QUESTIONNAIRE ON PROPOSED CHANGES TO THE LISTING RULES

The purpose of this questionnaire is to seek views and comments from market users and interested parties regarding the issues discussed in the Combined Consultation Paper on Proposed Changes to the Listing Rules (the "Combined Consultation Paper") published by The Stock Exchange of Hong Kong Limited (the Exchange), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEx), in January 2008.

Amongst other things, the Exchange seeks comments regarding whether the current Main Board Listing Rules and Growth Enterprise Market Listing Rules should be amended.

A copy of the Combined Consultation Paper can be obtained from the Exchange or at http://www.hkex.com.hk/consul/paper/consultpaper.htm.

Please return completed questionnaires on no later than **7 April 2008** by one of the following methods:

By mail or hand delivery to:	Corporate Communications Department Re: Combined Consultation Paper on Proposed Changes to the Listing Rules Hong Kong Exchanges and Clearing Limited 12th Floor, One International Finance Centre 1 Harbour View Street, Central Hong Kong
By fax to:	(852) 2524-0149
By email to:	cvw@hkex.com.hk

The Exchange's submission enquiry number is (852) 2840-3844.

Please indicate your preference by ticking the appropriate boxes.

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

Issue 1: Use of websites for communication with shareholders

Question 1.1: Do you agree that the Rules should be amended so as to remove the requirement that all listed issuers must, irrespective of their place of incorporation, comply with a standard which is no less onerous than that imposed from time to time under Hong Kong law for listed issuers incorporated in Hong Kong with regard to how they make corporate communications available to shareholders (as proposed in paragraph 1.20(a) of the Combined Consultation Paper)?

☒ Yes

☐ No

Please provide reasons for your views.

Use of electronic communications, including website communications, should be encouraged from an environmental point of view and to ensure that Hong Kong's practices are in line with international best practice trends. Whilst removal of this requirement may give overseas incorporated issuers an advantage over HK incorporated issuers in the short term, this will only be a transitional period and HK incorporated issuers should soon be able to catch up when changes to the Companies Ordinance are introduced.

Question 1.2: Do you agree that the Rules should be amended so as to allow a listed issuer to avail itself of a prescribed procedure for deeming consent from a shareholder to the listed issuer sending or supplying corporate communications to him by making them available on its website?

☒ Yes

☐ No

Please provide reasons for your views.

Furthermore, unnecessary costs can be saved from printing and posting hard copies of corporate communications to all shareholders. This is more environmental friendly, and reflects the advances in information technology in the modern day world.

Question 1.3: In order for a listed issuer under our proposal to be allowed to send or supply corporate communications to its shareholders by making them available on its website, its shareholders must first have resolved in general meeting that it may do so or its constitutional documents must contain provision to that effect. Do you concur that, as in the UK, the listed issuer should also be required to have asked each shareholder individually to agree that the listed issuer may send corporate communications generally, or the corporate communications in question, to him by means of the listed issuer's website and to have waited for a specified period of time before the shareholder is deemed to have consented to a corporate communication

being made available to him solely on the listed issuer’s website?

☒ Yes

☐ No

Please provide reasons for your views.

Not all shareholders in a listed company are necessarily aware of the deeming provisions under the articles of association of the listed issuer, especially when the Hong Kong legal and regulatory framework have not embodied this concept before.

Question 1.4: If your answer to *Question 1.3* is "yes", do you agree that:

(a) the specified period of time for which the listed issuer should be required to have waited before the shareholder is deemed to have consented to a corporate communication being made available to him solely on the listed issuer's website should be 28 days;

☒ Yes

☐ No

(b) where a shareholder has refused to a corporate communication being made available to him solely on the listed issuer's website, the listed issuer should be precluded from seeking his consent again for a certain period of time; and

☒ Yes

☐ No

(c) if your answer to (b) is "yes", should the period be 12 months?

☒ Yes

☐ No

Please provide reasons for your views.

The proposals seem reasonable as otherwise, it may be too onerous to expect a shareholder not wishing to receive corporate communications on the issuer's website to have to take positive action to preserve his rights continuously. However, regard should be had to the administrative burden this may have on the issuer in having to earmark shareholders who should not be asked the question again for 12 months from when such question was asked.

Do you have any other comments you consider necessary to supplement your reply to this *Question 1.4*?

No.

Question 1.5: Do you consider that the Rules should be amended to remove the requirement for express, positive confirmation from a shareholder for the sending of a corporate communication by a listed issuer to the shareholder on a CD?

☐ Yes

☒ No

Please provide reasons for your views.

Not all shareholders, particularly elderly individual shareholders, use or have access to computers or have suitable computer equipment for reading a CD. Further, shareholders may not want to receive corporate communications in the form of a CD.

Question 1.6: Do you agree that the draft Rules at Appendix 1 will implement the proposals set out in Issue 1 of the Combined Consultation Paper?

☐ Yes

☒ No

Please provide reasons for your views.

Please see our responses to Questions 1.1 to 1.5 above and our suggested marked-up comments on Appendix 1.

Issue 2: Information gathering powers

Question 2.1: Do you agree that a new Rule should be introduced to grant to the Exchange express general powers to gather information?

☒ Yes

☐ No

Question 2.2: Do you agree that the draft Main Board Rule 2.12A at Appendix 2 will implement the proposal set out in *Question 2.1* above?

☐ Yes

☒ No

Issue 3: Qualified accountants

Question 3.1: Do you agree that the requirement in the Main Board Rules for a qualified accountant should be removed?

☒ Yes

☐ No

Please provide reasons for your views.

Although we agree that the requirement for a qualified accountant should be removed, we suggest that a code provision be added in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules to the effect that a qualified accountant (who must fulfill the current criteria subject to our comments below) is required to advise the listed issuer on its financial reporting in accordance with the accounting standards adopted by the listed issuer. Should the listed issuer choose to deviate from this code provision, it should set out in its annual report and interim report for the relevant accounting period as to why it is of the view that a qualifed accountant is not required.

1. Deleting the words "preferably an executive director" from the Main Board Rules (and GEM Rules) as in most cases, an executive director would not be able to take up the role of a qualified accountant due to his other duties in the listed issuer.

2. Removing the requirements of a qualified accountant to be a member of the Hong Kong Institute of Certified Public Accountants (HKICPA) or a similar body of accountants recognised by the HKICPA. Instead, a qualified accountant should be a person who has professional qualifications in major jurisdictions where there is convergence of accounting principles with IFRS, such as United Kingdom, United States, Australia, Singapore and China as stated in the Consultation Paper.

Question 3.2: Do you agree that the requirement in the GEM Rules for a qualified accountant should be removed?

☒ Yes

☐ No

Please provide reasons for your views.

Please refer to our response in questions 3.1. above.

Issue 4: Review of sponsor's independence

Question 4.1: Do you agree that the Rules regarding sponsor's independence should be amended such that a sponsor is required to demonstrate independence at any time from the earlier of the date when the sponsor agrees its terms of engagement with the new applicant and when the sponsor commences work as a sponsor to the new applicant up to the listing date or the end of the price stabilisation period, whichever is the later?

☐ Yes

☒ No

Please provide reasons for your views.

But see commentary below in our response to Question 4.2.

Question 4.2: Do you agree that the draft Rules at Appendix 4 will implement the proposals set out in *Question 4.1* above?

☐ Yes

☒ No

Please provide reasons for your views.

(A) We propose that a sponsor's independence should commence from the filing of Form A1 (rather than the commencement of work as a sponsor) as a sponsor's due diligence does not crystallise until Form A1 is filed. A listing process may sometimes be delayed and may span over a few years, and it would be unfair to require sponsors not to have any business relationship with the issuer during such a long period of time.

(B) We also propose that a sponsor's independence should end on the listing date for the following reasons:

- The period after listing to the end of the stabilisation period concerns activities which are not necessarily stabilisation carried out by the sponsor. In any event, even if the sponsor were to carry out stabilisation, this is not a matter governed by the Listing Rules or related to a sponsor's scope of duties under the Listing Rules, but a matter under the Securities and Futures Ordinance.

- The sponsor's role as a sponsor for the IPO ends on the listing date.

Issue 5: Public float

Question 5.1: Do you agree that the existing Rule 8.08(1) (d) should be amended?

☒ Yes

☐ No

Question 5.2: If your answer to *Question 5.1* is "yes", do you agree that the existing Rule should be amended as proposed at Appendix 5?

☒ Yes

☐ No

Do you have other suggestions in respect of how the existing Rule should be amended? Please provide reasons for your views.

No

Question 5.3: Do you have any other comments on the issue of public float? Please be specific in your views.

Based on our recent experience on IPOs involving A+H share offering structures, the CSRC has required that the number of H shares offered by the issuer under the H share offering should not be more than that of its A shares offered under the A share offering. In view of the current requirement of the class of securities for which listing is sought to be less than 15% of the issuer's total issued share capital, the issuer would need to have a public float of at least 30% unless a waiver has been granted by the Stock Exchange. This may be commercially undesirable and over-dilutive for the issuer. Therefore, the current requirements have posed, and will continue to pose, difficulties for A+H share issuers to list in Hong Kong.

We are of the view that the proposed changes give more flexibility to prospective applicants with large market capitalisation to determine their capital structure, whilst ensuring an open market for securities concerned and adequate protection to investors. Furthermore, it appears that issuers such as PetroChina, China Telecom, ICBC and China CITIC Bank to which the Stock Exchange has previously granted waivers from the minimum public float requirement, do not lack liquidity in the trading of their H Shares. It would attract sizeable issuers to seek listings on the Stock Exchange and allow Hong Kong to share in the growth of such companies.

Question 5.4: Do you agree that the existing Rule 8.24 should be amended?

☐ Yes

☒ No

Question 5.5: If your answer to *Question 5.4* is "yes", do you agree that the existing Rule should be amended as proposed at Appendix 5?

☐ Yes

☒ No

Do you have other suggestions in respect of how the existing Rule should be amended? Please provide reasons for your views.

We are of the view that the existing Listing Rule 8.24 does not need to be amended for the following reasons:

(A) The current Listing Rules define connected persons to include a substantial shareholder holding 10% or more of the shares in the listed issuer. It will create a double standard if the Listing Rules were to be revised to exclude shareholders holding 5% or more of the shares from the definition of "the public" for the purposes of calculation of the public float. In order to maintain a consistent approach in the classification of shareholders who are in a position to exert considerable influence over the issuer or have a close relationship with the issuer, the definition of "public" should only exclude substantial shareholders holding 10% or more of the shares and not shareholders holding 5% or more as currently proposed;

(B) The proposed amendment may have the undesired consequences of discouraging strategic investors, at the time of listing and post-listing, from acquiring shares in the applicant as a mere 5% shareholding may be considered to be too insignificant an investment and may not meet investment criteria for some institutional investors;

(C) Shares held by cornerstone / strategic investors are still liquid and can be traded anyway unless they are subject to lock-up;

(D) Currently, strategic investors are required by the Stock Exchange to waive all special rights such as board representation rights and information rights upon the listing of the issuer to ensure that all shareholders are subject to equal treatment. Therefore, these strategic investors are not in any position to exert any more influence over the issuer than other shareholders with the same shareholdings in the same class;

(E) We are of the view that Part XV of the SFO should not have any bearing in determining whether the proposed amendment to Rule 8.24 is necessary or justified. Part XV of the SFO is only a disclosure regime and the fact that a 5% has been determined to be material for disclosure under the SFO, this threshold does not necessarily mean that the holder of such interests has any significant influence over the listed issuer.

Question 5.6: Do you consider that there is the need to regulate the level of market float?

☐ Yes

☒ No

Question 5.7: If your answer to *Question 5.6* is "yes", do you have suggestions as to how it should be regulated, e.g. in terms of percentage or value, or a combination of both? Please provide reasons for your views.

We are of the view that we do not need to regulate the level of "market float" for the following reasons:

(A) Strategic / cornerstone investors' lock-up provisions and the material terms of their investment are already disclosed in the prospectuses anyway;

(B) There are already other checks in place in the existing Listing Rules to ensure liquidity of a listed issuer's shares and an open, fair and orderly market, eg. Rules 8.08(2) and (3) which state that there ought to be a minimum of 300 shareholders and not more than 50% of the securities in public hands can be beneficially owned by the three largest public shareholders;

(C) Rule 8.09 also sets out a minimum absolute amount of market capitalisation at the time of listing of a new applicant's securities;

(D) Over-regulation may lead to higher propensity to suspension which is not beneficial to smaller shareholders.

If the Stock Exchange is concerned with the liquidity of shares in the market, we suggest that Rule 8.09 may be amended to require listed issuers to maintain a minimum market capitalisation of HK$50,000,000 at all times, not just at the time of listing.

Issue 6: Bonus issues of a class of securities new to listing

Question 6.1: Do you agree that the requirement for a minimum spread of securities holders at the time of listing under Main Board Rules 8.08(2) and 8.08(3) should be disapplied in the event of a bonus issue of a class of securities new to listing?

☒ Yes

☐ No

Please provide reasons for your views.

As long as the issuer has a reasonable initial spread of shareholding among the minimum number of unassociated shareholders, the proposed change is welcomed since a bonus issue of a class of securities contemplated under the exemption is distributed pro rata to existing shareholders.

Question 6.2: Do you consider it appropriate that the proposed exemption should not be available where the listed shares of the issuer may be concentrated in the hands of a few shareholders?

☐ Yes

☒ No

If so, do you consider the five-year time limit to be appropriate?

☐ Yes

☒ No

Please provide reasons for your views.

We are of the view that the proposed exemption should apply to a bonus issue regardless of whether the shares of the issuer are concentrated in the hands of a few shareholders because a bonus issue of a class of shares is distributed pro rata to existing shareholders. Further, there should not be any time limit on information regarding high concentration shareholding as the relevant timing should be at the time of the bonus issue.

Question 6.3: Do you agree that the draft Rules at Appendix 6 will implement the proposals set out in *Questions 6.1 and 6.2* above?

☐ Yes

☒ No

Please provide reasons for your views.

Please see our suggested marked-up comments on Appendix 6.

Issue 7: Review of the Exchange's approach to pre-vetting public documents of listed issuers

Question 7.1: Do you agree that the Exchange should no longer review all announcements made by listed issuers?

☒ Yes

☐ No

Please provide reasons for your views.

The proposed changes modernise the Hong Kong regime in keeping pace with developments in other

leading markets by eliminating micro management of disclosures by the Stock Exchange.

From a market's point of view, the Stock Exchange's proposal would improve the timeliness of notification to investors and lower compliance costs.

However, we share the concerns referred to in the Consultation Paper (para 7.13) regarding the lower quality of disclosures by listed issuers, resulting in the public being misled until a clarification announcement could be issued. Issuers may be more willing to accept the Stock Exchange's comments at the outset before the announcement is posted rather than when the annoucement has been posted.

Therefore, we feel that the consultation avenue with the Stock Exchange is of vital importance and in that regard, we are of the view that the proposals would only be acceptable if there are sufficient resources at the Stock Exchange to handle such consultation enquiries on a timely basis.

Question 7.2: Do you have any views on the proposed arrangements and issues the Exchange should consider in order to effect an orderly transition from the current approach to the new approach with a further reduction in the scope of pre-vetting of announcements?

No.

