

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.

For the reasons set out in the Consultation Paper.

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.

Yes. However, the proposal has not mentioned whether a stub period is required if the latest financial year or period ended more than 6 months before the circular is issued. We suggest this be clarified.

We would like to point out that the revised HKAS 1 "Presentation of Financial Statements" (effective 1 January 2009) requires the disclosure of a "Statement of Comprehensive Income" which includes the disclosure of profit or loss. There is also an option to present a separate "Income Statement". However, in HKEx's proposal, only an "income statement" is required. This may create confusion in case where the Issuer only prepares a single Statement of Comprehensive Income. We suggest the terminology used in the Listing Rules be consistent with the accounting standards, and vice versa, in order to avoid confusion.

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 agree with the reasons set out in the Consultation Paper. This is a pragmatic approach to transaction occurs shortly after the year end.

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.

Yes. An indebtedness statement contains important information about a company's financial flexibility, which is particularly important in assessing a company's financial position when it is undertaking a notifiable transaction.

(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.

For the reasons set out in the Consultation Paper.

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 reasons set out in the Consultation Paper. This is a practical and environmentally-friendly approach.

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.

For the reasons set out in the Consultation Paper.

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.

It is appropriate to align the responsibility statement with the disclosure principle in Rule 2.13.

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.

(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.

For the reasons set out in the Consultation Paper.

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.

(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.

For the reasons set out in the Consultation Paper.

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.

For the reasons set out in the Consultation Paper.

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.

For the reasons set out in the Consultation Paper.

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.

The requirement to add reference to the previously published documents could be included in the Rule amendments.

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.

For the reasons set out in the Consultation Paper.

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.

This is more practical.

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.

(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.

10 business days can be longer than 14 days if public holidays fall into the notice period. Usually, 7 clear days' notice is required for an adjourned meeting. Furthermore, a lot of preparatory work and resources are put in organising a general meeting. In order to strike a balance between a reasonable notice period and the proceeding of a transaction, we suggest changing 10 business days to 7 business days (which is already longer than 7 clear days for an adjourned meeting).

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 -