

## 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/cp201408.pdf>.

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

### Chapter I: Proposed Rule amendments to align the requirements for disclosure of financial information in Main Board Rules Appendix 16 and GEM Rules equivalent with reference to the disclosure provisions in the New Companies Ordinance

1. Do you agree that all issuers (whether or not they are incorporated in Hong Kong) should include disclosures under the provisions of the New Ordinance which reflect alignment of those provisions of the Predecessor Ordinance captured in Main Board Rules Appendix 16 and GEM Rules equivalent as set out in paragraphs 70 to 73 of the Consultation Paper?

Yes

No

Please give reasons for your views.

*Yes, agree with the proposal.*

### Chapter II: Proposed Rule amendments to streamline the disclosure requirements of financial information in the Listing Rules with reference to Hong Kong Financial Reporting Standards

2. Do you agree with the proposed revision of Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent in order to streamline the Listing Rules and to avoid potential duplications with the accounting standards?

Yes

No

Please give reasons for your views.

*Yes, agree with the proposal.*

3. Do you agree with the proposed repeal of the disclosure requirements in relation to financial conglomerates in Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent?

Yes

No

Please give reasons for your views.

*Yes, agree with the proposal.*

4. Do you agree with the proposed repeal of Main Board Rules Appendix 15 and GEM Rules equivalent in relation to bank reporting?

Yes

No

Please give reasons for your views.

*Yes, agree with the proposal.*

### Chapter III: Other financial information disclosures related proposed Rule amendments

5. Do you agree with the proposed Rule amendments to require an issuer to publish an announcement as soon as practicable after the directors decide to revise the published financial statements and the reason leading to the revision of the financial statements?

Yes

No

Please give reasons for your views.

*Yes, agree with the proposal.*

6. Do you agree with the proposed Rule amendment to require disclosure in results announcements where an issuer has made a prior period adjustment to correct a material error?

Yes

No

Please give reasons for your views.

*Yes, agree with the proposal.*

7. Do you agree with the proposed Rule amendments to Main Board Rules Appendix 16 and GEM Rules equivalent to provide references to disclosure requirements relating to periodic financial reports currently required in other parts of the Listing Rules?

Yes

No

Please give reasons for your views.

*Yes, agree with the proposal.*

**Chapter IV: Proposed Rule amendments consequential to the enactment of the New Companies Ordinance**

8. Do you agree that the Listing Rules should be amended to align the notice period requirements for companies incorporated in Bermuda and the Cayman Islands with the relevant requirements under the New Ordinance?

Yes

No

Please give reasons for your views.

*Yes, the amendment provides a level playing field for companies regardless of whether they were incorporated in Cayman Islands, Bermuda or Hong Kong.*

9. Do you support the proposal to allow companies incorporated in Bermuda and the Cayman Islands to convene general meetings on shorter notice on the same terms as companies incorporated in Hong Kong (i.e. in accordance with the relevant provisions of the New Ordinance)?

Yes

No

Please give reasons for your views.

*Yes, the amendment provides a level playing field for companies regardless of whether they were incorporated in Cayman Islands, Bermuda or Hong Kong.*

**Chapter V: Proposed minor Rule amendments**

10. Do you agree with the proposal to amend Main Board Rule 13.45(1) and GEM Rules equivalent to require issuers to announce the expected payment dates for their dividends or other distributions as described in paragraph 143 of the Consultation Paper?

Yes

No

Please give reasons for your views.

*Yes, the amendment will bring this in line with the common market practice in other jurisdictions.*

11. Do you agree with the proposal to amend Main Board Rule 5.03 and GEM Rules equivalent to clarify that a property valuation is required for the circular of any connected transaction that involves an acquisition or disposal of any property interest or property company?

Yes

No

Please give reasons for your views.

***Yes, the amendment clarifies the intention of the policy regarding valuation report requirements for connected transactions under Chapter 5 of the Listing Rules.***

- 12. Do you agree with the proposal to amend Main Board Rules 14.66(8) and 14A.70(15) and GEM Rules equivalent to remove the requirement to disclose information about competing interests of directors of the issuer’s subsidiaries and their close associates in transaction circulars?