Question 7.3: Do you support the proposal to amend the pre-vetting requirements relating to:

(a) circulars in respect of proposed amendments to listed issuers' Memorandum or Articles of Association or equivalent documents; and

☐ Yes

☒ No

(b) explanatory statements relating to listed issuers purchasing their own shares on a stock exchange?

☐ Yes

☒ No

Please provide reasons for your views.

We agree with the proposed amendments above for the same reasons stated in the Consultation Paper. It would, however, not be appropriate for an issuer to confirm under the proposed Rule 13.54 whether the amended Articles of Association or the proposed share repurchase has "unusual" features, as the meaning of the term "unusual" is unclear. Further, we would also suggest that the Stock Exchange accepts the local counsel's opinion (rather than Hong Kong counsel's opinion as it would not be qualified to give such an opinion) regarding compliance of the amended Articles of Association with the "laws of the place where it is incorporated or otherwise established".

Please see our suggested marked-up comments on Appendix 7.

Question 7.4: Do you agree that the Exchange should continue to pre-vet (pursuant to a new requirement in the Rules) the categories of documents set out in paragraph 7.50 of the Combined Consultation Paper?

☒ Yes

☐ No

Please provide reasons for your views.

We agree with the reasons as stated in the Consultation Paper.

Question 7.5: Do you support the proposal to amend the circular requirements relating to discloseable transactions including the proposal regarding situations where the Rules currently require that expert reports are included in a circular?

☒ Yes

☐ No

Please provide reasons for your views.

We agree with the reasons as stated in the Consultation Paper.

Question 7.6: Do you have any comments on the proposed minor Rule amendments described at paragraphs 7.59 to 7.63 of the Combined Consultation Paper? Please provide reasons for your views.

We do not have any comments on the proposed minor Rule amendments.

Question 7.7: Do you agree that the draft (Main Board and GEM) Rules at Appendix 7 will implement the proposals set out in Issue 7 of the Combined Consultation Paper?

☐ Yes

☒ No

Please provide reasons for your views.

Save for our marked-up comments on the proposed Rule 13.54 in Appendix 7, we agree with the proposed amendments above for the same reasons as stated in the Consultation Paper.

Issue 8: Disclosure of changes in issued share capital

Question 8.1: Are there any other types of changes in issued share capital that should be included in the Next Day Disclosure Return?

☐ Yes

☒ No

If so, please provide reasons for your views, together with the types of changes.

Please also refer to our responses to Questions 8.2 and 8.3 below.

Question 8.2: Have the various types of changes in a listed issuer's issued share capital been appropriately categorised for the purpose of next day disclosure, bearing in mind the need to strike a balance between promptly informing the market on the one hand and avoiding the creation of a disproportionate burden on listed issuers on the other?

☒ Yes

☐ No

Question 8.3: Is 5% an appropriate *de minimis* threshold for those categories of changes to which it applies?

☐ Yes

☒ No

Please provide reasons for your views.

We agree to the categories of changes to the listed issuer's share capital which are proposed to be subject to next day disclosure. However, we are of the view that all categories as set out in paragraph 8.8 of the Consultation Paper should be subject to a non-cumulative 5% de minimis threshold as most are subject to announcement and/or notification requirements anyway and it would be unduly burdensome for a listed issuer to have to monitor such changes and file extra returns.

Question 8.4: Do you have any comments on the draft of the Next Day Disclosure Return for equity issuers?

Yes. Please see our response to Question 8.6 below and our suggested marked-up comments on Appendix 8A.

Question 8.5: Do you have any comments on the draft of the Next Day Disclosure Return for CISs listed under Chapter 20 of the Main Board Rules, other than listed open-ended CISs?

Yes. Please see our suggested marked-up comments on Appendix 8B.

Question 8.6: Is 9:00 a.m. of the next business day an achievable deadline for the Next Day Disclosure Return?

☐ Yes

☒ No

Please provide reasons for your views.

Whilst we appreciate the need to provide up-to-date information to the investing public, the requirement for next business day disclosure may create disproportionate burden on listed issuers. Furthermore, given that the timeline for filing by a director/chief executive officer/substantial shareholder of any changes in his/its interest in a listed issuer under the SFO is within 3 business days from the day of the relevant transaction, we suggest a similar time limit be adopted. Please also refer to our marked-up comments on Appendix 8B.

Question 8.7: Do you have any comments on the draft of the revised Monthly Return for equity issuers?

Yes. Please see our suggested marked-up comments on Appendix 8B.

Question 8.8: Do you have any comments on the draft of the revised Monthly Return for CISs listed under Chapter 20 of the Main Board Rules, other than listed open-ended CISs?

Yes. Please see our suggested marked-up comments on Appendix 8B.

Question 8.9: Do you have any comments on the draft of the revised Monthly Return for open-ended CISs listed under Chapter 20 of the Main Board Rules?

Yes. Please see our suggested marked-up comments on Appendix 8B.

Question 8.10: Is 9:00 a.m. of the fifth business day following the end of each calendar month an achievable deadline for publication of the Monthly Return?

☐ Yes

☒ No

Please provide reasons for your views.

If a listed issuer is already required to file a next day return, we do not see the need for shortening the filing deadline of the Monthly Return from the 10th business day to the 5th business day of each calendar month. Furthermore, as the new form of Monthly Return requires more information to be provided by the listed issuer, the listed issuer should at least be given the same amount of time as before to gather relevant and accurate information. Please also see our suggested marked-up comments on the proposed Rule 13.25B in Appendix 8A.

Question 8.11: Should the Exchange amend the Rules to require listed issuers to make an announcement as soon as possible when share options are granted pursuant to a share option scheme?

☐ Yes

☒ No

If so, do you have any comments on the details which we propose to require listed issuers to disclose in the announcement?

If the purpose of the amendment is to provide the Stock Exchange with evidence of back-dating, it should be sufficient for issuers to notify the Stock Exchange of a grant of options without imposing the requirement to make an announcement, which places undue burden on issuers.

Question 8.12: Do you agree that the draft Rules at Appendix 8A will implement the proposals set out in Issue 8 of the Combined Consultation Paper?

☐ Yes

☒ No

Please provide reasons for your views.

Please refer to our responses to Questions 8.1 to 8.11 above as well as our suggested marked-up comments on the draft Rules in Appendix 8A.

Issue 9: Disclosure requirements for announcements regarding issues of securities for cash and allocation basis for excess shares in rights issue

Question 9.1: Do you support the proposal to amend Main Board Rule 13.28 and GEM Rule 17.30 to extend the specific disclosure requirements to other categories of issues of securities for cash and to include additional items of information in the amended Rule?

☒ Yes

☐ No

Please provide reasons for your views.

We would, in principle, support the proposal to amend Main Board Rule 13.28 and GEM Rule 17.30 to extend the specific disclosure requirements to other categories of issues of securities for cash. This would give certainty to the Rules and codify the level of disclosure under current market practice in respect of issues of securities other than pursuant to a general mandate. However, we have comments on some of the amendments proposed at Appendix 9 for the reasons given in our response to Question 9.2 below.

Question 9.2: Do you agree that the draft Rules at Appendix 9 will implement the proposal set out in *Question 9.1* above?

☐ Yes

☒ No

Please provide reasons for your views.

We would oppose the proposed additions of subparagraphs (4), (10), and (15) to Rule 13.28 for the reasons set out below.

1. The proposal to include the basis for determining the issue price of each security under Rule 13.28(4) will not increase the level of disclosure of the transaction as the issue price is usually a result of arm's length negotiations between the parties (regardless of the basis on which each party came to agree on the price). We submit that it would be more useful to investors to require disclosure of a comparison of the issue price with the closing market price of securities on the last trading day, the last 5 trading days and the last 10 trading days as currently is the practice.

2. We anticipate that the proposal to require disclosure of the "principal terms of the underwriting/placing arrangements" would cause difficulties for the parties as some of the terms may be commercially sensitive. Rule 2.13 already requires the disclosure of all material information.

3. We suggest omitting the proposed additional requirement of rule 13.28(15) for the disclosure of "any other material information with regard to the issue…". We submit that the intent of Rule 13.28 should be to set out the specific requirements for the disclosure of information relating to the issue of securities for cash rather than to duplicate some of the general principles for disclosure under Rule 2.13.

Please see our suggested marked-up comments on Appendix 9.

Question 9.3: Do you support the proposal to amend Main Board Rules 7.21(1) and 7.26A(1) and GEM Rules 10.31(1) and 10.42(1) to require listed issuers to disclose the basis of allocation of the excess securities in the announcement, circular and listing document for a rights issue/open offer?

☒ Yes

☐ No

Please provide reasons for your views.

We agree with the proposal to amend Main Board Rules 7.21(1) and 7.26A(1) and GEM Rules 10.31(1) and 10.42(1). Shareholders should have the right to know how they obtained their shares and the additional disclosures proposed would help ensure that allocations of securities available for excess applications are done so on a fair basis.

Issue 10: Alignment of requirements for material dilution in major subsidiary and deemed disposal

Question 10.1: Should the Rules continue to impose a requirement for material dilution, separate from notifiable transaction requirements applicable to deemed disposals?

☐ Yes

☒ No

Please provide reasons for your views.

We agree with the reasons as stated in the Consultation Paper.

Question 10.2: Do you agree that the requirements for material dilution under Main Board Chapter 13 and GEM Chapter 17 should be aligned to those for deemed disposal in Main Board Chapter 14 and GEM Chapter 19?

☒ Yes

☐ No

Please provide reasons for your views.

Given the fact that there is an overlap in the application of the requirements for material dilution under Main Board Chapter 13 and GEM Chapter 17 with the deemed disposal requirements under Main Board Chapter 14 and GEM Chapter 19, the effects of these provisions should be aligned.

Question 10.3: Do you agree that the draft Rules at Appendix 10 will implement the proposals set out in *Question 10.2* above?

☒ Yes

☐ No

Please provide reasons for your views.

Please see our repsonses to Questions 10.1 and 10.2 above.

Issue 11: General mandates

Question 11.1: Should the Exchange retain the current Rules on the size of issues of securities under the general mandate without amendment?

☒ Yes

☐ No

If yes, then please provide your comments and suggestions before proceeding to *Question 11.3* below.

We consider that the current Rules on the size of issues of securities should be retained to allow listed issuers greater flexibility to raise funds in the market. Further, the Exchange's findings on the use of general mandates show that utilisation is generally quite even and listed issuers do not utilise the general mandate unnecessarily. There is therefore no evidence to show that listed issuers are abusing the use of the general mandate.

Question 11.2: Should the Exchange amend the current Rules to restrict the size of the general mandate that can be used to issue securities for cash or (subject to your response to *Question 11.4*) to satisfy an exercise of convertible securities to: *(choose one of the following options)*

☐ 10%, with the mandate to issue securities for other purposes retained at not more than 10% (or some other percentage) of the issued share capital? If yes, then what should be the percentage of the issued share capital for issuing securities for such other purposes?

☐ 5%, with the mandate to issue securities for other purposes retained at not more than 10% (or some other percentage) of the issued share capital? If yes, then what should the percentage of the issued share capital be for issuing securities for such other purposes?

☐ 10% for any purpose (including to issue securities for cash or (subject to your response to *Question 11.4*) to satisfy an exercise of convertible securities)?

☐ a percentage other than 10% for any purpose (including to issue securities for cash or (subject to your response to *Question 11.4*) to satisfy an exercise of convertible securities)? If you support this option, then please state the percentage you consider appropriate. _____

Please provide your comments and suggestions.

N/A

Question 11.3: Should the Exchange amend the current Rules so as to exclude from the calculation of the size limit the number of any securities repurchased by the listed issuer since the granting of the general mandate? (In other words, the listed issuer's issued share capital as at the date of the granting of the general mandate would remain the reference point for the calculation of the size limit, unless the general mandate is refreshed by the shareholders in general meeting.)

☐ Yes

☒ No

If yes, please provide your comments and suggestions.

N/A

Question 11.4: Should the Exchange amend the current Rules such that:

(a) the application of the current prohibition against the placing of securities pursuant to a general mandate at a discount of 20% or more to the "benchmarked price" would apply only to placings of shares for cash;

(b) all issues of securities to satisfy an exercise of warrants, options or convertible securities would need to be made pursuant to a specific mandate from the shareholders; and

(c) for the purpose of seeking the specific mandate, the listed issuer would be required to issue a circular to its shareholders containing all relevant information?

☐ Yes

☒ No

Question 11.5: Do you have any other comments or suggestions in relation to general mandates? Please specify.

The Exchange's findings on the use of general mandates, amongst others, showed the following:
(a) many listed issuers do not utilise the general mandate unnecessarily;
(b) there is a general increase in the trend for listed issuers to obtain specific mandates; and
(c) only a very small proportion of the securities issued under the general mandate by small size issuers were issued at a discount greater than 15%. None of the medium size issuers or large size issuers had issued securities at a range of a 15-20% discount.

The Exchange's findings therefore demonstrated that listed issuers are not misusing or abusing the current rules concerning general mandates. Given listed issuers often have to respond to the fast paced volatile market conditions, they should be given greater flexibility to raise funds in the market. We therefore consider the current rules should not be amended.

Issue 12: Voting at general meetings

Question 12.1: Should the Exchange amend the Rules to require voting on all resolutions at general meetings to be by poll?

☐ Yes

☒ No

Question 12.2: If your answer to *Question 12.1* is "no", should the Exchange amend the Rules to require voting on all resolutions at annual general meetings to be by poll (in addition to the current requirement for voting by poll on connected transactions, transactions that are subject to independent shareholders' approval and transactions where an interested shareholder will be required to abstain from voting)?

☐ Yes

☒ No

Question 12.3: If your answer to *Question 12.1* is "no", should the Exchange amend the Rules so that, where the resolution is decided in a manner other than a poll, the listed issuer would be required to make an announcement on the total number of proxy votes in respect of which proxy appointments have been validly

made together with: (i) the number of votes exercisable by proxies appointed to vote for the resolution; (ii) the number of votes exercisable by proxies appointed to vote against the resolution; (iii) the number of votes exercisable by proxies appointed to abstain on the resolution; and (iv) the number of votes exercisable by proxies appointed to vote at the proxy's discretion?

☐ Yes

☒ No

Question 12.4: In the case of listed issuers other than H-share issuers, the Rules currently require 14 days notice for the passing of an ordinary resolution and 21 days notice for the passing of a special resolution. 21 days notice is also required for convening an annual general meeting. In the case of H-share issuers, 45 days notice of shareholder meetings is required under the "Mandatory Provisions for Companies Listing Overseas" for all resolutions. Should the Exchange amend the Rules to provide for a minimum notice period of 28 clear calendar days for convening all general meetings?

☐ Yes

☒ No

If so, should the provision be set out in the Rules (as a mandatory requirement) or in the Code on Corporate Governance Practices as a Code Provision (and therefore subject to the "comply or explain" principle)?

N/A

Question 12.5: If your answer to *Question 12.4* is "no", should the Exchange amend the Rules to provide for a minimum notice period of 28 clear calendar days for convening all annual general meetings, but not extraordinary general meetings (or, depending on the listed issuer's place of incorporation, special general meetings)?

☐ Yes

☒ No

If the answer is "yes", should the provision be set out in the Rules (as a mandatory requirement) or in the Code on Corporate Governance Practices as a Code Provision (and therefore subject to the "comply or explain" principle)?

