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Corporate Communications Department
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Dear Sirs

Consultation Paper on Codification of General Waivers and Principles relating to IPOs and Listed Issuers and Minor Rule Amendments

I refer to the Consultation Paper on Codification of General Waivers and Principles relating to IPOs and Listed Issuers and Minor Rule Amendments (**Consultation Paper**) published by the Exchange in August 2019.

In this submission, I will focus on the Proposal concerning company secretary under Question 11 of the Consultation Paper which seeks to codify the principles described in paragraph 71 of the Consultation Paper with respect to waiver from the experience and qualification requirements of company secretary under the current Rule 3.28 (**Rule 3.28 Waiver**). I write to object to the Proposal.

I am an Executive Director and the Company Secretary of CK Hutchison Holdings Limited. I am also director and Company Secretary in a member of CK Hutchison Group listed companies. I am currently the International President and Executive Committee Chairman of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) as well as a past President and chairperson of various committees and panels of The Hong Kong Institute of Chartered Secretaries (the **Institute**). The Institute has separately made a submission to the Exchange raising its strong objection to the Proposal and I fully support the Institute's position.

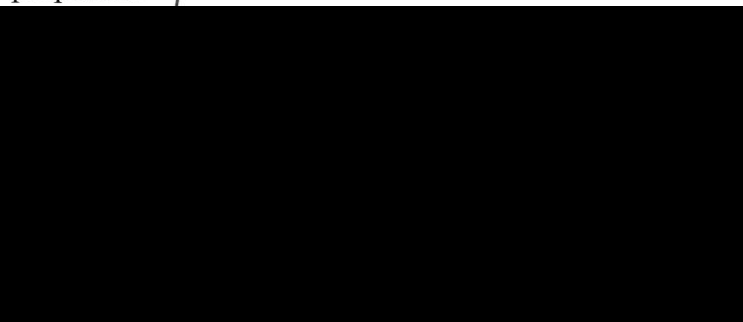
This submission is made in my personal capacity and I wish to take this opportunity to briefly share my views and serious concerns on the Proposal as follows:

1. The Proposal is unnecessary – with the proposed codification, the Exchange might be perceived to be ready and willing to consider and grant more Rule 3.28 Waivers (and to forgo the experience and qualification requirements of company secretaries required under the rule) going forward, which is undesirable and presumably not the regulatory intent.
2. Rule 3.28 in its current form is sufficient – it already provides flexibility by offering alternative avenues (academic, professional or relevant experience) for a listed issuer to identify an individual able to discharge the duties of a listed company secretary of its own choice. We fail to see the need for the Proposal and with respect, the Exchange has not provided clear reasons therefor.
3. I don't intend to stress again in this submission the breadth and importance of the role of company secretaries, particularly within the current corporate governance framework. The role of company secretaries has broadened in recent years towards governance. The global institute of chartered secretaries has changed its name to The Chartered Governance Institute (**CGI**) earlier this month, and five out of the nine Divisions of CGI have changed their name to some form of Chartered Governance Institute. The Hong Kong Division is currently going through a process of identification and then consultation with its members as to a name change as well. Any attempt to relax (or which is seen to be relaxing) the experience and qualification requirements of company secretaries is extremely dangerous, and could have far-reaching implications on the development of a credible corporate governance system in Hong Kong.
4. This brings me to the rationale for granting Rule 3.28 Waivers – an area of great concern. Without doubt, listed issuers are expected to exercise all reasonable care to ensure compliance with the Listing Rules. Waivers should only be granted based on exceptional and justifiable circumstances, which must be assessed by the Exchange on a case-by-case basis. I trust the Exchange, as the frontline regulator, considers and assesses all waiver applications with extreme care, without compromising the regulatory objective of the Listing Rules. Further, it would always place shareholder interests and integrity of the market at the forefront. Accordingly, the experience and qualification requirements under Rule 3.28 could not be readily waived just because the issuer's principal business activities

are primarily outside Hong Kong and such “non-qualified” person is to be assisted by a “qualified” person (usually an external service provider) during the proposed waiver period. Further, compliance with the experience or qualification requirements under Rule 3.28 in the current form could not be unduly burdensome, impractical, prejudicial or seriously detrimental to a listed issuer’s interests. On the contrary, codification of Rule 3.28 Waivers would derogate the regulatory purpose of Rule 3.28. Finally, it remains unsatisfactory that there is not an objective assessment as to how a “non-qualified” person may possibly become “qualified” after the waiver period.

To conclude, Rule 3.28 in its current form should be kept intact. Recognizing that there might still be exceptional and justifiable circumstances warranting the grant of a Rule 3.28 Waiver, the Exchange should make it clear that such waivers would only be granted on exceptional and justifiable circumstances, lest it be misperceived by the market as one which could easily be obtained after a “box-ticking” exercise. Furthermore, serious thought should be given on how the “non-qualified” person should be assessed after the waiver period, in an objective and fair manner. We look forward to the readiness assessment mechanism for such non-qualified person after the waiver period.

Other than the aforementioned, I generally support the other codification and amendment proposals. /



President, The Chartered Governance Institute
Past President, The Hong Kong Institute of Chartered Secretaries