Yes

No

Please give reasons for your views.

***Yes, these two rules need to be consistent with each other. However, I note the proposed drafting for the two revised rules could be improved further. Please see my mark ups on these two rules as set out in Appendix 1 to this questionnaire.***

- 13. Do you agree with the proposal to amend the GEM Rules to include a new GEM Rule 17.49A to require trading suspension for issuers that fail to publish their financial results announcements as described in paragraph 153 of the Consultation Paper?

Yes

No

Please give reasons for your views.

***Yes, same requirements should be imposed on GEM issuers.***

- 14. The Exchange invites your comments regarding whether the manner in which (i) the proposed Rule amendments consequential to the enactment of the New Ordinance as set out in Chapter IV (see paragraphs 116 to 137 of the Consultation Paper) and (ii) the proposed housekeeping Rule amendments set out in Chapter VI, have been drafted will give rise to any ambiguities or unintended consequences.

*Yes, I generally agree with the proposed amendment. But please also see my mark ups for improvement in drafting as set out in Appendix 2 to this questionnaire.*

- 15. Do you have any other comments in respect of the matters discussed in the Consultation Paper? If so, please set out your additional comments.

*Yes, I have other comments, in particular, on drafting of the various proposed amendmets to the Listing Rules. Please see Appendix 3 to this questionnaire.*

- End -

**Chapter 14**

**EQUITY SECURITIES**

**NOTIFIABLE TRANSACTIONS**

...

**Content of circulars**

*Major transaction circulars*

14.66 A circular relating to a major transaction must contain: -

(1) ...

...

(8) information as to the competing interests (if any) of each of the directors and any proposed director of the issuer (excluding its subsidiaries) and his/her respective close associates (as if each of them were treated as a controlling shareholder under rule 8.10);

...

...

was

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# Chapter 14A

## EQUITY SECURITIES

### CONNECTED TRANSACTIONS

...

### CONTENT REQUIREMENTS

...

#### Circulars

...

14A.70 The circular must contain at least:

(1) ...

...

(15) information regarding the competing interests of each of the directors and any proposed director of the listed issuer's group and his respective close associates as would be required to be disclosed under rule 8.10 as if each of them was a controlling shareholder; and

(16) ...

...

as to

(if any)

her

Under rule 8.10

treated as

(excluding its subsidiaries)



**APPENDIX IV: DRAFT RULE AMENDMENTS FOR PROPOSALS DESCRIBED IN CHAPTER IV**

**PART A – MAIN BOARD LISTING RULES**

>>>

**Chapter 1**

**GENERAL**

**INTERPRETATION**

...

1.01 Throughout this book, the following terms, save where the context otherwise requires, have the following meanings:

...

**“Commission”** the Securities and Futures Commission...

**“Companies Ordinance”** the Companies Ordinance (Cap.622) as amended from time to time ✓

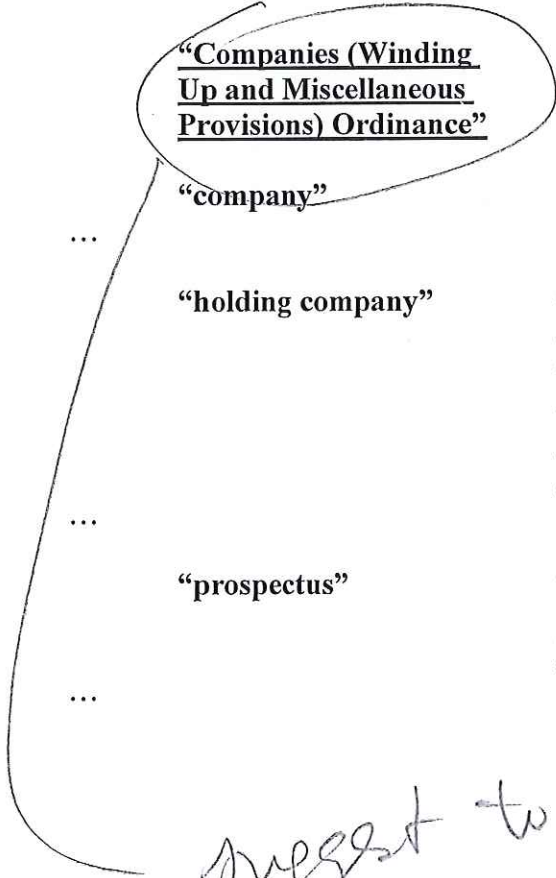
**“Companies (Winding Up and Miscellaneous Provisions) Ordinance”** the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) as amended from time to time ✓

