

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEx website at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201408.pdf>.

Where there is insufficient space provided for your comments, please attach additional pages.

Chapter I: Proposed Rule amendments to align the requirements for disclosure of financial information in Main Board Rules Appendix 16 and GEM Rules equivalent with reference to the disclosure provisions in the New Companies Ordinance

1. Do you agree that all issuers (whether or not they are incorporated in Hong Kong) should include disclosures under the provisions of the New Ordinance which reflect alignment of those provisions of the Predecessor Ordinance captured in Main Board Rules Appendix 16 and GEM Rules equivalent as set out in paragraphs 70 to 73 of the Consultation Paper?

Yes

No

Please give reasons for your views.

Hong Kong Companies Ordinance should only apply to companies incorporated in Hong Kong but not non-Hong Kong companies. Hong Kong Companies Ordinance is only a territorial ordinance. Unlike HKFRS, such standards apply to audited financial statements of non-Hong Kong companies issued by Hong Kong auditors.

New Hong Kong Companies Ordinance provisions proposing to be incorporated in Main Board Listing Rules/GEM Rules will increase the workload of non-Hong Kong incorporated listed company in Hong Kong.

Currently, there is a controversial new disclosure under New Hong Kong Companies Ordinance relating to the disclosure of names of all directors in the group companies are required in a consolidated directors' report (which is impractical if the group has thousands of subsidiaries and different directors in each subsidiary).

Business Review under new Companies Ordinance requires an analysis using financial KPI, discussion on environmental policies and performance, etc., Stock Exchange shall clarify if there is any duplication of the said disclosures in Business Review with some of the guidelines in Appendix 24. There is a concern that Appendix 24 is a kind of recommended practices under Appendix 14 but Appendix 16 is part of the rules which must disclose (any non-disclosure is a non-compliance of Listing Rules).

Main Board Listing Rules/GEM Rules may select certain applicable provisions but not copy all provisions under New Hong Kong Companies Ordinance relating to financial disclosures for non-Hong Kong companies. This is because lawmakers in Hong Kong amended the Hong Kong Companies Ordinance for Hong Kong companies with no intention to apply such amendments to non-Hong Kong companies.

Chapter II: Proposed Rule amendments to streamline the disclosure requirements of financial information in the Listing Rules with reference to Hong Kong Financial Reporting Standards

2. Do you agree with the proposed revision of Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent in order to streamline the Listing Rules and to avoid potential duplications with the accounting standards?

- Yes
- No

Please give reasons for your views.

Current information in Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent is useful and easy to know/understand the basic accounting related disclosures; and this enable Listing Rules/GEM Rules as a one-stop rule book containing basic disclosure requirements of accounting standards. If streamlined the rules, it will cause inconvenience to some stakeholders (say, pure company secretaries and directors who do not know the accounting standards)

3. Do you agree with the proposed repeal of the disclosure requirements in relation to financial conglomerates in Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent?

Yes

No

Please give reasons for your views.

Current information in Main Book Rules Chapter 4 and Appendix 16 and GEM Rules equivalent is useful and easy to know/understand the basic financial conglomerates disclosures; and this enable Listing Rules/GEM Rules as a one-stop rule book containing basic disclosure requirements of financial conglomerates. If repeal the rules, it will cause inconvenience to some stakeholders (say, pure company secretaries and directors who do not know the financial conglomerates)

4. Do you agree with the proposed repeal of Main Board Rules Appendix 15 and GEM Rules equivalent in relation to bank reporting?

Yes

No

Please give reasons for your views.

Current information in Main Book Rules Chapter 15 and GEM Rules equivalent is useful and easy to know/understand the basic bank reporting disclosures; and this enable Listing Rules/GEM Rules as a one-stop rule book containing basic disclosure requirements of bank reporting. If repeal the rules, it will cause inconvenience to some stakeholders (say, pure company secretaries and directors who do not know the bank reporting)

Chapter III: Other financial information disclosures related proposed Rule amendments

5. Do you agree with the proposed Rule amendments to require an issuer to publish an announcement as soon as practicable after the directors decide to revise the published financial statements and the reason leading to the revision of the financial statements?

Yes

No

Please give reasons for your views.

Agree. This provide clear rules for listed issuer to follow when revised published financial statements is required.

6. Do you agree with the proposed Rule amendment to require disclosure in results announcements where an issuer has made a prior period adjustment to correct a material error?

Yes

No

Please give reasons for your views.

Agree. This would improve the transparency and easy to draw investors attention

7. Do you agree with the proposed Rule amendments to Main Board Rules Appendix 16 and GEM Rules equivalent to provide references to disclosure requirements relating to periodic financial reports currently required in other parts of the Listing Rules?

Yes

No

Please give reasons for your views.

Totally agreed. It is good to provide references so as to reduce the risk of non-disclosure as disclosure requirements are currently placing all over different chapters of the Listing Rules.

Chapter IV: Proposed Rule amendments consequential to the enactment of the New Companies Ordinance

8. Do you agree that the Listing Rules should be amended to align the notice period requirements for companies incorporated in Bermuda and the Cayman Islands with the relevant requirements under the New Ordinance?

Yes

No

Please give reasons for your views.

Agree but will this proposal comply with the Companies Act of Bermuda and Cayman Islands?

9. Do you support the proposal to allow companies incorporated in Bermuda and the Cayman Islands to convene general meetings on shorter notice on the same terms as companies incorporated in Hong Kong (i.e. in accordance with the relevant provisions of the New Ordinance)?

Yes

No

Please give reasons for your views.

Support but will this proposal comply with the Companies Act of Bermuda and Cayman Islands?

Chapter V: Proposed minor Rule amendments

10. Do you agree with the proposal to amend Main Board Rule 13.45(1) and GEM Rules equivalent to require issuers to announce the expected payment dates for their dividends or other distributions as described in paragraph 143 of the Consultation Paper?

Yes

No

Please give reasons for your views.

Totally agreed. Currently, most of the listed issuers disclose the dividend payment date with the words "on or about" or "around" which are unclear to shareholders and shareholders do not know the exact date of payment.

11. Do you agree with the proposal to amend Main Board Rule 5.03 and GEM Rules equivalent to clarify that a property valuation is required for the circular of any connected transaction that involves an acquisition or disposal of any property interest or property company?

Yes

No

Please give reasons for your views.

Agree with the increase in transparency.

12. Do you agree with the proposal to amend Main Board Rules 14.66(8) and 14A.70(15) and GEM Rules equivalent to remove the requirement to disclose information about competing interests of directors of the issuer's subsidiaries and their close associates in transaction circulars?

Yes

No

Please give reasons for your views.

Agree because this simplify the disclosures

13. Do you agree with the proposal to amend the GEM Rules to include a new GEM Rule 17.49A to require trading suspension for issuers that fail to publish their financial results announcements as described in paragraph 153 of the Consultation Paper?

Yes

No

Please give reasons for your views.

Agree to make it consistent with Main Board Listing Rules

14. The Exchange invites your comments regarding whether the manner in which (i) the proposed Rule amendments consequential to the enactment of the New Ordinance as set out in Chapter IV (see paragraphs 116 to 137 of the Consultation Paper) and (ii) the proposed housekeeping Rule amendments set out in Chapter VI, have been drafted will give rise to any ambiguities or unintended consequences.

15. Do you have any other comments in respect of the matters discussed in the Consultation Paper? If so, please set out your additional comments.

Please consider to implement certain amendments by phases (in particular, Business Review disclosures requirements relating to KPI, enviornmental discussion, etc.)

- End -