Submitted via Qualtrics

Company/Organisation view

Question 1

Do you agree with the proposal to set the limit on general mandate for issuance of new shares at 20% of the total issued shares of a PRC issuer, instead of 20% of each of domestic shares and H shares?

No

Please provide reasons for your views.

The public float of H-shares is in general much lower than A-shares of dual-listed companies. The proposed change will give rise to the scenario where the public float of H-shares, hence the influence of foreign institutional investors who largely uphold higher ESG expectations and standards compared with domestic counterparts in the mainland China who own A-shares, will be undermined. This will result in an illiquid H-share market and unintended hurdles against the stewardship effort of foreign institutional investors, most of which are obliged to perform such duties per the laws and regulations of their home countries.

Question 2

Do you have a concern that given fund raisings through the issuance of A shares may result in an increase in the number of A shares over H shares, the market size and liquidity of the H share market may reduce relative to the A share market? Do you think there should be other provisions to promote the long term development of the H share market, if so please provide reasons for your views and any suggestions.

Yes

Please provide reasons for your views and any suggestions.

This is exactly the main reason raised in the response to the preceding question, in addition to the unintended consequential impacts on the stewardship efforts of foreign institutional investors, who mostly invest in H-shares. An example can be drawn to the acquisition of coal-power assets by a dual-listed company from its controlling shareholder. While foreign institutional investors of H-shares largely opposed the proposal against the backdrop of decarbonisation expectations, A-share domestic investors generally supported the deal. The proposed change to the listing rules will take away the already limited chance H-share holders have to block such resolutions at separate class meetings. With an expected illiquid H-share market and hurdles to stewardship activities, the proposed rules change may eventually squeeze out foreign institutional investors.

Question 3

Do you agree with the proposal to set the limit on scheme mandate for share schemes at 10% of the total issued shares of a PRC issuer, instead of 10% of each of domestic shares and H shares?

No

Please provide reasons for your views.

The fundamental concern stems from the removal of the class meetings which, under the current regime, provide investors of different types of shares with the opportunity to scrutinise proposals of the issuance of a particular type of shares, as a form of shareholder protection.

<u>Question 4</u>

Do you agree with the proposal to remove the requirements for directors, officers and supervisors to provide undertakings to the PRC issuers and their shareholders?

No

Please provide reasons for your views.

With the undertakings required under the Hong Kong listing rules, H-share investors may proceed to legal actions based on the laws and regulations in the city where needs be.

<u>Question 5</u>

Do you agree with the proposal to move the requirements for compliance advisers set out in Rules 19A.05(2) and 19A.06(3) to Chapter 3A?

Yes

Please provide reasons for your views.

The proposed change can apply the same requirements to all issuers.

<u>Question 6</u>

Do you agree with the proposal to remove Rules 19A.05(3), 19A.05(4), 19A.06(1) and 19A.06(4)?

Yes

Please provide reasons for your views.

The proposed change can apply the same requirements to all issuers.

<u>Question 7</u>

Do you agree with the proposal to remove the requirements relating to online display and physical inspection of documents under Rules 19A.50 and 19A.50A?

No

Please provide reasons for your views.

There is already material information asymmetry due to language barriers of certain foreign institutional investors due to the practices of dual-listed companies providing only disclosures in Chinese on Shenzhen/Shanghai stock exchange with just a brief notice on Hong Kong stock exchange of such publications. The proposed removal will further dampen foreign institutional investors' accessibility to information, due to reasons such as the lack of knowledge of alternative sources and difficulties to access certain Chinese government agencies' portals from overseas.

<u>Question 8</u>

Do you agree with the proposal to remove the requirements relating to disclosure of material differences between the laws and regulations in the PRC and Hong Kong in listing documents of new applicants that are PRC issuers?

No

Please provide reasons for your views.

This is not going to help market integrity but the opposite.