**“company”** ...

**“holding company”** the meaning attributed to it in section 2 of the Companies Ordinance, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under this rule 1.01 in relation to a company, means another company of which it is a subsidiary ✓

**“prospectus”** the same meaning as in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance ✓

...



suggest to use Companies (WUMP) Ordinance.

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## Chapter 10

### EQUITY SECURITIES

#### RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

##### Restrictions on Preferential Treatment of Purchase and Subscription Applications

...

##### Restrictions and Notification Requirements on Issuers Purchasing their own Shares on a Stock Exchange

...

10.06 (1) (a) ...  
...

(b) ...  
...

(c) the ordinary resolution proposed to shareholders to give the directors of the issuer a specific approval or general mandate to purchase shares must include the following:—

(i) the total number and description of the shares which the issuer is authorised to purchase, provided that the number of shares which the issuer is authorised to purchase on the Exchange or on another stock exchange recognised for this purpose by the Commission and the Exchange under the Code on Share Repurchases, may not exceed 10 per cent. of the number of issued shares ~~capital~~ of the issuer and the total number of warrants to subscribe for or purchase shares (or other relevant class of securities) authorised to be so purchased may not exceed 10 per cent. of the warrants of the issuer (or such other relevant class of securities, as the case may be), in each case as at the date of the resolution granting the general mandate; and

*Note: If the issuer conducts a share consolidation or subdivision after the general meeting to approve mandate, the number of shares that may be repurchased under the mandate should be adjusted accordingly.*

(ii) ...  
...

(d) ...  
...

...

*bought back*

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(3) The disclosure obligation for an event in rule 13.25A(2)(b) only arises where:

(a) the event, either individually or when aggregated with any other events described in that rule which have occurred since the listed issuer published its last monthly return under rule 13.25B or last return under this rule 13.25A (whichever is the later), results in a change of 5% or more of the listed issuer's issued shares ~~capital~~; or ✓

(b) ...

(4) For the purposes of rule 13.25A(3), the percentage change in the listed issuer's issued shares ~~capital~~ is to be calculated by reference to the listed issuer's total number of issued shares ~~capital~~ as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under rule 13.25B or a return published under this rule 13.25A. ✓

...

**Pre-emptive rights**

13.36 (1) (a)...

...

(2) No such consent as is referred to in rule 13.36(1)(a) shall be required:—

(a) ...

(b) if, but only to the extent that, the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to allot or issue such securities or to grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of, whether during the continuance of such mandate or thereafter, subject to a restriction that the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of (i) 20% of the number of existing issued shares capital of the issuer as at the date of the resolution granting the general mandate (or in the case of a scheme of arrangement involving an introduction in the circumstances set out in rule 7.14(3), 20% of the number of issued shares capital of an overseas issuer following the implementation of such scheme) plus and (ii) the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the number of existing issued shares capital of the issuer as at the date of the resolution granting the repurchase mandate), provided that the existing shareholders of ✓

Share buy-backs 175

bought back

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buyback

the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate.

Notes: 1. ...

2. ...

3. If the issuer conducts a share consolidation or subdivision after the general meeting to approve the mandate, the number of securities that may be issued under the mandate should be adjusted accordingly.

(3) ...

...

...

