

The Hong Kong Institute of Chartered Secretaries  
Submission on HKEx Consultation Paper on Proposed Changes to  
Requirements for Qualified Property Acquisitions and Formation of Joint Ventures

Consultation Questions				
A.	Exemption for Qualified Property Acquisitions			
(1)	Scope of the QPA exemption	Yes	No	Reasons
1(a).	Do you agree with the proposal to expand the QPA exemption to acquisitions of land or property development projects in the Mainland from government through the PRC Government Auction Process?	✓		We agree with the reasons set out in paragraphs 18 to 25 of the Consultation Paper.
1(b).	For the proposed exemption described in 1(a), do you agree with the proposal to exempt government or government entities falling under the current definition of "PRC Governmental Body" in Rule 19A.04?	✓		We agree with the reasons set out in paragraph 26 of the Consultation Paper.
2.	Do you propose other jurisdictions which should qualify for the QPA exemption?  If your answer is "Yes", please provide details of the legislation and requirements for government land auctions in those jurisdictions and your analysis why they would fit the criteria described in paragraphs 23 and 27 of the Consultation Paper.	✓		We support in principle the proposal to extend the QPA exemption to acquiring government land in other jurisdictions.
3.	Do you agree with the proposal to grant similar waivers to government land acquisitions in other jurisdictions on an individual case basis?	✓		We support in principle the proposal to extend the QPA exemption to acquiring government land in other jurisdictions.
4.	Do you agree with the factors for granting individual waivers described in paragraph 27 of the Consultation Paper?	✓		The suggested factors for consideration seem reasonable.

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(2)	Conditions for QPA exemption	Yes	No	Reasons
5.	Do you agree with the proposed change to the exemption conditions described in paragraph 34 of the Consultation Paper for property joint ventures with independent third parties?	✓		We agree with the reasons set out in paragraphs 31 and 32 of the Consultation Paper.
6.	Do you agree with the proposed change to the exemption conditions described in paragraph 34 of the Consultation Paper for property joint ventures with Qualified Connected Persons?	✓		The suggested conditions described in paragraph 34 of the Consultation Paper would provide reasonable safeguards against potential abuse.
(3)	General Property Acquisition Mandate	Yes	No	Reasons
7.	Do you agree with the proposal to remove the requirements relating to the General Property Acquisition Mandate currently applying to the formation of joint ventures with Qualified Connected Persons?	✓		We agree with the reasons set out in paragraphs 38 and 39 of the Consultation Paper.
(4)	Disclosure requirements	Yes	No	Reasons
8.	Do you agree with the proposal to accelerate the disclosure of information relating to the joint ventures for Qualified Property Acquisitions (which is currently required to be made in the annual report) to the announcement/circular stage?	✓		We agree with the reasons set out in paragraph 44 of the Consultation Paper.
(5)	Property valuation	Yes	No	Reasons
9.	Do you agree with the proposal to exempt property valuation requirement for acquisitions falling under the QPA exemption?	✓		We agree with the reasons set out in paragraph 50 of the Consultation Paper.

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(6)	Changes to the Rules	Yes	No	Reasons
10.	Do you have any comments on the draft Rule amendments relating to the QPA exemption in Part A of Appendix I of the Consultation Paper?		✓	
B.	Formation of joint ventures	Yes	No	Reasons
11.	Do you agree with the proposal to exempt "revenue joint venture projects" described in paragraph 61 of the Consultation Paper?	✓		We agree with the reasons set out in paragraphs 56 and 57 of the Consultation Paper and the fact that our existing rules are more stringent than rules in jurisdictions like the UK, Singapore and Australia.
12.	Do you agree that the proposed draft Rule amendments in Part B of Appendix I of the Consultation Paper will implement our proposal?	✓		
13.	Do you have other comments on this consultation paper?  If your answer is "Yes", please state.	✓		We propose to extend the exemptions currently only enjoyed by property listed issuers when participating in Hong Kong land auctions, to all listed issuers when participating in any auctions or tenders, whether in Hong Kong or otherwise, provided that the target assets of such auctions or tenders are consistent with the principal business activities of the listed issuer and subject to other conditions and safeguards for shareholder protection.