

**CONSULTATION PAPER**  
**ON**  
**PROPOSED AMENDMENTS TO THE LISTING RULES**  
**RELATING TO**  
**INITIAL LISTING AND CONTINUING LISTING ELIGIBILITY**  
**AND**  
**CANCELLATION OF LISTING PROCEDURES**  
**(QUESTIONNAIRE)**

**July 2002**



**Hong Kong Exchanges and Clearing Limited**

## NOTICE

Dear Sir/Madam,

You are invited to complete and return this questionnaire booklet to us if you wish to comment on our Consultation Paper on Proposed Amendments to the Listing Rules relating to Initial Listing and Continuing Listing Eligibility and Cancellation of Listing Procedures. You are not obliged, however, to supply your personal data such as your name and address if you do not wish to do so.

If you choose to voluntarily supply any personal data to us, you should note the Personal Data Privacy Policy Statement as follows:

### **Personal Data Privacy Policy Statement**

1. Hong Kong Exchanges and Clearing Limited (“HKEx”) is firmly committed to preserving the privacy of respondents in relation to personal data supplied to HKEx on a voluntary basis. Personal data which may include their names, addresses, e-mail addresses, login names etc will not be disclosed by HKEx without your consent unless it is permitted or required by law.
2. Personal data of respondents collected by HKEx will be used for one or more of the following purposes:
  - for performing HKEx’s functions and those of its subsidiaries under the relevant laws, rules and regulations
  - for research and statistical purposes
  - for any other lawful purposes

Personal data collected will not be used by HKEx for any other purpose unless authorized by you or such use is permitted or required by law.

3. HKEx has security measures in place to protect the loss, misuse and alteration of the personal data of respondents. Personal data will be retained for such period as may be necessary for the proper discharge of the functions of HKEx and those of its subsidiaries.
4. If you wish to request access to and/or correction of your personal data held by HKEx, you may do so in writing addressed to:

Personal Data Privacy Officer Hong Kong Exchanges and Clearing Limited 11/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong <a href="mailto:cvw@hkex.com.hk">cvw@hkex.com.hk</a>
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Hong Kong Exchanges and Clearing Limited

**Please complete this questionnaire and return to Hong Kong Exchanges and Clearing Limited by no later than the close of business on 31 August 2002.**

Your contact information

Name : \_\_\_\_\_

Company : \_\_\_\_\_

Telephone no. : \_\_\_\_\_

E-mail address : \_\_\_\_\_

Please tick one of the following:

- Listed company – Main Board
- Listed company – GEM
- Professional association
- Market practitioner (accountant, legal adviser, financial adviser and sponsor, etc)
- Institutional investor
- Retail investor
- Other (please specify : \_\_\_\_\_)

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## GENERAL

This questionnaire contains specific questions relating to our proposals that are highlighted in our Consultation Paper issued on 26 July 2002. We have designed this questionnaire to facilitate your response to the matters of consultation set out in the Consultation Paper. This would help the Exchange in analysing the result with more accuracy and ensure a better understanding of public opinions for the formulation of listing policy for the Main Board. You are requested to elaborate your views and comments in the space provided after each question. We will analyse responses and comments on our proposals based on the completed questionnaires. **You are recommended to read the Consultation Paper in detail when completing this questionnaire.**

The proposals set out in the Consultation Paper and this questionnaire will be made to the Main Board Rules, unless otherwise stated.

We acknowledge that the use of this questionnaire alone may not be adequate for you to fully communicate your comments on complex issues. You are therefore welcome to supplement your comments and views by attaching additional sheets to this questionnaire booklet.

The consultation period will close on 31 August 2002.

This questionnaire booklet is also available for completion and submission at the website of Hong Kong Exchanges and Clearing Limited: [www.hkex.com.hk](http://www.hkex.com.hk).

Comments and completed questionnaire booklet should be addressed to Head – Listing, Regulation & Risk Management and sent by post to:

Hong Kong Exchanges and Clearing Limited  
11/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

Alternatively, you should complete and submit the electronic questionnaire available at the website of Hong Kong Exchanges and Clearing Limited: [www.hkex.com.hk](http://www.hkex.com.hk). You could also download a soft copy of the questionnaire from the website of Hong Kong Exchanges and Clearing Limited and thereafter submit the completed copy to us at [cvw@hkex.com.hk](mailto:cvw@hkex.com.hk).

# PART B OF THE CONSULTATION PAPER INITIAL LISTING ELIGIBILITY CRITERIA

## TRACK RECORD

### Trading Record Period

Paragraph 29 of Part B of the Consultation Paper

We will maintain the current requirement that generally a listing applicant must have a trading record period of not less than three financial years.

*Q1. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 30 of Part B of the Consultation Paper

We will amend the Main Board Rules such that those listing applicants to be listed under the market capitalisation/revenue test (as discussed in paragraph 52 of Part B of the Consultation Paper) may be granted a waiver from the trading record period requirement. However, the Exchange must be satisfied that such listing applicants are able to meet minimum requirements on management experience (as discussed in paragraph 53 of Part B of the Consultation Paper) and number of shareholders (as discussed in paragraph 82 of Part B of the Consultation Paper).

*Q2. Do you agree with our proposal?*

- Agree (please refer to Q11, Q12, Q13 and Q33)*
- Disagree. No waiver from the trading record period requirement should be granted. Please state reason(s) for your view:*

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*Comments:*

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## Management and Ownership Continuity

### Paragraph 34 of Part B of the Consultation Paper

We will codify our interpretation of the current rule to require a listing applicant to demonstrate management continuity during the three financial-year trading record period and ownership continuity and control for at least the most recent financial year of the trading record period.

*Q3. Do you agree with our proposal?*

- Agree*
- Disagree (please tick one of the following)*
  - The listing applicant should demonstrate management continuity and ownership continuity and control during the three-financial year trading record period.*
  - Other views:*

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*Comments:*

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## FINANCIAL STANDARDS

### Profit

#### Paragraph 41 of Part B of the Consultation Paper

We will maintain the current profit requirement as one of the quantitative tests for assessing the track record financial performance of a listing applicant. If our proposals set out in paragraphs 48 and 52 of Part B of the Consultation Paper are adopted, listing applicants may apply to be listed under alternative financial standards to the profit requirement. These alternative financial standards are the market capitalisation/revenue/cash flow test and the market capitalisation/revenue test as discussed in paragraphs 44 to 53 of Part B of the Consultation Paper.

*Q4. Do you think that there should be other alternative financial standards?*

- Yes*
- No. The current profit requirement is sufficient for assessing the track record financial performance of a listing applicant. There is no need to introduce alternative financial standards.*

*Comments:*

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#### Paragraph 42 of Part B of the Consultation Paper

We will amend the Main Board Rules so that pre-tax profits will be used by listing applicants for the purpose of satisfying the profit record requirement, rather than post-tax profits as currently required in the Main Board Rules. However, we will maintain our current position that such pre-tax profits should exclude any income generated by activities outside the ordinary and usual course of business, as well as the results of associated companies.



Q5. Do you agree with our proposal to use pre-tax profits for the purpose of the profit record requirement?

Agree

Disagree. The current rule to use post-tax profits for the purpose of the profit record requirement should be retained. Please state reason(s) for your view:

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Comments:

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Q6. Do you agree with our proposal to maintain our current position to exclude any income generated by activities outside the ordinary and usual course of business of the listing applicant, as well as the results of associated companies, for the purpose of the profit record requirement?

Agree

Disagree. Please state reason(s) for your view:

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*Comments:*

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Paragraph 43 of Part B of the Consultation Paper

We will maintain the current minimum HK\$50 million aggregated profit requirement. However, we will amend the Main Board Rules to allow for greater flexibility in the spread of the aggregated profit such that no less than HK\$20 million can be attributable to the preceding two years and no less than HK\$20 million can be attributable to the most recent financial year of the track record period.

*Q7. Do you agree with our proposal to retain our current minimum HK\$50 million aggregated profit requirement?*

*Agree*

*Disagree (please tick one of the following)*

*The threshold of the aggregated profit should be increased. The threshold should be HK\$\_\_\_\_\_. Please specify the threshold you think is appropriate and state reason(s) for your view:*

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- The threshold of the aggregated profit should be reduced. The threshold should be HK\$\_\_\_\_\_. Please specify the threshold you think is appropriate and state reason(s) for your view:*

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*Comments:*

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*Q8. Do you agree with our proposal with regard to the spread of aggregated profit throughout the track record period?*

- Agree*
- Disagree (please tick one of the following)*

- The current Main Board Rules with regard to the spread of aggregated profit throughout the track record period should be retained. Please state reason(s) for your view:*

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*Other views:*

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*Comments:*

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### **Market Capitalisation/Revenue/Cash Flow**

#### Paragraph 48 of Part B of the Consultation Paper

We will amend the Main Board Rules to introduce an alternative quantitative test to the profit requirement (as discussed in paragraphs 41 to 43 of Part B of the Consultation Paper) for assessing the financial performance of a listing applicant during the three financial-year track record period. This will apply to listing applicants with market capitalisation of at least HK\$2 billion at the time of listing and revenue of at least HK\$500 million during the most recent financial year comprising 12 months and positive cash flow from operating activities that are to be listed of at least HK\$100 million in aggregate for the three financial-year track record period. For the avoidance of doubt, these listing applicants are still required to comply with the trading record period of not less than three financial years.

