

CONSULTATION CONCLUSION
ON ISSUE 11 (GENERAL MANDATES) OF THE
2008 COMBINED CONSULTATION PAPER

October 2009



Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

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PART A: INTRODUCTION

1. On 11 January 2008, The Stock Exchange of Hong Kong Limited (**Exchange**), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (**HKEx**) published a Combined Consultation Paper (**CCP**) on 18 substantive policy issues including corporate governance and initial listing criteria, as well as some amendments to improve the clarity, certainty and efficacy of the Listing Rules.
2. The consultation period ended on 7 April 2008. The Exchange received a total of 105 submissions from a wide spectrum of respondents including listed issuers, market practitioners, and professional and industry associations. A breakdown of the categories of respondents can be found at Part B of this paper. The submissions are available on HKEx website and a list of respondents is attached as an Appendix to this paper.
3. Results of the consultation concerning 15 of the 18 substantive policy issues were published in November 2008 and the relevant proposals were implemented earlier this year, subject to certain modifications.
4. This paper relates to Issue 11 (general mandates).
5. Part C of this paper summarises the key points raised in the responses received, and sets out the Exchange's conclusion.
6. This paper should be read in conjunction with the CCP, which is posted on the HKEx website.
7. The Exchange would like to thank all those who responded for sharing their views and suggestions with us.
8. The Rule references are to the Main Board Listing Rules, although the discussion applies equally to the GEM Listing Rules.

PART B: OVERVIEW OF MARKET RESPONSE

The respondents

9. The 105 respondents can be grouped into broad categories as follows:

Category	No. of respondents
Listed issuers	58
Professional and industry associations	15
Market practitioners	22
Statutory regulators	2
Individuals and retail investor representative	8
Total	105

10. The Appendix to the CCP contained a list of the respondents. It is reproduced in the Appendix to this paper for reference. Except for one respondent who requested the Exchange not to publish its submission, the full text of all the submissions is available on HKEx website at http://www.hkex.com.hk/consul/response/combined_cp.htm for public reference.

Overview of the responses

11. The consultation in respect of the questions under Issue 11 was well-received by respondents. Some of our questions triggered active debate.
12. Part C of this paper contains a detailed discussion of the consultation responses.

PART C: MARKET FEEDBACK AND CONCLUSION

13. Issue 11 dealt with general mandates. As stated in the CCP, the Exchange had an open mind about the policy direction and did not put forward any preferred position at that stage.
14. Set out below are the questions in the CCP on Issue 11 and some specific comments received, as well as our response to those comments and conclusion on the questions.

Question 11.1

Question asked

15. Should the Exchange retain the current Rules on the size of issues of securities under the general mandate without amendment? If so, then please provide your comments and suggestions before proceeding to *Question 11.3* below.

Comments received

16. The overwhelming majority of those who responded to this question were in favour of the current Rules on the size of issues of securities under the general mandate.
17. Many who were in favour of retaining the current Rules believed that they struck the right balance between providing flexibility and efficiency to issuers to raise funds in the market and shareholder protection. Some pointed out that the statistics in Appendix 11 to the CCP showed that general mandates had not been used unnecessarily and there was no evidence of abuse.
18. One respondent commented that to reduce the size of the current general mandate would make the Hong Kong market significantly less attractive to issuers than its regional competitors because reducing the mandate would make fund-raising much more expensive for issuers, and expose them to much greater market risks.
19. A number of respondents commented that reducing the size would significantly affect H-share issuers' ability to raise funds. Since the current Rules restrict an H-share issuer to 20% of each of the existing issued domestic shares and overseas listed foreign shares, any reduction in size limits for general mandates will have a much more drastic effect on H-share issuers. For example, if an H-share company has 15% of its issued share capital listed in Hong Kong, it is effectively subject to a size limit on its general mandates of 3% (that is, 20% of 15%) of its total issued share capital.

20. Other respondents opposing a change to the current Rules expressed the view that any reduction in the percentage would be very detrimental to the operation of H-share issuers in the Hong Kong market and that, as Mainland companies are likely to remain an important source of listings for the Exchange, this would likely reduce Hong Kong's appeal as a listing destination to Mainland issuers.
21. Those who advocated a change to the Rules recommended reducing the size as they felt that the current Rules were subject to abuse, saying that the dilutive effect to shareholders from the full exercise of a 20% general mandate was substantial, especially if the issuer regularly issued shares using mandates over a number of consecutive years.

