

**From:** Phyllis Lee  
**Sent:** Friday, March 28, 2008 11:23:34 AM  
**To:** CVW; Michael Cheng; Gerald Tsui  
**Cc:** James Wong  
**Subject:** response to the HKEx Combined Consultation Paper on Proposed Changes to the Listing Rules  
**Auto forwarded by a Rule**

Dear HKEx Team,

In response to the subject consultation paper published by HKEx in January 2008, Computershare Hong Kong Investor Services Ltd would like to submit our response as attached. Computershare is an authorized share registrar under the Federation of Share Registrars in Hong Kong.

Of particular relevance to the registry services we provide to issuers in Hong Kong, we have responded to Issues 1, 8, 9 and 12 among the issues for consultation. For Issue 9, we are generally neutral to the Issue but we felt this an opportunity to deal with a long standing unusual shareholder behaviour with regard to rights issue. Please refer our commentary in this aspect to the space provided under Q9.3.

In addition, we propose the best practice solutions on shareholder communication and proxy voting for Hong Kong on the basis of our global experience in the United States, United Kingdom and Australia. Our proposals are specified in the space provided in those issues we have responded to.

We shall be pleased to work closely with HKEx to develop the model best fit in the context of Hong Kong while bringing Hong Kong on par with international standards.

Please feel free to contact us should you require further information.

Many thanks.

Kind Regards,

Phyllis Lee  
Head of Product Development  
Computershare Hong Kong Investor Services Ltd

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## QUESTIONNAIRE ON PROPOSED CHANGES TO THE LISTING RULES

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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](mailto: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.

*We should pursue HK Companies Ordinance amendment asap to allow electronic shareholder communication.*

*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.

According to survey in Australia and UK, most of the investors say no to bulky annual reports. Under current regime in HK, listed issuers are required to provide shareholders with hard copy annual reports and corporate communications to their last known address unless a positive confirmation has been obtained from shareholder to send the materials electronically.

Deeming consent would allow issuers moving to electronic shareholder communication to a greater extent. The advantage would be multiple-fold. The deeming consent to electronic communication would eliminate waste, enable cost savings and environmental protection while improving issuer-shareholder communications without diminishing shareholder's rights to information.

*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.

Presently, there is no enabling legislation under the HK jurisdiction. Listed issuers in HK would have to pass resolution for electronic shareholder communication at the shareholder meeting. As in the UK, this delays the implementation of the e-communication due to the requirement to pass resolution at the shareholder meeting.

In Australia, listed issuers only need to send initial election mailing to existing and new shareholders notifying of the options as to whether shareholders prefer to receive annual report via web site or in printed version. This allows listed issuers to realize the benefits and cost savings as soon as they have obtained consent from shareholders or shareholders were deemed to have consented to receive corporate communications via web site.

We propose that companies whose articles do not have any restriction on electronic communication should not be required to have a shareholder meeting to endorse this, otherwise the Board should have the authority to implement electronic shareholder communication.

*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 28 days would be a reasonable period of time to solicit a response from shareholders. Institute of Chartered Secretaries and Administrators (ICSA) UK best practice guidelines recommend deeming requests be made every 24 months to shareholders who have opted in hard copy materials in order to avoid pestering shareholders.**

**However, there should be nothing to stop the companies from soliciting positive confirmation to opt for electronic communication from time to time, via various channels including online..**

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



*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.

Once electronic communication is in place, communication by CD ROM would become obsolete, so this part of the proposal would not be required.

*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.

In addition to the above, we have the following comments / recommendations:

1.20(b) requires shareholder communications to be hosted on the issuer's own web site. We suggest issuers should be allowed to appoint service providers (using the issuer's URL) to enable greater flexibility.

1.23(d) Emails are unauthenticated and unformatted which require manual processing. We suggest making other more effective and automated processes (e.g. machine readable documents) or self-service channels (e.g. web site & Interactive Voice Response System) available for shareholders to change their election.

1.24 HK incorporated companies cannot yet benefit from the proposed Listing Rules changes on shareholder communication. Companies Ordinance needs to be enable for e-communication as soon as possible.

New shareholders should be provided with a "mandatory election notice" with an option given to complete the election online. This should be implemented at the same time as the existing shareholders receive the election notice.

Also, we suggest that the proposals should be extended to allow electronic proxy voting as in all other countries. (Our comments in Issue 12 refer)

The proposals should also be extended to cover beneficial shareholders whose shares are held under custody with registered nominees. The global best practices in corporate governance suggest that all shareholders should be treated equally, there must be equal rights to have access to communication.