### DISCLOSURE OF FINANCIAL INFORMATION

#### Distribution of annual report and accounts

13.46 (1) In the case of an issuer (other than an overseas issuer and a PRC issuer):—

(a) Such issuer shall send to

- (i) every member of the issuer; and
- (ii) every other holder of its listed securities (not being bearer securities),

a copy of either (A) its annual report including its annual accounts and, where the issuer prepares ~~group accounts within the meaning of consolidated financial statements referred to in section 124(1)379(2)~~ of the Companies Ordinance, the ~~group accounts consolidated financial statements~~, together with a copy of the auditors' report thereon, or (B) its summary financial report... The issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with the relevant provisions set out in ~~section 141~~sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports of Listed Companies) Regulation.

(b) ...

...

Notes: 1. ...

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## Chapter 14

### EQUITY SECURITIES

#### NOTIFIABLE TRANSACTIONS

...

#### Classification and explanation of terms

...

##### *Percentage ratios*

14.07 The percentage ratios are the figures, expressed as percentages resulting from each of the following calculations:—

(1) ...

...

(5) Equity capital ratio — the number of shares to be issued by nominal value of the listed issuer's equity capital issued as consideration divided by the total number of nominal value of the listed issuer's issued shares, equity capital immediately before the transaction.

Notes:

1. The numerator includes shares that may be issued upon conversion or exercise of any convertible securities or subscription rights to be issued by the listed issuer as consideration.

of the issuer

2. The value of the listed issuer's debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.

... 'i' to be consistent with Rule 19B.08

...

##### *Methods of approval*

14.44 Shareholders' approval for a major transaction shall be given by a majority vote at a general meeting of the shareholders of the issuer unless all the following conditions are met, in which case written shareholders' approval may, subject to rule 14.86, be accepted in lieu of holding a general meeting:—

(1) no shareholder is required to abstain from voting if the issuer were to convene a general meeting for the approval of the transaction; and

(2) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together

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## The Stock Exchange of Hong Kong Limited

### Practice Note 22

to the Rules Governing the Listing of Securities  
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

#### PUBLICATION OF APPLICATION PROOFS AND POST HEARING INFORMATION PACKS (PHIPs)

...

##### Content of Application Proofs and PHIPs

4. For the purpose of publication on the Exchange's website, an Application Proof and a PHIP must be prepared on the following principles:
  - (a) ...
  - (b) there must not be any information regarding the proposed offering or other information that would constitute the Application Proof or PHIP a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance ~~as amended from time to time (Cap.32)~~ ("~~Companies Ordinance~~") or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance ~~as amended from time to time (Cap. 571)~~ ("~~Securities and Futures Ordinance~~");
- ...
5. A new applicant must redact an Application Proof and a PHIP only to the extent necessary for these documents not to constitute a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance (unless consent is obtained for further redactions). A new applicant must also include adequate warning and disclaimer statements on the Exchange's website and in every Application Proof and PHIP published on the Exchange's website to advise viewers of the legal status of these documents.

not necessary

##### Legal Confirmation

6. Every new applicant must ensure that the publication of any Application Proof and PHIP on the Exchange's website complies with paragraphs 4 and 5. Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ~~and~~ the Securities and Futures Ordinance and other laws and regulations remains the primary responsibility of every new applicant.

...

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## Appendix 13

### ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

#### PART A

#### BERMUDA

#### Section 1

#### ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND BYE-LAWS OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN BERMUDA

...

#### 3. As regards shareholders

The bye-laws shall stipulate that any annual general meeting ~~or extraordinary general meeting at which a special resolution is to be proposed shall be convened on~~ must be called by notice of at least 21 days, notice and that any other general meeting (including an extraordinary general meetings) at which an ordinary resolution is to be proposed shall be convened on must be called by notice of at least 14 days notice.

a special

...

#### Section 2

#### MODIFICATIONS AND ADDITIONAL REQUIREMENTS

...

#### 1. In the case of an introduction...:-

(1) ...

