

Chapter 6

GENERAL

TRADING HALT, SUSPENSION, CANCELLATION AND WITHDRAWAL OF LISTING

- 6.01 Listing is always granted subject to the condition that where the Exchange considers it necessary for the protection of the investor or the maintenance of an orderly market, it may at any time direct a trading halt or suspend dealings in any securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the issuer or not. The Exchange may also do so where:—
- (1) [Repealed 1 August 2018]
 - (2) the Exchange considers there are insufficient securities in the hands of the public (see rule 8.08(1)); or
 - (3) the Exchange considers that the issuer does not carry on a business as required under rule 13.24; or
 - (4) the Exchange considers that the issuer or its business is no longer suitable for listing.
- 6.01A (1) Without prejudice to its power under rule 6.01, the Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months.
- (2) The following transitional provisions apply to listed issuers whose securities have been suspended from trading immediately before the effective date of rule 6.01A(1) (the “Effective Date”):
- (a) For a suspended listed issuer which has been placed in a delisting stage under Practice Note 17 before the Effective Date, Practice Note 17 continues to apply.
 - (b) For other issuers which are not subject to a decision to commence the procedures to cancel a listing and a notice period for delisting immediately before the Effective Date, if trading in an issuer’s securities has been continuously suspended:
 - (i) for less than 12 months as at the Effective Date, the 18 month period referred to in rule 6.01A(1) commences immediately from the Effective Date; or

- (ii) for 12 months or more as at the Effective Date, the 18 month period referred to in rule 6.01A(1) commences 6 months before the Effective Date.
- (c) For issuers which are subject to a decision to commence the procedures to cancel a listing and a notice period for delisting immediately before the Effective Date, such decision and notice period continue to have effect on the relevant issuer. This is notwithstanding that the actual cancellation of listing has not taken place as at the Effective Date.

Trading halt or suspension

- 6.02 Any request for a trading halt or suspension must be made to the Exchange by the issuer or its authorised representative or financial adviser and must be supported by the specific reasons which the issuer wishes the Exchange to take into account in the Exchange's determination of its request.

Note: (1) Recourse to a trading halt or suspension should only be made where necessary in the interests of all parties. In many cases, the issuer publishing an announcement is preferable to the fettering of the proper functioning of the market by an inappropriate or unwarranted trading halt or suspension. Unless the Exchange considers that the reasons given in support of a trading halt or suspension request warrant such action, it will expect a clarifying announcement to be published instead. Failure by an issuer to do so may result in disciplinary proceedings being brought against, amongst others, the issuer and its directors with the Exchange imposing sanctions available under rule 2A.10.

(2) See Practice Note 11

- 6.03 The issuer requesting a trading halt or suspension of trading in its securities has the obligation to demonstrate that a trading halt or suspension would be appropriate.

Note: (1) The Exchange is under an obligation to maintain an orderly and fair market for the trading of all Exchange listed securities and listed securities should be continuously traded save in exceptional circumstances.

- 6.04 Where dealings have been halted or suspended, the procedure for lifting the trading halt or suspension will depend on the circumstances and the Exchange reserves the right to impose such conditions as it considers appropriate. The issuer will normally be required to announce the reason for the trading halt or suspension and, where appropriate, the anticipated timing of the lifting of the trading halt or suspension. In some cases (for example a trading halt pending an announcement) the trading halt will be lifted as soon as possible after the announcement is made. In other cases (for example those in rule 14.84) the suspension will be continued until any relevant requirements have been met. The continuation of a suspension for a prolonged period without the issuer taking adequate action to obtain restoration of listing may lead to the Exchange cancelling the listing.

Note: (1) See Practice Note 11

6.05 The duration of any trading halt or suspension should be for the shortest possible period. It is the issuer's responsibility to ensure that trading in its securities resumes as soon as practicable following the publication of an appropriate announcement or when the specific reasons given by the issuer supporting its request for a trading halt or suspension of trading in its securities, under rule 6.02, no longer apply.

Note: (1) The Exchange is under an obligation to maintain an orderly and fair market for the trading of all Exchange listed securities and listed securities should be continuously traded save in exceptional circumstances.

(2) The Exchange considers that the continuation of any trading halt or suspension beyond such period as is absolutely necessary denies reasonable access to the market and prevents its proper functioning.

6.06 Where trading has been halted or suspended the issuer shall notify the Exchange of:

(1) any change in circumstances affecting the reasons provided to the Exchange supporting the trading halt or suspension under rule 6.02; and

(2) any additional reasons which the issuer wishes the Exchange to take into account in the Exchange's determination whether or not the trading halt or suspension should be continued.

Note: (1) It is the issuer's responsibility to provide the Exchange with all relevant information, which is within the issuer's knowledge, to enable the Exchange to make an informed decision whether or not the trading halt or suspension of trading in the issuer's securities continues to be appropriate.

6.07 The Exchange shall have the power to direct the resumption of trading of halted or suspended securities. In particular the Exchange may:

(1) require an issuer to publish an announcement, in such terms and within such period as the Exchange shall in its discretion direct, notifying the resumption of trading in the issuer's halted or suspended securities, following the publication of which the Exchange may direct resumption of trading; and/or

(2) direct a resumption of trading following the Exchange's publication of an announcement notifying the resumption of trading in the halted or suspended securities.

Note: The Exchange may set out the issuer's submission for continued suspension in the Exchange's announcement referred to in (2) above.

6.08 The Exchange's power under rule 6.07 shall be subject to the review process set out in rule 2B.06. An issuer opposing the resumption of trading in its securities has the burden of satisfying the Exchange that a continued trading halt or suspension would be appropriate.

Note: (1) The Exchange is under an obligation to maintain an orderly and fair market for the trading of all Exchange listed securities and listed securities should be continuously traded save in exceptional circumstances.