For the purpose of calculating revenue under the alternative quantitative tests to the profit requirement under Part B of the Consultation Paper, the Exchange will only recognise revenue that generates actual cash inflow but not revenue that is created merely on books, such as banner barter transactions or writing back of accounting provisions.

Q9. Do you agree with our proposal?

- Agree
- Agree, but the respective amounts for the market capitalisation, revenue and cash flow for the alternative quantitative test to apply should be (please indicate what levels these should be)

HK\$ \_\_\_\_\_ for market capitalisation

HK\$ \_\_\_\_\_ for revenue

HK\$ \_\_\_\_\_ for cash flow

Please state reason(s) for your view:

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- Disagree. There is no need to introduce alternative financial standards.

Comments:

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## Market Capitalisation/Revenue

### Paragraph 52 of Part B of the Consultation Paper

We will amend the Main Board Rules to introduce another alternative quantitative test to the profit requirement, in addition to the market capitalisation/revenue/cash flow test as discussed in paragraph 48 of Part B of the Consultation Paper. This will apply to listing applicants having a market capitalisation of at least HK\$4 billion at the time of listing and revenue of at least HK\$500 million during the most recent financial year comprising 12 months. There will also be a specific requirement for a higher minimum number of shareholders so as to demonstrate that the listing applicants opting for this alternative test can attract significant investor interest. For details please refer to paragraph 82 of Part B of the Consultation Paper.

*Q10. Do you agree with our proposal?*

- Agree*
- Agree, but the respective amounts for the market capitalisation and revenue for the alternative quantitative test to apply should be (please indicate what levels these should be)*

*HK\$\_\_\_\_\_ for market capitalisation*

*HK\$\_\_\_\_\_ for revenue*

*Please state reason(s) for your view:*

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- Disagree. There is no need to introduce alternative financial standards.*

*Comments:*

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Paragraph 53 of Part B of the Consultation Paper

We will also amend the Main Board Rules to provide that listing applicants under the market capitalisation/revenue test that wish to apply for a waiver from the three financial-year trading record requirement will be required to demonstrate management continuity and ownership continuity and control for the most recent financial year comprising 12 months. In addition, they must demonstrate, to the satisfaction of the Exchange, that their management has sufficient and satisfactory experience of at least three years in the line of the business and industry of the listing applicants.

*Q11. Do you agree with our proposal that a waiver from the trading record requirement should be granted?*

- Agree (please answer Q12 and Q13)*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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*Q12. Do you agree with our proposal to make management experience a pre-condition to a waiver?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Q13. Do you think there should be other pre-condition(s) that should be met?

- Yes. Please specify the other pre-condition(s) you think is/are appropriate and state reason(s) for your view:

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- No

Comments:

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## WORKING CAPITAL SUFFICIENCY

### Paragraph 57 of Part B of the Consultation Paper

We will maintain the current practice not to compulsorily require a listing applicant to include a profit forecast in its initial listing document. However, listing applicants will be encouraged to include a profit forecast when circumstances permit.

*Q14. Do you agree with our proposal to maintain the inclusion of a profit forecast in the initial listing document as a voluntary requirement?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 58 of Part B of the Consultation Paper

We will amend the Main Board Rules to introduce a new requirement, in addition to the current requirement, on working capital sufficiency such that a listing applicant (except a listing applicant that is subject to prudential supervision by a regulator acceptable to the Exchange) has to show that it has sufficient working capital (including the proceeds raised from listing and its application) for its current needs and for at least the next 12 months from the date of the initial listing document. In this connection, we would also require the sponsor to confirm to the Exchange in writing that it:

- (a) has obtained written confirmation from the listing applicant that the working capital available to the group is sufficient for its present requirements, and for at least the next 12 months from the date of publication of the initial listing document; and
- (b) is satisfied that the confirmation in paragraph 58(a) of Part B of the Consultation Paper has been given after due and careful enquiry by the listing applicant and that the persons or institutions providing finance have stated in writing that the relevant financing facilities exist.

*Q15. Do you agree with our proposal?*

*Agree*

*Agree in principle, but the period covered should be \_\_\_\_\_. Please state reason(s) for your view:*

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*Disagree. Please state reason(s) for your view:*

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## **MARKET CAPITALISATION**

### Paragraph 67 of Part B of the Consultation Paper

We will amend the Main Board Rules to increase the initial minimum expected market capitalisation to HK\$200 million such that:

- (a) in respect of a listing applicant that has only one class of securities and is applying to list such class of securities on the Exchange, the minimum expected market capitalisation of HK\$200 million at the time of listing will comprise only one class of securities that are to be listed and traded on the Exchange;

*Q16. Do you agree with our proposal to require an initial minimum expected market capitalisation of HK\$200 million?*

*Agree*

*Disagree. The initial minimum expected market capitalisation should be HK\$\_\_\_\_\_. Please state reason(s) for your view:*

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- (b) in respect of a listing applicant that has more than one class of securities and all of which are unlisted apart from the class to be listed on the Exchange, the minimum expected market capitalisation of HK\$200 million at the time of listing will comprise only the class of securities that are to be listed and traded on the Exchange; and

*Q17. Do you agree with our proposal to apply the same minimum threshold of HK\$200 million to the global market capitalisation of listing applicants that have more than one class of securities and all of which are unlisted apart from the class to be listed and traded on the Exchange?*

- Agree*
- Disagree. Please specify the threshold you think is appropriate and state reason(s) for your view:*

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- (c) in respect of a listing applicant that has more than one class of securities and all or part(s) of such other class(es) of securities are listed and traded on other regulated markets, the minimum expected market capitalisation of HK\$200 million at the time of listing will comprise the aggregate of such securities listed and traded on other regulated markets as well as securities that are to be listed and traded on the Exchange.

*Q18. Do you agree with our proposal to apply the same minimum threshold of HK\$200 million to the global market capitalisation of listing applicants that have more than one class of securities and all or part(s) of such other class(es) of securities are listed and traded on other regulated markets?*

*Agree*

*Disagree. Please specify the threshold you think is appropriate and state reason(s) for your view:*

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*Comments:*

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Paragraph 68 of Part B of the Consultation Paper

We will maintain the current requirement of the Main Board Rules that options, warrants or similar rights to subscribe or purchase securities for which listing is sought must have a minimum market capitalisation of at least HK\$10 million at the time of listing.

Q19. Do you agree with our proposal?

- Agree
- Disagree. Please state reason(s) for your view:

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Comments:

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## PUBLIC FLOAT

### Paragraph 73 of Part B of the Consultation Paper

We will amend the Main Board Rules to provide for the following:

- (a) in respect of a listing applicant that has only one class of securities and is applying to list such securities on the Exchange, there must be at least 25% of the listing applicants' total existing issued share capital, having an aggregate market capitalisation of not less than HK\$50 million, in the hands of the public;

*Q20. Do you agree with our proposal to require at least 25% of the listing applicant's total existing issued share capital, having an aggregate market capitalisation of not less than HK\$50 million, in the hands of the public?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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- (b) in respect of a listing applicant that has more than one class of securities and all of which are unlisted apart from the class to be listed on the Exchange, the total securities held by the public at the time of listing on the Exchange must be at least 25% of the listing applicant's total existing issued share capital, having an aggregate market capitalisation of not less than HK\$200 million; and



Q21. Do you agree with our proposal to apply the same percentage threshold of public float to listing applicants that have more than one class of securities and all of which are unlisted apart from the class to be listed and traded on the Exchange?

Agree

Disagree. Please specify the percentage threshold you think is appropriate and state reason(s) for your view:

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- (c) in respect of a listing applicant that has more than one class of securities and all or part(s) of such other class(es) of securities are listed and traded on other regulated markets, the total securities held by the public (on all regulated markets including the Exchange) at the time of listing on the Exchange, must be at least 25% of the listing applicant's total existing issued share capital. However, the securities that are to be listed and traded on the Exchange must not be less than 10% of the listing applicant's total existing issued share capital, having an aggregate market capitalisation of not less than HK\$50 million.

*Q22. Do you agree with our proposal to apply the same percentage threshold of public float to listing applicants that have more than one class of securities and all or part(s) of such other class(es) of securities are listed and traded on other exchanges?*

*Agree*

*Disagree. Please specify the percentage threshold you think is appropriate and state reason(s) for your view:*

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*Comments:*

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Q23. Do you agree with our proposal to require at least 10% of the listing applicant's total existing issued share capital to be listed and traded on the Exchange?

Agree (please answer Q24)

Disagree (please tick one of the following)

The percentage threshold should be higher. The percentage threshold should be \_\_\_\_\_. Please specify the threshold you think is appropriate and state reason(s) for your view: (please answer Q25)

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The percentage threshold should be lower. The percentage threshold should be \_\_\_\_\_. Please specify the threshold you think is appropriate and state reason(s) for your view: (please answer Q26)

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Comments:

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Q24. Do you agree with our proposal that the 10% of the listing applicant's total existing issued share capital to be listed and traded on the Exchange should represent an aggregate market capitalisation of not less than HK\$50 million?