N/A

Question 12.6: Do you have any other comments regarding regulation by the Exchange on the extent to which voting by poll should be made mandatory at general meetings or the minimum notice period required for convening shareholders meetings?

Regarding voting by poll at general meetings being made mandatory, we see no particular reasons for this for the following reasons: 1. The Companies Ordinance and a listed company's articles already contain provisions on procedures for demanding a poll, so shareholders with the requisite threshold percentage as stated therein are already protected. 2. The brief overview of the relevant regulation in the UK, Australia and Singapore set out in the Consultation Paper has already shown that none of these jurisdictions require voting by poll on all resolutions, regardless of whether an annual general meeting or extraordinary general meeting is involved and we are in favour of a similar framework in Hong Kong. 3. While we are aware that voting by poll is favoured by larger issuers at the moment due to its veracity and convenience, we are of the view that the Rules should be imbued with some flexibility to allow smaller issuers to conduct voting by show of hands because it is more time efficient and cost effective.

Regarding the minimum notice period required for convening shareholders' meeting, we see no reasons for this for the following reasons:

a. The current provisions in the Rules reflect the provisions in the UK Companies Act concerning notice of general meetings.

b. The time benefit offered to cross-border investors by lengthening the minimum notice period to 28 days for convening all general meetings would not affect shareholders of H-share issuers as there is already a mandatory provision applicable to H-share issuers which stipulates that 45 days' notice has to be given for all resolutions.

c. Due consideration should also be given to the fact that an extended notice period would have a negative impact where shareholders' approval is required for fund-raising activities which are time-sensitive.

Issue 13: Disclosure of information about and by directors

Question 13.1: Do you agree that the information set out in draft new Rule 13.51B should be expressly required to be disclosed by issuers up to and including the date of resignation of the director or supervisor, rather than only upon that person's appointment or re-designation?

☐ Yes

☒ No

Please provide reasons for your views.

We are of the view that the draft new Main Board Rule 13.51B encompasses a broad disclosure of information about and by directors which may not be material to issuers. Prescribing a whole list of occurrences or details for each and every director to disclose is too onerous given that some listed issuers may have 8-10 or more directors. The significance or materiality of the matter for disclosure should be assessed and a balance should be struck between the public's right to information regarding directors, a director's right to privacy and the administrative burden imposed on the issuer.

We feel that the current provisions in Main Board Rule 13.09 which require issuers to keep shareholders and the Exchange notified of information which:

"(a) is necessary to enable them and the public to appraise the position of the group; or

(b) is necessary to avoid the establishment of a false market in its securities; or

(c) might be reasonably expected materially to affect market activity in and the price of its securities.",

is sufficient as it ensures that directors will inform shareholders and the Exchange of their personal information if it is material and may affect the issuer's securities.

In the event that the draft new Main Board Rule 13.51B is decided to be implemented, we are of the view that it should only be amended along the lines of LR 9.6.14 R of the UK Listing Authority listing rules (the "UK Listing Rules"), which only provides that a listed company must, in respect of any current director, disclose publicly:

(1) any unspent convictions in relation to indictable offences;

(2) details of any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company where the director was an executive director at the time of, or within the 12 months preceding, such events;

(3) details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where the director was a partner at the time of, or within the 12 months preceding, such events;

(4) details of receiverships of any asset of such person or of a partnership of which the director was a partner at the time of, or within the 12 months preceding, such event;

(5) details of any public criticisms of the director by statutory or regulatory authorities (including designated professional bodies) and whether the director has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and

(6) any new directorships held by the director in any other publicly quoted company.

Thus, please consider limiting the scope of continuous disclosure of information about and by directors to those set out in paragraphs (h) to (v) of Main Board Rule 13.51(2) which correlate to the provisions in the UK Listing Rules mentioned above as opposed to paragraphs (a) to (v) of Main Board Rule 13.51(2). To illustrate this, please refer to our amendments to the draft new Main Board Rule 13.51B(1) in Appendix 13.

Question 13.2: Do you agree that the relevant information should be discloseable immediately upon the issuer becoming aware of the information (i.e. continuously) rather than, for example, only in annual and interim reports?

☐ Yes

☒ No

Please provide reasons for your views.

For the reasons cited in our answer to Question 13.1, we do not agree that the relevant information should be disclosed as soon as the issuer is aware of the information. The relevant information should be assessed in terms of the materiality of the impact that the event in question has on the issuer and disclosed if it falls within the scope of Listing Rule 13.09.

Question 13.3: Do you agree that, to ensure that the issuer is made aware of the relevant information, a new obligation should be introduced requiring directors and supervisors to keep the issuer informed of relevant developments?

☒ Yes

☐ No

Please provide reasons for your views.

We agree in principle, but the duty to notify the issuer should only arise if in the judgement of the director, the event falls with Listing Rule 13.09.

Question 13.4: Do you agree that paragraphs (u) and (v) of Main Board Rule 13.51(2) and GEM Rule 17.50(2) should be amended to clarify that the disclosure referred to in those Rules need not be made if such disclosure would be prohibited by law?

☒ Yes

☐ No

Please provide reasons for your views.

We agree with the reasons as stated in the Consultation Paper.

Question 13.5: Do you agree that the draft Rules at Appendix 13 will implement the proposals set out in *Questions 13.1, 13.2, 13.3 and 13.4* above?

☐ Yes

☒ No

Please provide reasons for your views.

Please refer to our response to Questions 13.1-13.4. If the Stock Exchange nevertheless decides to adopt the proposals, please see our comments on Appendix 13.

Question 13.6: Do you agree that the Rules should be amended to clarify that issuers should publicly disclose in the Appointment Announcements their directors', supervisors' and proposed directors' and supervisors' current and past (during the past three years) directorships in all public companies with securities listed in Hong Kong and/or overseas?

☐ Yes

☒ No

Please provide reasons for your views.

We are of the view that issuers should not be required to publicly disclose in the Appointment Announcements their directors', supervisors' and proposed directors' and supervisors' current and past (during the past three years) directorships in all public companies with securities listed overseas as such information is unlikely to be meaningful to Hong Kong investors (on the basis that they will not normally be following or receive information regarding such companies in other jurisdictions) and does not justify the administrative burden of requiring disclosure by the issuer.

Question 13.7: Do you agree that Main Board Rule 13.51(2)(c) and its GEM Rules equivalent, GEM Rule 17.50(2)(c), should be amended to clarify that issuers should publicly disclose their directors', supervisors' and proposed directors' and supervisors' professional qualifications?

☒ Yes

☐ No

Please provide reasons for your views.

The disclosure of professional qualifications held by directors, supervisors and proposed directors and supervisors would boost transparency and shareholder confidence in the issuer as the directors, supervisors and proposed directors and supervisors in possession of these professional qualifications are likely to be regulated by external organisations, thus this will enhance the discharge of duties by such directors and supervisors.

Question 13.8: Do you agree that the draft Rules at Appendix 13 will implement the proposals set out in *Questions 13.6 and 13.7* above?

☐ Yes

☒ No

Please provide reasons for your views.

Please refer to our response to Questions 13.6-13.7 above and our comments on Appendix 13.

Question13.9: Do you agree that Main Board Rule 13.51(2)(m)(ii) should be amended to include reference to the Ordinances referred to in GEM Rule 17.50(2)(m)(ii) that are not currently referred to in Main Board Rule 13.51(2)(m)(ii)?

☒ Yes

☐ No

Please provide reasons for your views.

With effect from the enactment of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) on 1 April 2003, the laws relating to financial products, the securities and futures market and the securities and futures industry, the regulation of activities and other matters connected with financial products, the securities and futures market and the securities and futures industry, the protection of investors, and other matters incidental thereto or connected therewith were consolidated and amended, thus resulting in the repeal of various legislation such as:

(1) the Securities and Futures Commission Ordinance (Cap. 24 of the Laws of Hong Kong);

(2) the Commodities Trading Ordinance (Cap. 250 of the Laws of Hong Kong);

(3) the Securities Ordinance (Cap. 333 of the Laws of Hong Kong);

(4) the Protection of Investors Ordinance (Cap. 335 of the Laws of Hong Kong);

(5) the Stock Exchanges Unification Ordinance (Cap. 361 of the Laws of Hong Kong);

(6) the Securities (Insider Dealing) Ordinance (Cap. 395 of the Laws of Hong Kong);

(7) the Securities (Disclosure of Interests) Ordinance (Cap. 396 of the Laws of Hong Kong);

(8) the Securities and Futures (Clearing Houses) Ordinance (Cap. 420 of the Laws of Hong Kong);

(9) the Leveraged Foreign Exchange Trading Ordinance (Cap. 451 of the Laws of Hong Kong); and

(10) the Exchanges and Clearing Houses (Merger) Ordinance (Cap. 555 of the Laws of Hong Kong).

The inclusion of the additional Ordinances referred to in GEM Rule 17.50(2)(m)(ii) to the existing Main Board Rule 13.51(2)(m)(ii) would ensure that convictions under all the legislation that were repealed as a result of the enactment of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) would also be covered. It is noted however, that the Leveraged Foreign Exchange Trading Ordinance (Cap. 451 of the Laws of Hong Kong) which was also repealed upon the enactment of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) in 2004 has not been included in the additional Ordinances referred to in GEM Rule 17.50(2)(m)(ii) and should be added to the Main Board Rule 13.51(2)(m)(ii) as well.

Please see our suggested marked-up comments on the proposed Rule 13.51(2)(m)(ii) in Appendix 13.

Question 13.10: Do you agree that Main Board Rule 13.51(2)(m) and GEM Rule 17.50(2)(m) should be amended so as to put beyond doubt that the disclosure obligation arises where a conviction falls under any one (rather than all) of the three limbs (i.e. Main Board Rule 13.51(2)(m)(i), (ii) or (iii) and GEM Rule 17.50(2)(m)(i), (ii) or (iii))?

☒ Yes

☐ No

Please provide reasons for your views.

We agree with the reasons as stated in the Consultation Paper.

Question 13.11: Do you agree that the draft Rules at Appendix 13 will implement the proposal set out in *Questions 13.9 and 13.10* above?

☐ Yes

☒ No

Please provide reasons for your views.

The Leveraged Foreign Exchange Trading Ordinance (Cap. 451 of the Laws of Hong Kong) should also be inserted into Main Board Rule 13.51(2)(m)(ii). Please see our answer to Question 13.9.

Issue 14: Codification of waiver to property companies

Question 14.1: Do you agree that the Proposed Relief should provide relaxation of strict compliance with the shareholders' approval requirements of the Rules only to listed issuers that are actively engaged in property development as a principal business activity?

☐ Yes

☒ No

Please provide reasons for your views.

While we agree with the rationale and observations of the Stock Exchange as set out in paragraphs 14.17 and 14.18 of the Consultation Paper, we are of the view that the Proposed Relief should also extend to listed issuers in other business sectors (eg. shipping, aircraft, transportation, logistics and technology) which often make acquisitions of assets for use in their core business activities, subject to the obtaining of a shareholders' general acquisition mandate. We do not believe that such approach would raise questions of non-transparency as discussed in paragraphs 14.18 and 14.19 of the Consultation Paper as the granting of the proposed general mandate could be subject to requirements of disclosure of the terms of the transactions in the same way as the disclosures of such transactions are currently subject to under Chapter 14 of the Listing Rules.

Question 14.2: Do you agree with the proposed criteria in determining whether property development is a principal activity of a listed issuer (described at paragraphs 14.12 and 14.13 of the Combined Consultation Paper)?

☐ Yes

☒ No

Please provide reasons for your views.

We agree that consideration should be given to the factors listed in Note 2(a) to (c) to Rule 14.04 of the Draft Rule Amendments Regarding Issue 14. However, we suggest that to qualify as a Qualified Issuer, the listed issuer's revenue or profit derived from property development should meet either a percentage threshold or an absolute number threshold. Again, as with our response to Question 14.1 above, we see no reason why a similar criteria cannot be adopted to determine the principal activities of companies in other business sectors (eg. shipping, aircraft, transportation, logistics and technology).

Question 14.3: Do you agree that the scope of the Proposed Relief should be confined to acquisition of property assets that fall within the definition of Qualified Property Projects?

☐ Yes

☒ No

Please provide reasons for your views.

The scope of the proposed relief should also be extended to include public auctions in other jurisdictions, because the necessity for secrecy and other practical difficulties in conducting property acquisitions through public auctions apply equally to listed issuers who engage in property development in other countries. While the degree of public confidence in the transparency of auction processes other than public auctions in Hong Kong may vary from jurisdiction to jurisdiction, investors are nonetheless protected by the limited circumstances under which the Proposed Relief would apply.

Are you aware of any examples of Hong Kong listed issuers encountering difficulties in strict compliance with the Rules when participating in other types of auctions or tenders? If yes, please specify what are the problems faced by the listed issuers in participating in these auctions or tenders.

No, but please see our response to Question 14.1 above.

Question 14.4: Do you agree that Qualified Property Projects which contain a portion of a capital element should qualify for relief from the notifiable transaction Rules set out in Main Board Chapter 14?

☒ Yes

☐ No

If yes, should the Proposed Relief specify a percentage threshold for the capital element within a project? Please provide reasons for your views.

No. It is submitted it would be too restrictive to impose a percentage cap. It would also be difficult to formulate rules on how to account for what constitutes "revenue" as opposed to "capital", or expect the issuer, at the stage of the auction bid, to be clear as to what are its detailed development plans for the property under public auction (without which it would not be practicable at the time of bidding (which is when the relief would apply) to determine what proportion revenue and capital may come to bear on the project).

Question 14.5: Do you agree that the scope of the exemption from strict compliance with Main Board Chapter 14A in relation to the shareholders' approval requirements for property joint ventures with connected persons should be limited to scenarios where the connected person is only connected by virtue of being a joint venture partner with the listed issuer in existing single purpose property projects?

☒ Yes

☐ No

Please provide reasons for your views.

However, the market practices and operations of the relevant industry would need to be considered to determine whether the proposed scope of exemption reflects the reality of how property joint ventures are structured by property developers in Hong Kong. Moreover, it is conceivable that a joint venture partner is involved in so many single purpose property projects with the listed issuer that the joint venture partner exerts significant influence over the listed issuer and the current proposed definition of Qualified Connected Person is not sufficiently wide to catch them. In any event, the definition of Qualified Connected Person must be narrowly construed so as to prevent the risk of circumventing the requirements of Chapter 14A of the Listing Rules.

Question 14.6: Do you agree that the General Property Acquisition Mandate is useful to confer protection on shareholders and is necessary as regards property joint ventures with connected persons where the connected person is only connected by virtue of being a joint venture partner with the listed issuer in existing single purpose property projects (Type B property joint ventures)?

☒ Yes

☐ No

If yes, should the General Property Acquisition Mandate include any limit on the size of the Annual Cap by reference to some quantifiable thresholds? Please provide reasons for your views.

Please refer to our response to Question 14.5 above. The Annual Cap will afford protection to shareholders but the imposition of the Annual Cap for connected persons that are not perceived to exercise material influence over the issuer would appear onerous and inconsistent with the fact that such limit is not being currently imposed on continuing connected transactions with normal connected persons.

Question 14.7: Are the disclosure obligations described at paragraph 14.51 of the Combined Consultation Paper appropriate?

