

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.

- 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.

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"/>	The definition of associates of such person or group of persons gaining control is broader than the definition of “close relative” under the Takeovers Code.
	R14.92	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
2.	R14.58(3), R14.63(3)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Listed issuers may have difficulties in ascertaining whether the counter parties and their ultimate beneficial owners are independent of the associates of the connected persons of the listed issuer. This may imply that either (i) the counter parties may need to access to the list of connected persons and associates maintained by the listed issuer; or (ii) the listed issuer asking around all its connected persons and associates ahead of entering into binding agreements. Both of these are problematic (e.g.

Rule no	Yes	No	If your answer is "No", please provide reasons
			confidentiality/leakage) and against normal commercial practice.
3. R5.03, PN12- Para 15	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Issues of securities

4.	R7.21(2), R7.26A(1)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Underwriting is to do with laying off of market risks within the shortest possible time span. Whilst it is accepted practice to ask the underwriter to confirm that it is not a connected person of the listed issuer, it may be hard for the underwriters to itself clarify that it is not an associate of connected persons of the listed issuer under Chapter 14A. It may be difficult for listed issuer to identify and hence require the underwriters or sub-underwriters who fall within the definition of associates under Chapter 14A and having a material interest in the transaction to abstain from voting if they are also the shareholders of the listed issuer.
5.	N1 to R13.36(2)(b), R19A.38	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Share option schemes

6.	R17.03(4)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	This is tantamount to removing the carve out provision of 'associate' now available, and begs the practicality of identifying all the associates of such participants who are shareholders of the listed issuer for the purpose of abstaining from voting, while the participants could be directors, employees, suppliers, customers or substantial shareholders etc. of the listed issuers.
	R17.04(1), N1 to R17.04(3)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Practicality of identifying all the extended associates of connected persons of the listed issuer who are shareholders for the purpose of abstaining from voting.
	R17.06A, R17.07	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Repurchases of securities

7.	R10.06(1), (2)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
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Rule no.	Yes	No	If your answer is "No", please provide reasons
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Voting at general meeting

8.	R2.16	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Practicality of identifying all the associates of the shareholders who are parties to the transaction having a material interest for the purpose of abstaining from voting.
	N2 to R14.33, R14.46, R14.49, R14.55, R14.63(2)(d)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	R13.68	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Practicality of identifying all the extended associates of the directors who are shareholders to abstain from voting.
	PN15 – Para 3(e)(2)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Practicality of identifying all the associates of the controlling shareholders having a material interest in the proposal for the purpose of abstaining from voting.
9.	R6.12, R6.13, R7.19, R7.24, R13.36(4), R14.90, R14.91, Note to R13.39	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Practicality of identifying all the associates of the controlling shareholders, directors and chief executive of the listed issuers who are shareholders to abstain from voting.
10.	PN4 - Para 4(c)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
11.	R21.04(3)(d)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Practicality of ascertaining all the associates who have a material interest in the business to be conducted.

Voting at, and quorum for, board meeting

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

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

13.	R3.13	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	R13.84 (see also item no. 14 below)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	R13.80 (see also item no. 14 below)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

Rule no	Yes	No	If your answer is "No", please provide reasons
R3A.07(3), (6)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
PN21 – Para 14(g)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
14. R13.84	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
R13.80	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
15. R3A.05	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Disclosures in issuers' documents

16. R7.16	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
App1A – Para 28(1)(b)(v), App1B – Para 28(1)(b)(v)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Practicality of identifying all the extended associates of the directors and ascertaining their interests in the suppliers or customers of the listed issuers.
App1B – Para 26(1)(b)(v), App1F – Para 22(1)(b)(v), App16 – Para 31(5)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
R21.08(12)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Depository

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

18. R21.04 (3)(a)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
R21.04 (4)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Practicality of identifying all the associates of the shareholders and any persons acting in concert with the shareholders.

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