Question 11.2

Question asked

22. Should the Exchange amend the current Rules to restrict the size of the general mandate that can be used to issue securities for cash or (subject to your response to *Question 11.4*) to satisfy an exercise of convertible securities to:

(choose one of the following options)

- (a) 10%, with the mandate to issue securities for other purposes retained at not more than 10% (or some other percentage) of the issued share capital? If so, then what should be the percentage of the issued share capital for issuing securities for such other purposes?
- (b) 5%, with the mandate to issue securities for other purposes retained at not more than 10% (or some other percentage) of the issued share capital? If so, then what should the percentage of the issued share capital be for issuing securities for such other purposes?
- (c) 10% for any purpose (including to issue securities for cash or (subject to your response to *Question 11.4*) to satisfy an exercise of convertible securities)?
- (d) a percentage other than 10% for any purpose (including to issue securities for cash or (subject to your response to *Question 11.4*) to satisfy an exercise of convertible securities)? If you support this option, then please state the percentage you consider appropriate.

Please provide your comments and suggestions.

Comments received

23. Only a minority of the CCP respondents replied to this question. The responses were diverse and the respondents were fairly evenly divided among the various options.

24. Those who agreed with (a) commented that it would address the issue of potential abuse without substantially altering the issue size under the general mandate. One respondent suggested increasing the size of the general mandate to 30%, with 20% of the mandate to issue securities other than for cash and 10% for cash.
25. Respondents who agreed with (b) were of the view that the general mandate for issuing shares should be up to 20%, with no more than 5% being issued wholly for cash.
26. Respondents who agreed with (c) believed 10% to be the appropriate size to balance the need for issuers to raise capital with restricting their ability to materially dilute the shareholdings of individual shareholders.
27. Most of those respondents who answered (d) suggested 20% for any purpose. A reason given for the choice was that there should not be any distinction between cash and other forms of consideration. A couple suggested a 5% limit and one wished for a 30% threshold.

Question 11.3

Question asked

28. Should the Exchange amend the current Rules so as to exclude from the calculation of the size limit the number of any securities repurchased by the issuer since the granting of the general mandate? (In other words, the issuer's issued share capital as at the date of the granting of the general mandate would remain the reference point for the calculation of the size limit, unless the general mandate is refreshed by the shareholders in general meeting.)

If so, then please provide your comments and suggestions.

Comments received

29. A slight majority of those who responded to this question supported excluding from the calculation of the size limit the number of any securities repurchased by the issuer since the granting of the general mandate.
30. Many who supported an amendment to exclude from the calculation of the size limit the number of any securities repurchased by the issuer since the granting of the general mandate considered that this would provide certainty to both issuers and shareholders. A number also said that the amendment would be appropriate as the original general mandate was granted on the basis of the issued share capital as at the date of the general meeting. One respondent further commented that, as a placing of shares under the general mandate tends to be limited to one or a handful of subscribers whereas any shares repurchased are bought back from the market, the cumulative effect of including the number of repurchased shares in the general mandate might, following a full exercise of the enlarged general mandate, lead to higher concentration of a large number of shares among a small number of shareholders.

31. Some who were against an amendment commented that the exclusion would result in inflexibility for issuers with regard to fund-raising. One respondent commented that existing Rules already imposed restrictions on the issue of new shares following a repurchase of shares. (Under Rule 10.06(3), an issuer may not make a new issue of shares for a period of 30 days after any purchase of its shares (other than an issue of securities pursuant to the exercise of warrants, share options or similar instrument which were outstanding prior to that purchase of its own securities).)

Question 11.4

Question asked

32. Should the Exchange amend the current Rules such that:
- (a) the application of the current prohibition against the placing of securities pursuant to a general mandate at a discount of 20% or more to the “benchmark price” would apply only to placings of shares for cash;
 - (b) all issues of securities to satisfy an exercise of warrants, options or convertible securities would need to be made pursuant to a specific mandate from the shareholders; and
 - (c) for the purpose of seeking the specific mandate, the issuer would be required to issue a circular to its shareholders containing all relevant information?