Agree

Disagree. The threshold of the aggregate market capitalisation represented by the 10% of the listing applicant's issued share capital should be HK\$\_\_\_\_\_. Please state reason(s) for your view:

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Q25. If you think that the percentage threshold of the listing applicant's issued share capital should be higher than 10%, do you agree that the threshold of the aggregate market capitalisation of securities to be listed and traded on the Exchange represented by such percentage should be maintained at HK\$50 million?

Agree.

Disagree. The market capitalisation should be HK\$\_\_\_\_\_. Please state reason(s) for your view:

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*Q26. If you think that the percentage threshold of the listing applicant's issued share capital should be lower than 10%, do you agree that the threshold of the aggregate market capitalisation of securities to be listed and traded on the Exchange represented by such percentage should be maintained at HK\$50 million?*

- Agree.*
- Disagree. The market capitalisation should be HK\$\_\_\_\_\_.* Please state reason(s) for your view:

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Paragraph 74 of Part B of the Consultation Paper

We will amend the Main Board Rules to provide that the Exchange may, at its discretion, accept a lower percentage of public float between 15% and 25% if the market capitalisation of securities of a listing applicant that are listed and traded on regulated markets determined as at the time of listing on the Exchange, exceeds HK\$10 billion. However, the listing applicant must demonstrate, to the satisfaction of the Exchange, that it has sufficient safeguard in place to protect the interests of minority shareholders. If this proposal is adopted, the revised lower percentage of public float of between 15% and 25% shall only apply to listing applicants referred to in paragraph 111 of Part B of the Consultation Paper, and will not affect those existing issuers that have already been granted a waiver from the public float requirement.

*Q27. Do you agree with our proposal to increase the floor to 15% with regard to the minimum percentage of public float that the Exchange may grant?*

- Agree (please answer Q28, Q29 and Q30)*
- Agree, but the threshold should be \_\_\_\_\_% (please indicate what level this should be). Please state reason(s) for your view: (please answer Q28, Q29 and Q30)*

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- Disagree. The current threshold of 10% should be retained. Please state reason(s) for your view:*

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*Q28. Do you agree with our proposal to increase the threshold of the market capitalisation of securities that are listed and traded on regulated markets to HK\$10 billion for the grant of the lower percentage of public float?*

- Agree*
- Agree, but the threshold of the increased market capitalisation should be HK\$\_\_\_\_\_ (please indicate what level this should be). Please state reason(s) for your view:*

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- Disagree. Please state reason(s) for your view:*

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*Q29. Do you agree with our proposal to require listing applicants to demonstrate that they have put in place sufficient safeguard to protect the interests of minority shareholders as a pre-condition for granting a lower percentage?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Q30. Do you think there should be any other pre-condition(s) that should be met?*

- Yes. Please specify the other pre-condition(s) you think is/are appropriate and state reason(s) for your view:*

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*No*

*Comments:*

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*Q31. Do you agree with our proposal that the revised lower percentage of between 15% and 25% should not apply to existing issuers that have already been granted a waiver from the current public float requirement?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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## SPREAD OF SHAREHOLDERS

### Paragraph 82 of Part B of the Consultation Paper

We will amend the Main Board Rules to increase the minimum number of shareholders to 300. This will apply to all listing applicants including H share listing applicants, in which case, the number of H share holders must be at least 300. For listing applicants to be listed under the proposed alternative market capitalisation/revenue test as discussed in paragraph 52 of Part B of the Consultation Paper, the minimum number of shareholders will be 1,000.

*Q32. Do you agree with our proposal to increase the minimum number of shareholders to 300?*

- Agree*
- Disagree (please tick one of the following)*
  - The current Main Board Rules on the minimum number of shareholders of 100 should be retained.*
  - The minimum number of shareholders should be (please tick one of the following)*
    - 200*
    - 400*
    - 500*
    - Other. Please specify: \_\_\_\_\_*

*Please state reason(s) for your view:*

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*Q33. Do you agree with our proposal to require at least 1,000 shareholders for listing applicants to be listed under the alternative market capitalisation/revenue test?*

- Agree*
- Disagree (please tick one of the following)*
  - It is not necessary given that there should not be other alternative financial standards.*
  - The minimum number of shareholders for listing applicants to be listed under the alternative market capitalisation/revenue test should be (please tick one of the following)*
    - 800*
    - 1,200*
    - 1,500*
    - Other. Please specify: \_\_\_\_\_*

*Please state reason(s) for your view:*

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*Comments:*

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Paragraph 83 of Part B of the Consultation Paper

Of the minimum 300 or, as the case may be, 1,000 shareholders, we will amend the Main Board Rules to require the top 5 shareholders that are regarded as “public” shareholders not to hold in aggregate more than 50% of the public float at the time of listing.

*Q34. Do you agree with our proposal?*

- Agree*
- Agree, but the maximum number of top “public” shareholders holding in aggregate not more than 50% of the public float at the time of listing should be (please tick one of the following)*
  - 3*
  - 8*
  - 10*
  - Other. Please specify: \_\_\_\_\_*

*Please state reason(s) for your view:*

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- Agree, but the maximum percentage of the public float held by the top 5 public shareholders should be \_\_\_\_\_. Please specify the percentage and state reason(s) for your view:*

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- Disagree. Please state reason(s) for your view:*

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*Comments:*

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*Q35. Do you agree that the term “shareholders” should refer to beneficial, and not registered, owners of an issuer’s securities?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 84 of Part B of the Consultation Paper

We will amend the Main Board Rules so that substantial shareholders and their associates, irrespective of whether their shares are being locked up, will be excluded from the calculation of the minimum number of shareholders at the time of listing.

*Q36. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 85 of Part B of the Consultation Paper

We will also amend the Main Board Rules to delete the guideline of 3 holders each holding HK\$1 million.

*Q37. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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## MINIMUM ISSUE PRICE

### Paragraph 93 of Part B of the Consultation Paper

We will amend the Main Board Rules to introduce a minimum issue price of HK\$2 for shares applying to be listed on the Exchange.

*Q38. Do you agree with our proposal?*

- Agree*
- Agree in principle, but the minimum issue price should be (please tick one of the following)*
  - HK\$3*
  - HK\$5*
  - HK\$8*
  - HK\$10*
  - Other. Please specify: \_\_\_\_\_*

*Please state reason(s) for your view:*

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- Disagree. Please state reason(s) for your view:*

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*Comments:*

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*Q39. If you agree that the minimum issue price should be higher than HK\$2, how long do you think it should be allowed for the minimum issue price to be increased?*

- 6 months*
- 12 months*
- 18 months*
- Other. Please specify: \_\_\_\_\_*

*Please state reason(s) for your view:*

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*Comments:*

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## MINERAL COMPANIES

### Paragraph 98 of Part B of the Consultation Paper

We will amend the Main Board Rules to clarify that the initial listing eligibility criteria as proposed under Part B of the Consultation Paper will apply equally to listing applicants that are mineral companies.

*Q40. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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### Paragraph 99 of Part B of the Consultation Paper

Listing applicants that wish to apply for a waiver from the trading record requirement and/or financial standards requirement will be required to demonstrate, to the satisfaction of the Exchange, that their management has sufficient and satisfactory experience of at least three years in mining and/or exploration activities.

*Q41. Do you agree with our proposal to make management experience a pre-condition to a waiver?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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*Q42. Do you think there should be other pre-condition(s) that should be met?*

*Yes. Please specify the other pre-condition(s) you think is/are appropriate and state reason(s) for your view:*

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*No*

*Comments:*

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## **INFRASTRUCTURE COMPANIES**

### Paragraph 103 of Part B of the Consultation Paper

We will amend the Main Board Rules to incorporate the requirements of the Announcement regarding Infrastructure Project Companies into the Main Board Rules and to provide that the initial listing eligibility criteria as proposed under Part B of the Consultation Paper will apply equally to listing applicants that are infrastructure companies.

*Q43. Do you agree with our proposal to incorporate the requirements of the Announcement regarding Infrastructure Project Companies into the Main Board Rules?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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*Q44. Do you agree with our proposal to apply the proposed initial listing eligibility criteria to listing applicants that are infrastructure companies?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 104 of Part B of the Consultation Paper

Listing applicants that wish to apply for a waiver from the trading record requirement and/or financial standards requirement, will be required to demonstrate, to the satisfaction of the Exchange, that they comply with all the specific requirements, including the additional disclosure requirements, set out in the Announcement regarding Infrastructure Project Companies. In addition, they must demonstrate, to the satisfaction of the Exchange, that their management has sufficient and satisfactory experience of at least three years in the line of the business and industry of the listing applicants.