☒ Yes

☐ No

Please provide reasons for your views.

Successful bids should be announced to shareholders. Rule 13.09 and the requirements of Chapters 14 and 14A ensure that sufficient information is disclosed by the listed issuer.

Question 14.8: Do you agree that the draft Rule amendments at Appendix 14 will implement the proposals set out in Issue 14 of the Combined Consultation Paper?

☐ Yes

☒ No

Please provide reasons for your views.

Please see our responses to the questions in this Issue 14 above.

Issue 15: Self-constructed fixed assets

Question 15.1: Do you agree that the notifiable transaction Rules should be amended to specifically exclude any construction of a fixed asset by a listed issuer for its own use in the ordinary and usual course of its business?

☒ Yes

☐ No

Please provide reasons for your views.

We agree with the reasons as stated in the Consultation Paper.

Question 15.2: Do you agree that the draft Rules at Appendix 15 will implement the proposal set out in *Question 15.1* above?

☐ Yes

☒ No

Please provide reasons for your views.

Please also refer to our suggested marked-up comments on Appendix 15.

Issue 16: Disclosure of information in takeovers

Question 16.1: Do you agree that the current practice of the Exchange, i.e. the granting of waivers to listed issuers to publish prescribed information of the target companies in situations such as hostile takeovers, should be codified in the Rules?

☒ Yes

☐ No

Please provide reasons for your views.

Listed issuers are often unable to comply with all disclosure requirements set out in Rules 14.66 and 14.67 in the following situations:

- *passive investment in another listed (whether in Hong Kong or elsewhere) entity; and*

- *takeover (hostile or recommended) (whether through a takeover offer or a scheme of arrangement) of another listed (whether in Hong Kong or elsewhere) entity.*

Generally, listed issuers are unable to obtain the co-operation of the target company (in both situations) in preparing financial statements that comply with the Listing Rule requirements. Listed target companies (whether listed on the Stock Exchange or other stock exchanges) would usually find it inappropriate and possibly against the principles of confidentiality imposed under the relevant listing rules to disclose financial information in addition to those that has already been published on an annual, semi-annual and, where applicable, quarterly basis in accordance with its obligations to the relevant stock exchange. Target companies themselves are subject to extensive financial reporting disclosures under foreign securities laws. Provided sufficient public information is provided in the initial circular, there is sufficient financial information concerning the target company for the investment public in Hong Kong to assess the impact of a transaction on the listed issuer.

Further, in the case of passive investments by listed issuers, obtaining the co-operation of the target companies is often even more difficult. It is practically impossible to expect target companies in these circumstances to agree to disclose additional financial information or reinstatement of its accounts under another set of accounting standards especially only because of the requirements of a passive investor in a different jurisdiction.

We also note that the Exchange has granted waivers in both situations based primarily on the reasons above (such as Samson Holding Ltd (circular dated 5 February, 2008), CITIC Resources Holdings Limited (circular dated 21 September, 2007), VST Holdings Limited (circular dated 2 October, 2007), Gold Peak Industries (Holdings) Limited (circular dated 31 March, 2006) and InterChina Holdings Company Limited (circular dated 18 December, 2003)).

We therefore agree that the granting of waivers to listed issuers to publish prescribed information of the target companies should be codified in the Rules, but:

(A) the Rules should not be limited to takeover offers, but should be extended to passive investments by a listed issuer. Obtaining the co-operation of the target companies in passive investments by listed issuers is often difficult, such that the proposed condition (c) in the proposed Rule 14.67A(1)(c) should be deleted to allow the Rules to apply to passive investments;

(B) the Rules should not be limited to hostile takeovers but should be extended to recommended takeovers (subject to evidence to support non-cooperation from the target company);

(C) the Rules should cover takeovers by way of takeover offers or schemes of arrangement;

(D) the Rules should apply to target companies listed both in Hong Kong and overseas;

(E) the requirement to provide a supplemental circular should only apply to takeover situations where the target company will become a subsidiary of the listed issuer after the completion of the acquisition.

Question 16.2: Do you agree the new draft Rule should extend to non-hostile takeovers where there is insufficient access to non-public information as well as hostile takeovers?

☒ Yes

☐ No

Please provide reasons for your views.

Often the timing for completion of a recommended takeover is a key factor to the success of negotiations between the listed issuer and the target company. In order for a listed issuer to comply with the disclosure requirements set out in the Listing Rules, not only would the listed issuer require the full co-operation of the target company, but sufficient time would need to be allocated to have these prepared before a transaction is even completed, which would have severe negative impact on the timing and negotiations of a takeover transaction.

The reasons to support the new draft Listing Rules to extend to recommended takeovers are similar to those applicable to hostile takeovers and are set out below:

- *target companies are often bound by duties of confidentiality under the Listing Rules and are unwilling to disclose financial information in addition to those that it has already published in accordance with its obligations to the relevant stock exchange;*

- *target companies themselves are subject to extensive financial reporting disclosures under foreign securities laws. Provided sufficient public information is provided in the initial circular, there is sufficient financial information concerning the target company for the investment public in Hong Kong to assess the impact of a transaction on the listed issuer;*

- *listed issuers can be asked to demonstrate to the Exchange that access to books and records of the target company has not been or can reasonably be expected not to be granted; and*

- *the listed issuer's shareholders would later be provided with a supplemental circular which would provide all relevant information required by the applicable Rules.*

Question 16.3: Paragraph (3) of the new draft Rule proposes that the supplemental circular must be despatched to shareholders within 45 days of the earlier of the following:

- the listed issuer being able to gain access to the offeree company's books and records for the purpose of complying with the disclosure requirements in respect of the offeree company and the enlarged group under Rules 14.66 and 14.67 or 14.69; and
- the listed issuer being able to exercise control over the offeree company.

Do you agree that the 45-day time frame is an appropriate length of time?

☐ Yes

☒ No

Please provide reasons for your views.

Whether the 45-day time frame is sufficient very much depends on the work required to be carried out in order for the appropriate financial disclosures to be made. Given the current deadline for release of interim and annual results are three and four months respectively, 45 days appear insufficient especially where pro forma statements have to be prepared for very substantial acquisitions. We suggest at least three months and subject to extension based on reasonable grounds.

Question 16.4: Do you have any other comments on the draft new Rule 14.67A at Appendix 16? Please provide reasons for your views.

Please see our comments on the draft Rule. In particular: (1) Condition (c) in proposed Rule 14.67A(1)(c) should be deleted to allow the Rules to apply to passive investments as well for reasons set out in our response to Question 16.1 above. (2) The scope of the Rule should not be limited to target companies listed overseas as Hong Kong target companies would have the same confidentiality and cooperational issues. (3) The reference to takeover offers should extend to schemes of arrangement as well.

Issue 17: Review of director's and supervisor's declaration and undertaking

Question 17.1: Do you agree that the respective forms of declaration and undertaking for directors and supervisors (i.e. the DU Forms) should be streamlined by deleting the questions relating to the directors' and supervisors' biographical details?

☒ Yes

☐ No

Please provide reasons for your views.

The streamlining of the DU Forms would prevent the unnecessary duplication of disclosure and would minimise the administrative burden imposed on listed issuers or new applicants.

Question 17.2: Do you agree that the DU Forms for directors should be amended by removing the statutory declaration requirement?

☒ Yes

☐ No

Please provide reasons for your views.

We agree with the reasons as stated in the Consultation Paper.

Question 17.3: Do you agree that the GEM Rules should be amended to align with the practice of the Main Board Rules as regards the timing for the submission of DU Forms by GEM issuers, such that a GEM issuer would be required to lodge with the Exchange a signed DU Form of a director or supervisor after (as opposed to before) the appointment of such director or supervisor?

☒ Yes

☐ No

Please provide reasons for your views.

It would be more expedient and practicable for the GEM Rules to be synchronised with the Main Board rules but we envisage situations where communication with the Exchange prior to the appointment of a director would still be needed. Therefore, the Exchange should ensure that sufficient resources and personnel are devoted to answering any enquiries which a listed issuer may have regarding the suitability of a director's appointment.

Question 17.4: Do you agree that the Rules should be amended such that the listing documents relating to new applicants for the listing of equity and debt securities must contain no less information about directors (and also supervisors and other members of the governing body, where relevant) than that required to be disclosed under Main Board Rule 13.51(2) or GEM 13.50(2), as the case may be?

☒ Yes

☐ No

Please provide reasons for your views.

The information required under Rule 13.51(2) is as relevant to a new applicant as it is to a listed issuer.

Question 17.5: Do you agree that the application procedures should be amended as discussed in paragraph 17.20 to harmonise with the proposed amendments for the purpose of streamlining the respective DU Forms?

☒ Yes

☐ No

Please provide reasons for your views.

We agree to the proposed application procedures (as set out in paragraph 17.20 of the Consultation Paper) only if the proposal set out in paragraph 17.19 is implemented (i.e. the prospectus containing information that are required to be disclosed in Rule 13.51(2)). *If the information under Rule 13.51(2) is not required to be set out in the prospectus, the DU Form should still be submitted to the Stock Exchange as part of the 15-day documents (which is the current requirement). Otherwise, if problems with the directors' credentials are brought to the attention of the Stock Exchange after the prospectus is issued, they may not be rectified in time before listing takes place and may have significant adverse impact on the timing of the listing.*

Question 17.6: Do you agree that the draft Rules at Appendix 17 will implement the proposals set out in Issue 17 of the Combined Consultation Paper?

☐ Yes

☒ No

Please provide reasons for your views.

Please see our responses to the questions in this Issue 17 above and our suggested marked-up comments on Appendix 17.

Question 17.7: Do you agree that a new Rule should be introduced to grant to the Exchange express general powers to gather information from directors?

☒ Yes

☐ No

Question 17.8: Do you agree that the draft paragraph (c) to the Director's Undertaking at Appendix 17 will implement the proposal set out in *Question 17.7* above?

☐ Yes

☒ No

Question 17.9: Do you agree that paragraph (e) of Part 2, Appendix 5B, and paragraph (d) of Part 2, Appendix 5H, of the Main Board Rules should be amended to include detailed provisions for service similar to those of the GEM Rules?

☒ Yes

☐ No

Question 17.10: Do you agree that the proposed amendment to paragraph (e) of the Director's Undertaking at Appendix 17 will implement the proposal set out in *Question 17.9* above?

☒ Yes

☐ No

Question 17.11: Do you agree that the Rules should be amended to make express the ability to change the terms of the Director's Undertaking without the need for every director to re-execute his undertaking?

☒ Yes

☐ No

Issue 18: Review of Model Code for Securities Transactions by Directors of Listed Issuers

Question 18.1: Do you agree with the proposed new exceptions to paragraph 7(d) of the Model Code?

☐ Yes

☒ No

Please provide reasons for your views.

We agree with the proposed new exceptions (a) and (b). However, we have reservations in relation to the proposed new exception (c). Our particular concern is that it may be difficult, from an evidentiary perspective, to prove whether a particular gift is bona fide. Further complications may arise if the third party is not truly "independent" (for example, if that third party is related to the director) or if the gift was part of an arrangement or understanding between the director and the third party. We agree that in certain circumstances, exception (c) would be relevant and applicable, for example, if the director receives shares under a will. Therefore, we suggest amending exception (c) as follows:

"the transmission of ownership interests in securities to a director by another party by operation of law."

Please see our suggested marked-up comments on Appendix 18.

Question 18.2: Do you agree with the proposal to clarify the meaning of "price sensitive information" in the context of the Model Code?

☒ Yes

☐ No

Question 18.3: Do you agree that the draft new Note to Rule A.1 of the Code would implement the proposal set out in *Question 18.2* above??

☐ Yes

☒ No

Please provide reasons for your views.

Notes 9 and 10 to rule 13.09(1) should also be added to the Note so that the Note should read "Note: "Price sensitive information" means information described in rule 13.09(1) and the note thereunder. In the context of this code, rule 13.09(1)(c) and its notes 9, 10 and 11 are of particular relevance."

We believe that notes 9, 10 and 11 to rule 13.09(1)(c) are equally relevant for the determination of whether a piece of information is "Price sensitive information".

Please see our suggested marked-up comments on Appendix 18.

Question 18.4: Do you agree that the current "black out" periods should be extended to commence from the listed issuer's year/period end date and end on the date the listed issuer publishes the relevant results announcement?

☐ Yes

☒ No

Please provide reasons for your views.

We do not agree with the proposed changes to the black out period for the following reasons:

1. Certain high-profile dual listed companies are subject to quarterly reporting requirements. The proposed change to the black out period could create a situation where the black out period for successive financial periods would overlap. For example, suppose a listed issuer has a financial year end of 31 December and is also subject to quarterly reporting. The first black out period will begin on 1 January until the year-end results are announced. However, the next black out period will start on 1 April. If the listed issuer is unable to release its year-end results before 1 April, there will be an overlap between the first and the second black out periods (taking into account of the fact that a listed issuer has four months to publish its annual results). This creates a prolonged black out period that is unnecessary and undesirable.

2. A black out period is based on the assumption that during this period, the directors are aware of price sensitive information. We do not see any reason for extending the period for this assumption. If a particular director is aware of price sensitive information, he is already bound by law and the Code from dealing in the relevant securities. We submit that imposing an extended black out period is therefore unnecessary and unduly restrictive.

3. The proposed extension of the blackout period is based on the assumption that directors of a listed issuer will automatically possess price-sensitive information the day after the end of its financial period. We submit that this may not be the case (in particular, those directors that are not involved in the day-to-day management of the listed issuer). As discussed in 2 above, we submit that it is more appropriate to rely on other parts of the Code and the relevant insider trading laws for regulating those directors that do hold price-sensitive information after the end of a financial period.

Question 18.5: Do you agree that there should be a time limit for an issuer to respond to a request for clearance to deal and a time limit for dealing to take place once clearance is given?

☐ Yes

☒ No

Question 18.6: Do you agree that the proposed time limit of 5 business days in each case is appropriate?

☐ Yes

☒ No

Please provide reasons for your views.

Our view is that the time limits should be determined by the internal procedures and policies of the listed issuer. We do not see any additional benefit in setting a fixed time limit in this case. We believe that each individual listed issuer is in a better position to determine the appropriate time limit for such notification purposes.

In any event, should the Exchange decide to impose a time limit, our view is that five business days for clearance and a further five business days for dealing is too long. If the maximum five days in each case is adopted, there could potentially be a two-week period between the time when a director submits a request for clearance to deal to the time when the dealing actually takes place. We believe a time limit of one to two business days in both cases would be more appropriate.

Minor Rule amendments

The Exchange invites your comments regarding whether the manner in which the proposed minor Rule amendments set out in Appendix 19 have been drafted will give rise to any ambiguities or unintended consequences.

Please see attached our marked-up comments on Appendix 19.

Do you have any other comments in respect of the issues discussed in the Combined Consultation Paper? If so, please set out your additional comments.