(2) ...

(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association, which is required by rule 19.10(5)(a),

...

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## Appendix 16

### DISCLOSURE OF FINANCIAL INFORMATION

...

#### Information in annual reports

...

31. A listed issuer shall include information in respect of its major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesale or retailer as the case may be) and its major suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:-

(1) ...

...

(5) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors own more than 5% of the number of issued shares of the listed issuer's share capital) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;

...

...

total



email

6. If the information is of an urgent nature, such as the announcement of the declaration of a dividend, the issuer should communicate the information to the Head of the Listing Division or his delegates by ~~telex~~, facsimile, letter delivered by hand, telegram or such other means of written communication as can achieve the effect of an immediate communication. Where telephone communication is used, written confirmation must follow immediately.

7. All information communicated should be precise and definite.

8. Where the Exchange Listing Rules and where applicable, the listing agreements require documents to be sent, submitted or forwarded to the Exchange they must be delivered to the Listing Division at the address set out above.

9. This Practice Note takes effect from 13th March 2000.

Hong Kong, 15 February 2002

Revised on 31 March 2004

Revised on [date] 2014

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## The Stock Exchange of Hong Kong Limited

### Practice Note 21

to the Rules Governing the Listing of Securities  
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

#### **DUE DILIGENCE BY SPONSORS IN RESPECT OF INITIAL LISTING APPLICATIONS**

...

6. The Exchange reminds sponsors of their other obligations including but not limited to those under the Exchange Listing Rules, the SFC Corporate Finance Adviser Code of Conduct, the Code of Conduct and particularly the SFC Sponsor Provisions, the Sponsors Guidelines, the Takeovers Code, the Code on Share ~~Repurchases~~ Buy-backs, the Securities and Futures Ordinance and all other relevant ordinances, codes, rules and guidelines applicable to sponsors. Nothing in this Practice Note detracts from or diminishes those obligations.

...

Revised on [\*] 2014

15.1 In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.

15.2 A "transaction, arrangement or contract of significance" is one where any of the percentage ratios (as defined under rule 14.04(9)) of the transaction is 1% or more. ✓

15.3 Notwithstanding the percentage specified in Note 15.2, a transaction, arrangement or contract is regarded as a "transaction, arrangement or contract of significance" to a listed issuer if the omission of information relating to that transaction, arrangement or contract could have changed or influenced the judgement or decision of a person relying on the relevant information. ✓

15.4 A reference to an entity connected with a director has the meaning given by section 486 of the Companies Ordinance. ✓

...

24. An issuer must disclose in its financial statements details of director's and past director's emoluments, by name as follows:—

24.1 Sub-paragraphs (2) to (6) above inclusive require an analysis of the amounts to be disclosed in the listed issuer's financial statements under the provisions of section ~~161(1)~~383(1)(a) to (c) (inclusive) of the Companies Ordinance.

...

28. A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures required under the following provisions of the Companies Ordinance and subsidiary legislations:—

- (1) ~~The Tenth Schedule;~~
- (2) ~~S128 (details of subsidiaries);~~
- (3) ~~S129 (details of investments);~~
- (4) ~~S129A (details of ultimate holding company);~~
- (5) ~~S129D (contents of the directors' report);~~
- (6) ~~S161 (directors' remuneration);~~
- (7) ~~S161A (corresponding figures);~~
- (8) ~~S161B (loans to company officers);~~
- (9) ~~S162 (directors' interests in contracts); and~~

... this word is unnecessary.

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- (i) the group's environmental policies and performance; and
- (ii) the group's compliance with the relevant laws and regulations that have a significant impact on the group; and
- (c) an account of the group's key relationships with its employees, customers and suppliers and others that have a significant impact on the group and on which the group's success depends.

28A.1 Paragraph 28A does not require the disclosure of any information about impending developments or matters in the course of negotiation if the disclosure would, in the directors' opinion, be seriously prejudicial to the issuer's interests.