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.

*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.

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.

*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.

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.

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

*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.

*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.

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.

*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.

*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.

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.

*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?

*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.

*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.

*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.

*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.

*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.

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.

*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 are neutral in this regard. The proposed 5% de minimis threshold would be in line with the disclosure threshold as stipulated in Part XV of the Securities and Futures Ordinance.*

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

*We understand there are separate filing requirements for the mentioned transactions, and this proposal relates specifically to the reporting of the consequential changes in issued share capital.*

*With respect to Share Repurchase, there are certain process flows from the transaction day until the physical shares are cancelled on the Register by the share registrar. Currently share registrar provides the required information to the issuers for the Issued Capital Report filing. With regard to the time frame, it is paramount to have a clear definition of "Next Day" - does it mean next day of transaction, or next day of the entry of the subject transaction being updated on the Register of Members?*

*Also share repurchases would occur as a series of low value transactions over an extended period of time. In this respect, we suggest a de minimis regime be adopted.*

*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?

*No.*

*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.

*It depends on the definition of "Next Day" as we mentioned in Q8.4.*

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

*As a share registrar, we provide the required information to listed equity issuers for filing the Monthly Returns. Currently the Monthly Return requires reporting on share options and convertibles that will take time for confirmation from the relevant departments of equity issuers before this can be filed to the Exchange.*

*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?

*It will ensure accurate and timely filing of Monthly Returns if only information on changes in equities is required.*

*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?

*No*

*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.

9:00a.m. of the 5th business day as filing deadline of Monthly Returns may not be achievable if company warrant conversions are involved. There are logistic issues before the number of shares to be allotted can be confirmed as company warrant conversions submitted by retail investors are also subject to clearance of physical cheques.



*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?

*We believe the companies should make an announcement at the time when the share option scheme is approved, therefore individual grants would not need to be separately announced.*

*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 comments above.

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.

Neutral.

*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.

Neutral.

*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.

With respect to the requirement in 9.7 for issuers to disclose the basis of allocation of excess securities in the announcement, we felt this an opportunity to deal with a long standing unusual shareholder behaviour.

For rights issue, shareholders would split their holdings into many odd lots under different names, with a aim to obtaining multiple PAL's / EAF's and therefore opportunities to apply for excess as well as getting additional allocation in rounding up to the nearest board lot. This would undly increase the issuer's cost of handling the rights issue.

If the issuer discloses in their announcement that allocation would be board lots only and there would not be any rounding up of odd lot allocation, this would discourage such irregularities, and save shareholder communication, management and corporate action costs.

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.

*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.

*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.

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.

*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.

*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.

*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 “benchmark 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.

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)?

Our interpretation of a "minimum" notice period of 28 calendar days is that it would allow H-share issuers to extend this notice period to fulfill their local jurisdictions or where necessary.

Extending notice period to 28 days would allow more time for shareholders to make their considered voting decisions. The proposed timeframe would also facilitate the proposals in Issue 1 allowing more time for issuers to dispatch notice of meeting when e-communication is implemented.

A longer notice period would also provide issuers with more time for proxy solicitation should this be required.

We suggest that the new provision be set out in the Code on Corporate Governance Practices.

*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)?

*We suggest that the new provision be set out in the Code on Corporate Governance Practices.*

*In addition, we have the following comments and recommendations to proxy voting in the HK market:*

- \* The proposals should be extended to allow electronic proxy voting as in all other countries.*
- \* The proposals should be extended to cover beneficial shareholders outside the Register of Members.*
- \* Shareholder rights are best reflected in their ability to exercise their voting rights.*
- \* All shareholders should be treated equally, there must be equal rights to participate in voting.*
- \* To encourage shareholders to participate in voting, the proxy process must be made as easy as possible.*

*A good alternative is to offer electronic proxy - appointing proxies via internet.*

*\* A prerequisite is for transparency of names, addresses and holdings of direct and beneficial shareholders at the time meeting notices are distributed.*

*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?*

*Vote by poll should remain a Recommended Best Practice.*

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.

*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.

*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.



*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.

*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.

*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.

*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.

*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.

*Question 13.9:* 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.

*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.

*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.

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.

*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.

*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.

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.

*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.

*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.

*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.

*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.

*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.

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.

*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.

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.

*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.

*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.

*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.

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.

*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.



*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.

*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.

*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.

*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.

*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.

*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.

*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.

*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.

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.

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.

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