*Q45. Do you agree with our proposal to make the specific requirements, including the additional disclosure requirements, as set out in the Exchange's Announcement regarding Infrastructure Project Companies and management experience pre-conditions to a waiver?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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*Q46. Do you think there should be other pre-condition(s) that should be met?*

*Yes. Please specify the other pre-condition(s) you think is/are appropriate and state reason(s) for your view:*

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*No*

*Comments:*

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## DEEMED NEW LISTING

### Paragraph 109 of Part B of the Consultation Paper

We will amend the Main Board Rules to provide for the following:

- (a) subject to the proposal in paragraph 109(b) of Part B of the Consultation Paper, an issuer that is treated as a new listing applicant under the current Main Board Rules, and if our proposal on “reverse takeover” in the Corporate Governance Consultation Paper is adopted, an issuer that is treated as a new listing applicant by engaging in transactions leading to a “reverse takeover”, will be required to comply with all the proposed initial listing eligibility criteria, except for the spread of shareholders requirement. Where a NewCo is to be set up to hold assets of the issuer and to be listed instead of the issuer, the NewCo will be required to comply with all the proposed initial listing eligibility criteria, except for the spread of shareholders requirement;

*Q47. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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(b) where assets are injected with a view to bringing an issuer that is in financial difficulties back to long-term compliance with the Main Board Rules and such assets to be injected are expected to make a contribution to the revenue of the enlarged group, the issuer, or the enlarged group of the issuer, or the NewCo, will be required to comply with the proposed initial listing eligibility criteria as follows:

(i) the asset to be injected must meet:

- the track record requirement inclusive of trading record period and management and ownership continuity requirements; and
- the financial standards requirement.

*Q48. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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(ii) the enlarged group of the existing issuer, or NewCo, must meet:

- the working capital sufficiency requirement;
- the market capitalisation requirement;
- the public float requirement; and
- the minimum issue price requirement, as represented by the value of the consideration shares.

*Q49. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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In both cases, the issuer, or the enlarged group of the issuer, or NewCo has to comply with the spread of shareholders requirement on a continuing basis.

For the avoidance of doubt, no relaxation to the proposed initial listing eligibility criteria, except for the spread of shareholders requirement, will be considered in case of deemed new listing applicants.

*Q50. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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## **MARKET'S VIEW**

### Paragraph 110 of Part B of the Consultation Paper

After considering the detailed discussion regarding our proposals on the initial listing eligibility criteria as set out in paragraphs 25 to 93 of Part B of the Consultation Paper, we would like to invite comments from the market as to whether the overall standard in respect of the initial listing eligibility criteria should be strengthened or relaxed.

*Q51. Do you think that the overall standard of our proposals on the initial listing eligibility criteria is appropriate?*

*Yes*

- No. Please specify which part(s) of our proposals on the initial listing eligibility criteria should be strengthened or relaxed. Please state reason(s) for your view:*

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*Comments:*

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## **EFFECTIVE DATE**

### Paragraph 111 of Part B of the Consultation Paper

We propose that if our proposals regarding the eligibility criteria for initial listing set out in Part B of the Consultation Paper are adopted, such criteria will become effective immediately when amendments of the Main Board Rules are made. Details will be included in an announcement to be made by the Exchange as and when appropriate. Listing applicants that submit their listing application (Form A1) after amendment of the Main Board Rules, and listing applicants that have submitted their Form A1 before such amendments but remain unlisted three months after amendment of the Main Board Rules, must comply with these initial listing eligibility criteria.

*Q52. Do you agree with our proposal?*

- Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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## **PART C OF THE CONSULTATION PAPER CONTINUING LISTING ELIGIBILITY CRITERIA**

### **GENERAL**

Paragraph 118 of Part C of the Consultation Paper

We will amend the Main Board Rules to introduce a set of quantitative and qualitative continuing listing eligibility criteria. We will consider these criteria to determine whether there is strong indication of failure by issuers. Failure by issuers may be in the form of unsatisfactory achievement and low level of investor acceptance and interest. Failure by issuers to meet one or more of these criteria will, subject to the process of natural justice, result in cancellation of the listing of the issuers' securities.

*Q53. Do you agree with our proposal?*

- Agree*
- Disagree*

*Comments:*

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## **QUANTITATIVE CRITERIA**

### **FINANCIAL STANDARDS**

#### **Financial Achievement**

##### Paragraph 128 of Part C of the Consultation Paper

We will amend the Main Board Rules to provide that an issuer (irrespective of whether it has more than one class of securities and whether these securities are listed and traded on other regulated markets) will be considered as failing to meet the continuing listing eligibility criteria if it has been, after tax,

- (a) loss making for three consecutive years and has negative equity; or

*Q54. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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- (b) loss making for three consecutive years and its average market capitalisation is less than HK\$50 million over 30 consecutive trading days.

For the purpose of calculating the average market capitalisation of an issuer in Part C of the Consultation Paper, the term “average market capitalisation” shall mean the average of the daily volume weighted market capitalisation of securities listed and traded on the Exchange over a period of 30 consecutive trading days. Where the securities of an issuer are also listed and traded on other regulated markets, the term “average market capitalisation” shall mean the average of the global market capitalisation over a period of 30 consecutive trading days. Global market capitalisation in turn shall mean the sum of the daily volume weighted market capitalisation of securities listed and traded on the Exchange and the market capitalisation of securities listed and traded on other regulated markets. For this purpose, reference will be made to the daily closing price of such securities of the issuer listed and traded on other regulated markets as announced by these markets.

*Q55. Do you agree with our proposal?*

- Agree*
- Agree, but the threshold for the average market capitalisation should be (please tick one of the following)*
  - HK\$70 million*
  - HK\$80 million*
  - HK\$100 million*
  - Other. Please specify: HK\$\_\_\_\_\_*

*Please state reason(s) for your view:*

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*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 129 of Part C of the Consultation Paper

We will amend the Main Board Rules to provide that an issuer (irrespective of whether it has more than one class of securities and whether these securities are listed and traded on other regulated markets) will fail to meet the continuing listing eligibility criteria if:

- (a) its average market capitalisation is less than HK\$50 million over 30 consecutive trading days; and
- (b) its shareholders' equity is less than HK\$50 million. The issuer's latest published audited financial information and any subsequent published financial information will be used for the purpose of ascertaining its shareholders' equity.



*Q56. Do you agree with our proposal?*

- Agree (please answer Q57 and Q58)*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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*Q57. Do you agree with the proposed threshold of the average market capitalisation of HK\$50 million over 30 consecutive trading days?*

- Agree*
- Disagree. The threshold should be HK\$\_\_\_\_\_ over \_\_\_\_\_ consecutive trading days. Please state reason(s) for your view:*

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*Comments:*

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*Q58. Do you agree with the proposed threshold of the shareholders' equity of HK\$50 million?*

*Agree*

*Disagree. The threshold should be HK\$\_\_\_\_\_.* Please state reason(s) for your view:

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*Comments:*

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## **ABSOLUTE MINIMUM MARKET CAPITALISATION**

### Paragraph 131 of Part C of the Consultation Paper

We will amend the Main Board Rules to provide that an issuer (irrespective of whether it has more than one class of securities and whether these securities are listed and traded on other regulated markets) will fail to meet the continuing listing eligibility criteria if its average market capitalisation of the securities listed and traded on the Exchange is less than HK\$30 million for 30 consecutive trading days regardless of the level of shareholders' equity.

*Q59. Do you agree with our proposal?*

- Agree*
- Agree, but the threshold should be HK\$\_\_\_\_\_ over \_\_\_\_\_ consecutive trading days. Please state reason(s) for your view:*

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- Disagree. Please state reason(s) for your view:*

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*Comments:*

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## INSOLVENCY

### Paragraph 136 of Part C of the Consultation Paper

We will amend the Main Board Rules to provide that an issuer will fail to meet the continuing listing eligibility criteria if:

- (a) the court has served a winding up order (or equivalent action in the issuer's country of incorporation) on it, or it goes into receivership or provisional liquidation; or
- (b) its Principal Subsidiaries have been served with a winding up order (or equivalent action in the country of incorporation of the Principal Subsidiaries), or go into receivership or provisional liquidation, and the remaining business of the issuer is unable to meet all the initial listing eligibility criteria, except for the market capitalisation requirement and the spread of shareholders requirement which the issuer will have to comply with on a continuing basis.

“Provisional liquidation” refers to the period after the presentation of a winding-up petition and before the making of a winding-up order (or equivalent period in the country of incorporation of the issuer or its Principal Subsidiaries).

*Q60. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Q61. Do you agree that an issuer should not be considered as failing to meet the continuing listing eligibility criteria where its Principal Subsidiaries have been served with a winding up order, or go into receivership or provisional liquidation, and yet its remaining business is still able to meet the initial listing eligibility criteria?

Agree

Disagree. Please state reason(s) for your view:

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Comments:

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## TOTAL DISCLAIMER OF AUDIT OPINION OR ADVERSE AUDIT OPINION

Paragraph 138 of Part C of the Consultation Paper

We will amend the Main Board Rules to provide that an issuer will be considered as failing to meet the continuing listing eligibility criteria if its most recent auditor's report contains a total disclaimer opinion or an adverse opinion.