We have two additional comments as follows: (1) Property valuation reports in VSAs / reverse takeovers Rule 14.69 provides that "A circular issued in relation to a very substantial acquisition or a listing document issued in relation to a reverse takeover must contain…a valuation report on the enlarged group's interests in land or buildings in accordance with Chapter 5 of the Exchange Listing Rules". The current drafting of the rule gives rise to some degree of ambiguities as to whether Rule 14.69(3) overrides Rule 5.02 making the inclusion of a valuation report compulsory or that Rule 14.69(3) should be read together with Rule 5.02. To make it clear that a valuation report is required only where required by Chapter 5, we suggest the following amendments to Rule 14.69(3): "a valuation report on the enlarged group's interests in land or buildings 'where required' by Chapter 5 of the Exchange Listing Rules". (2) Main Board Rules 14A.33(3) and 14A.34 - application of the two de minimis waivers for continuing connected transactions The drafting of the current Rule 14A.33(3) and the proposed Rule 14A.34 technically do not apply to situations where some of the ratios fall into sub-rule (1) and some fall into sub-rule (2). We suggest amending the rules to provide for this situation. Similar comments also apply to GEM Rules 20.33(3) and 20.34. Please see our suggested marked-up comments on Appendix 19.

Name	:	Benita Yu / Elvira Chang	Title	:	Partner / Professional Support Lawyer
Company Name	:	Slaughter and May	Firm ID	:	

Contact Person	:	Benita Yu / Elvira Chang	Tel. No.	:	
E-mail Address	:		Fax No.	:	

S and M comments

APPENDIX 1 DRAFT RULE AMENDMENTS REGARDING ISSUE 1

Proposed Main Board Rule amendments

"2.07A (1) Subject to the provisions set out in this rule 2.07A, any requirement in these Exchange Listing Rules for a listed issuer to send, mail, dispatch, issue, publish or otherwise make available any corporate communication may, to the extent permitted under all applicable laws and regulations and the listed issuer's own constitutional documents, be satisfied by the listed issuer sending or otherwise making available the corporate communication to the relevant holders of its securities using electronic means and any requirement in these Exchange Listing Rules that a corporate communication of a listed issuer must be in printed form may be satisfied by the corporate communication being in electronic format. ~~Notwithstanding the foregoing, all listed issuers availing themselves of the provisions of this rule 2.07A must, irrespective of their place of incorporation, comply with a standard which is no less onerous than that imposed from time to time in this regard under Hong Kong law for listed issuers incorporated in Hong Kong.~~

(2) Other than as permitted under rule 2.07A(2A) in relation to a corporate communication published on the listed issuer's own website pursuant to rule 2.07C(6), ~~T~~the corporate communication may be sent or otherwise made available by the listed issuer to a holder of its securities using electronic means or in electronic format only where the listed issuer has previously received from that holder an express, positive confirmation in writing that the holder wishes to receive or otherwise have made available to the holder the corporate communication by the means and in the ~~manner~~ format proposed by the listed issuer.

(2A) (a) To the extent that:

(i) the shareholders of the listed issuer have resolved in general meeting that the listed issuer may send or supply corporate communications to shareholders by making them available on the listed issuer's own website; or

(ii) the listed issuer's constitutional documents contain provision to that effect,

a holder of the listed issuer's securities in relation to whom the following conditions are met is taken to have agreed that the listed issuer may send or supply corporate communications to him in that manner.

(b) The conditions are that:

(i) the holder has been asked individually by the listed issuer to agree that the listed issuer may send or supply corporate communications generally, or the corporate communication in question, to him by means of the listed issuer's own website; and

(ii) the listed issuer has not received a response within the period of 28 days beginning with the date on which the listed issuer's request was sent.

(c) A holder is not taken to have so agreed if the listed issuer's request:

(i) did not state clearly what the effect of a failure to respond would be; or

(ii) was sent less than 12 months after a previous request made ~~to him for~~ the purposes of this rule 2.07A(2A) in respect of the same or a similar class of corporate communications.

?

NB: not clear what this means

suggest to specify time frame

NB: not clear if this is required everytime something is posted on the website

(d) The listed issuer must notify the intended recipient of:

(i) the presence of the corporate communication on the website; (a)

(ii) the address of the website;

(iii) the place on the website where it may be accessed; and

(iv) how to access the corporate communication.

(3) A listed issuer which, availing itself of this rule 2.07A, sends or otherwise makes available a corporate communication to holders of its securities using electronic means must:

(a) afford holders the right at any time by reasonable notice in writing served on the listed issuer to change their choice (whether actual or deemed under rule 2.07A(2A)) as to whether they wish to receive corporate communications in printed form or using electronic means. The listed issuer must set out in each such corporate communication the steps for notifying the listed issuer of any such change together with a statement expressly informing holders that:

or using electronic means (as may be requested by the holder)

(~~a~~i) holders may at any time choose to receive corporate communications either in printed form or using electronic means; and

(~~b~~ii) holders who have chosen (or are deemed under rule 2.07A(2A) to have chosen) to receive the corporate communication using electronic means and who for any reason have difficulty in receiving or gaining access to the corporate communication will promptly upon request be sent the corporate communication in printed form free of charge; and

(b) without prejudice to their right to use any other written means of communication for such purpose, provide holders of its securities with the option of notifying the listed issuer by email of any change in their choice as to whether they wish to receive corporate communications in printed form or using electronic means or of any request to receive the corporate communication in printed form. The listed issuer must provide holders of its securities with an email address for this purpose.

see 2.07C

~~(4) A listed issuer which, availing itself of this rule 2.07A, has made available a corporate communication to holders of its securities by publication on its website, must ensure that such corporate communication remains available on its website on a continuous basis for at least 5 years from the date of first publication.~~

Note: It is the sole responsibility of the listed issuer to ensure that any proposed arrangement is permitted under, and that the listed issuer will at all times comply with, all applicable laws and regulations and the listed issuer's own constitutional documents ~~(including, in the case of a listed issuer incorporated outside Hong Kong, a standard which is no less onerous than that imposed from time to time under Hong Kong law for listed issuers incorporated in Hong Kong as referred to in (1) above)~~."

Proposed GEM Rule amendments

"16.04A (1) Subject to the provisions set out in this rule 16.04A, any requirement in the GEM Listing Rules for a listed issuer to send, mail, dispatch, issue, publish or otherwise make available any corporate communication may, to the extent permitted under all applicable laws and regulations and the listed issuer's own constitutional documents, be satisfied by the listed issuer sending or otherwise making available the corporate communication to the relevant holders of its securities using electronic means and any requirement in the GEM Listing Rules that a corporate communication of a listed issuer must be in printed form may be satisfied by the corporate communication being in electronic format. ~~Notwithstanding the foregoing, all listed issuers availing themselves of the provisions of this rule 16.04A must, irrespective of their place of incorporation, comply with a standard which is no less onerous than that imposed from time to time in this regard under Hong Kong law for listed issuers incorporated in Hong Kong.~~

Comments similar to Main Board Rules

(2) Other than as permitted under rule 16.04A(2A) in relation to a corporate communication published on the listed issuer's own website pursuant to rule 16.19, ~~T~~the corporate communication may be sent or otherwise made available by the listed issuer to a holder of its securities using electronic means or in electronic format only where the listed issuer has previously received from that holder an express, positive confirmation in writing that the holder wishes to receive or otherwise have made available to the holder the corporate communication by the means and in the ~~manner~~ format proposed by the listed issuer.

(2A) (a) To the extent that:

(i) the shareholders of the listed issuer have resolved in general meeting that the listed issuer may send or supply corporate communications to shareholders by making them available on the listed issuer's own website; or

(ii) the listed issuer's constitutional documents contain provision to that effect

a holder of the listed issuer's securities in relation to whom the following conditions are met is taken to have agreed that the listed issuer may send or supply corporate communications to him in that manner.

(b) The conditions are that:

(i) the holder has been asked individually by the listed issuer to agree that the listed issuer may send or supply corporate communications generally, or the corporate communication in question, to him by means of the listed issuer's own website; and

(ii) the listed issuer has not received a response within the period of 28 days beginning with the date on which the listed issuer's request was sent.

(c) A holder is not taken to have so agreed if the listed issuer's request:

(i) did not state clearly what the effect of a failure to respond would be; or

(ii) was sent less than 12 months after a previous request made to him for the purposes of this rule 16.04A(2A) in respect of the same or a similar class of corporate communications.

APPENDIX 2 DRAFT RULE AMENDMENTS REGARDING ISSUE 2

(Set out below are the proposed Main Board Rule amendments. The Exchange proposes to make equivalent amendments to the GEM Rules.)

"Information Gathering

2.12A An issuer must provide to the Exchange as soon as ~~possible~~, or otherwise in accordance with time limits imposed by the Exchange:

~~(1) any information that the Exchange considers appropriate to protect investors or ensure the smooth operation of the market; and~~

~~(2)~~ any ~~other~~ information or explanation that the Exchange may reasonably require for the purpose of ~~verifying~~ compliance with the Exchange Listing Rules."

determining

practicable

[NB: Not clear what this means]

subject to extension where circumstances reasonably require

(save where such disclosure is prohibited by law or existing contractual obligations)

APPENDIX 6 DRAFT RULE AMENDMENTS REGARDING ISSUE 6

Proposed Main Board Rule amendments

"8.08 There must be an open market in the securities for which listing is sought. This will normally mean that:-

(1) (a) at least 25% of the issuer's total issued share capital must at all times be held by the public.

...

(2) in the case of a class of securities new to listing, at the time of listing there must be an adequate spread of holders of the securities to be listed, save where: (a) the securities to be listed are options, warrants or similar rights to subscribe or purchase shares; (b) such securities are offered to holders of the issuer's shares by way of bonus issue; ~~and (c) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of an issuer may be concentrated in the hands of a few shareholders~~. The number will depend on the size and nature of the issue, but in all cases (save for an issuer which chooses to satisfy the alternative financial standard test under rule 8.05(3) - see rule 8.05(3)(f)) there must be a minimum of 300 shareholders; and

(3) not more than 50% of the securities in public hands at the time of listing can be beneficially owned by the three largest public shareholders, save where: (a) the securities to be listed are options, warrants or similar rights to subscribe or purchase shares; (b) such securities are offered to existing holders of the issuer's shares by way of bonus issue; and (c) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of an issuer may be concentrated in the hands of a few shareholders."

Proposed GEM Rule amendments

"11.23 There must be an open market in the securities for which listing is sought. This will normally mean that:-

(1) for any class of equity securities, at least the "minimum prescribed percentage" of such class of securities in issue from time to time must, at the time of listing and at all times thereafter, be in the hands of the public.

...

(3) with regard to options, warrants or similar rights to subscribe or purchase shares ("warrants") for which a listing is sought:-

...

(b) in the case of a listed issuer:-

(i) the market capitalisation of such warrants (determined as at the time of listing) must be at least HK$6,000,000; and

(ii) save where ~~(a)~~ such warrants are offered to existing holders of the issuer's shares by way of bonus issue; ~~and (b) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of an issuer may be concentrated in the hands of a few shareholders,~~ there must, as at the time of listing be an adequate spread of holders of such warrants. The number will depend on the size and nature of the issue but, as a guideline, the warrants in the hands of the public should, as at the time of listing, be held among at least 100 persons (including those whose warrants are held through CCASS); "

Forwarding of documents, circulars, etc.

13.54 An issuer (other than authorised Collective Investment Schemes) shall forward to the Exchange:—

(1) 25 copies of each of the English language version and the Chinese language version of:

(a) all circulars to holders of securities;

(b) its annual report and accounts and, where applicable, its summary financial report; and

(c) the interim report and, where applicable, its summary interim report,

at the same time as they are despatched to holders of the issuer's listed securities with registered addresses in Hong Kong;

In respect of a circular for any proposed alteration of the issuer's memorandum or articles of association or equivalent documents, and in the case of a PRC issuer, any proposed request by the PRC issuer to a PRC competent authority to waive or otherwise modify any provision of the Regulations, the issuer should submit the published version of the circular together with a letter from the issuer's legal advisers confirming that the proposed amendments comply with the requirements of the Exchange Listing Rules and the laws of the place where it is incorporated or otherwise established ~~and there is nothing unusual about the proposed amendments for a company listed in Hong Kong~~.

In respect of a circular or notice containing an Explanatory Statement issued under rule 10.06(1)(b), the issuer should submit to the Exchange the published version of the statement together with (a) a confirmation from the issuer that the statement contains the information required under rule 10.06(1)(b) ~~and that neither the statement nor the proposed share repurchase has unusual features~~; and (b) the undertaking from its directors to the Exchange according to rule 10.06(1)(b)(vi).

Note: Wherever practicable the issuer should provide the Exchange with such reasonable number of additional copies of these documents as the Exchange may request.

...

14.03 ~~All announcements, circulars and listing documents in relation to transactions under this Chapter must be reviewed by the Exchange and may only be issued after the Exchange has confirmed that it has no further comments thereon.~~ [Repealed *[insert date]*]

...

APPENDIX 8A DRAFT RULE AMENDMENTS REGARDING ISSUE 8

(Set out below are the proposed Main Board Rule amendments. The Exchange proposes to make equivalent amendments to the GEM Rules.)

"Changes in issued share capital

13.25A (1) In addition and without prejudice to specific requirements contained elsewhere in the Exchange Listing Rules, a listed issuer shall, whenever there is a change in its issued share capital as a result of or in connection with any of the events referred to in rule 13.25A(2), submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website a return in such form and containing such information as the Exchange may from time to time prescribe ~~by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the relevant event.~~

(2) The events referred to in rule 13.25A(1) are ~~as follows:~~ any of the following:

~~(a) any of the following:~~

(a) ~~(i)~~ placing;

(b) ~~(ii)~~ consideration issue;

(c) ~~(iii)~~ open offer;

(d) ~~(iv)~~ rights issue;

(e) ~~(v)~~ bonus issue;

(f) ~~(vi)~~ scrip dividend;

(g) ~~(vii)~~ repurchase of shares or other securities;

(h) ~~(viii)~~ exercise of an option under a share option scheme by a director of the listed issuer or any of its subsidiaries;

(i) ~~(ix)~~ exercise of an option other than under a share option scheme by a director of the listed issuer or any of its subsidiaries;

(j) ~~(x)~~ capital reorganisation; ~~or~~

(k) ~~(xi)~~ change in issued share capital not falling within any of the categories referred to in ~~rule 13.25A(2)(a)(i) to (x) or rule 13.25A(2)(b); and~~

~~(b) subject to rule 13.25A(3), any of the following:~~

(k) ~~(i)~~ exercise of an option under a share option scheme other than by a director of the listed issuer or any of its subsidiaries;

(l) ~~(ii)~~ exercise of an option other than under a share option scheme not by a director of the listed issuer or any of its subsidiaries;

(m) ~~(iii)~~ exercise of a warrant;

(n) ~~(iv)~~ conversion of convertible securities; ~~or~~

(o) ~~(v)~~ redemption of shares or other securities; or

...

(3) The disclosure obligation for an event in rule 13.25A(2)~~(b)~~ only arises where:

~~(a)~~ the event, ~~either individually or when aggregated with any other events~~ described in that rule which ~~have~~ occurred since the listed issuer published its last monthly return under rule 13.25B or last return under this rule 13.25A (whichever is the later), results in a change of 5% or more of the listed issuer's issued share capital~~; or~~

~~(b) an event in rule 13.25A(2)(a) has occurred and the event in rule 13.25A(2)(b) has not yet been disclosed in either a monthly return published under rule 13.25B or a return published under this rule 13.25A.~~

(4) For the purposes of rule 13.25A(3), the percentage change in the listed issuer's issued share capital is to be calculated by reference to the listed issuer's total issued share capital as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under rule 13.25B or a return published under this rule 13.25A.

