

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please make your comments by replying to questions below against proposed changes discussed in the Consultation Paper at the hyperlink:

http://www.hkex.com.hk/consul/paper/cp200909cr_e.pdf

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

A. Financial information in circular or listing document

(1) Accountants' report on the listed group for very substantial disposals (VSD)

1. Do you agree with our proposal to remove the current accountants' report requirements for VSD?

Yes

No

Please provide reasons for your views.

We agree with the proposal to remove the accountants' report requirements for VSD based on the following reasons :-

- (i) listed issuers publish financial reports periodically, shareholders and public investors shall have proper means to understand the financial position of the listed group for the period (three years or longer) before disposal;
- (ii) financial information of the Disposal Target and pro forma financial information of the remaining listed group shall provide sufficient information to shareholders and public investors to assess the transaction because these two sets of information could reflect the financial position of the Disposal Target and the remaining listed group after completion of the transaction. Nevertheless, the financial information of the Disposal Target and the pro forma financial information of the remaining listed group should be reviewed by auditors or reporting accountants of the listed issuer; and
- (iii) listed issuers are able to save time and costs for the preparation of accountants' report.

2. If your answer to question 1 is "Yes", do you agree with our proposal to require a VSD circular to disclose financial information described in paragraph 15 of the Consultation Paper?

Yes

No

Please provide reasons for your views.

We agree that the proposed amendments as described in paragraph 15 of the Consultation Paper provides flexibility for listed issuers in choosing whether to include an accountants' report or to disclose financial information of the Disposal Target.

We strongly support that the financial information of the Disposal Target and the remaining listed group should be reviewed by auditors or reporting accountants of listed issuer as this will provide additional safeguard on the correctness of information.

3. If your answers to questions 1 and 2 are "Yes", do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?

Yes

No

If your answer is "No", please provide reasons and alternative views.

(2) Reporting period of accountants' report in major acquisition or very substantial acquisition circular

4. Do you agree with our proposal to remove the requirement in Rule 4.06 that the reporting period of an accountants' report in a major transaction or very substantial acquisition circular must cover the financial year immediately before the circular date?

Yes

No

Please provide reasons for your views.

We support the proposal and agree with the reasons given in the Consultation Paper in relation to the proposed removal of the requirement in Rule 4.06 that the reporting period of an accountants' report in a major transaction or very substantial acquisition circular must cover the financial year immediately before the circular date.

5. If your answer to question 4 is "Yes", do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?

Yes

No

If your answer is "No", please provide reasons and alternative views.

(3) Indebtedness statement in a notifiable transaction circular

6. Do you consider that the requirement for disclosing an indebtedness statement in a notifiable transaction circular should be retained?

Yes

No

Please provide reasons for your views.

We consider that the requirement for disclosing an indebtedness statement in a notifiable transaction circular should be retained for the following reasons :-

- (i) as compared to the requirement for including financial information for a period of not more than 6 months from the circular date, the indebtedness statement provides a more current indebtedness position of the listed issuer; and
- (ii) as the circular will also include the indebtedness statement for the target to be acquired, the shareholders will enjoy benefit of being provided with more comprehensive information on the indebtedness position of the enlarged group.

(4) Working capital statement in a notifiable transaction circular

7. Do you agree with our proposal to amend Rule 14.66(10) to clarify that the working capital statement in a notifiable transaction circular must take into account the effect of the proposed transaction?

Yes

No

Please provide reasons for your views.

We agree with the proposal and consider that the amendment is reasonable given the fact that the target to be acquired will become part of the listed group after completion of the transaction.

8. If your answer to question 7 is "Yes", do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?

Yes

No

If your answer is "No", please provide reasons and alternative views.

(5) Reproducing published financial information in circular or listing document

9. Do you agree with our proposal to allow issuers to make references in their circulars or listing documents to published documents set out in paragraph 31(3) of Appendix 1B, instead of reproducing the same information?

Yes

No

Please provide reasons for your views.

We agree with the proposal to allow issuers to make references in their circulars or listing documents to published documents because the practice can save costs of the listed issuers and is environmental friendly.

10. If your answer to question 9 is "Yes", do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?

Yes

No

If your answer is "No", please provide reasons and alternative views.

(6) Combined financial information of the enlarged group under paragraph 31(3)(b) of Appendix 1B to the Rules

11. Do you agree with our proposal to remove the requirement for disclosure of a combined statement from paragraph 31(3)(b) of Appendix 1B to the Rules?

Yes

No

Please provide reasons for your views.

We agree with the proposal as the amendment will provide a clear guideline to listed issuers and market practitioners.

12. If your answer to question 11 is "Yes", do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?

Yes

No

If your answer is "No", please provide reasons and alternative views.

B. Other disclosure requirements for circular or listing document

(1) Directors' statement on the accuracy and completeness of information in notifiable or connected transaction circular and listing document

13. Do you agree with our proposal to modify the directors' responsibility statement to include a confirmation that the information in the document is accurate and complete in all material respects and not misleading or deceptive?

Yes

No

Please provide reasons for your views.

Pursuant to the existing wordings of paragraph 2 of Appendix 1B, directors of listed issuers have already accepted full responsibility for the accuracy of the information contained in the documents.

