

Submitted via Qualtrics

Company/Organisation view

Question 1

Do you agree with the proposal to set the limit on general mandate for issuance of new shares at 20% of the total issued shares of a PRC issuer, instead of 20% of each of domestic shares and H shares?

Yes

Please provide reasons for your views.

This is consistent with the requirements for non-PRC issuers. It will allow more flexibility for a PRC issuer to issue shares in accordance with the market demand, fund raising target and shareholding structures.

Question 2

Do you have a concern that given fund raisings through the issuance of A shares may result in an increase in the number of A shares over H shares, the market size and liquidity of the H share market may reduce relative to the A share market? Do you think there should be other provisions to promote the long term development of the H share market, if so please provide reasons for your views and any suggestions.

Yes

Please provide reasons for your views and any suggestions.

We noted that the public float of an A+H listed issuer is calculated by reference to both its A shares and H shares.

We would like to clarify with the Exchange on the followings:

(1) what constitutes an "open market" for a PRC issuer's H shares traded on the Exchange? What are the common factors that the Exchange usually takes into account?

(2) the Consultation Paper discussed one situation where a PRC issuer issue A shares, resulting in the dropping of the H share public float, while the absolute number of H shares traded on the Exchange remains unchanged ("Situation One"). In such a situation, the Exchange considers that the liquidity of H shares on the Exchange would be unaffected, and there would still be an open market in the H shares traded on the Exchange.

We recommend the Exchange to provide clear guidance on the following situations:

(1) in Situation One, would there be any minimum percentage of the H share public float? If a PRC issuer falls below such minimum percentage of H share public float, will the Exchange consider there being insufficient H share public float, say below 5%?

(2) in a separate situation, if a PRC issuer issues A shares while repurchasing its H shares, which may result in the dropping of public float of H shares, whereas the overall public float of A shares and H shares remains at least 25%. Will the Exchange consider such PRC issuer still satisfy Rule 8.08?

(3) the public float waivers granted by the Exchange to PRC issuers normally requires the relevant PRC issuers to keep a minimum percentage of the H shares from time to time held by the public to be the highest of:

(a) a fixed percentage (10% or 15%);

(b) such percentage of H shares to held by the public immediately after completion of the Global Offering (assuming the over-allotment option is not exercised); or

(c) such percentage of H shares to be held by the public after the exercise of the over-allotment option.

Will the above minimum percentage requirement still apply to the PRC issuers after the Listing Rule amendment?

(4) Rule 19A.13A proposes that "the issuer's H shares (for which listing is sought) must represent at least 15% of its total number of issuer shares, having an expected market capitalization at the time of listing of not less than HK\$125,000,000."

Please clarify whether the minimum 15% requirement only applies at the time of listing or is an ongoing requirement.

Question 3

Do you agree with the proposal to set the limit on scheme mandate for share schemes at 10% of the total issued shares of a PRC issuer, instead of 10% of each of domestic shares and H shares?

Yes

Please provide reasons for your views.

This is consistent with the requirements for non-PRC issuers. However, as mentioned in our response to Question 2 above, the Exchange may wish to clarify what constitute an "open market" in the H shares traded on the Exchange.

Question 4

Do you agree with the proposal to remove the requirements for directors, officers and supervisors to provide undertakings to the PRC issuers and their shareholders?

Yes

Please provide reasons for your views.

We understand there is similar protection mechanism under the PRC Company Law and the articles of association of the PRC issuers.

Question 5

Do you agree with the proposal to move the requirements for compliance advisers set out in Rules 19A.05(2) and 19A.06(3) to Chapter 3A?

Yes

Please provide reasons for your views.

This is consistent with the requirements for non-PRC issuers.

Question 6

Do you agree with the proposal to remove Rules 19A.05(3), 19A.05(4), 19A.06(1) and 19A.06(4)?

Yes

Please provide reasons for your views.

This is consistent with the requirements for non-PRC issuers.

Question 7

Do you agree with the proposal to remove the requirements relating to online display and physical inspection of documents under Rules 19A.50 and 19A.50A?

Yes

Please provide reasons for your views.

Online display items listed in Rule 19A.50 have been disclosed by a PRC issuer in its articles of association, monthly returns, annual reports, poll results announcements for annual / extraordinary general meetings, next day returns and /or the regular annual filings with the local administration for industry and commerce in the PRC, all of which are publicly available and easily accessible online.

Question 8

Do you agree with the proposal to remove the requirements relating to disclosure of material differences between the laws and regulations in the PRC and Hong Kong in listing documents of new applicants that are PRC issuers?

Yes

Please provide reasons for your views.

We agree that new applicants should disclose the material differences and risk factors that are most relevant to their business, industry sectors and their particular circumstances instead of imposing general disclosure requirements of material differences between the laws and regulations in the PRC and Hong Kong.