Monthly return

13.25B A listed issuer shall, by no later than 9:00 a.m. of the ~~fifth~~ business day next following the end of each calendar month, submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website a monthly return in relation to movements in the listed issuer's equity securities, debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities, debt securities and any other securitised instruments, as applicable, issued and which may be issued pursuant to options, warrants, convertible securities or any other agreements or arrangements.

...

Announcement on grant of options

17.06A As soon as possible upon the granting by the listed issuer of an option under the scheme, the listed issuer must publish an announcement in accordance with rule 2.07C setting out the following details:

(1) date of grant;

(2) exercise price of options granted;

(3) number of options granted;

(4) market price of its securities on the date of grant;

(5) where any of the grantees is a director, chief executive or substantial shareholder of the listed issuer, or an associate of any of them, the names of such grantees and the number of options granted to each of them; and

(6) validity period of the options.

...

Appendix 7
Part G

...

4A. (1) Subject to Paragraph 4A(5) and in addition and without prejudice to specific requirements contained elsewhere in the Exchange Listing Rules, a Scheme shall, whenever there is a change in the number of units in the Scheme as a result of or in connection with any of the events referred to in Paragraph 4A(2), submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website a return in such form and containing such information as the Exchange may from time to time prescribe ~~by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the relevant event~~.

within 3 business days from the date of the relevant change in the number of units in the Scheme

(2) The events referred to in Paragraph 4A(1) are ~~as follows:~~

Subject to paragraph 4A(3)

~~(a) any of the following:~~

any of the following

(a) (i) placing;

(b) (ii) consideration issue;

(c) (iii) open offer;

(d) (iv) rights issue;

(e) (v) bonus issue;

(f) (vi) scrip dividend;

(g) (vii) repurchase of units;

(h) (viii) exercise of an option under a unit option scheme by a director of the collective investment scheme operator or the collective investment scheme operator itself;

(i) (ix) exercise of an option other than under a unit option scheme by a director of the collective investment scheme operator or the collective investment scheme operator itself; ~~or~~

this

(x) change in the number of units in the Scheme not falling within any of the categories referred to in Paragraph 4A(2)~~(a)(i) to (ix) or Paragraph 4A(2)(b); and~~

~~(b) subject to Paragraph 4A(3), any of the following:~~

(j) (i) exercise of an option under a unit option scheme other than by a director of the collective investment scheme operator or the collective investment scheme operator itself; or

(k) (ii) exercise of an option other than under a unit option scheme not by a director of the collective investment scheme operator or the collective investment scheme operator itself;

(l) (iii) exercise of a warrant;

(m) (iv) conversion of convertible securities ~~or~~

(n) (v) redemption of units

; or

...

(3) The disclosure obligation for an event in Paragraph 4A(2) ~~(b)~~ only arises where:

(a) the event, ~~either individually or when aggregated with any other events~~ described in that Paragraph which ~~have~~ occurred since the Scheme published its last monthly return under Paragraph 4B or last return under this Paragraph 4A (whichever is the later), results in a change of 5% or more of the number of units in the Scheme; ~~or~~

~~(b) an event in Paragraph 4A(2)(a) has occurred and the event in Paragraph 4A(2)(b) has not yet been disclosed in either a monthly return published under Paragraph 4B or a return published under this Paragraph 4A.~~

(4) For the purposes of Paragraph 4A(3), the percentage change in the number of units in the Scheme is to be calculated by reference to the number of units in the Scheme as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under Paragraph 4B or a return published under this Paragraph 4A.

(5) This Paragraph 4A applies only to a collective investment scheme (including Real Estate Investment Trust) authorised by the Commission under its Code on Real Estate Investment Trusts listed under Chapter 20 of the Exchange Listing Rules with the exception of open-ended collective investment schemes.

4B. The Scheme shall, by no later than 9:00 a.m. of the ~~fifth~~ tenth business day next following the end of each calendar month, submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website a monthly return in relation to movements in the interests in the Scheme's units, debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of the units in the Scheme."

Draft ~~Next Day~~ Disclosure Return for Equity Issuers

~~Next Day~~ Disclosure Return

(Equity Issuer)

Name of listed issuer:_____

Stock code:_____ Date submitted:_____

Date of relevant change: _____

Issues of ordinary shares	No. of ordinary shares	Issued shares as a % of existing issued share capital before relevant share issue	~~Issue price per share~~ *(Note 1)*	~~Closing market price per share~~	~~% discount of issue price to market price~~
Opening balance as at *(Note 2)*					
(Note 3)					
Closing balance as at *(Note 4)*					

Notes:

1. ~~*Where shares have been issued at more than one issue price per share, a weighted average issue price per share should be given.*~~

2. *Please insert the closing balance date of the last ~~Next Day~~ Disclosure Return published pursuant to rule 13.25A or Monthly Return pursuant to rule 13.25B, whichever is the later.*

3. *Please set out all changes in issued share capital requiring disclosure pursuant to rule 13.25A together with the relevant dates of issue. Each category will need to be disclosed individually with sufficient information to enable the user to identify the relevant category in the listed issuer's Monthly Return. ~~For example, multiple issues of shares as a result of multiple exercises of share options under the same share option scheme or of multiple conversions under the same convertible note must be aggregated and disclosed as one category. However, if the issues resulted from exercises of share options under 2 share option schemes or conversions of 2 convertible notes, these must be disclosed as 2 separate categories.~~*

4. *The closing balance date is the date of the last relevant event being disclosed.*

5. *The percentage change in the listed issuer's issued share capital is to be calculated by reference to the listed issuer's total issued share capital as it was immediately before the earliest relevant event which has not been disclosed in a Monthly Return or ~~Next Day~~ Disclosure Return.*

6. *References in this ~~Next Day~~ Disclosure Return to an issue of shares include, where the context permits, a repurchase or redemption of shares.*

Submitted by: _____
(Name)

Title: _____
(Director, Secretary or other duly authorised officer)

Draft ~~Next Day~~ Disclosure Return for Collective Investment Schemes listed under Chapter 20 other than listed open-ended Collective Investment Schemes

~~Next Day~~ Disclosure Return

(Collective Investment Scheme listed under Chapter 20 of the Exchange Listing Rules other than listed open-ended Collective Investment Scheme)

Name of Scheme:_____

Stock code:_____ Date submitted:_____ Date of relevant change: _____

Issues of units	No. of units	Issued units as a % of the existing number of issued units before relevant unit issue	~~Issue price per unit *(Note 1)*~~	~~Closing market price per unit~~	~~% discount of issue price to market price~~
Opening balance as at *(Note 2)*					
(Note 3)					
Closing balance as at *(Note 4)*					

Notes:

~~*1. Where units have been issued at more than one issue price per unit, a weighted average issue price per unit should be given.*~~

2. *Please insert the closing balance date of the last ~~Next Day~~ Disclosure Return published pursuant to paragraph 4A of the Listing Agreement or Monthly Return pursuant to paragraph 4B of the Listing Agreement, whichever is the later.*

3. *Please set out all changes in issued units requiring disclosure pursuant to paragraph 4A of the Listing Agreement together with the relevant dates of issue. Each category will need to be disclosed individually with sufficient information to enable the user to identify the relevant category in the Scheme's Monthly Return.* ~~*For example, multiple issues of units as a result of multiple exercises of unit options under the same unit option scheme or of multiple conversions under the same convertible note must be aggregated and disclosed as one category. However, if the issues resulted from exercises of unit options under 2 unit option schemes or conversions of 2 convertible notes, these must be disclosed as 2 separate categories.*~~

4. *The closing balance date is the date of the last relevant event being disclosed.*

5. *The percentage change in the number of units in the Scheme is to be calculated by reference to the number of units in the Scheme as it was immediately before the earliest relevant event which has not been disclosed in a Monthly Return or ~~Next Day~~ Disclosure Return.*

6. *References in this ~~Next Day~~ Disclosure Return to an issue of units include, where the context permits, a repurchase or redemption of units.*

Submitted by: _____
(Name)

Title: _____
(Director, Secretary or other duly authorised officer)

Any other Agreements or Arrangements to Issue Units in the Scheme which are to be Listed, including Options (other than under Unit Option Schemes)

Description of Agreements or Arrangements ~~Full particulars:~~	No. of new units in Scheme issued during the month pursuant thereto	No. of new units in Scheme which may be issued pursuant thereto as at close of the month
1.		
2.		
3.		
Total	D.	

(3) the total funds to be raised and the proposed use of the proceeds;

(4) the issue price of each security ~~and the basis for determining the same;~~

(5) the net price to the issuer of each security;

(6) the reasons for making the issue;

(7) the names of the allottees, if less than six in number and, in the case of six or more allottees, a brief generic description of them. The Exchange reserves the right to require submission of such further information (on an electronic spreadsheet or such other format as it may request) on the allottees as it may consider necessary for the purpose of establishing their independence, including without limitation details of beneficial ownership;

(8) the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed; ~~and~~

(9) the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the 12 months immediately preceding the announcement of the proposed issue of securities, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount~~.~~;

(10) where applicable, the name of the underwriter/placing agent ~~and the principal terms of the underwriting/placing arrangements;~~

(11) a statement whether the issue is subject to shareholders' approval;

(12) where the securities are issued under a general mandate granted to the directors by the shareholders in accordance with rule 13.36(2)(b), details of the mandate;

(13) where the securities are issued by way of a rights issue or an open offer, the information set out in paragraph 18 of Appendix 1, Part B;

(14) conditions to which the issue is subject or a negative statement if applicable; and

~~(15) any other material information with regard to the issue (including any restrictions on the ability of the issuer to issue further securities or any restrictions on the ability of existing shareholders to dispose of their securities arising in connection with the allotment).~~

13.29 Where the securities are issued for cash under the authority of a general mandate granted to the directors by the shareholders in accordance with rule 13.36(2)(b) and at a discount of 20% or more to the benchmarked price set out in rule 13.36(5), the issuer shall publish a separate announcement in accordance with rule 2.07C as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day immediately following the day on which the relevant agreement involving the proposed issue of securities is signed. ..."

APPENDIX 13 DRAFT RULE AMENDMENTS REGARDING ISSUE 13

(Set out below are the proposed Main Board Rule amendments. The Exchange proposes to make equivalent amendments to the GEM Rules except in respect of Main Board Rule 13.51(2)(m)(ii). The proposed amendments to Main Board Rule 13.51(2)(m)(ii) require no equivalent GEM Rule amendments.)

"NOTIFICATION

Changes

13.51 An issuer shall inform the Exchange immediately of any decision made and publish an announcement in accordance with rule 2.07C as soon as practicable in regard to:—

...

(2) any changes in its directorate or supervisory committee, and shall procure that each new director or supervisor or member of its governing body shall sign and lodge with the Exchange as soon as practicable after their appointment a declaration and undertaking in the form set out in Form B, H or I, where applicable in Appendix 5.

Where a new director or supervisor is appointed or the resignation or re-designation of a director or supervisor takes effect, the Exchange must be informed immediately thereafter. The issuer must simultaneously make arrangements to ensure that an announcement of the appointment, resignation or re-designation of the director or supervisor is published in accordance with rule 2.07C as soon as practicable. The issuer shall include the following details of any newly appointed or re-designated director or supervisor in the announcement of his appointment or re-designation:—

...

(c) ~~previous~~ experience including (i) other directorships held ~~in listed public companies~~ in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;

...

(m) subject to the provisions of the Rehabilitation of Offenders Ordinance or comparable legislation of other jurisdictions, full particulars of any conviction for any offence ~~of the following offences~~ (including details of each such offence, the court by which he was convicted, the date of conviction and the penalty imposed):

(i) involving fraud, dishonesty or corruption;

(ii) under the Companies Ordinance, the Bankruptcy Ordinance, the Banking Ordinance, the Securities and Futures Ordinance, the repealed Protection of Investors Ordinance, the repealed Securities Ordinance, the repealed Securities (Disclosure of Interests) Ordinance, the Commodity Exchanges (Prohibition) Ordinance, the repealed Securities and Futures Commission Ordinance, the repealed Commodities Trading Ordinance, the repealed Stock Exchanges Unification Ordinance, the repealed Securities and Futures (Clearing Houses) Ordinance, the repealed Exchanges and Clearing Houses (Merger) Ordinance, the repealed Securities (Insider Dealing) Ordinance, ~~and~~ or any Ordinance relating to taxation, and any comparable legislation of other jurisdictions; ~~and~~ or

the repealed Leveraged Foreign Exchange Trading Ordinance

(iii) in respect of which he has, within the past 10 years, been sentenced as an adult to a period of imprisonment of six months or more, including suspended or commuted sentences;

...

(u) except where such disclosure is prohibited by law, where he is currently subject to (i) any investigation, hearing or proceeding brought or instituted by any securities regulatory authority, including the Hong Kong Takeovers Panel or any other securities regulatory commission or panel, or (ii) any judicial proceeding in which violation of any securities law, rule or regulation is or was alleged, full particulars of such investigation, hearing or proceeding;

(v) except where such disclosure is prohibited by law, where he is a defendant in any current criminal proceeding involving an offence which may be material to an evaluation of his character or integrity to be a director or supervisor of the issuer, full particulars of such proceeding;

...

Inclusion of stock code in documents

13.51A An issuer shall set out its stock code in a prominent position on the cover page or, where there is no cover page, the first page of all announcements, circulars and other documents published by it pursuant to these Exchange Listing Rules.

Provision of information in respect of and by directors and supervisors

13.51B (1) Subject to paragraph (2), where there is a change in any of the information required to be disclosed pursuant to paragraphs (a) to (v) of rule 13.51(2) ~~or where there is any other matter that needs to be brought to the attention of holders of securities of the issuer~~ during the course of the director's or supervisor's term and up to and including the date of resignation of the director or supervisor, the issuer must immediately inform the Exchange and simultaneously make arrangements to ensure that an announcement setting out the change and including the new information regarding the director or supervisor is published in accordance with rule 2.07C as soon as practicable.

(2) The disclosures required to be made by an issuer pursuant to paragraph (1) are subject to the following exceptions and modifications:

(a) in respect of rule 13.51(2)(d), an issuer need disclose only the proposed term of office of the director or supervisor;

(b) in respect of rule 13.51(2)(h), an issuer need not disclose any sanction imposed by the Exchange;

(c) in respect of rule 13.51(2)(k), an issuer need not disclose the particulars of any unsatisfied judgments or court orders of continuing effect until the relevant judgment or court order becomes final.

APPENDIX 15 DRAFT RULE AMENDMENTS REGARDING ISSUE 15

(Set out below are the proposed Main Board Rule amendments. The Exchange proposes to make equivalent amendments to the GEM Rules.)

"14.04 For the purpose of this Chapter:-

(1) any reference to a "transaction" by a listed issuer:

(a) includes the acquisition or disposal of assets, including deemed disposals as referred to in rule 14.29;

....

(g) to the extent not expressly provided in rules 14.04(1)(a) to (f), excludes:

(i) any transaction of a revenue nature and in the ordinary and usual course of business (as referred to in rule 14.04(8)) of the listed issuer; and

(ii) any construction of a fixed asset by the listed issuer for its own use (as referred to in rule 14.04(13)) in the ordinary and usual course of business of the listed issuer;

...

