

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please make your comments by replying to questions below against proposed changes discussed in the Consultation Paper at the hyperlink:

<http://www.hkex.com.hk/eng/newsconsul/mktconsul/documents/cp201009.pdf>

Where there is insufficient space, please attach additional pages as necessary.

A. Exemption for Qualified Property Acquisitions

(1) Scope of the QPA exemption

1 (a). Do you agree with the proposal to expand the QPA exemption to acquisitions of land or property development projects in the Mainland from government through the PRC Government Auction Process?

Yes

No

Please provide reasons.

We agree with, and have made submissions in the past regarding, the practical difficulties in complying with the current Rules as outlined in the Consultation Paper for clients involved in bidding for land in the PRC. We welcome this change as it creates a level playing field for property developers in HK and the PRC.

1 (b). For the proposed exemption described in 1(a), do you agree with the proposal to exempt government or government entities falling under the current definition of “PRC Governmental Body” in Rule 19A.04?

Yes

No

Please provide reasons.

We have consulted PRC lawyers and understand that the current definition of “PRC Governmental Body” in the Listing Rules does not include the governmental tier below the “prefectures (區), municipalities (市) and counties (縣)” level, ie the township (鄉) and town (鎮) level. While the governmental bodies at this level do not have power to put land out for public auction, they do have the power to put certain property development projects out for public auction. Thus we suggest expanding the definition of “PRC Governmental Body” accordingly.

2. Do you propose other jurisdictions which should qualify for the QPA exemption?

Yes

No

If your answer is “Yes”, please provide details of the legislation and requirements for government land auctions in those jurisdictions and your analysis why they would fit the criteria described in paragraphs 23 and 27 of the Consultation Paper.

We currently do not have any other specific jurisdiction to raise.

3. Do you agree with the proposal to grant similar waivers to government land acquisitions in other jurisdictions on an individual case basis?

Yes

No

Please provide reasons.

We agree that the Exchange should be open to consider granting specific waivers to issuers to ensure that issuers can conduct their property development business in the ordinary course of business without impractical hurdles, so as to allow a level playing field for listed property developers which wish to develop projects in different parts of the world.

4. Do you agree with the factors for granting individual waivers described in paragraph 27 of the Consultation Paper?

Yes

No

Please provide reasons.

We agree with the factors highlighted in the Consultation Paper. However these factors should not be a mandatory list of factors which the Exchange should include in their consideration and the Exchange should take a flexible approach in considering the circumstances applicable to a particular jurisdiction.

(2) Conditions for QPA exemption

5. Do you agree with the proposed change to the exemption conditions described in paragraph 34 of the Consultation Paper for property joint ventures with independent third parties?

Yes

No

Please provide reasons.

We agree that the proposed amendments to the exemption conditions would allow more flexibility for issuers to utilise the exemption.

6. Do you agree with the proposed change to the exemption conditions described in paragraph 34 of the Consultation Paper for property joint ventures with Qualified Connected Persons?

Yes

No

Please provide reasons.

(3) General Property Acquisition Mandate

7. Do you agree with the proposal to remove the requirements relating to the General Property Acquisition Mandate currently applying to the formation of joint ventures with Qualified Connected Persons?

Yes

No

Please provide reasons.

We agree with the reasons stated in the Consultation Paper and on the basis that, as proposed in paragraph 34 of the Consultation Paper, the independent board committee and independent financial adviser will also confirm that the terms of the joint venture are fair and reasonable and in the interests of the shareholders as a whole.

(4) Disclosure requirements

8. Do you agree with the proposal to accelerate the disclosure of information relating to the joint ventures for Qualified Property Acquisitions (which is currently required to be made in the annual report) to the announcement/circular stage?

Yes

No

Please provide reasons.

Given the proposal in paragraph 34 of the Consultation Paper, which we support, the acceleration of the disclosure of information would seem a logical consequence.

(5) Property valuation

9. Do you agree with the proposal to exempt property valuation requirement for acquisitions falling under the QPA exemption?

Yes

No

Please provide reasons.

We agree with the reasons provided in the Consultation Paper.

(6) Changes to the Rules

10. Do you have any comments on the draft Rule amendments relating to the QPA exemption in Part A of Appendix I of the Consultation Paper?

Yes

No

If you answer is “Yes”, please state.

B. Formation of joint ventures

11. Do you agree with the proposal to exempt “revenue joint venture projects” described in paragraph 61 of the Consultation Paper?

Yes

No

Please provide reasons.

We agree with the reasons provided in the Consultation Paper, except that we query why the project must be “single purpose” as we cannot see the reason why a dual or multi purpose joint venture set up to conduct two or more types of revenue transactions would not qualify for this exemption.

12. Do you agree that the proposed draft Rule amendments in Part B of Appendix I of the Consultation Paper will implement our proposal?

Yes

No

If your answer is “No”, please provide reasons and alternative views.

However, please see our response to question 11 above.

13. Do you have other comments on this consultation paper?

Yes

No

If your answer is “Yes”, please state.

- End -