*Q62. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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## MINIMUM SHARE PRICE

Paragraph 148 of Part C of the Consultation Paper

We will amend the Main Board Rules to introduce a minimum share price of HK\$0.50 as a continuing listing eligibility criterion. Where the moving average of the daily volume weighted share price over 30 consecutive trading days of an issuer is less than HK\$0.50, the issuer will fail to meet the continuing listing eligibility criteria.

Q63. Do you agree with our proposal?

- Agree
- Agree, but the minimum share price should be (please tick one of the following)
  - HK\$5
  - HK\$2
  - HK\$1
  - Other. Please specify: \_\_\_\_\_

*Please state reason(s) for your view:*

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- Disagree. Please state reason(s) for your view:

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*Comments:*

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Paragraph 149 of Part C of the Consultation Paper

A transitional period of 12 months will be afforded to those issuers with prices trading below HK\$0.50 to attain the minimum share price of HK\$0.50. After the transitional period and if the issuer still fails to meet the minimum share price requirement, it will be considered as failing to meet the continuing listing eligibility criteria.

*Q64. If you agree with our proposal in Q63, do you agree with our proposal to afford a transitional period of 12 months for those issuers whose shares presently trade below HK\$0.50 to comply with the proposed minimum share price requirement?*

- Agree*
- Agree, but the transitional period should be (please tick one of the following)*
  - 18 months*
  - 24 months*
  - Other. Please specify: \_\_\_\_\_*

*Please state reason(s) for your view:*

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- Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 150 of Part C of the Consultation Paper

If our proposal as set out in paragraph 148 of Part C of the Consultation Paper is adopted, we will not, during and after the transitional period, grant listing approvals for the securities to be issued by an issuer in relation to any of its corporate actions that will result in the theoretical value of its share falling below HK\$0.50. “Corporate actions” include bonus issues, share splits, open offers, rights issues, placings and other issues of securities that will generally result in lower theoretical share prices. However, corporate actions such as a rights issue that would otherwise result in a share price below HK\$0.50 will be considered if it is carried out together with other proposals, such as consolidation, that will result in the share price remaining above HK\$0.50.

*Q65. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 151 of Part C of the Consultation Paper

We will amend the Main Board Rules to require that shareholders of an issuer will be made fully aware of the circumstances and be given an opportunity to express their views with regard to any corporate action that will result in the theoretical share price of the issuer falling below HK\$0.50. Accordingly, an issuer, prior to undertaking any such corporate action, will be required, to:

- (a) obtain independent shareholder's approval, which under the current Main Board Rules is a majority in number representing three-fourths in value of the shareholders present and voting either in person or by proxy at general meeting, and if our proposal for shareholders' approval for privatisation in the Corporate Governance Consultation Paper is adopted:
- at least 75% of the votes attaching to the shares held by independent shareholders cast either in person or by proxy in a general meeting of independent shareholders; and
  - the number of votes cast against the resolution must not be more than 10% of the votes attaching to all the shares held by independent shareholders; and
- (b) offer to its shareholders and holders of any other class of listed securities, if applicable, other than the directors, chief executive and controlling shareholders, a reasonable cash alternative or other reasonable alternative.

*Q66. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 152 of Part C of the Consultation Paper

We will also amend the Main Board Rules to require issuers to confirm to shareholders when the general mandate is being granted or renewed that shares will not be issued under the general mandate that will result in the theoretical share price falling below HK\$0.50.

*Q67. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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## MINIMUM TRADING ACTIVITY LEVEL

### Paragraph 157 of Part C of the Consultation Paper

We do not propose to introduce a continuing listing eligibility criterion based solely on trading volume.

*Q68. Do you agree with our proposal?*

- Agree*
- Disagree. Trading volume should be introduced as a continuing listing criterion. Please state reason(s) for your view:*

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*Comments:*

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## REDUCTION IN OPERATING ASSETS AND/OR LEVEL OF OPERATIONS

### Paragraph 163 of Part C of the Consultation Paper

We will amend the Main Board Rules to provide that an issuer will fail to meet the continuing listing eligibility criteria if after a corporate action taken by the issuer, there is a decrease in its total assets or operations or turnover or after tax profits by 75% or more of those of the immediately preceding financial year, and its remaining business will be unable to meet all the initial listing eligibility criteria, except for the market capitalisation requirement and the spread of shareholders requirement which the issuer will have to comply with on a continuing basis.

Q69. Do you agree with our proposal?

- Agree
- Agree, but the percentage threshold should be (please tick one of the following)
  - 50%
  - 65%
  - 80%
  - Other. Please specify: \_\_\_\_\_

*Please state reason(s) for your view:*

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- Disagree. Please state reason(s) for your view:

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*Q70. If the remaining business of an issuer, after a corporate action that has the effect of reducing its total assets or operations or turnover or after tax profits by 75% or more of those of the immediately preceding financial year, does not meet the initial listing eligibility criteria, except for the market capitalisation requirement and the spread of shareholders requirement, do you agree that the issuer should be subject to the New Delisting Procedures set out in Part E of the Consultation Paper?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 164 of Part C of the Consultation Paper

We will also amend the Main Board Rules to require that shareholders of an issuer will be made fully aware of the circumstances and be given an opportunity to express their views with regard to any corporate action that has the effect of substantially reducing or depleting its total assets or operations or turnover or after tax profits and resulting in its remaining business being unable to meet all the initial listing eligibility criteria, except for the market capitalisation requirement and the spread of shareholders requirement. Accordingly, an issuer, prior to undertaking any such corporate action, will be required to:

- (a) obtain independent shareholder's approval, which under the current Main Board Rules is a majority in number representing three-fourths in value of the shareholders present and voting either in person or by proxy at general meeting, and if our proposal for shareholders' approval for privatisation in the Corporate Governance Consultation Paper is adopted:
- at least 75% of the votes attaching to the shares held by independent shareholders cast either in person or by proxy in a general meeting of independent shareholders; and
  - the number of votes cast against the resolution must not be more than 10% of the votes attaching to all the shares held by independent shareholders; and
- (b) offer to its shareholders and holders of any other class of listed securities, if applicable, other than the directors, chief executive and controlling shareholders, a reasonable cash alternative or other reasonable alternative.

*Q71. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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## **CASH COMPANIES**

### Paragraph 167 of Part C of the Consultation Paper

We will amend the Main Board Rules to provide that an issuer will fail to meet the continuing listing eligibility criteria if it becomes a cash company. An issuer (other than investment companies, banks, insurance and other similar financial services companies) having 90% of its net assets in cash or short dated securities or portfolio shares investment or other marketable securities will for the purpose of this requirement be considered as a cash company.

*Q72. Do you agree with our proposal?*

- Agree*
- Agree, but the percentage should be (please tick one of the following)*
- 75%*
- 80%*
- Other. Please specify: \_\_\_\_\_*

*Please state reason(s) for your view:*

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*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 168 of Part C of the Consultation Paper

We will maintain the current Main Board Rules governing cash companies but will clarify that the situation must have resulted from any corporate action by the issuer. We will, however, amend the Main Board Rules that shareholders of an issuer will be made fully aware of the circumstances and be given an opportunity to express their views with regard to any corporate action that has the effect of rendering an issuer as a cash company. Accordingly, an issuer, prior to undertaking any such corporate action, will be required to:

- (a) obtain independent shareholder's approval, which under the current Main Board Rules is a majority in number representing three-fourths in value of the shareholders present and voting either in person or by proxy at general meeting, and if our proposal for shareholders' approval for privatisation in the Corporate Governance Consultation Paper is adopted:
  - at least 75% of the votes attaching to the shares held by independent shareholders cast either in person or by proxy in a general meeting of independent shareholders; and
  - the number of votes cast against the resolution must not be more than 10% of the votes attaching to all the shares held by independent shareholders; and
- (b) offer to its shareholders and holders of any other class of listed securities, if applicable, other than the directors, chief executive and controlling shareholders, a reasonable cash alternative or other reasonable alternative.

Q73. Do you agree with our proposal?

Agree

Disagree. Please state reason(s) for your view:

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Comments:

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## **QUALITATIVE CRITERIA**

### **PROLONGED SUSPENSION**

Paragraph 171 of Part C of the Consultation Paper

We will amend the Main Board Rules to provide that an issuer will fail to meet the continuing listing eligibility criteria if for whatever reasons, its securities have been suspended from trading for a continuous period of 12 months. Issuers that have been suspended for more than 12 months because of a delay in publishing their results will not, prima facie, be treated as failing to meet the continuing listing eligibility criteria. However, where there is an indication that an issuer is on the verge of failing to meet the continuing listing eligibility criteria and there are no acceptable or justifiable reasons for the issuer's prolonged delay in the publication of its results, the Exchange may subject such issuer to the New Delisting Procedures set out in Part E of the Consultation Paper.

Q74. Do you agree with our proposal to treat issuers whose securities have been suspended from trading for a prolonged period as failing to meet the continuing listing eligibility criteria?

