

30<sup>th</sup> November 2018

Sent by Email and by Post

Hong Kong Exchanges and Clearing Limited  
8<sup>th</sup> Floor, Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

Dear Sirs/Madams,

**Re: Proposal Relating to Listed Issuers with Disclaimer or Adverse Audit Opinion on Financial Statements**

In principle, HKSFA is in general agreement with the proposal put forward in the consultation paper, which should provide a better investor protection for the general public. For issuers with a disclaimer or adverse opinion, HKSFA is of the view that investors would then be unable to accurately assess the issuer's financial positions. Such issuer should be considered as not fit and proper to be continued trading in the marketplace until the subject issue(s) has been properly addressed.

For clarity purpose, HKSFA proposes to slightly revise the Main Board 13.50A rule and GEM Board 17.49B rule that comfort should be provided "from the auditor" that a disclaimer or adverse opinion in respect of such issues would no longer be required.

Thanks very much for your kind attention.

Yours sincerely,  
For and on behalf of  
The Hong Kong Society of Financial Analysts

Charles Chui, CFA  
Co-chair, Advocacy Committee

Claudius Tsang, CFA  
Co-chair, Advocacy Committee