

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEx website at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp2013042.pdf>

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

- A) Do you agree with the proposal to rename the definitions of “connected person” and “associate” in Chapter 1 as “restricted connected person” and “close associate”?

☒ Yes

☐ No

If your answer is “No”, please give reasons for your views.

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- B) Do you agree with the proposal to align the definitions of connected person and/or associate in each of the Rules described in the table under paragraph 13 of the Consultation Paper with those used in Chapter 14A? If not, please give reasons for your views.

We do not agree to align the meanings of “connected person” and “associate” in Chapter 14A and other parts of the Rules described in the table under paragraph 13 of the Consultation Paper in that:

(a) the definitions of “connected person” and “associate” should only be used and applied in Chapter 14A; and

(b) the renamed definitions of “restricted connected person” and “close associate” should be used and applied in other parts of the Rules,

so that there will be changed only in names but not in substance.

Our reasons are as follows:

The scope of Associates defined under Chapter 14A is much wider than those defined under Chapter 1 and if the definitions are aligned, it would present practical problems to issuers. Take the remote relatives as an example. They owe no duty to the Listed Issuer, the directors or the Regulators for disclosing their interests. It is therefore very difficult, if not impossible, to enquire on them and require them to disclose or abstain from voting in many instances.

Simply adopting the Chapter 14A Associates in all contexts of Connected Transactions is too wide and unsuitable. Even if such Associate discloses his/her holdings to the Company, the Company is unable to verify the information, as their holdings are held under nominee. We are therefore concerned with the practicality of implementing the requirements brought about by the alignment.

Rule no.	Yes	No	If your answer is “No”, please provide reasons.
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Transactions

1.	R14.06(b), R14.23B(2)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	R14.92	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
2.	R14.58(3), R14.63(3)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
3.	R5.03, PN12- Para 15	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Issues of securities

4.	R7.21(2), R7.26A(1)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
5.	N1 to R13.36(2)(b), R19A.38	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Share option schemes

6.	R17.03(4)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	R17.04(1), N1 to R17.04(3)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	R17.06A, R17.07	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Repurchases of securities

7.	R10.06(1), (2)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
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Voting at general meeting

8.	R2.16	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	N2 to R14.33, R14.46, R14.49, R14.55, R14.63(2)(d)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	R13.68	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	PN15 – Para 3(e)(2)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Rule no.		Yes	No	If your answer is “No”, please provide reasons.
9.	R6.12, R6.13, R7.19, R7.24, R13.36(4), R14.90, R14.91, Note to R13.39	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

10.	PN4 - Para 4(c)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
11.	R21.04(3)(d)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Voting at, and quorum for, board meeting

12.	R13.44	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	App3 – Para 4(1), N1 to App3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	App14 – Para A.1.7	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	App14 – Para B.1.2(h)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Independent non-executive directors (“INEDs”), independent financial advisers (“IFAs”) and sponsor

13.	R3.13	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	R13.84 (see also item no. 14 below)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	R13.80 (see also item no. 14 below)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	R3A.07(3), (6)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	PN21 – Para 14(g)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
14.	R13.84	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	R13.80	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
15.	R3A.05	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Disclosures in issuers’ documents

16.	R7.16	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	App1A – Para 28(1)(b)(v), App1E – Para 28(1)(b)(v)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	App1B – Para 26(1)(b)(v), App1F – Para 22(1)(b)(v),	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Rule no.	Yes	No	If your answer is “No”, please provide reasons.
App16 – Para 31(5)			
R21.08(12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Depository

17.	R19B.03	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
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Investment companies

18.	R21.04 (3)(a)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	R21.04 (4)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

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