- Agree
- Agree, but the period of suspension should be (please tick one of the following)
  - 3 months
  - 6 months
  - 9 months
  - Other. Please specify: \_\_\_\_\_

*Please state reason(s) for your view:*

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- Disagree. Please state reason(s) for your view:

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*Comments:*

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*Q75. Do you agree with our proposal not to, prima facie, treat issuers whose securities have been suspended from trading for a prolonged period because of a delay in publishing their results as failing to meet the continuing listing eligibility criteria?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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## **PARAGRAPH 38 OF LISTING AGREEMENT**

Paragraph 173 of Part C of the Consultation Paper

We will retain paragraph 38 of the Listing Agreement as a general continuing listing eligibility criterion to supplement the proposed quantitative criterion on reduction in operating assets and/or level of operations as discussed in paragraph 162 of Part C of the Consultation Paper. The Exchange may subject the issuer to the New Delisting Procedures set out in Part E of the Consultation Paper upon the issuer's failure to comply with paragraph 38 of the Listing Agreement.

*Q76. Do you agree with our proposal?*

*Agree*

- Disagree. Please state reason(s) for your view:*

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*Comments:*

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## **PERSISTENT BREACHES OF THE MAIN BOARD RULES**

Paragraph 175 of Part C of the Consultation Paper

We will amend the Main Board Rules so that the Exchange may, after having taken into account the frequency and nature of the breaches, subject those issuers that have persistently failed to comply with the Main Board Rules to the New Delisting Procedures set out in Part E of the Consultation Paper.

*Q77. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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## **ILLEGAL OPERATION**

### Paragraph 178 of Part C of the Consultation Paper

We will amend the Main Board Rules so that the Exchange may subject an issuer to the New Delisting Procedures set out in Part E of the Consultation Paper if there exists or occurs any event, condition or circumstances that makes further dealings or listing of the issuer's securities, in the opinion of the Exchange, contrary to the Exchange's general principles.

*Q78. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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## EXCHANGE'S DISCRETION

### Paragraph 179 of Part C of the Consultation Paper

Where circumstances indicate that the controlling shareholder(s) of an issuer take(s) advantage of the continuing listing eligibility criteria with a view to ultimately achieving privatisation without complying with the requirements for privatisation set out in the Main Board Rules, the Exchange may at its discretion deviate from the New Delisting Procedures set out in Part E of this Consultation Paper.

*Q79. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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## **EFFECTIVE DATE**

### Paragraph 180 of Part C of the Consultation Paper

We consider that if our proposals regarding the continuing listing eligibility criteria set out in Part C of the Consultation Paper are adopted, such criteria will become effective immediately when amendments of the Main Board Rules are made. However, we are also mindful that the immediate enforcement of certain of the new rules upon them becoming effective may be too harsh on existing issuers and the grant of transitional periods may be justifiable to enable issuers to take action to comply. Accordingly, we propose for existing issuers that:

- (a) there will be a transitional period of 12 months for issuers to bring themselves to compliance with the following proposed continuing listing eligibility criteria, namely,
  - (i) minimum share price; and
  - (ii) financial standards, namely, financial achievement, and absolute minimum market capitalisation;
- (b) there will be no transitional period for all of the remaining proposed continuing listing eligibility criteria, namely,
  - (i) insolvency;
  - (ii) total disclaimer of audit opinion or adverse audit opinion;
  - (iii) reduction in operating assets and/or level of operations;
  - (iv) cash companies;
  - (v) prolonged suspension;
  - (vi) paragraph 38 of the Listing Agreement;
  - (vii) persistent breaches of the Main Board Rules; and
  - (viii) illegal operation.



*Q80. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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All listing applications that are approved after the amendment of the Main Board Rules will be subject to the new continuing listing eligibility criteria immediately upon listing of their securities on the Exchange. There will be no transitional period.

*Q81. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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## **PART D OF THE CONSULTATION PAPER CONTINUING OBLIGATIONS**

### **GENERAL**

Paragraph 185 of Part D of the Consultation Paper

We will amend the Main Board Rules to make the continuing obligations requirements contained in the Listing Agreement part of the Main Board Rules. In addition to the continuing listing eligibility criteria as proposed in Part C of the Consultation Paper, on-going suitability for listing would also be assessed with reference to compliance with the continuing obligations set out in the Main Board Rules.

*Q82. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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### **PUBLIC FLOAT**

Paragraph 193 of Part D of the Consultation Paper

We will maintain the current continuing obligation with regard to the public float such that an issuer is generally required to maintain, at all times after listing, not lower than the prescribed percentage of securities in public hands at the time of initial listing. We will

retain our current discretion not to require a suspension of the issuer's securities where the shortfall in the prescribed percentage arose purely from an increased or newly acquired holding of the issuer's securities by a person or entity (which the Exchange would expect to be institutional investors with a wide spread of investments other than in the issuer's securities). Such shareholder is, or after such acquisition becomes, a connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries and is otherwise independent of the issuer.

*Q83. Do you agree with our proposal to maintain the current continuing obligation on minimum public float?*

- Agree*
- Disagree (please tick one of the following)*
  - The minimum public float requirement should be treated as a continuing listing eligibility criterion.*
  - Other views:*

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*Please state reason(s) for your view:*

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*Comments:*

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Q84. Do you agree with our proposal to require an issuer to maintain, at all times after listing, not lower than the prescribed percentage of public float at the time of initial listing?

Agree

Disagree. The percentage threshold of public float that an issuer is required to maintain after listing should be \_\_\_\_\_. Please state reason(s) for your view:

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Comments:

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Q85. Do you agree with our proposal to retain our current discretion not to require a suspension of an issuer's securities in situations where the shortfall in the prescribed percentage arose purely from an increased or newly acquired holding of the issuer's securities by a person or entity (which the Exchange would expect to be institutional investors with a wide spread of investments other than in the issuer's securities), and such shareholder is, or after such acquisition becomes, a connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries and is otherwise independent of the issuer?

Agree

- Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 194 of Part D of the Consultation Paper

We will also amend the Main Board Rules to provide that the Exchange will normally require suspension of an issuer's securities where its public float is 15% or less. However, the Exchange may consider granting a waiver to an issuer in a general offer situation from complying with the minimum public float requirement until such time when the general offer is completed. The issuer must comply with the continuing obligation with regard to the public float immediately after the general offer is completed.

*Q86. Do you agree with our proposal to require suspension of an issuer's securities where its public float is 15% or less?*

- Agree*
- Disagree. The percentage threshold should be \_\_\_\_\_. Please state reason(s) for your view:*

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*Q87. Do you agree with our proposal that a temporary waiver from the minimum public float requirement may be granted in a general offer situation until the general offer is completed?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Q88. Do you agree that a waiver from the minimum public float requirement should be granted in general offer situations to privatise an issuer where the offeror of the issuer is not able to acquire sufficient shares as to compulsorily buy out the shares of the other shareholders?

- Agree. Please answer Q90.
- Disagree. No waiver should be granted. There should be immediate compliance with the minimum public float requirement after completion of the general offer. Please state reason(s) for your view:

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- Disagree. There is a need to comply with the minimum public float requirement in these situation. Please state reason(s) for your view:

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Comments:

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*Q89. Do you agree that a waiver from the minimum public float requirement should be granted in share repurchase situations where an issuer effects repurchases under the Share Repurchases Code resulting in its public float falling below 25%, provided that the issuer can still maintain at least 15% of public float having an aggregate market capitalisation of not less than HK\$500 million?*

*Agree. Please answer Q90.*

*Agree, but the market capitalization should be HK\$.\_\_\_\_\_. Please specify the level and state reason(s) for your view. Please answer Q90:*

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*Disagree. No waiver should be granted. There should be immediate compliance with the minimum public float requirement after completion of the repurchases under the Share Repurchases Code. Please state reason(s) for your view:*

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*Disagree. There is no need to comply with the minimum public float requirement in these situations. Please state reason(s) for your view:*

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*Comments:*

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*Q90. How long do you think the waiver period should be? Please specify the time limit you think is appropriate and state reason(s) for your view:*

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*Comments:*

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Paragraph 195 of Part D of the Consultation Paper

We will also amend the Main Board Rules to clarify that:

- (a) if our proposal with regard to the lower percentage of public float (as discussed in paragraph 74 of Part B of the Consultation Paper) is adopted, the lower percentage of between 15% and 25% that the Exchange may at its discretion accept for issuers with market capitalisation of over HK\$10 billion, will only be applicable at the time listing and will not be considered post listing. The percentage of the public float will be fixed at the time of listing and issuers may not apply for a lower percentage after listing; and

*Q91. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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(b) the lower percentage of public float, once granted, will apply to issuers throughout their listing on the Exchange, subject to such conditions that the Exchange may impose at the time the lower percentage is granted.

*Q92. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 196 of Part D of the Consultation Paper

We will also amend the Main Board Rules to require issuers to include a confirmation of sufficiency of public float in their annual reports, based on information such as filing under the SDI Ordinance, that is available to them.