Comments received

33. Of those who responded to this question, a slight majority supported an amendment of this kind.
- (a) *Whether the application of the current prohibition against the placing of securities pursuant to a general mandate at a discount of 20% or more to the “benchmark price” should only be to placings of shares for cash*
34. One respondent stated that the current Rules worked well and there was no need for change. No comments answered this question directly. Some respondents contended that the 20% discount should be reduced to 10% or 5%. Their comments included:
- the 20% threshold for discounts to the “benchmark price” is too large and the Exchange should consider reducing this to avoid repeated issues at a discount that would significantly dilute shareholder value;
 - in light of the high growth strategy of many Hong Kong listed companies, the respondent would be willing to approve a 10% discount;

- restricting the discount to the benchmarked price at which shares may be issued pursuant to a general mandate could provide more effective protection for minority shareholders than, for example, further restricting the size of the issue. The respondent suggested a 10% discount to the “benchmark price”;
- the United Kingdom (UK) Guidelines on Pre-Emption Rights setting the maximum amount of share capital that may be issued non-pre-emptively for cash at no more than 5% of the total issued share capital and at no more than 5% discount should also apply to Hong Kong companies; and
- shares should not be issued at a discount of more than 5% whether for cash or for other property. If the proposed transaction violates these constraints, express shareholder approval should be obtained.

(b) & (c) Whether all issues of securities to satisfy an exercise of warrants, options or convertible securities should be made pursuant to a specific mandate from the shareholders

35. Respondents favouring an amendment (which included many H-share issuers) mostly concurred with the reasons given in the CCP for the need to address the inherent problems with securities which exhibit a significant gap between the issue date and the date any diminution in value is crystallised.

36. Some respondents who would not support a Rule change of this kind gave the following reasons:

- the current Rules work well and there is no need for change;
- the requirement for approval by specific mandate would considerably weaken an issuer’s ability and flexibility to raise funds, particularly at times when the issuer faces any difficulty, financing or otherwise. While there is the potential as identified in the Combined Consultation that, when the convertible securities are issued, the “conversion price” is set within the discount permissible under the general mandate Rules, the market price of the underlying shares may subsequently move up bringing the “conversion price” outside the permitted discount range. However, the converse is also possible. There is therefore no guaranteed advantage for the investors in question;
- these convertible securities are not sold to connected parties, so it is independent third parties that benefit/incur a loss from this diminution/increase in value of the issuer’s shares;
- the process for a specific mandate takes 5 to 6 weeks, denying issuers access to the market at opportune times to raise funds at a low cost. This would place Hong Kong issuers at a significant disadvantage to their peers listed in other jurisdictions; and

- in those extreme cases where the security is not priced commercially, the management of the company is answerable to the shareholders. Under Hong Kong law, directors owe a fiduciary duty to act in the best interests of the company and failing to do so may result in shareholders' actions being brought against them in the courts. (The Exchange also notes the statutory powers of the Securities and Futures Commission under section 214 of the Securities and Futures Ordinance to apply to the Court for remedial action if, for example, it appears that the business or affairs of a corporation have been conducted in a manner oppressive or unfairly prejudicial to its members.)

Question 11.5

Question asked

37. Do you have any other comments or suggestions in relation to general mandates? Please specify.

Comments received

38. About a quarter of the total number of respondents had substantive comments or suggestions. Some respondents merely repeated their comments to *Question 11.1*.
39. Some respondents commented that reducing the size would significantly affect the ability of companies with small capitalisation and H-share issuers to raise funds. One respondent pointed out that, not only would an H-share issuer be able to issue far fewer H-shares under its general mandate than a non-Mainland issuer, its fund-raising ability in the Hong Kong stock market is further curtailed by the number of H-shares which it is obliged by law to issue to the Mainland's National Social Security Fund since, in most cases, H-share issuers issue these shares under their general mandates.

The Exchange's response

40. We are mindful of profound changes in market conditions since 2004 when the general mandate Rules were last amended, in particular the increased volatility and difficulties faced by issuers in raising funds since the financial turmoil of 2008.

Size

41. At the time of the CCP, we had noted a tendency on the part of some issuers since the 2004 Rule amendments to obtain specific mandates rather than general mandates. Since the 2004 Rule amendments, refreshment of a general mandate requires independent shareholders' approval, while issuing shares under a specific mandate does not.