(13) In determining whether a fixed asset is constructed by the listed issuer for its own use as referred to in rule 14.04(1)(g)(ii), the Exchange will have regard to the following:

(a) whether the listed issuer has the expertise to undertake the construction of the fixed asset (for example, property, plant and machinery);

(b) whether the listed ~~issuer~~ is ~~most~~ relevant ~~and responsible~~ for bringing the fixed asset to the location and condition necessary for it to be capable of operating in the intended manner; and

(c) whether the fixed asset so constructed is intended for the enduring benefit of the listed issuer's business."

issuer's business

and it does not constitute a material change to its existing business

[NB: Does this cover turn-key appointments? We believe it should, please clarify.]

APPENDIX 16 DRAFT RULE AMENDMENTS REGARDING ISSUE 16

(Set out below are the proposed Main Board Rule amendments. The Exchange proposes to make equivalent amendments to the GEM Rules.)

"Non-access to information for compiling circulars for major transactions or very substantial acquisitions

14.67A(1) Where a listed issuer has made a takeover ~~offer~~ constituting a major transaction or a very substantial acquisition, and the listed issuer does not have access or only limited access to the non-public information on the offeree company that would be required for the purpose of complying with the disclosure requirements in respect of the offeree company and the enlarged group under rules 14.66 and 14.67 (for a major transaction) or rule 14.69 (for a very substantial acquisition), then the listed issuer may defer complying with certain of the disclosure requirements in the manner set out in paragraphs (2) and (3) below, provided that the following conditions are satisfied:

(a) the unavailability of non-public information is caused by the lack of co-operation of the board of directors in the offeree company ~~(such as in the case of a hostile takeover)~~ and/or legal restrictions on providing non-public information to the listed issuer; and

(b) the offeree company is listed on another regulated, regularly operating, open stock exchange recognised for this purpose by the Exchange; ~~and~~

~~(c) the offeree company will become a subsidiary of the listed issuer.~~

(2) Subject to the conditions in paragraphs (1)(a), (b) ~~and (c)~~ being satisfied, the listed issuer may defer complying with the disclosure requirements for certain non-public information relating to the offeree company and/ or the enlarged group. In such circumstances, the listed issuer must despatch an initial circular in partial compliance with rules 14.66 and 14.67 or rule 14.69 within the time frames stipulated in rules 14.41 and 14.42 or rules 14.51 and 14.52. The initial circular shall include, as a minimum, the following:

(a) material public information (and other available information of which the listed issuer is aware and is free to disclose) of the offeree company to enable shareholders to make an informed voting decision with respect to the proposed acquisition under the takeover offer. This would include:

(i) published audited financial information of the offeree company for the preceding three years (and the latest published unaudited interim accounts) together with a qualitative explanation of the principal differences, if any, between the offeree company's accounting standards and those of the listed issuer's which may have a material impact on the financial statements of the offeree company; and

(ii) other information of the offeree company and its group of companies in the public domain or made available by the offeree company and which the listed issuer is aware and free to disclose;

(b) where information required for the enlarged group is not available, to include the following information regarding the listed issuer:

(i) statement of indebtedness (see rule 14.66(2), paragraph 28 and Note 2 to Appendix 1, Part B);

(ii) statement of sufficiency of working capital (see rule 14.66(2), paragraph 30 and Note 2 to Appendix 1, Part B);

(iii) valuation report on land and/or buildings (this is applicable only to very substantial acquisitions, see rule 14.69(3));

(iv) management discussion and analysis of results (this is applicable only to very substantial acquisitions, see rule 14.69(7));

(v) statement as to the financial and trading prospects (see rule 14.66(2), paragraph 29(1)(b) and Note 2 to Appendix 1, Part B);

(vi) particulars of any litigation or claims of material importance (see rule 14.64(2), paragraph 33 and Note 2 to Appendix 1, Part B);

(vii) particulars of directors' or experts' interests in group assets (see rule 14.66(2), paragraph 40 and Note 2 to Appendix 1, Part B);

(viii) material contracts and documents for inspection (see rule 14.66(2), paragraph 42, 43 and Note 2 to Appendix 1, Part B); and

(c) the reasons why access to books and records of the offeree company has not been granted to the listed issuer.

(3) Where an initial circular has been despatched by a listed issuer under paragraph (2) above, the listed issuer must despatch a supplemental circular at a later date which contains: (i) all the prescribed information under rules 14.66 and 14.67 or rule 14.69 which has not been previously disclosed in the initial circular; and (ii) any material changes to the information previously disclosed in the initial circular. The supplemental circular must be despatched to shareholders within ~~45 days~~ of the earlier of: the listed issuer being able to gain access to the offeree company's books and records for the purpose of complying with the disclosure requirements in respect of the offeree company and the enlarged group under rules 14.66 and 14.67 or rule 14.69; and the listed issuer being able to exercise control over the offeree company."

3 months

full

statutory

Issues 17B and 17C: Information gathering powers of the Exchange and service of disciplinary proceedings on directors

Appendix 5
附錄五

Declaration and Undertaking with regard to Directors
董事的聲明及承諾

Form B
B表格

Part 2
第二部分

UNDERTAKING
承諾

...

「(c) I shall:
本人將：

(i) provide to the Exchange as soon as ~~possible~~, or otherwise in accordance with time limits imposed by the Exchange:
盡快或根據交易所設定的時限向交易所提供：

~~(1) any information and documents that the Exchange considers appropriate to protect investors or ensure the smooth operation of the market; and~~
~~交易所認為可保障投資者或確保市場運作暢順的任何資料及文件；及~~

(2) any ~~other~~ information and documents or explanation that the Exchange may reasonably require for the purpose of ~~verifying~~ compliance with the Listing Rules; and
交易所可為核實遵守《上市規則》事宜而合理要求的任何其他資料及文件或解釋；及

(ii) cooperate in any investigation conducted by the Listing Division and/or the Listing Committee of The Stock Exchange of Hong Kong Limited, including answering promptly and openly any questions addressed to me, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which I am requested to appear;
在香港聯合交易所有限公司上市科及／或上市委員會所進行的任何調查中給予合作，包括及時及坦白地答覆向本人提出的任何問題，及時地提供任何有關文件的正本或副本，並出席本人被要求出席的任何會議或聽證會；

(d) ...」

APPENDIX 18 DRAFT RULE AMENDMENTS REGARDING ISSUE 18

(Set out below are the proposed Main Board amendments. The Exchange proposes to make equivalent amendments to the GEM Rules.)

"Interpretation

7. For the purpose of this code:

-

(d) notwithstanding the definition of "dealing" in paragraph (a) above, the following dealings are not subject to the provisions of this code:

...

(vi) dealing where the beneficial interest or interests in the relevant security of the listed issuer do not change;

(vii) a director shareholder who places out his existing shares in a "top-up" placing where the number of new shares subscribed by him pursuant to an irrevocable, binding obligation equals the number of existing shares placed out and the subscription price (after expenses) is the same as the price at which the existing shares were placed out; and

(viii) ~~bona fide gifts to a director by a third party;~~ the transmission of securities to a director by another party by operation of law

RULES

A. Absolute prohibition

1. A director must not deal in any of the securities of the listed issuer at any time when he is in possession of unpublished price sensitive information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule B.8 of this code.

Note: "Price sensitive information" means information described in rule 13.09(1) and the notes thereunder. In the context of this code, rule 13.09(1)(c) and its ~~note 1~~ notes 9, 10 and 11 are of particular relevance.

2. ...

3. During the period commencing from ~~one month immediately preceding the earlier of:~~

~~(a)~~ the end of year, half-year, quarterly or any other interim period (whether or not required under the Exchange Listing Rules); ~~and~~

~~(b) the deadline for the listed issuer to publish an announcement of its results for any year or half-year under the Exchange Listing Rules, or quarterly or any other interim period (whether or not required under the Exchange Listing Rules);~~

and ending on the date of the results announcement, a director must not deal in any securities of the listed issuer unless the circumstances are exceptional, for example, where a pressing personal financial commitment has been met as described in section C below. In any event, he must comply with the procedure in rules B.8 and B.9 of this code.

See our response to Q 18.4

(d) where any document referred to in (a) above is signed by an agent, a certified copy of the authorisation for such signature;

...

(4) ~~in the case of an offer for subscription or offer for sale, 25 copies of each of the English language version and the Chinese language version of the listing document and relative application form~~[Repealed, *[insert date]*];

(5) ~~in any other case, 25 copies of each of the English language version and the Chinese language version of the listing document and relative application form (including any excess application form)~~[Repealed, *[insert date]*];

...

10.05 Subject to the provisions of the Code on Share Repurchases, a~~A~~n issuer may purchase its shares on the Exchange or on another stock exchange recognised for this purpose by the Commission and the Exchange~~, under the exemption from the general offer rule contained in Rule 2 of the Code on Share Repurchases~~. All such purchases must be made in accordance with rule 10.06. Rules 10.06(1), 10.06(2)(f) and 10.06(3) apply only to issuers whose primary listing is on the Exchange while the rest of rule 10.06(2) and rules 10.06(4), (5) and (6) apply to all issuers. The Code on Share Repurchases must be complied with by an issuer and its directors and any breach thereof by an issuer will be a deemed breach of the Exchange Listing Rules and the Exchange may in its absolute discretion take such action to penalise any breach of this paragraph or the listing agreement as it shall think appropriate. It is for the issuer to satisfy itself that a proposed purchase of shares does not contravene ~~falls within the exemption provided in Rule 2 of~~ the Code on Share Repurchases.

...

11A.03 The Commission's functions under sections 38B(2A) (b), 398D(3) and (5) and 342C(3) and (5) of the Companies Ordinance (Cap.32), to the extent that they relate to any prospectus which is concerned with any shares or debentures of a company that have been approved for listing on the Exchange, and the power to charge and retain the fees which would have been payable to the Commission in respect of any such prospectus under the Commission's fees rules, have been transferred to the Exchange by order of the Chief Executive in Council pursuant to section 25 of the Securities and Futures Ordinance (the "Transfer Order").

...

11A.09 Every issuer must notify the Exchange's ~~Prospectus Vetting Unit~~ at least 14 days in advance of the date on which it is proposed to register a prospectus. The ~~Prospectus Vetting Unit~~ Exchange may promulgate from time to time procedures to be followed in the submission of prospectuses for vetting.

...

12.11 All listing documents published by a new applicant must be in printed form. However, a new applicant may, to the extent permitted under applicable laws and regulations and the new applicant's own constitutional documents, make additional copies available to the public:

~~(1)~~ in electronic format on CD ROM (together with the ~~relative~~relevant application form in electronic format on the same CD ROM)~~; and/or~~

~~(2) in electronic format through publication of the listing document (together with the relative application form) on the new applicant's own website on a continuous basis for at least 5 years from the date of first publication;~~

provided always that, where the new applicant has made additional copies available in electronic format on CD ROM~~pursuant to either or both of the methods permitted under (1) and (2) above~~, the new applicant must ensure that:

(a) the CD ROM ~~and/or (as the case may be) the page on the new applicant's own website where additional copies of the listing document and relative application form are made available~~ include(s):

(i) a confirmation that the contents of the listing document and ~~relative~~relevant application form in electronic format are identical with the contents of the listing document and application form in printed form; and

(ii) a confirmation that the listing document and ~~relative~~relevant application form are also available in printed form and addresses of the locations where they are available; and

(b) any supplemental listing documents or subsequent amendments to the listing document are also made available in both printed form and electronic format ~~(using the same method(s) permitted under (1) and (2) above as was/were used when the main or first listing document was published)~~ on CD ROM and the new applicant must also comply with the requirements of (a) above with all references to "listing document" and "application form" being construed as references to the supplemental listing document or subsequent amendment to the listing document and ~~the relative~~relevant application form and relevant application form

...

13.37 An issuer shall ensure that notice of every annual general meeting is published in accordance with rule 2.07C ~~on the same day as it is otherwise given to those entitled to receive the same~~ (see also rules 13.71 to 13.73). Where it is published in the newspapers, whether pursuant to rule 2.07C or otherwise, such notice must be of a size of not less than 8 centimetres by 10 centimetres (three inches by four inches approximately).

...

13.39 ...

(3) If the Chairman of the meeting and/or the directors individually or collectively hold proxies in respect of shares holding 5% or more of the total voting rights at a particular meeting, and if on a show of hands a meeting votes in the opposite manner to that instructed in those proxies, the Chairman and/or the directors and the Chairman holding proxies as aforesaid collectively shall demand a poll; provided that if it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands, ~~(because the votes represented by those proxies exceed 50%, 75% or any other relevant percentage, as the case may be, of the total issued share entitled to vote on the resolution in question,)~~ then the directors and/or the Chairman shall not be required to demand a poll.

...

13.45 An issuer shall inform the Exchange immediately after approval by or on behalf of the board of:—

(1) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities and the rate and amount thereof;

(2) any decision not to declare, recommend or pay any dividend which would otherwise have been expected to have been declared, recommended or paid in due course;

(3) any preliminary announcement of profits or losses for any year, half-year or other period;

each (all of the percentage ratios (other than the profits ratio) is/are

14A.34 A continuing connected transaction on normal commercial terms where:

(1) ~~[each of the percentage ratios (other than the profits ratio) is]~~ on an annual basis less than 2.5%; or

(2) ~~[each of the percentage ratios (other than the profits ratio) is]~~ on an annual basis equal to or more than 2.5% but less than 25% and the annual consideration is less than HK$10,000,000

is only subject to the reporting and announcement requirements set out in rules 14A.45 to 14A.47 and the requirements set out ~~at paragraphs (1) to (2) of rule 14A.35~~. It ~~and~~ is exempt from the independent shareholders' approval requirements of this Chapter.

(in rules 14A.35(1) and 14A.35(2))

...

14A.47 (2) *Notes: 1. Pursuant to rule 13.54(2), the listed issuer must forward to the Exchange ~~7 copies~~ 1 copy of such announcement as cleared by the Exchange at the same time as it is issued.*

...

15A.21 In addition to the continuing obligations as set out in the Listing Agreement in Part H of Appendix 7 (subject to such modifications as shall be agreed to by the Exchange in accordance with rule 15A.26) an issuer shall, whilst any structured products issued by it are listed on the Exchange:–

(1) deliver to the Exchange:–

(a) as soon as practicable after the date of its publication but, in any event, not later than four months after the date to which they relate, ~~ten copies~~one copy of the issuer's and, where appropriate, the guarantor's annual report including its annual accounts and, where group accounts are prepared, its group accounts, together with the auditor's report thereon,

...

(c) as soon as practicable after the date of its publication or preparation but, in any event, not later than four months after the period to which it relates ~~ten copies~~one copy of its interim financial report in respect of the first six months of its financial year,

(d) where published, as soon as practicable after the date of its publication ~~ten copies~~one copy of its quarterly interim financial report, and

...

15A.56 A listing of structured products pursuant to this Chapter must be supported by a listing document. An issuer may use a base listing document supported by a supplemental listing document (see rules 15A.68 to 15A.70) or a "stand alone" listing document.

each of

(1) An issuer using a base listing document may be restricted from launching structured products until the base document has been finalised. ~~Twenty five copies~~One copy of the English language version and the Chinese language version of the base listing document, ~~one of~~ which must be dated and signed by a duly authorised officer of the issuer, must be supplied to the Exchange. If the base listing document is signed by an agent or attorney, a certified copy of the authorisation for such signature should be provided to the Exchange. A soft copy of the English language version and the Chinese language version of the base listing document must also be provided to the Exchange.