*Q93. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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## SPREAD OF SHAREHOLDERS

### Paragraph 201 of Part D of the Consultation Paper

We will amend the Main Board Rules to introduce a new continuing obligation in respect of the spread of shareholders. An issuer will be required at all times subsequent to listing, to maintain at least the minimum number of shareholders applicable to the issuer at the time of its initial listing. The Exchange may consider granting a waiver to an issuer in a general offer situation from complying with the minimum number of shareholders requirement until such time when the general offer closes. The issuer must comply with the continuing obligation in respect of the spread of shareholders immediately after the general offer closes.

*Q94. Do you agree with our proposal to introduce a new continuing obligation in respect of the spread of shareholders?*

- Agree*
- Disagree (please tick one of the following)*
  - The spread of shareholders requirement should be treated as a continuing listing eligibility criterion and not a new continuing obligation.*
  - Other views:*

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*Please state reason(s) for your view:*

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*Comments:*

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*Q95. Do you agree with our proposal to require an issuer to maintain, at all times subsequent to listing, at least the minimum number of shareholders applicable to the issuer at the time of initial listing?*

- Agree*
- Disagree. The minimum number of shareholders that an issuer must maintain subsequent to listing should be \_\_\_\_\_. Please state reason(s) for your view:*

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*Comments:*

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*Q96. Do you agree with our proposal that a temporary waiver from the minimum number of shareholders requirement may be granted in general offer situations until the general offer closes?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 202 of Part D of the Consultation Paper

We will amend the Main Board Rules to provide that where there is an indication that the securities of an issuer may not be held by an adequate spread of shareholders, such as when the average monthly turnover of an issuer is below certain reasonable level, say less than 2,000,000 shares, for the last 12 months, the Exchange may require the issuer to demonstrate to the satisfaction of the Exchange that it meets the continuing obligation in respect of the spread of shareholders.

*Q97. Do you agree with our proposal?*

- Agree*
- Agree, but the threshold of the average monthly turnover for the last 12 months should be \_\_\_\_\_ shares. Please state reason(s) for your view:*

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- Disagree. Please state reason(s) for your view:*

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Paragraph 203 of Part D of the Consultation Paper

If our proposals on the initial listing eligibility criteria as well as our proposal in paragraph 201 are adopted, a transitional period of 18 months will be granted to all existing issuers that are listed before the effective date of the initial listing eligibility criteria to comply with the new obligation. All such existing issuers will be required to maintain a minimum of 300 shareholders after the transitional period.



*Q98. Do you agree with our proposal to require all existing issuers to maintain a minimum of 300 shareholders after the transitional period?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Q99. Do you agree with our proposal to grant a transitional period of 18 months to all existing issuers to comply with the new continuing obligation in respect of the minimum number of shareholders?*

*Agree*

*Agree, but the transitional period should be (please tick one of the following)*

*12 months*

*24 months*

*Other. Please specify* \_\_\_\_\_

*Please state reason(s) for your view:*

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*Disagree. Please state reason(s) for your view:*

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*Comments:*

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## **TIMELINESS OF ACCOUNTS**

Paragraph 206 of Part D of the Consultation Paper

We will amend the Main Board Rules to subject those issuers that fail to publish their financial results on the due date to an immediate suspension of trading of their securities. Trading may only resume after the issuer publishes the requisite financial results.

*Q100. Do you agree with our proposal?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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*Q101. If you think that a grace period should be given before suspension of the issuer's securities for failing to publish timely financial results, how long do you think the grace period should be (please tick one of the following)*

*2 months*

*1 month*

*2 weeks*

*Other. Please specify: \_\_\_\_\_*

*Please state reason(s) for your view:*

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*Comments:*

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## **PROVISION OF INFORMATION TO THE EXCHANGE**

### Paragraph 208 of Part D of the Consultation Paper

We will amend the Main Board Rules to introduce a new continuing obligation with regard to the provision of information by the issuer to the Exchange. An issuer will be considered as failing to meet the continuing obligation if it makes a misrepresentation to the Exchange, omits necessary material information in the course of communicating with the Exchange, or otherwise fails to provide requested information.

*Q102. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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## **CORPORATE GOVERNANCE**

### Paragraph 209 of Part D of the Consultation Paper

The Exchange has made various proposals on corporate governance matters under the Corporate Governance Consultation Paper. With a view to further enhancing the standards of corporate governance amongst issuers listed on the Exchange and protecting the interests of minority shareholders, the Exchange invites comments from the market as to whether there are any other areas that should be taken into account in formulating further continuing obligations.

*Q103. Please state what other areas should be taken into account and reason(s) for your view:*

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*Comments:*

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## **EFFECTIVE DATE**

### Paragraph 210 of Part D of the Consultation Paper

We propose that if our proposals regarding the continuing obligations set out in Part D of the Consultation Paper are adopted, such new continuing obligations will become effective immediately when amendments of the Main Board Rules are made. However, there will be a transitional period of 18 months for existing issuers that are listed before the effective date of the initial listing eligibility criteria and listing applicants that have submitted their Form A1 before the effective date and listed within three months after the effective date, to comply with the minimum spread of shareholders requirement.

Q104. Do you agree with our proposal?

- Agree
- Agree, but the transitional period (other than that for the spread of shareholders requirement as discussed in Q99) should be \_\_\_\_\_. Please state reason(s) for your view:

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- Disagree. Please state reason(s) for your view:

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Comments:

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**PART E OF THE CONSULTATION PAPER  
CANCELLATION OF LISTING PROCEDURES**

**CANCELLATION OF LISTING PROCEDURES**

Paragraph 219 of Part E of the Consultation Paper

We will amend the Main Board Rules to introduce new cancellation of listing procedures to apply where an issuer fails to comply with any one or more of the continuing listing eligibility criteria set out in Part C of the Consultation Paper.

*Q105. Do you agree with our proposal to introduce new cancellation of listing procedures?*

- Agree. Please answer Q106.*
- Disagree. Please state reason(s) for your view:*

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**NEW DELISTING PROCEDURES**

Paragraph 221 of Part E of the Consultation Paper

The principles of the New Delisting Procedures will be as follows:

- (a) the Exchange will notify the issuer in writing of the fact that the issuer has failed to meet any one or more of the relevant continuing listing eligibility criteria. The Exchange will also issue an announcement notifying the public of such fact;

- (b) the securities of the issuer will continue trading until the Exchange issues an announcement notifying the date of when the securities of the issuer will cease trading and the listing status of the securities will be cancelled. However, in case of prolonged suspension where the Exchange does not see the justification for the continued suspension, the Exchange may, where circumstances require, exercise its power under the Main Board Rules to direct resumption;
- (c) the issuer will be required to submit to the Exchange, within 1 month from the date of the Exchange's notification (the "One-Month Period"), a proposal (and not multiple proposals) with definitive action that the issuer has taken, or is in the course of taking, which if implemented, would restore the issuer to long-term, sustained compliance with the continuing listing eligibility criteria (the "Proposal"). The Proposal must demonstrate how the issuer will achieve long-term, sustained compliance with the continuing listing eligibility criteria. Examples of matters that the Exchange will consider in determining whether a proposal is acceptable include whether there is a legally binding agreement that is in compliance with the Main Board Rules and the implementation of which is likely to result in long-term, sustained compliance. If the issuer fails to submit the Proposal within the One-Month Period, the Exchange shall proceed immediately to cancel the listing of the issuer's securities and inform the public of the status by way of an announcement. The Exchange will only consider the Proposal. No other proposals will be considered. The Exchange will also not allow any amendment to the Proposal;
- (d) the issuer may appeal against the decision of the Exchange to cancel the listing of its securities upon its failure to submit the Proposal within the One-Month Period in accordance with such procedures and within such time as prescribed by the Exchange from time to time;
- (e) the Exchange will review the Proposal and determine as to whether the Proposal has demonstrated a reasonable case of being able to bring the issuer back to conformity with the relevant continuing listing eligibility criteria. The Exchange will notify the issuer in writing and will require the issuer to issue an announcement notifying the public of its determination relating to the Proposal;
- (f) if the Exchange accepts the Proposal, the issuer has 6 months from the date of the Exchange's notification of determination (the "Six-Month Period") to implement the Proposal. The issuer is required to provide monthly updates of its progress in implementing the Proposal during the Six-Month Period. If the issuer fails to implement the Proposal at the end of the Six-Month Period, the Exchange shall proceed immediately to cancel the listing of the issuer's securities and inform the public of the status by way of an announcement;
- (g) the Exchange may at its absolute discretion, require immediate suspension of the issuer's securities at any time during the Six-Month Period should circumstances necessitate it;



- (h) if the Exchange does not accept the Proposal, the Exchange will notify the issuer in writing of the determination to cancel the listing of the securities of the issuer and setting out the basis for such decision (the “Decision Letter”);
- (i) the issuer will have the right to appeal to the relevant Committee that has the authority to consider the appeal matters (“Relevant Committee”) against the decision of the Exchange to cancel the listing of the issuer’s securities. The appeal must be lodged by the issuer within such time as prescribed by the Exchange from time to time and set out in the Decision Letter;
- (j) if the issuer does not lodge the appeal within the stipulated period, the Exchange shall proceed immediately to cancel the listing of the issuer’s securities and inform the public of the status by way of an announcement;
- (k) if the Relevant Committee decides in favour of the Exchange’s decision to cancel the listing of the securities of the issuer, the Exchange shall proceed immediately to cancel the listing of the issuer’s securities in accordance with the decision of the Relevant Committee and inform the public of the status by way of an announcement; and
- (l) if the Relevant Committee decides that the Proposal is acceptable, the issuer has 6 months from the date of the decision of the Relevant Committee to implement the Proposal. The issuer must inform the public of the status by way of an announcement on the next business day following receipt of the Exchange’s notification letter regarding the decision of the Relevant Committee.