42. We note that in response to *Question 11.1* the vast majority of respondents consider that the current Rules on the size of issues of securities under the general mandate should be retained without amendment. These respondents also put forward strong arguments for retaining the current Rules. Some respondents did not consider abuse of the general mandate to be widespread and interpreted our findings in Appendix 11 to the CCP as being supportive of this. Based principally on the headline categories of announcements, we have briefly reviewed general mandate share issues in the second half of 2008 and first half of 2009. We set out the results of our review below.

Share issues under general mandate from 1 July 2008 to 30 June 2009

Discount/premium to closing price on date of agreement		%
> 0-5% discount	20	10%
> 5-10% discount	33	16%
> 10-15% discount	32	16%
> 15-20% discount	56	27%
> 20% discount	1*	0%
Market price	8	4%
> 0-5% premium	8	4%
> 5-10% premium	13	6%
> 10-15% premium	8	4%
> 15% premium	25	12%
Total cases	204	100%

Discount/premium to average price of last five trading days		%
> 0-5% discount	22	11%
> 5-10% discount	31	15%
> 10-15% discount	28	14%
> 15-20% discount	48	24%
> 20% discount	1*	0%
Market price	4	2%
> 0-5% premium	12	6%
> 5-10% premium	13	6%
> 10-15% premium	7	3%
> 15% premium	36	18%
Information not disclosed	2	1%
Total cases	204	100%

* This was an issue of consideration shares and therefore not subject to the 20% discount limit.

Discount to closing price on date of agreement	%
Average discount to closing price on date of agreement	12.2%
Highest discount to closing price on date of agreement**	19.87%
Lowest discount to closing price on date of agreement	0.50%
Total cases	141

Discount to average price of last five trading days	%
Average discount to average price of last five trading days	11.9%
Highest discount to average price of last five trading days **	19.99%
Lowest discount to average price of last five trading days	0.48%
Total cases	129

** Disregarding the issue of consideration shares mentioned above.

43. These recent figures are consistent with the view that there is no widespread abuse of the general mandate. We note for example that issues of shares under the general mandate at a discount of between 15% and 20% to market price accounted for only about a quarter of the total number of these issues during the period under review and that a substantial number of the issues were at a premium to the market price.
44. We also note the lack of a clear consensus on what, and the extent to which, change should take place since the responses did not demonstrate overwhelmingly strong support for any particular size limit option set out in *Question 11.2*.
45. We are therefore of the view that the existing size limit for general mandates should be retained.
46. As mentioned above, a reduction in the size limit for general mandates would have a substantial impact on H-share issuers. In considering any reduction of this kind for issuers, we would also need to consider to what extent H-share issuers should be treated differently. It is worth noting that any amendment to the Rules to increase the size limit for H-share issuers by itself would not have any immediate effect on H-share issuers unless and until corresponding changes were made to Mainland law and the H-share issuers' articles of association. This is because the size limit mandated under Rule 19A.38 (i.e. 20% domestic shares/20% H-shares) is written into the articles of association of H-share issuers as mandated under Article 85 of the "Mandatory Provisions for Companies Listing Overseas" of the Mainland and Appendix 13, Part D, Section 1, Paragraph (f), of the Listing Rules.
47. Any change in the Listing Rules to the size limit for H-share issuers would therefore also require a corresponding amendment or waiver of Article 85 of the Mandatory Provisions on the part of the Mainland authorities in order for the Listing Rule change to be meaningful.
48. In addition, separate class meetings of holders of domestic shares and of holders of H-shares might be needed under Mainland law to approve amendments to the size limits in the H-share issuer's articles of association as this would entail a variation of class rights. (Article 85 of the Mandatory Provisions and Appendix 13 of the Listing Rules at present expressly exempt H-share issuers from the need to hold separate class meetings to approve a general mandate falling within the bounds of the current 20% domestic shares/20% H-shares size limit.)
49. Given the far-reaching impact which any change to the general mandate size limit would have on H-share issuers, we feel that, if changes to the general mandate size limit were to be contemplated, it would be necessary to devise a separate regime for H-share issuers, distinct from that applicable to non-H-share issuers, or at least to disapply the new regime in so far as it affects H-share issuers.

