

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/-/media/HKEX-Market/News/Market-Consultations/2016-Present/August-2019-Codification-of-General-Waivers/Consultation-Paper/cp201908.pdf>

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

Capitalised terms have the same meaning as defined in the Consultation Paper unless otherwise stated.

1. Do you agree with our proposal to codify the existing General Waiver such that bonus or capitalisation issues by a PRC incorporated issuer are exempted from shareholders' approvals in general meetings and separate class meetings?

Yes

No

You may provide reasons for your views.

Please refer to Attachment

2. Do you agree with our proposal to codify the existing General Waiver to modify the calculation of consideration ratio for a PRC incorporated issuer whose domestic shares are listed on a PRC exchange?

Yes

No

You may provide reasons for your views.

3. Do you agree with our proposal to codify the existing General Waiver to allow the listed issuer's stock code to be displayed prominently in the corporate or shareholder information section of financial reports as described in paragraph 30 of the Consultation Paper?

Yes

No

You may provide reasons for your views.

4. Do you agree with our proposal to codify the R4.04(2)&(4) Conditions as an exception to Main Board Rules 4.04(2) and 4.04(4) regarding the disclosure of financial information of subsidiaries or businesses acquired or to be acquired after trading record period?

Yes

No

You may provide reasons for your views.

5. Do you agree with our proposal to codify the R4.10 Waiver as an exception to Main Board Rule 4.10 regarding the disclosure of financial information of the overseas banking companies?

Yes

No

You may provide reasons for your views.

6. Do you agree with our proposal to codify the R8.21(1) Conditions as an exception to Main Board Rule 8.21(1) regarding the change of financial year period?

Yes

No

You may provide reasons for your views.

7. Do you agree with our proposal to (i) codify the modification provided by the General Waivers into Main Board Rules 13.46 and 13.49(1) subject to the new applicant meeting the Annual Results and Reports Waivers Conditions; (ii) codify similar exception to Main Board Rule 13.48(1) as well as GEM Rules 18.66 and 18.79; (iii) align the conditions for Interim Results Exemption with the Annual Results and Reports Waivers Conditions; and (iv) repeal PN 10 and consolidate the guidance with the relevant Main Board Rules?

Yes

No

You may provide reasons for your views.

8. Do you agree with the proposal to codify the waiver from disclosure of actual consideration of aircrafts to be acquired by listed airline operators, as described in paragraph 58 of the Consultation Paper?

Yes

No

You may provide reasons for your views.

9. Do you agree with the proposal to allow listed issuers to determine SpinCo's Scheme Limit with reference to SpinCo's shares in issue as at the date of SpinCo's listing?

Yes

No

You may provide reasons for your views.

10. Do you agree with the proposal to codify the waiver of the exercise price requirement for issuers dually listed on the Exchange and a PRC exchange as described in paragraph 65 of the Consultation Paper?

Yes

No

You may provide reasons for your views.

Please refer to Attachment

11. Do you agree with our proposal to codify the waiver described in paragraph 71 of the Consultation Paper in respect of the experience and qualification of company secretary into the Rules?

Yes

No

You may provide reasons for your views.

Please refer to the Attachment

12. Do you agree with the proposals (a) to provide an exemption for Main Board listed issuers that are banking companies or insurance companies from including a working capital statement, subject to appropriate alternative disclosures in their listing documents and transaction circulars if they are able to meet the same conditions as those set out in Main Board Rule 8.21A(2), and (b) to limit Main Board Rule 8.21A(2) so that the exemption applies only to banking companies or insurance companies, subject to alternative disclosures in their listing documents and the conditions as described in paragraph 73 of the Consultation Paper?

Yes

No

You may provide reasons for your views.

13. Do you agree with our proposal to codify the guidance in Guidance Letter HKEX-GL7-09 into the Rules for new applicants' easy reference?

Yes

No

You may provide reasons for your views.

14. Do you agree with our proposal to codify the guidance in Listing Decision HKEX-LD15-3 into the Rules for new applicants' easy reference?

Yes

No

You may provide reasons for your views.

15. Do you agree to amend Main Board Rule 17.05 to state clearly that the restricted period for grant of share options would cover the trading day after the announcement is made with respect to the inside information?

Yes

No

You may provide reasons for your views.

16. Do you agree with our proposal to codify the guidance in Guidance Letter HKEX-GL16-09 into the Rules for completeness?

Yes

No

You may provide reasons for your views.

17. Do you agree with our proposal to codify the guidance in Guidance Letter HKEX-GL31-12 into a new practice note to the Rules for completeness?

Yes

No

You may provide reasons for your views.

18. Do you agree with our proposal to codify the guidance in Guidance Letter HKEX-GL58-13 into the Rules for new applicants' easy reference?

Yes

No

You may provide reasons for your views.

19. Do you agree with our proposal to codify the guidance in Guidance Letter HKEX-GL60-13 into the Rules for new applicants' easy reference?

Yes

No

You may provide reasons for your views.

- End -

Attachment to Questionnaire on Codification of General Waivers and Principles relating to IPOs and Listed Issuers and Minor Rule Amendments

Reasons in support of personal views in the following Consultation Questions:

Question 1:

There is no reason why the General Waiver shall apply to a PRC incorporated issuer only; the proposed codification can apply to all listed issuers, wherever incorporated.

However, I do not agree to the codification in exempting general meetings. The accounting standards adopted by listed issuers may differ in accordance with prevailing laws or regulatory authorities; there may be creative arrangements which warrant further examination and thoughts. Exempting general meeting requirement may deprive a shareholder from expressing his views on a seemingly fair treatment.

Question 10:

There is no reason why the waiver shall apply to a dual listing on the Exchange and a PRC exchange. The proposed codification can apply to all listed issuers, wherever incorporated.

Question 11:

The world-wide AML regulatory requirements are accepted by the HKSAR which led to a licensing regime for corporate service providers to ensure that a minimum standard of practices for AML measures. The codification of the proposed waiver is a blatant backward step in that the Exchange no longer require professionalism from the Company Secretary who serves the board of the listed issuer to maintain corporate governance standards.

The fact that the business of a listed issuer is predominantly outside HKSAR is a flag that such issuer may not be familiar with the requirements of the Listing Rules and applicable HKSAR laws. Whilst the proposal for a Qualified Person helps but such Person is in a subordinate role after all.

Listing Rules in PRC Stock Exchange now requires the officer (equivalent to the Company Secretary in HKSAR) and directors of listed issuers to attend "classes" and tests to ensure the conduct and corporate governance standard expected of them. It seems to me that an existing Waiver which gives a listed issuer 3 years to resolve the Company Secretary issue and such issuer still require a Qualified Person to assist under the proposed Codification, implies either the listed issuer is not giving it sufficient attention or that it has difficulty in finding a suitable Company Secretary.

There are a few alternatives to resolve possible dilemma of a PRC issuer in appointing a

HKSAR company secretary not immediately familiar with PRC business environment. These are:

1. PRC listed issuer to appoint Joint Company Secretaries, one of whom will be a qualified person in Hong Kong.
2. The Stock Exchange to arrange seminars / courses to be attended by the Proposed Company Secretary. The Proposed Company Secretary is expected to pass a test either in English or in Chinese within 2 years of his / her appointment to that post; failure means the post of the Company Secretary shall be vacated.
3. The Stock Exchange may also consider codified exemption for a person who previously served as Company Secretary of a listed issuer of a recognized Stock Exchange for not less than say, 5 years, but is still required to attend compulsory seminars or courses to familiarize with the Listing Rules in Hong Kong.