright line trading halt requirement may give more flexibility, the removal of MB Rule 14.37(1) / GEM Rule 19.37(1) makes the line unclear for those transactions that must, in any event, apply for a trading halt if the issuer has not published an announcement.

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.

There is no contradiction with other situations that an issuer requires to apply for a trading halt (e.g. an issuer has inside information under Inside Information Provision that is required to disclose even there is no signed agreement), but MB Rule 14.37(2) / GEM Rule 19.37(2) gives a clear line that an issuer must immediately apply for a trading halt pending announcement of the agreement.

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.

- End -

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