Calculation of size limit

50. With respect to amending the Rules so as to exclude from the calculation of the size limit the number of any securities repurchased by the issuer since the granting of the general mandate as described in *Question 11.3*, we note that the responses were fairly evenly split and that change is favoured by only a slim majority. In view of the lack of a clear consensus and strong support for change, we are of the view that the current calculation method should be maintained, at least for the time being.

Issuance of securities to satisfy an exercise of warrants, options or convertible securities pursuant to specific mandates and the related circular requirements

51. As for an amendment to require any issue of securities to satisfy an exercise of warrants, options or convertible securities to be made pursuant to a specific mandate from the shareholders as put forward in *Question 11.4*, the responses received were again fairly evenly divided with the majority favouring change also fairly slim. We note the strong opposition expressed by some against a move in this direction (based essentially on the potential adverse effect which a change of this kind may have on the Hong Kong convertible bond market).
52. We are aware of the views of one market commentator who has warned investors of “toxic convertibles”, convertible bonds with a floating conversion price, typically determined by the bondholder by reference to an average trading price over a pre-defined past period so that the bondholder can convert any portion of the bond at a set discount to that (already low) average price. As the amount of the debt that is satisfied varies according to the issue price, there is no certainty over the total number of shares that can be issued upon conversion. As investors sell the shares and the price falls, so does the floating conversion price further exacerbating the potential dilution.
53. The bondholder may be entitled to require the issuer to issue shares whenever the bondholder sees fit, choosing moments when the floating conversion price is at the largest possible discount to the market price. This equity tap may therefore amount to a delegation and outsourcing of the general mandate to an investment bank whose principal financial interest is to lock in the profit from the conversions.
54. The core of the problem lies in the creation of convertible bonds with unusual, “toxic” features essentially involving the issuer granting options to the bondholder which appear unduly favourable. Ultimately though, these are commercial transactions negotiated at arm’s length and, particularly in a highly volatile market, the bondholder’s objective would merely be to minimise as far as possible the risk to him.
55. The subject of options is beyond the scope of our present consultation and we would need to consult the market further before any changes to regulate this area could be considered, e.g. to restrict the scope of the rights which may be attached to options granted by an issuer. In any event, we will continue to monitor the situation.

56. A major concern of the market commentator appears to be that the potentially harmful arrangement may not be immediately apparent to the investor. If the amendment set out in *Question 11.4* were to be implemented, a specific mandate would always be required to issue shares to satisfy a conversion of a “toxic convertible”, thereby specifically drawing the attention of investors to the arrangement. However, even under the existing regulatory framework, investors are alerted in various ways.
57. Under Rule 13.28 the issuer must publish an announcement by 9:00 a.m. the next day if it has agreed to issue securities for cash, e.g. entered into a “toxic convertible” arrangement. A similar reporting deadline must also be met for filing and publishing a Next Day Disclosure Return to report changes in issued share capital under Rule 13.25A. Under Rule 13.25B, the issuer must also file and publish a Monthly Return by 9:00 a.m. of the fifth business day of each month reporting not only movements in its securities in the previous month but also providing a “snapshot” of its contractual obligations to issue shares in the future. These disclosures all require certain prescribed details to be given, including the prices at which shares are issued.
58. On balance, we consider the arguments for retaining the current Rules to be more compelling, in particular the need to preserve the stability and functionality of the Hong Kong convertible bond market, and that no changes should be made in this regard.

20% discount

59. We do not see any evidence of widespread abuse of the 20% discount limit or any compelling reasons for change and do not consider that any changes to the Rules should be made in this regard.

Change in emphasis rather than tightening up

Avoiding over-regulation

60. There are practical limitations on how far one can formulate bright-line Rules to safeguard investors’ interests. Pre-emption restrictions can only go so far in fostering and promoting good corporate behaviour. At the same time, over-regulation would only serve to curtail bona fide corporate activity ultimately intended to benefit issuers and their shareholders.
61. The law and Listing Rules in the UK might be seen as relatively permissive and it is market pressure exerted by institutional investors in the form of the Pre-Emption Group’s Statement of Principles which raises the standards. The Statement seeks to restrict non-pre-emptive issues of shares to no more than 5% of ordinary share capital in any one year, issues for cash other than to existing shareholders to no more than 7.5% of the ordinary share capital in any rolling three-year period and discounts to no more than 5%. It is worth noting that the Statement is not a legal or regulatory instrument and allows deviation for good reason.

