

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed changes discussed in the Consultation Paper downloadable from the HKEx website at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201208.pdf>.

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

CHAPTER 2: PROPOSED AMENDMENTS

Main Features of Proposed New Rules

1. Do you agree with our proposed inclusion of express statements regarding the SFC's and the Exchange's role and responsibilities for enforcement of the obligation to disclose inside information under the SFO in MB Chapter 13 and GEM Chapter 17?

Yes

No

Please give reasons for your views.

This may be in alignment with S.21 of the SFO and the new part XIVA of the SFO
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2. Do you agree with our proposed deletion of MB Rules 13.09(1)(a) and 13.09(1)(c) (GLRs 17.10(1) and 17.10(3))?

Yes

No

Please give reasons for your views.

We, as a listed issuer, have no concern in answering to which regulatory body as long as we are dealing with only one body at one time on one issue. Now that SFC is granted with the power to enforce the statutory disclosure regime of "inside information" under the new Part XIVA of the SFO, it should be the only regulatory body a listed issuer should deal with regarding inside information. If certain inside information related requirements are still included in the Listing Rules and governed by the Stock Exchange, a listed issuer may fall into a situation where it has to answer to both the SFC and the Stock Exchange at the same time on the same issue.

It is suggested that in dealing with the inside information matters, listed issuers are only required to respond to SFC which has power to enforce such statutory disclosure regime instead of listed issuers having obligations to handle such "inside information" matters with both regulatory bodies (i.e. the SFC and the Stock Exchange) at the same time.

In addition :

- a) Listed issuers' inside information relevant to the safe harbours under Part XIVA of the SFO would be exempt from disclosure so long as the confidentiality is kept. Therefore, it is inappropriate to have the proposed form of announcement including statement confirming no inside information under the Part XIVA of the SFO .
- b) As the inside information guideline and safe harbours are set up by the SFC, it should be the SFC to decide whether the confidentiality in respect of inside information have been lost, thereby directing listed issuers to apply for a trading halt for an announcement.
- c) It would create a complicated system if listed issuers are obliged to respond to the enquiries about the inside information concerning unusual movements in the price or trading volume of shares separately raised by the SFC and the Stock Exchange at the same time while both the SFC and the Stock Exchange may give contradicting directions to the listed issuers.

3. Do you agree to delete some of the notes to Rule 13.09(1) (GLR17.10) and elevate some of them to rules, as proposed?

Yes

No

Please give reasons for your views.

Please refer to our comments contained in paragraph 2 above.

4. Do you agree with the proposed changes to Rule 13.10 (GLR17.11)?

Yes

No

Please give reasons for your views.

Please refer to our comments contained in paragraph 2 above.

5. Do you agree that the issuer should be required to confirm all the four negatives set out in the proposed new standard announcement under MB Rule 13.10 (GLR17.11), as proposed in paragraph 17?

Yes

No

Please give reasons for your views.

Please refer to our comments contained in paragraph 2 above.

6. Do you agree that the obligation under Rule 13.09(1)(b) (GLR17.10(2)) should remain in the Rules despite implementation of Part XIVA of the SFO?

Yes

No

Please give reasons for your views.

Please refer to our comments contained in paragraph 2 above.

7. Do you agree with the drafting in the proposed new MB Rule 13.09(1) (GLR17.10(1))?

Yes

No

Please give reasons for your views.

Please refer to our comments contained in paragraph 2 above.

8. Do you agree to clarify the obligation to apply for a trading halt? Do you agree with the proposed new MB Rule 13.10A (GLR17.11A)?

Yes

No

Please give reasons for your views.

Please refer to our comments contained in paragraph 2 above.

Although this accords with the current practice of the responsibilities of the listed issuer to apply for an suspension of trading, the rules should be amended to the effect that the listed issuer should be allowed to apply for a suspension of trading or a trading halt but not just a trading halt.

9. Do you agree that a trading halt will be required if an issuer reasonably believes there is inside information which requires disclosure under the SFO but it cannot disclose the information promptly? Do you agree with the proposed new MB Rule 13.10A(2) (GLR17.11A(2))?

Yes

No

Please give reasons for your views.

Same as paragraph 8 above.

10. Do you agree to include MB Rule 13.06A (GLR17.07A) which imposes an obligation to preserve confidentiality of inside information until disclosure?

Yes

No

Please give reasons for your views.

However, the preservation of confidentiality has already been a statutory requirement under Part XIVA of the SFO .

Other Changes

Part A: New Defined Terms and Revise Some Defined Terms

11. Do you agree that we should define Part XIVA of the SFO as “Inside Information Provisions”?

Yes

No

Please give reasons for your views.

This can avoid ambiguity because the term "Inside Information" is used in Part XIVA of the SFO.

12. Do you agree with the proposed changes to the defined terms set out in paragraphs 26(b) and 26(c) of the Consultation Paper?

Yes

No

Please give reasons for your views.

The defined terms look appropriate.

13. Do you agree with the proposed definition of the term “trading halt” and its use in the proposed Rule changes?

Yes

No

Please give reasons for your views.

The defined terms look appropriate.

Part B: Other Consequential Changes

14. Do you agree with our proposal to replace the term “price sensitive information” in the Rules with the term “inside information”?

Yes

No

Please give reasons for your views.

This can avoid ambiguity because the term "Inside Information" is used in Part XIVA of the SFO.

15. Do you agree with our proposal to retain provisions such as MB Rules 10.06(2)(e) and 17.05 (GLR13.11(4) and 23.05) by replacing the term “price sensitive information” with the term “inside information”, although their enforcement would require the Exchange’s interpretation of whether certain information is inside information?

Yes

No

Please give reasons for your views.

The prohibition of repurchase of shares during the period of inside information and one month prior to the release of the results announcement is in alignment with the existing rules of the restrictions on the repurchase of shares.

16. Do you agree with our proposal to delete references to the obligation to disclose information under the current general disclosure obligation and in particular, MB Rules 13.09(1)(a) and (c) and GLR17.10(1) and (3)?

Yes

No

Please give reasons for your views.

Same as paragraph 2 above.

17. Do you agree with our proposal to create specific rules in respect of those matters which are currently discloseable under the general disclosure obligation, i.e. the proposed new MB Rules 13.24A, 13.24B, and the revised Practice Notes 15 and 17?

Yes

No

Please give reasons for your views.

No particular views.

18. Do you agree with our proposed changes to the provisions and the Listing Agreements in respect of the issue of debt securities?

Yes

No

Please give reasons for your views.

The guarantor's ability to meet the obligations under the debt securities is classified as material information. Therefore, it is reasonable that the guarantor is owed a duty to announce such information and apply for trading halts.

19. Do you agree with our proposal to clarify the obligation on guarantors of debt securities to disclose information which may have a material effect on their ability to meet the obligations under the debt securities?

Yes

No

Please give reasons for your views.

Same as paragraph 18 above.

Part C: Plain Writing Amendments

20. Do you have any comments on the plainer writing amendments? Do you consider any part(s) of these amendments will have unintended consequences? Please give reasons for your views.

Yes

No

Please give reasons for your views.

No particular views.