



The Stock Exchange of Hong Kong Limited
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref: MD20091002-0043

2 October 2009

To: Main Board Listed Issuers (Attn: Authorised Representatives)
GEM Listed Issuers (Attn: Authorised Representatives)
Market practitioners

Dear Sirs

- (1) **Consultation Paper on Proposed Changes to the Connected Transaction Rules**
- (2) **Rule amendments to streamline the filing and checklist requirements for listing of equity securities**

We have published a Consultation Paper on Proposed Changes to the Connected Transaction Rules and the Consultation Conclusions on Proposed Changes to Filing and Checklist Requirements for Listing of Equity Securities today.

Consultation Paper on Proposed Changes to the Connected Transaction Rules

The consultation paper seeks the public's views on proposals to address specific issues in the regulation of connected transactions under the Listing Rules. The paper includes proposals to review the definition of connected person, provide exemptions for connected transactions which are immaterial or involve persons not in a position to exercise significant influence, and amend the Listing Rules to address technical issues.

The proposals comprise:

- revisiting whether the definition of connected person should include a person connected at the subsidiary level; or alternatively whether to provide an exemption for the person who is connected only by virtue of his relationship with a subsidiary whose size is "insignificant" to the issuer;
- revising the de minimis thresholds that trigger disclosure or shareholders' approval requirements for connected transactions;
- modifying or introducing certain exemptions for connected transactions that are revenue in nature in specific circumstances;
- revising the definition of associate to (i) exclude persons who may not be in positions to exercise significant influence over the issuer; and (ii) include a company in which a connected person's relative has a majority control;
- refining the circumstances in which an issuer's non wholly-owned subsidiary should be regarded as a connected person;
- revising the definition of connected person to exclude (i) promoters for PRC (Mainland China) issuers; and (ii) "PRC Governmental Body" for non-PRC issuers (the current exemption only applies to PRC issuers);

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- modifying or clarifying the application of certain exemptions for connected transactions; and
- removing the references to “management shareholder” in the GEM Listing Rules (the other proposals apply to the Main Board and GEM Listing Rules).

The English and Chinese versions of the consultation paper are available on the HKEx website at http://www.hkex.com.hk/consul/paper/cp200910ct_e.pdf for English and http://www.hkex.com.hk/consul/paper/cp200910ct_c.pdf for Chinese. Our news release can be viewed at <http://www.hkex.com.hk/news/hkexnews/0910022news.htm>.

Interested parties are encouraged to respond to the consultation by completing and returning the questionnaire booklet by 2 December 2009. The questionnaire booklet is also available at http://www.hkex.com.hk/consul/paper/cp200910ctq_e.doc.

Rule amendments to streamline the filing and checklist requirements for listing of equity securities

On 26 June 2009, we issued a consultation paper on proposals to streamline the documentary requirements for listing of equity securities by issuers. The consultation period ended 31 August 2009.

Overall market feedback indicated full support for the proposals. We decided to implement the proposals and made some modifications to take into account the views of the respondents. The consultation conclusion is available on the HKEx website at http://www.hkex.com.hk/consul/conclusion/cp200906cc_e.pdf for English and http://www.hkex.com.hk/consul/conclusion/cp200906cc_c.pdf for Chinese.

The Rule amendments will become effective on 2 November 2009. They are available on the HKEx website at “Regulatory Framework and Rules - Rules and Guidelines on Listing Matters - Listing Rule Update for Main Board Listing Rules” and “Regulatory Framework and Rules - Rules and Guidelines on Listing Matters - Listing Rule Update/ Interpretation for GEM Listing Rules”. Re-printed pages of the Listing Rules will be distributed shortly.

If you have any questions on the above, please do not hesitate to contact our case officers. You may find the relevant information from the “Contact Persons in the Listing Division of HKEx for Listed Companies” on the HKEx website (<http://www.hkex.com.hk/issuer/listcontact/advisor.htm>).

Yours faithfully
For and on behalf of
The Stock Exchange of Hong Kong Limited

[Signed]

Mark Dickens
Head of Listing