62. In Hong Kong, the situation regarding institutional investors may not be the same as in the UK. However, we do not think that this should be compensated for by means of formal Rules mandating the same higher standards as the UK Statement, non-compliance with which would render the Hong Kong issuer liable to disciplinary proceedings under the Listing Rules.

Enforcement

63. The key driver in implementing further regulatory restrictions has to be a present need to prevent an abuse of minorities. Currently, we have not seen any evidence of widespread abuse of the general mandate by issuers. While there may be some abuses, it is these abusers who should be sanctioned rather than for us to tighten up the Rules for all issuers.
64. The key question may be whether there are other, more effective remedies to the problem, like targeted enforcement. We note in particular that the Securities and Futures Commission has recently stepped up its activities in this area.

Pro rata issues

65. As a general principle of corporate governance, a pro rata offer of shares to shareholders is preferable compared to the total disapplication of pre-emptive rights which underlies the use of the general mandate by the issuer. A rights issue affords the shareholders the opportunity to participate in the fund-raising process on a fair and equal basis. Although a shareholder faces the prospect of a dilution in interest if he does not take up his rights shares, the dilution is to the benefit of shareholders who have chosen to subscribe to shares on the same terms and he may gain a benefit from the sale of his rights. We are exploring ways to facilitate and encourage pro rata means of fund-raising. On 31 July 2009, we published a Consultation Paper proposing the shortening of the timetable on rights issues. With pro rata fund-raising a more attractive alternative, use of the general mandate for selective placings may become commercially less justifiable and abuses less widespread.

Consultation conclusion

66. *We are of the view that, based on the above analysis of the current facts and circumstances (including the availability of other, more effective remedies, like targeted enforcement), there are on balance no compelling grounds for deviation from the status quo, neither does there appear to be any prevailing general consensus among market stakeholders on the appropriate direction and extent of any possible reform.*
67. *Therefore, no amendments will be made to the Listing Rules with regard to general mandates.*

APPENDIX: LIST OF RESPONDENTS

Listed issuers

1. Aluminium Corporation of China Ltd.
2. Angang Steel Co. Ltd.
3. AviChina Industry & Technology Co. Ltd.
4. Bank of Communications, Company Director and Secretary
5. Bank of Communications, Manager of Directors' Office
6. Beijing Capital International Airport Co. Ltd.
7. Beijing Capital Land Ltd.
8. Beijing North Star Co. Ltd.
9. Beiren Printing Machinery Holdings Ltd.
10. BYD Co. Ltd.
11. Cathay Pacific Airways Ltd.
12. China Coal Energy Co. Ltd.
13. China Communications Construction Co. Ltd.
14. China COSCO Holdings Co. Ltd.
15. China Life Insurance Co. Ltd.
16. China Merchants Bank Co., Ltd.
17. China National Building Material Co. Ltd.
18. China National Materials Co. Ltd.
19. China Petroleum & Chemical Corporation
20. China Railway Group Ltd.
21. China Shipping Container Lines Co., Ltd.
22. CLP Holdings Limited
23. Dalian Port (PDA) Company Limited
24. Dongfang Electric Corporation Ltd.
25. First Tractor Co. Ltd.
26. Great Wall Motor Co. Ltd.
27. Great Wall Technology Co. Ltd.
28. Guangshen Railway Co. Ltd.
29. Harbin Power Equipment Co. Ltd.
30. Hong Kong Aircraft Engineering Co. Ltd.
31. HSBC Holdings plc
32. Hunan Nonferrous Metals Corporation Ltd.
33. Jiangxi Copper Co. Ltd.
34. Jingwei Textile Machinery Co. Ltd.
35. KPI Company Limited
36. Lianhua Supermarket Holdings Co. Ltd.
37. Maanshan Iron & Steel Co. Ltd.
38. Mexan Limited
39. Minmetals Land Limited
40. Nanyang Holdings Ltd.
41. New Focus Auto Tech Holdings Ltd.
42. Northeast Tiger Pharmaceutical Co. Ltd.
43. Shandong Luoxin Pharmacy Stock Co. Ltd.
44. Shandong Molong Petroleum Machinery Co. Ltd.