...

(a) the CD ROM ~~and/or (as the case may be) the page on the new applicant's own website where additional copies of the listing document and relative application form are made available~~ include(s):

(i) a confirmation that the contents of the listing document and ~~relative~~relevant application form in electronic format are identical with the contents of the listing document and application form in printed form; and

(ii) a confirmation that the listing document and ~~relative~~relevant application form are also available in printed form and addresses of the locations where they are available; and

(b) any supplemental listing documents or subsequent amendments to the listing document are also made available in both printed form and electronic format ~~(using the same method(s) permitted under (1) and (2) above as was/were used when the main or first listing document was published)~~ on CD ROM and the new applicant must also comply with the requirements of (a) above with all references to "listing document" and "application form" being construed as references to the supplemental listing document or subsequent amendment to the listing document and the ~~relative~~relevant application form.

...

24.13 In the case of a new applicant, as soon as practicable after the hearing of the application by the Listing Committee but on or before the date of issue of the listing document and, in the case of a listed issuer, on or before the date of issue of the listing document, the following documents must be supplied to the Exchange:—

(1) (a) one copy of each of the English language version and the Chinese language version of the listing document and relevant application form (including any excess or preferential application form) to subscribe or purchase the debt securities for which listing is sought. The copy ~~four copies~~ of the listing document, ~~one of which~~ must be dated and signed by every person who is named therein as a director or proposed director of the issuer and any guarantor or by his agent authorised in writing, or, where the issuer is a State or a Supranational, by a duly authorised official of the issuer or by his agent duly authorised in writing;

(b) ~~four copies~~one copy of the formal notice, where applicable;

(c) ~~four copies of any application form (including any excess or preferential application form) to subscribe or purchase the debt securities for which listing is sought~~[Repealed, *[insert date]*]; and

(d) where any document referred to in (a) above is signed by an agent, a certified copy of the authorisation for such signature;

...

(4) ~~25 copies of each of the English language version and the Chinese language version of the listing document and relative application form (including any excess application form)~~[Repealed, *[insert date]*].

...

25.19A All listing documents published by a new applicant must be in printed form. However, a new applicant may, to the extent permitted under applicable laws and regulations and the new applicant's own constitutional documents, make additional copies available to the public:

~~(1)~~ in electronic format on CD ROM (together with the ~~relative~~relevant application form (if any) in electronic format on the same CD ROM)~~; and/or~~

~~(2) in electronic format through publication of the listing document (together with the relative application form (if any)) on the new applicant's own website on a continuous basis for at least 5 years from the date of first publication;~~

provided always that, where the new applicant has made additional copies available in electronic format on CD ROM~~pursuant to either or both of the methods permitted under (1) and (2) above~~, the new applicant must ensure that:

(a) the CD ROM ~~and/or (as the case may be) the page on the new applicant's own website where additional copies of the listing document and relative application form (if any) are made available~~ include(s):

(i) a confirmation that the contents of the listing document and ~~relative~~relevant application form (if any) in electronic format are identical with the contents of the listing document and application form (if any) in printed form; and

(ii) a confirmation that the listing document and ~~relative~~relevant application form (if any) are also available in printed form and addresses of the locations where they are available; and

(b) any supplemental listing documents or subsequent amendments to the listing document are also made available in both printed form and electronic format ~~(using the same method(s) permitted under (1) and (2) above as was/were used when the main or first listing document was published)~~ on CD ROM and the new applicant must also comply with the requirements of (a) above with all references to "listing document" and "application form" being construed as references to the supplemental listing document or subsequent amendment to the listing document and ~~the relative~~relevant application form (if any).

...

37.26 The following documents must be supplied to the Exchange:—

(1) in the case of a new applicant, as soon as practicable after the hearing of the application by the Listing Committee but on or before the date of issue of the listing document and, in the case of a listed issuer, on or before the date of issue of the listing document (or such other date as the Exchange may agree):—

(a) (i) one copy of each of the English language version and the Chinese language version (if any)~~fifteen copies~~ of the listing document, ~~one of~~ which must be dated and signed by a duly authorised officer of the issuer or the guarantor, in the case of a guaranteed issue, or by 2 members of an issuer's governing body in the case of an overseas issuer or by their agents authorised in writing, or, where the issuer is a State or a Supranational, by a duly authorised official of the issuer or by his agent duly authorised in writing;

(ii) where any document referred to in (a) above is signed by an agent, a certified copy of the authorisation for such signature;

...

(d) ~~25 copies of each of the English language version and the Chinese language version (if any) of the listing document to be supplied to the Exchange~~[Repealed *[insert date]*]; and

(2) ~~two copies~~one copy of the formal notice before the date that permission to deal has become effective.

...

37.31 (3) All listing documents published by a new applicant must be in printed form. However, a new applicant may, to the extent permitted under applicable laws and regulations and the new applicant's own constitutional documents, make additional copies available:

~~(a)~~ in electronic format on CD ROM~~; and/or~~

~~(b) in electronic format through publication of the listing document on the new applicant's own website on a continuous basis for at least 5 years from the date of first publication;~~

provided always that, where the new applicant has made additional copies available in electronic format on CD ROM~~pursuant to either or both of the methods permitted under (a) and (b) above~~, the new applicant must ensure that:

(i) the CD ROM ~~and/or (as the case may be) the page on the new applicant's own website where additional copies of the listing document is made available~~ include(s):

(aa) a confirmation that the contents of the listing document in electronic format are identical with the contents of the listing document in printed form; and

(bb) a confirmation that the listing document is also available in printed form and addresses of the locations where it is available; and

(ii) any supplemental listing documents or subsequent amendments to the listing document are also made available in both printed form and electronic format ~~(using the same method(s) permitted under (a) and (b) above as was/were used when the main or first listing document was published)~~ on CD ROM and the new applicant must also comply with the requirements of (i) above with all references to "listing document" being construed as references to the supplemental listing document or subsequent amendment to the listing document.

Practice Note 8

1. Definitions

...

In this Practice Note, the following terms, save where the context otherwise requires, have the following meanings:

~~"Broker Participant" means a Participant admitted to participant in CCASS as a Broker Participant;~~

...

16.04C All listing documents published by a new applicant must be in printed form. However, a new applicant may, to the extent permitted under applicable laws and regulations and the new applicant's own constitutional documents, make additional copies available to the public in electronic format on CD ROM (together with the ~~relative~~relevant application form in electronic format on the same CD ROM) ~~(the "CD ROM Method"). Where the new applicant has its own website, it must also make additional copies available to the public in electronic format through publication of the listing document (together with the relative application form) on its website in accordance with the publication requirements of rule 16.19 (the "Website Method")~~.

Where the new applicant has made additional copies available in electronic format on CD ROM ~~using either or both of the CD ROM Method and the Website Method~~, the new applicant must ensure that:

(a) the CD ROM ~~and/or (as the case may be) the page on the new applicant's own website where additional copies of the listing document and relative application form are made available~~ include(s):

(i) a confirmation that the contents of the listing document and ~~relative~~relevant application form in electronic format are identical with the contents of the listing document and application form in printed form; and

(ii) a confirmation that the listing document and ~~relative~~relevant application form are also available in printed form and addresses of the locations where they are available; and

(b) any supplemental listing documents or subsequent amendments to the listing document are also made available in both printed form and electronic format ~~(using the same method(s), that is, the CD ROM Method and/or the Website Method, as was/were used when the main or first listing document was published)~~ on CD ROM and the new applicant must also comply with the requirements of (a) above with all references to "listing document" and "application form" being construed as references to the supplemental listing document or subsequent amendment to the listing document and ~~the~~ ~~relative~~relevant application form.

...

16.18(3)(a) Electronic copies of announcements or notices must not be submitted to the Exchange between 9:00 a.m. and 4:30 p.m. ~~4:15 p.m.~~ on a normal business day, or between 9:00 a.m. and 1:00 p.m. on the eves of Christmas, New Year and the Lunar New Year when there is no afternoon session, for publication the GEM website, other than: ...

...

17.47 (3) If the Chairman of the meeting and/or the directors individually or collectively hold proxies in respect of shares holding 5% or more of the total voting rights at a particular meeting, and if on a show of hands a meeting votes in the opposite manner to that instructed in those proxies, the Chairman and/or the directors and the Chairman holding proxies as aforesaid collectively shall demand a poll; provided that if it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands, ~~(because the votes represented by those proxies exceed 50%, 75% or any other relevant percentage, as the case may be, of the total issued share entitled to vote on the resolution in question)~~ then the directors and/or the Chairman shall not be required to demand a poll.

...

18.03 Notes: ...

5 The listed issuer must send ~~25 copies~~1 copy of each of the English language version and the Chinese language version of the directors' report, annual accounts and, where applicable, the summary financial report to the Exchange at the same time as they are sent to holders of the listed issuer's listed securities with registered addresses in Hong Kong (see rule 17.57).

18.54 Note: The issuer must send ~~25 copies~~1 copy of each of the English language version and the Chinese language version of the relevant half-year report and, where applicable, summary half-year report to the Exchange at the same time as it is sent to the holders of its listed securities with registered addresses in Hong Kong (see rule 17.57).

18.67 Note: The issuer must send ~~25 copies~~1 copy of the relevant quarterly report to the Exchange at the same time as it is sent to the holders of its listed securities with registered addresses in Hong Kong (see rule 17.57).

[Draftsman's note: Rule 18.67 is proposed to be deleted in our Consultation Paper on Periodic Financial Reporting which was published in August 2007. Therefore, the proposed amendment to the Note to Rule 18.67 is only applicable if the Rule is ultimately not deleted.]

...

19.35 For a share transaction, the announcement must contain the information set out in rules 19.58 and 19.59. For a discloseable transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover, the announcement must contain at least the information set out in rules 19.58 and 19.60. In all cases, listed issuers must also include any additional information requested by the Exchange. Pursuant to rule 17.57(2), the listed issuer must forward to the Exchange ~~10 copies~~1 copy of the announcement, as cleared by the Exchange, at the same time as it is issued.

...

19.79 If a listed issuer makes or receives a takeover offer, the listed issuer must submit drafts of all documents to be issued in connection with the takeover or merger to the Exchange for review before they are issued. ~~10~~ Copies of the final documents issued must be supplied to the Exchange at the time of issue in the following numbers:

(a) in the case of a document which is in the nature of an announcement or notice, 1 copy;

(b) in the case of a document which is in the nature of a circular or listing document, 2 copies;

(c) in the case of a document which is in the nature of a financial report, 1 copy; and

(d) in any other case, such number as the Exchange may from time to time request.

...

20.34 A continuing connected transaction on normal commercial terms where:

(1) ~~each of the percentage ratios (other than the profits ratio) is~~ on an annual basis less than 2.5%; or

(2) ~~each of the percentage ratios (other than the profits ratio) is~~ on an annual basis equal to or more than 2.5% but less than 25% and the annual consideration is less than HK$10,000,000

each or all of the percentage ratios (other than the profits ratio) is/are

is only subject to the reporting and announcement requirements set out in rules 20.45 to 20.47 and the requirements set out ~~at paragraphs (1) to (2) of rule 20.35~~ It ~~and~~ is exempt from the independent shareholders' approval requirements of this Chapter.

...

20.47 (2) *Note:1 Pursuant to rule 17.57, the listed issuer must forward to the Exchange ~~10 copies~~1 copy of such announcement as cleared by the Exchange at the same time as it is issued.*

...

28.14 On or before the date of issue of the listing document, the following documents must be supplied to the Exchange:—

...

(2) (a) 1 copy of each of the English language version and the Chinese language version of the listing document and ~~related~~ application form (including any excess or preferential application form) to subscribe or purchase the debt securities for which listing is sought. The copy~~7 copies~~ of the listing document~~, one of which~~ must be dated and signed by every person who is named therein as a director or proposed director of the issuer and any guarantor or by his agent authorised in writing;

(b) ~~7 copies~~ 1 copy of the formal notice, where applicable;

(c) ~~7 copies of any application form (including any excess or preferential application form) to subscribe or purchase the debt securities for which listing is sought~~[Repealed *[insert date]*; and

(d) where any document referred to in (a) above is signed by an agent, a certified copy of the authorisation for such signature;

.....

(5) ~~25 copies of each of the English language version and the Chinese language version of the listing document and related application form (including any excess application form)~~[Repealed *[insert date]*].

...

29.21A All listing documents published by a new applicant must be in printed form. However, a new applicant may, to the extent permitted under applicable laws and regulations and the new applicant's own constitutional documents, make additional copies available to the public in electronic format on CD ROM (together with the ~~relative~~relevant application form (if any) in electronic format on the same CD ROM) ~~(the "CD ROM Method"). Where the new applicant has its own website, it must also make additional copies available to the public in electronic format through publication of the listing document (together with the relative application form (if any)) on its website in accordance with the publication requirements of rule 16.19 (the "Website Method")~~.

Where the new applicant has made additional copies available in electronic format on CD ROM~~using either or both of the CD ROM Method and the Website Method~~, the new applicant must ensure that:

(a) the CD ROM ~~and/or (as the case may be) the page on the new applicant's own website where additional copies of the listing document and relative application form (if any) are made available~~ include(s):

(i) a confirmation that the contents of the listing document and ~~relative~~relevant application form (if any) in electronic format are identical with the contents of the listing document and application form (if any) in printed form; and

(ii) a confirmation that the listing document and ~~relative~~relevant application form (if any) are also available in printed form and addresses of the locations where they are available; and

(b) any supplemental listing documents or subsequent amendments to the listing document are also made available in both printed form and electronic format ~~(using the same method(s), that is, the CD ROM Method and/or the Website Method, as was/were used when the main or first listing document was published)~~ on CD ROM and the new applicant must also comply with the requirements of (a) above with all references to "listing document" and "application form" being construed as references to the supplemental listing document or subsequent amendment to the listing document and ~~the relative~~relevant application form (if any).

...

30.28 The following documents must be supplied to the Exchange after notification of listing approval:—

...

(2) on or before the date of issue of the listing document (or such other date as the Exchange may agree):—

(a) (i) 1 copy of each of the English language version and the Chinese language version (if any) ~~7 copies~~ of the listing document, ~~one of~~ which must be dated and signed by a duly authorised officer of the issuer and the guarantor, in the case of a guaranteed issue, or by 2 members of an issuer's governing body in the case of an overseas issuer or by their agents authorised in writing;

(ii) where any document referred to in (a) above is signed by an agent, a certified copy of the authorisation for such signature;

...

(d) ~~25 copies of each of the English language version and the Chinese language version (if any) of the listing document to be supplied to the Exchange~~[Repealed *[insert date]*]; and

...

30.33 (3) All listing documents published by a new applicant must be in printed form. However, a new applicant may, to the extent permitted under applicable laws and regulations and the new applicant's own constitutional documents, make additional copies available in electronic format on CD ROM ~~(the "CD ROM Method"). Where the new applicant has its own website, it must also make available copies available in electronic format through publication of the listing document on its website in accordance with the publication requirements of rule 16.19 (the "Website Method")~~.