

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/eng/newsconsul/mktconsul/documents/cp201009.pdf>

Where there is insufficient space, please attach additional pages as necessary.

A. Exemption for Qualified Property Acquisitions

(1) Scope of the QPA exemption

- 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?

Yes

No

Please provide reasons.

The Company agrees with the Exchange's view that there are practical difficulties in complying with the Listing Rules when participating in auctions and tenders. In particular, if the Listing Rules impose strict requirement on the listed bidder to make a bid conditional upon shareholder approval or to disclose bid details prematurely, this may either constitute a breach of the bidding conditions or jeopardize the chance of winning of the listed bid.

CLP does not consider it appropriate to apply differential treatment to listed issuers based on geographical or industry basis. The geographical or industry delineation is clearly inconsistent with the Exchange's strategy of positioning itself as the trading platform of multinational enterprises of a wide range of industries.

In our view, the applicability of the exemption should not depend on the industry or jurisdiction but should extend to any auctions and tender for assets consistent with the issuer's existing principal activities. The exemption should have a more general use in relieving the hardship faced by any bidder irrespective of the industry and jurisdiction – that the bidder on one hand is bound to keep the bidding details confidential and wish to make an unconditional bid in order to be competitive, but on the other hand is bound by the Listing Rules to impose shareholder approval as a condition and disclose bidding terms prematurely.

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?

Yes

No

Please provide reasons.

Please see our answers to Q1(a). We believe that the exemption should be extended to any industry and any jurisdiction.

2. Do you propose other jurisdictions which should qualify for the QPA exemption?

Yes

No

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 consider it inappropriate to impose a geographical limitation on the application of QPA exemption. For example, CLP conducts businesses in Australia, India, Thailand and Taiwan and has participated in private and public tenders in energy related assets in some of these jurisdictions. We do not consider that the integrity and transparency of the bidding processes in any of these jurisdictions is inferior to Hong Kong and mainland China.

3. Do you agree with the proposal to grant similar waivers to government land acquisitions in other jurisdictions on an individual case basis?

Yes

No

Please provide reasons.

4. Do you agree with the factors for granting individual waivers described in paragraph 27 of the Consultation Paper?

Yes

No

Please provide reasons.

Although in general we support that the Exchange should consider application for the exemption on a case-specific basis, we disagree with the factors set out in paragraph 27 of the Consultation Paper and note that a waiver in compliance in the Listing Rules in respect of notifiable transactions might be justified even in the lack of some of the factors set out in paragraph 27.

For example, the Exchange believes that it is relevant whether the bidder has the discretion to change the pre-established terms. However, we think while the bidder might in theory be able to negotiate with the counterparty and request the counterparty to accept shareholder approval as a condition to the bid, it still goes without saying that a conditional bid will be considered unfavourably. In our past experience of participating in acquisition bids, we came across situations where the counterparty implied that they might award the winning bid to a lower unconditional bid in favour of a higher bid which was conditional upon shareholder approval, which the counterparty considered to be uncertain and beyond their control.

(2) **Conditions for QPA exemption**

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?

Yes

No

Please provide reasons.

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?

Yes

No

Please provide reasons.

(3) General Property Acquisition Mandate

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?

Yes

No

Please provide reasons.

(4) Disclosure requirements

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?

Yes

No

Please provide reasons.

(5) Property valuation

9. Do you agree with the proposal to exempt property valuation requirement for acquisitions falling under the QPA exemption?

Yes

No

Please provide reasons.

(6) Changes to the Rules

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?

Yes

No

If your answer is “Yes”, please state.

As explained in earlier parts of our answers in this questionnaire, we request the Exchange to consider extending the applicability of the exemption to all auctions and tender for assets consistent with the issuer’s existing principal activities irrespective of the industry and jurisdiction.

B. Formation of joint ventures

11. Do you agree with the proposal to exempt “revenue joint venture projects” described in paragraph 61 of the Consultation Paper?

Yes

No

Please provide reasons.

12. Do you agree that the proposed draft Rule amendments in Part B of Appendix I of the Consultation Paper will implement our proposal?

Yes

No

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

13. Do you have other comments on this consultation paper?

Yes

No

If your answer is “Yes”, please state.

As explained in earlier parts of our answers in this questionnaire, we request the Exchange to consider extending the applicability of the exemption to all auctions and tender for assets consistent with the issuer’s existing principal activities irrespective of the industry and jurisdiction.

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