(2) The Exchange considers that the continuation of any trading halt or suspension beyond such period as is absolutely necessary denies reasonable access to the market and prevents its proper functioning.

(3) See Practice Note 11.

6.09 The Exchange's power under rule 6.07 shall be exercised without prejudice to its ability to pursue such other remedies as may be available to it under the Listing Rules.

6.10 There may be cases where a listing is cancelled without a suspension intervening. Where the Exchange considers that any circumstances set out in rule 6.01 arise, it may:

(1) publish an announcement naming the issuer and specifying the period within which the issuer must have remedied those matters which have given rise to such circumstances. Where appropriate the Exchange will suspend dealings in the issuer's securities. If the issuer fails to remedy those matters within the specified period, the Exchange will cancel the listing. The Exchange may treat any proposals to remedy those matters as if they were an application for listing from a new applicant for all purposes, in which case, the issuer must comply with the requirements for new listing applications as set out in the Listing Rules; or

(2) cancel the listing of the issuers' securities following the Exchange's publication of an announcement notifying the cancellation of the listing.

6.10A For the purpose of rule 6.01A(1), the Exchange may cancel the listing of an issuer's securities following the Exchange's publication of an announcement notifying the cancellation of the listing.

Withdrawal

6.11 Subject to rule 6.15, an issuer whose primary listing is on the Exchange and which has an alternative listing on another regulated, regularly operating, open stock exchange recognised for this purposes by the Exchange, may not voluntarily withdraw its listing on the Exchange unless:-

(1) the prior approval of shareholders has been obtained by way of an ordinary resolution passed at a duly convened meeting of the shareholders of the issuer;

- (2) the prior approval of holders of any other class of listed securities, if applicable, has been obtained; and
- (3) the issuer has given its shareholders and holders of any other class of listed securities, if applicable, at least three months notice of the proposed withdrawal of the listing. This minimum notice period must run from the date on which the shareholders approve the voluntary withdrawal of listing and such notice must include details of how to transfer securities to and trade those securities on the alternative market.

In deciding whether an alternative listing is acceptable the Exchange must be satisfied that the alternative market is open and readily accessible by Hong Kong investors. A market to which access by Hong Kong investors is restricted (for example, by foreign exchange controls) will not be acceptable.

6.12 Subject to rule 6.15, if the issuer has no such alternative listing, the issuer may not voluntarily withdraw its listing on the Exchange without the permission of the Exchange unless:-

- (1) the issuer has obtained the prior approval of its shareholders and holders of any other class of listed securities, if applicable, at a duly convened meeting of shareholders and a separate meeting of holders of any other class of listed securities, if applicable, at which any controlling shareholders and their respective associates shall abstain from voting in favour. Where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders;
- (2) the approval of withdrawal of the listing referred to in rule 6.12(1) must be given by at least 75% of the votes attaching to any class of listed securities held by holders voting either in person or by proxy at the meeting. For the purpose of determining the percentage, the listed securities held by directors, the chief executive and any controlling shareholders or their respective associates that vote against the resolution at the meeting are to be included;
- (3) the number of votes cast against the resolution is not more than 10% of the votes attaching to any class of listed securities held by holders permitted under rule 6.12(1) to vote in person or by proxy at the meeting. For the purpose of determining the percentage, the listed securities held by directors, the chief executive and any controlling shareholders or their respective associates that vote against the resolution at the meeting are to be included; and

- (4) the shareholders and holders of any other class of listed securities, if applicable, other than the directors (excluding independent non-executive directors), chief executive and controlling shareholders, are offered a reasonable cash alternative or other reasonable alternative.

6.13 In relation to any withdrawal of listing under rule 6.12, the Exchange reserves the right to require the following parties to abstain from voting in favour of the relevant resolution at the meeting:

- (1) any parties who were controlling shareholders of the issuer at the time the decision for the transaction or arrangement involving the withdrawal of listing was made or approved by the board, and their associates; and
- (2) where there were no such controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer at the time the decision for the transaction or arrangement involving the withdrawal of listing was made or approved by the board, and their respective associates.

The issuer must disclose the information required under rule 2.17 in the circular to shareholders.

6.14 In relation to any withdrawal of listing under rule 6.12, the issuer must comply with the requirements under rules 13.39(6) and (7), 13.40, 13.41 and 13.42.

6.15 An issuer may voluntarily withdraw its listing on the Exchange, irrespective of whether it has an alternative listing or not, if:—

- (1) after a general offer a right to compulsory acquisition is exercised pursuant to applicable laws and regulations (the requirements of which are, where the issuer is not a company incorporated in Hong Kong, at least as onerous as those applicable if it were) resulting in the acquisition of all the listed securities of the issuer; or
- (2) the issuer is privatised by way of a scheme of arrangement or capital reorganisation which is governed by the Takeovers Code and all the relevant requirements, including the shareholders' approval requirements, under the Takeovers Code have been complied with,

and, in either case, it has given its shareholders notice of the proposed withdrawal of the listing by way of an announcement published in accordance with rule 2.07C and the intention not to retain the issuer's listing on the Exchange has been stated in a circular to shareholders.

- 6.16 An issuer whose primary listing is on another stock exchange and which has a secondary listing on the Exchange may not voluntarily withdraw its secondary listing on the Exchange unless:
- (1) it has complied with all relevant laws, regulations and listing rules of the jurisdiction in which it has its primary listing, as well as all relevant laws and regulations of its jurisdiction of incorporation, in relation to its proposed delisting from the Exchange; and
 - (2) it has given its shareholders at least three months' prior notice of the proposed withdrawal of the listing by way of an announcement published in accordance with rule 2.07C.