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**Key summary points on the consultation paper on  
proposed amendments to the Hong Kong Listing  
Rules relating to initial listing eligibility and  
cancellation of listing procedures**

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**Introduction**

The Hong Kong Exchanges and Clearing Limited (“**the Exchange**”) in July 2002 issued a consultation paper (“**the Consultation Paper**”) proposing certain changes to the Rules Governing the Listing of Securities on the Exchange (“**the Main Board Rules**”). The changes will only apply to issuers proposed to be listed or already listed on the Main Board of the Stock Exchange of Hong Kong Limited (“**the Main Board**”) and will not have any effect on market participants proposed to be listed on already listed on the Growth Enterprise Board (“**GEM**”) as it is believed that given the recent introduction of the GEM rules in 1999, they do not require review so soon after their introduction.

The objective of the measures referred to in the Consultation Paper is to provide a quicker delisting procedure and to rid the market of low quality stocks whilst at the same time try to improve market transparency.

<p>US\$1 million -3 million</p>	<p>The Consultation Paper proposes changes to the rules applicable to the issuers of equity securities (but not debt equity) in the following areas:</p> <ul style="list-style-type: none"> <li>• initial listing eligibility criteria;</li> <li>• continuing listing eligibility criteria;</li> <li>• continuing obligations;</li> <li>• cancellation of listing procedures; and</li> <li>• disclosure requirements at the time of initial listing.</li> </ul> <p>Since its publication in July 2002, the Consultation Paper has received much criticism and has been blamed for the collapse of the market for “penny -stocks” following the announcement of the proposal to delist issuers with a trading price of HK\$0.50 or less for a period of 30 consecutive trading days contained in Part C of the Consultation Paper. This caused much embarrassment to the Exchange, the Securities and Futures Commission (“<b>SFC</b>”) and the Government and subsequently led to the withdrawal of the whole of Part C of the Consultation Paper, which dealt with continuing listing eligibility criteria, for further review.</p>
<p>US\$10 million and above</p>	<p>subject to specific approval.</p>

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