45. Shanghai Electric Group Co. Ltd.
46. Shanghai Forte Land Co. Ltd.
47. Shanghai Prime Machinery Co. Ltd.
48. Sichuan Xinhua Winshare Chainstore Co., Ltd.
49. Swire Pacific Limited
50. Tong Ren Tang Technologies Co. Ltd.
51. TravelSky Technology Ltd.
52. USI Holdings Ltd.
53. Weiqiao Textile Co. Ltd.
54. Winsor Properties Holdings Limited
55. Yanzhou Coal Mining Co. Ltd.
56. Zhejiang Expressway Co. Ltd.
57. Zhuzhou CSR Times Electric Co., Ltd.
58. A market participant (name not disclosed at the respondent's request)

Professional and industry associations

1. Canadian Certified General Accountants Association of Hong Kong
2. Hong Kong Custodian Bank Working Group
3. Hong Kong Federation of Women Lawyers
4. Hong Kong Institute of Certified Public Accountants
5. Hong Kong Stockbrokers Association
6. The Association of Chartered Certified Accountants, Hong Kong
7. The Chamber of Hong Kong Listed Companies
8. The Chartered Institute of Management Accountants, Hong Kong Division
9. The Chinese General Chamber of Commerce
10. The Hong Kong Association of Banks
11. The Hong Kong Institute of Chartered Secretaries
12. The Institute of Accountants in Management
13. The Law Society of Hong Kong
14. The Real Estate Developers Association of Hong Kong
15. A respondent (submission not posted on HKEx's website at the respondent's request)

Market practitioners

1. BC Investment Management Corporation
2. *Charltons on behalf of:*
Anglo Chinese Corporate Finance, Limited
CIMB-GK Securities (HK) Ltd.
Quam Limited
Sommerley Limited
SW Kingsway Capital Holdings Limited
Taifook Capital Limited
3. Clifford Chance
4. Computershare Hong Kong Investor Services Ltd.
5. Deloitte Touche Tohmatsu
6. Ernst & Young
7. F & C Management Limited
8. *Freshfields on behalf of:*
ABN AMBRO BANK N. V., Hong Kong Branch
BOCI Asia Limited
China International Capital Corporation Limited

- Citigroup Global Markets Asia Limited
- Credit Suisse (Hong Kong) Limited
- Deutsche Bank AG, Hong Kong Branch
- J. P. Morgan Securities (Asia Pacific) Co. Ltd.
- Lehman Brothers Asia Limited
- Merrill Lynch Far East Limited
- Morgan Stanley Asia Limited
- UBS AG
- 9. *Herbert Smith and Freshfields on behalf of:*
 - ABN AMBRO BANK N. V., Hong Kong Branch
 - BOCI Asia Limited
 - China International Capital Corporation (Hong Kong) Limited
 - Citigroup Global Markets Asia Limited
 - Credit Suisse (Hong Kong) Limited
 - Deutsche Bank AG, Hong Kong Branch
 - Goldman Sachs (Asia) L.L.C.
 - J. P. Morgan Securities (Asia Pacific) Ltd.
 - Merrill Lynch Far East Limited
 - Morgan Stanley Asia Limited
 - Nomura International (Hong Kong) Limited
 - UBS AG
- 10. Hermes Fund Managers Limited
- 11. Linklaters
- 12. Paul, Hastings, Janofsky & Walker
- 13. Piper Jaffray Asia Limited
- 14. PricewaterhouseCoopers
- 15. SBI E2-Capital (HK) Ltd.
- 16. Sinotec Investment Management
- 17. Slaughter and May
- 18. Stephenson Harwood & Lo
- 19. Sun Hung Kai & Co. Limited
- 20. Timothy Loh Solicitors
- 21. Tricor Services Limited
- 22. A market practitioner (name not disclosed at the respondent's request)

Statutory regulators

1. Companies Registry
2. The Financial Reporting Council

Individuals and retail investor representative

1. Chan Wai Lok, Leo
2. Gregg Li
3. John Maguire/Allen Tze
4. Paul Mok
5. Joseph So
6. JE Strickland
7. Tam Heung Man, Mandy
8. Webb-site.com

Remarks:

1. *One submission is counted as one response.*

2. *One respondent (Webb-site.com) indicated that the submissions in respect of two of the issues were made on behalf of 475 and 364 respondents respectively in answer to its own on-line surveys.*
3. *The total number of responses is calculated according to the number of submissions received and not the underlying members that they represent.*