14. If your answer to question 13 is “Yes”, do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?

Yes

No

If your answer is “No”, please provide reasons and alternative views.

N/A

(2) Information in board minutes for connected transactions

15. Do you agree with our proposal to remove the filing requirement for the board minutes approving connected transactions and instead, require issuers to disclose the information contained therein (i.e. whether any directors have a material interest in the transaction and have abstained from voting) in their connected transaction circulars (or if no circular is required under the Rules, their announcements)?

Yes

No

Please provide reasons for your views.

It would be in the interest of the shareholders and the public investors to know whether there are any directors have a material interest in the transaction and have abstained from voting to the transaction. We agree with the proposal.

16. If your answer to question 15 is “Yes”, do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?

Yes

No

If your answer is “No”, please provide reasons and alternative views.

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(3) Circular content requirements for a notifiable transaction involving an acquisition and a disposal

17. Do you agree with our proposal that the circular content requirements for each of the acquisition and the disposal under a transaction should be determined by their respective transaction classification?

Yes

No

Please provide reasons for your views.

It is sensible that the circular content requirements for each of the acquisition and the disposal under a transaction should be determined by their respective transaction classification. We support this proposal.

18. If your answer to question 17 is "Yes", do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?

Yes

No

If your answer is "No", please provide reasons and alternative views.

(4) Disclosure in listing documents of listed overseas or PRC issuer regarding provisions in constitutional document and regulatory provisions in the relevant jurisdiction

19. Do you agree with our proposal to remove the disclosure and document inspection requirements regarding provisions in constitutional documents and regulatory provisions for listing documents for subsequent issue of securities by PRC issuers and overseas issuers (other than in connection with an introduction or a deemed new listing under the Rules)?

Yes

No

Please provide reasons for your views.

We agree to remove the disclosure and document inspection requirements regarding provisions in constitutional documents and regulatory provisions for listing documents for subsequent issue of securities by PRC issuers and overseas issuers because the shareholders and investing public are able to find out such information in public domain.

20. If your answer to question 19 is "Yes", do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?

Yes

No

If your answer is "No", please provide reasons and alternative views.

(5) Additional disclosure requirements for listing documents of PRC issuers

21. Do you agree with our proposal to remove the disclosure requirements under paragraphs 45, 46, 48 and 49 of Appendix 1B to the Rules for listing documents for subsequent issue of securities by PRC issuers?



Yes



No. The following disclosure requirement(s) should be retained (*please check the appropriate box(es)*):



Paragraph 45 of Appendix 1B



Paragraph 46 of Appendix 1B



Paragraph 48 of Appendix 1B



Paragraph 49 of Appendix 1B

Please provide reasons for your views.

<p>We support the proposal and agree with the reasons given in the Consultation Paper in relation to the proposed removal of the disclosure requirements under paragraphs 45, 46, 48 and 49 of Appendix 1B to the Rules for listing documents for subsequent issue of securities by PRC issuers.</p>
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22. If your answer to question 21 is "Yes", do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?



Yes



No

If your answer is "No", please provide reasons and alternative views.

C. Timing for despatch of circulars

(1) Timing for despatch of notifiable or connected transaction circulars

23. Do you agree with our proposal to remove the 21-day requirement for publication of a notifiable or connected transaction circular (other than information circular) and instead, require disclosure of the expected timing for despatch of circular and the reasons for any delay?

Yes

No

Please provide reasons for your views.

We generally support this proposal. However, we are concerned about the timing requirement for publication of information circular. In the event of major transaction approved by written resolutions of shareholders pursuant to Rule 14.44, the disclosure requirements will not be relaxed and the listed issuer is still required to disclose financial information or other expert report in the circular. In such case, the listed issuer may require additional time to prepare the accountants' report and other expert report. Although the Stock Exchange may grant waiver for strict compliance with new Rule 14.41(a), this approach will defeat the purposes of amendments proposed in this section.

24. Do you agree with our proposal to amend the timing requirement for despatch of information circular from 21 calendar days to 15 business days?

Yes

No

Please provide reasons for your views.

We agree to adopt business days instead of calendar days because this practice can avoid the intervention from long public holidays, such as Christmas and Easter holidays.

25. If your answers to questions 23 and 24 are "Yes", do you agree that the proposed draft Rule amendment(s) in Appendix I to the Consultation Paper will implement our proposals?

Yes

No

If your answer is "No", please provide reasons and alternative views.

Subject to our response set out in response to Question No. 23 above, we generally agree with the amendments.

(2) Timing for despatch of supplementary circulars

26. Do you agree with our proposal to amend the timing for despatch of supplementary circulars from 14 calendar days to 10 business days?

Yes

No

Please provide reasons for your views.

We agree to adopt the business days because of the reason given in response to question No. 24 above.

27. If your answer to question 26 is "Yes", do you agree that the proposed draft Rule amendments in Appendix I to the Consultation Paper will implement our proposal?

Yes

No

If your answer is "No", please provide reasons and alternative views.

28. Are there any other comments you would like to make?

Yes



No

If your answer is "Yes", please elaborate your views.

- End -