28A.2 The term "key performance indicators" means factors by reference to which the development, performance or <sup>market</sup> position of the issuer's business can be measured effectively.

29. A listed issuer shall include a statement of the reserves available for distribution to shareholders by the listed issuer as at the ~~balance sheet date of~~ statement of financial position:-

- (1) in the case of a Hong Kong issuer, as calculated under the provisions of sections ~~79B~~ 291, 297 and 299 of the Companies Ordinance; and

...  
31. A listed issuer shall include information in respect of its major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesale or retailer as the case may be) and its major suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:-

- (3) a statement of the percentage of ~~turnover or sales revenue~~ from sales of goods or rendering of services attributable to the largest customer; ✓
- (4) a statement of the percentage of ~~turnover or sales revenue~~ from sales of goods or rendering of services attributable to the 5 largest customers combined; ✓

...  
32. In addition to a business review in the directors' report as set out in paragraphs 28 and 28A, a listed issuer shall include in its annual report a separate statement containing a discussion and analysis of the group's performance during the financial year and the material factors underlying its results and financial position. It should emphasize trends and identify significant events or transactions during the financial year under review. As a minimum the directors of the listed issuer should comment on the following:- ✓

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**APPENDIX II: DRAFT RULE AMENDMENTS FOR PROPOSALS DESCRIBED IN CHAPTER II**

**PART A – MAIN BOARD LISTING RULES**

>>>

**Chapter 1**

**GENERAL**

**INTERPRETATION**

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

...

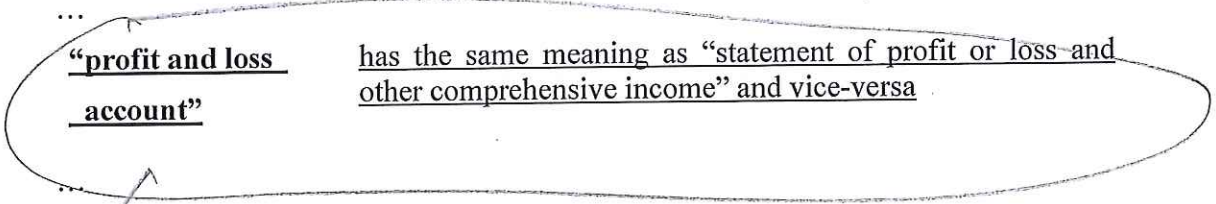
**“balance sheet”** has the same meaning as “statement of financial position” and vice-versa

...

**“income statement”** has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa

...

**“profit and loss account”** has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa



old fashion term and out-of-date suggest to delete this definition.

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**Chapter 13  
EQUITY SECURITIES  
CONTINUING OBLIGATIONS**

**Preliminary Announcements of Results – Full Financial Year**

13.49 (1) An issuer shall publish in accordance with rule 2.07C its preliminary results in respect of each financial year as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The issuer must publish such results:

~~(i) for annual accounting periods ending before 31 December 2010 – not later than four months after the end of the financial year; and~~ ✓

~~(ii) for annual accounting periods ending on or after 31 December 2010 – not later than three months after the end of the financial year.~~ ✓

....  
(3)(i) Where an issuer is unable to make an announcement of its preliminary results based on its financial statements in accordance with rules 13.49(1) and 13.49(2), it must make an announcement:

~~(A) for annual accounting periods ending before 31 December 2010 – not later than four months after the end of the financial year; and~~ ✓

~~(B) for annual accounting periods ending on or after 31 December 2010 – not later than three months after the end of the financial year.~~ ✓

....  
**Preliminary Announcements of Results – First Half of The Financial Year**

(6) The issuer shall publish in accordance with rule 2.07C a preliminary <sup>results</sup> announcement in respect of its results for the first six months of each financial year, unless that financial year is of six months or less, as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The issuer must publish such results:

~~(a) for half year accounting periods ending before 30 June 2010 – not later than three months after the end of that period of six months;~~

~~(b) for half year accounting periods ending on or after 30 June 2010 – not later than two months after the end of that period of six months.~~