

Submitted via Qualtrics

Company/Organisation view

Question 1

Do you agree with the proposal to amend the Listing Rules to remove the requirement to cancel repurchased shares?

Yes

Please provide reasons for your views.

The proposal provides additional flexibility to listed issuers in terms of capital management, and will bring Hong Kong into line with international market practice.

Question 2

Do you agree with the proposal to require a resale of treasury shares to be subject to the same requirements as an issue of new shares as described in Proposal (1)(a) to (c) above?

Yes

Please provide reasons for your views.

The proposal enables treasury shares to be understood and dealt with by reference to the existing regulatory framework with which the market is familiar.

Question 3

Do you agree with the proposal to require a resale of treasury shares (whether on-market or off-market) to be subject to a moratorium period after a share repurchase?

Yes

Please provide reasons for your views.

Question 4

Do you agree with the proposal to require an on-Exchange share repurchase to be subject to a moratorium period after an on Exchange resale of treasury shares?

Yes

Please provide reasons for your views.

Question 5

Do you consider that the moratorium periods (in either direction) should be shorter than 30 days? If so, please share with us your views on the appropriate duration of the moratorium periods and the reason for your suggestion including your views on how the considerations in paragraph 68 should be addressed.

No

Question 6

Do you agree with the proposal that dealing restrictions described in paragraph 69 under Proposal (2)(b) above shall be imposed on a resale of treasury shares on the Exchange?

Yes

Please provide reasons for your views.

Question 7

Do you agree with the proposals for an on-market resale of treasury shares as described in paragraph 70 under Proposal (2)(b) above?

Yes

Please provide reasons for your views.

Question 8

Do you agree with the proposal relating to new listing applicants as described in Proposal (3) above?

Yes

Please provide reasons for your views.

In light of this proposal, and Proposal 1(c) set out in paragraph 59 of the Consultation Paper, we would request the Exchange to clarify how these proposals interact with FAQ 091-2022 which provides that grants of shares to a trust are allowed only if they are made for the benefit of specified participants. We understand that the rationale behind FAQ 091-2022 was to disallow the holding of shares by a trust on behalf of unspecified persons to avoid new listing applicants from bypassing the previous rules against the holding of treasury shares. Given that new applicants will be permitted to retain treasury shares, and to use those shares to satisfy share grants under share schemes, it is submitted that the restrictions in FAQ 091-2022 should no longer apply, such that shares can be issued to a trust before listing and be used to satisfy future grants without the need for the specified participants to be identified at the time of listing.

Question 9

Do you agree with the proposal to require issuers (being holders of treasury shares) to abstain from voting on matters that require shareholders' approval under the Listing Rules as described in Proposal (4)(a) above?

Yes

Please provide reasons for your views.

Question 10

Do you agree with the proposal to disregard treasury shares for calculating an issuer's issued shares and voting shares under the Rules as described in Proposal (4)(b) above?

Yes

Please provide reasons for your views.

We would request the Exchange to clarify how this requirement will interact with Listing Rule 8A.15 which provides that if a listed issuer with a WVR structure reduces its shares in issue (e.g. through a repurchase of its own shares), the WVR shares must be reduced proportionately. It is submitted that this requirement should not apply where non-WVR shares are repurchased and held in treasury, and should apply only when repurchased shares (or shares held in treasury) are cancelled. We would respectfully request the Exchange to consider amending Listing Rule 8A.15 to clarify this point. As listed issuers shall abstain from voting with respect to the treasury shares, and to ensure that the voting rights attached to WVR shares will not increase during this period, the Exchange may consider to require the WVR beneficiary(ies) to abstain from voting with respect to a proportionate number of WVR shares during the period when the treasury shares are still held by the listed issuers and not resold or used as share incentive.

Question 11

Do you have any comments regarding the different treatment of treasury shares when calculating an issuer's issued voting shares under the proposed Rules and Part XV of the SFO as described in paragraph 77 above?

No.

Question 12

Do you agree with the proposal to require an issuer to disclose in the explanatory statement its intention as to whether the repurchased shares will be cancelled or kept as treasury shares as described in Proposal (4)(c) above?

Yes

Please provide reasons for your views.

We would further request the Exchange to clarify whether an issuer's disclosure of its intention in an explanatory statement would be binding upon the issuer, such that an issuer would not be permitted to retain shares in treasury in the future if it had not stated such intention in its explanatory statement? If so, would it be acceptable for an issuer to disclose that it may choose to either cancel repurchased shares and/or retain them in treasury subject to market conditions and the issuer's capital management needs at the relevant time of the repurchase?

Question 13

Do you agree with the proposal to clarify that a resale of treasury shares by an issuer or its subsidiary includes resale of treasury shares through their agents or nominees as described in Proposal (4)(d) above?

Yes

Please provide reasons for your views.