*Q106. Do you agree with the principles of the New Delisting Procedures that non-compliant issuers will be given an opportunity to submit one proposal (and not multiple proposals) within the specified period to bring themselves back to long-term, sustained compliance with the continuing listing eligibility criteria failing which they would, subject to the process of natural justice, face cancellation of listing?*

*Agree.*

*Disagree. Please state the reason(s) for your view:*

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*Comments:*

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Paragraph 222 of Part E of the Consultation Paper

For the avoidance of doubt, the appointment of a receiver or provisional liquidator to an issuer that has already been subject to the New Delisting Procedures for failing to meet other continuing listing eligibility criteria will not alter the delisting timetable. An issuer will be immediately delisted if it has been served with a winding up order (or equivalent action in the issuer's country of incorporation).

*Q107. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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## NEW IMMEDIATE-DELISTING PROCEDURES FOR ISSUERS IN LIQUIDATION

### Paragraphs 223 and 224 of Part E of the Consultation Paper

When a company fails, the listing status of its securities should be terminated. Accordingly, where an issuer has been served with a winding up order (or equivalent action in the issuer's country of incorporation), the Exchange will immediately proceed to cancel the listing of the issuer's securities. No resumption proposal will be considered.

The Exchange will issue an announcement notifying the public of the status and that the issuer's securities will be cancelled with immediate effect from the date of the Exchange's announcement.

*Q108. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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Q109. Are there any other circumstances for the New Immediate-Delisting Procedures to apply?

Yes. Please give details:

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No

Comments:

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## **SPECIAL CIRCUMSTANCES**

### **Market Capitalisation**

Paragraph 226 of Part E of the Consultation Paper

If the issuer fails to meet the continuing listing eligibility criteria only because of the market capitalisation, and where the issuer re-establishes its market capitalisation to the specified level, and remains above such level for at least the following 60 consecutive trading days, the market capitalisation deficiency will be deemed cured. This will be the case even if the New Delisting Procedures have commenced, and the procedures will be terminated. The Exchange will closely monitor the trading pattern during the auto-cure period.

*Q110. Do you agree with the proposed auto-cure provision with regard to the market capitalisation?*

*Agree*

*Disagree. Please state reason(s) for your view:*

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*Comments:*

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### **Minimum Share Price**

#### Paragraph 227 of Part E of the Consultation Paper

If the issuer fails to meet the continuing listing eligibility criteria only because of the minimum share price, and where the issuer's average of daily volume weighted share price exceeds HK\$0.50 and remains above HK\$0.50 for at least the following 60 consecutive trading days, the price deficiency will be deemed cured. This will be the case even if the New Delisting Procedures have commenced, and the procedures will be terminated. The Exchange will closely monitor the trading pattern during the auto-cure period.

*Q111. Do you agree with the proposed auto-cure provision with regard to minimum share price?*

*Agree*

- Disagree. Please state reason(s) for your view:*

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*Comments:*

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## **EFFECTIVE DATE**

### Paragraph 228 of Part E of the Consultation Paper

We propose that if our proposals regarding the new cancellation of listing procedures set out in Part E of the Consultation Paper are adopted, such new procedures will become effective immediately when amendments of the Main Board Rules are made. Issuers that have already been subject to the current delisting procedures under the Main Board Rules before the effective date will be delisted in accordance with the existing Main Board Rules.

*Q112. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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**PART F OF THE CONSULTATION PAPER  
DISCLOSURE REQUIREMENTS  
AT THE TIME OF INITIAL LISTING**

**GENERAL**

Paragraph 232 of Part F of the Consultation Paper

We will amend the Main Board Rules to introduce additional qualitative disclosure requirements to enhance disclosure in the areas of corporate matters, including the pre-listing corporate governance related practices, of a listing applicant so as to enable investors to evaluate and price their investment accordingly.

*Q113. Do you agree with our proposal?*

- Agree.*
- Disagree. Please state reason(s) for your view.*

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*Comments:*

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## PROTECTION OF SHAREHOLDERS' RIGHTS

### Over-allotment Option and Price Stabilising Activities

Paragraph 234 of Part F of the Consultation Paper

We will codify our current practice to require disclosure in the initial listing documents where a listing applicant or its selling shareholder has granted over-allotment options or it is proposed to enter into price stabilising activities in connection with an offering. The information to be disclosed will include:

- (a) confirmation that the price stabilising activities will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation;
- (b) the reason for entering into the price stabilising activities;
- (c) the number of shares subject to the over-allotment option, the option price, whether the shares issued or sold under an over-allotment option are to be issued or sold on the same terms and conditions as the shares that are subject to the main offering;
- (d) whether there are any other terms, such as the duration, of the option; and
- (e) the purpose for which the option has been granted.

*Q114. Do you agree with our proposal?*

*Agree.*

*Please state other information which you consider should also be disclosed:*

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*Disagree. Please state reason(s) for your view:*

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*Comments:*

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## **DIRECTORS AND BOARD PRACTICES**

### **Information about the Listing Applicant's Past Corporate Governance Practices**

Paragraph 237 of Part F of the Consultation Paper

We will amend the Main Board Rules to require a listing applicant to disclose in the initial listing document its corporate governance practices during the three-financial-year track record period. Disclosure should include:

- (a) the corporate governance practices, particularly in relation to directors, board practices and shareholders' rights, adopted by the listing applicant;
- (b) whether the listing applicant was able to meet the minimum standard in the Code of Best Practice and its own code (if any). If not, details of any deviations or non-existence of the minimum standard should be disclosed;
- (c) whether the listing applicant had an audit committee or other specialised committees, and details on their role and function, composition and work performed by such committee; and
- (d) internal controls over the listing applicant's financial, operational and compliance matters and risk management.

Q115. Do you agree with our proposal?

- Agree
- Disagree. Please state reason(s) for your view:

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Comments:

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## **CORPORATE REPORTING AND DISCLOSURE OF INFORMATION**

### **Information about the Persons in Control of the Listing Applicant**

Paragraph 239 of Part F of the Consultation Paper

We will amend the Main Board Rules to require description of the matters that the listing applicant relied on in satisfying itself that it is capable of carrying on its business independently of the persons who are directly or indirectly, jointly or severally, in control of the listing applicant after listing.

Q116. Do you agree with our proposal?

- Agree

- Disagree. Please state reason(s) for your view:*

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*Comments:*

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### **Accounts and Financial Information**

#### Paragraph 243 of Part F of the Consultation Paper

We will maintain the current requirement that the latest financial period reported on by reporting accountants must not be more than 6 months before the date of the initial listing document.

*Q117. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 244 of Part F of the Consultation Paper

We will introduce an additional requirement to include management accounts from the latest financial period of the accountants report to a period that is not more than 3 months before the date of the initial listing document. The information to be disclosed should be the net profit for the period and the unaudited balance sheet as at the date of the management accounts so disclosed. The management accounts should be reviewed by the reporting accountants to a standard comparable to that required by the Hong Kong Society of Accountants or the International Auditing Practice Committee of the International Federation of Accountants.

*Q118. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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## The Management

### Paragraph 247 of Part F of the Consultation Paper

We will amend the Main Board Rules to require disclosure of the details of the expertise, experience and qualification of the management of a listing applicant to be listed under Chapter 8 of the Main Board Rules.

*Q119. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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Paragraph 248 of Part F of the Consultation Paper

We will amend the Main Board Rules to require disclosure of the details of the management expertise and experience for the management of a listing applicant to be listed under the market capitalisation/revenue test and a listing applicant that is a mineral company or infrastructure company that wishes to apply for a waiver from the trading record requirement or financial standards requirement, where appropriate.

*Q120. Do you agree with our proposal?*

- Agree*
- Disagree. Please state reason(s) for your view:*

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*Comments:*

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**Prospects of the Group**

Paragraph 250 of Part F of the Consultation Paper

We will codify our current practice to require that where a profit forecast or estimate is prepared, such profit forecast or estimate must be prepared on a basis consistent with the accounting policies normally adopted by the listing applicant.

Q121. Do you agree with our proposal?

Agree

Disagree. Please state reason(s) for your view:

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Comments:

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## **EFFECTIVE DATE**

### Paragraph 251 of Part F of the Consultation Paper

We propose that if our proposals regarding the new disclosure requirements set out in Part F of the Consultation Paper are adopted, such new disclosure requirements will become effective immediately when amendments of the Main Board Rules are made. Listing applicants that have submitted their listing application before such amendments will be encouraged to make similar disclosure in their initial listing document.



Q122. Do you agree with our proposal?

Agree

Disagree. Please state reason(s) for your view:

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Comments:

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