

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/-/media/HKEX-Market/News/Market-Consultations/2016-Present/August-2019-Codification-of-General-Waivers/Consultation-Paper/cp201908.pdf>

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

Capitalised terms have the same meaning as defined in the Consultation Paper unless otherwise stated.

1. Do you agree with our proposal to codify the existing General Waiver such that bonus or capitalisation issues by a PRC incorporated issuer are exempted from shareholders' approvals in general meetings and separate class meetings?

Yes

No

You may provide reasons for your views.

We welcome the codification of the existing General Waiver as we believe that it (i) provides a meaningful revision to the Rules by incorporating the updated market and regulatory standards; (ii) saves the time costs currently incurred from the making/vetting of waiver applications by the issuers/regulators for issues which require no standalone assessment; and (iii) provides greater clarity to the Rules by consolidating fragmentary guidance provided by the regulators into the Rules for the issuers' easier reference.

2. Do you agree with our proposal to codify the existing General Waiver to modify the calculation of consideration ratio for a PRC incorporated issuer whose domestic shares are listed on a PRC exchange?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

3. Do you agree with our proposal to codify the existing General Waiver to allow the listed issuer's stock code to be displayed prominently in the corporate or shareholder information section of financial reports as described in paragraph 30 of the Consultation Paper?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

4. Do you agree with our proposal to codify the R4.04(2)&(4) Conditions as an exception to Main Board Rules 4.04(2) and 4.04(4) regarding the disclosure of financial information of subsidiaries or businesses acquired or to be acquired after trading record period?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

5. Do you agree with our proposal to codify the R4.10 Waiver as an exception to Main Board Rule 4.10 regarding the disclosure of financial information of the overseas banking companies?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

6. Do you agree with our proposal to codify the R8.21(1) Conditions as an exception to Main Board Rule 8.21(1) regarding the change of financial year period?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

7. Do you agree with our proposal to (i) codify the modification provided by the General Waivers into Main Board Rules 13.46 and 13.49(1) subject to the new applicant meeting the Annual Results and Reports Waivers Conditions; (ii) codify similar exception to Main Board Rule 13.48(1) as well as GEM Rules 18.66 and 18.79; (iii) align the conditions for Interim Results Exemption with the Annual Results and Reports Waivers Conditions; and (iv) repeal PN 10 and consolidate the guidance with the relevant Main Board Rules?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

8. Do you agree with the proposal to codify the waiver from disclosure of actual consideration of aircrafts to be acquired by listed airline operators, as described in paragraph 58 of the Consultation Paper?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

9. Do you agree with the proposal to allow listed issuers to determine SpinCo's Scheme Limit with reference to SpinCo's shares in issue as at the date of SpinCo's listing?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

10. Do you agree with the proposal to codify the waiver of the exercise price requirement for issuers dually listed on the Exchange and a PRC exchange as described in paragraph 65 of the Consultation Paper?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

11. Do you agree with our proposal to codify the waiver described in paragraph 71 of the Consultation Paper in respect of the experience and qualification of company secretary into the Rules?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

12. Do you agree with the proposals (a) to provide an exemption for Main Board listed issuers that are banking companies or insurance companies from including a working capital statement, subject to appropriate alternative disclosures in their listing documents and transaction circulars if they are able to meet the same conditions as those set out in Main Board Rule 8.21A(2), and (b) to limit Main Board Rule 8.21A(2) so that the exemption applies only to banking companies or insurance companies, subject to alternative disclosures in their listing documents and the conditions as described in paragraph 73 of the Consultation Paper?

Yes

No

You may provide reasons for your views.

We agree with the proposal to require that any exemption from the requirement to include a working capital statement should be subject to alternative disclosures in listing documents, and also the conditions described in paragraph 73 of the Consultation Paper (including that the issuer's solvency and capital adequacy be subject to prudential supervision by a regulatory body). We also agree that the scope of the exemption should be extended to relevant listed issuers (and not just listing applicants).

However, we believe the scope of the exemption should continue to apply to companies "whose business is entirely or substantially that of the provision of financial services" (as is currently the case, rather than only "banking companies or insurance companies"). We understand that the rationale of the exemption is that for certain financial services companies, the inclusion of the working capital statement is not meaningful. In our view, aside from banking companies and insurance companies, there may be other types of financial services companies, e.g. consumer finance companies, in respect of which the inclusion of such working capital statement would be equally meaningless. Such companies may similarly be subject to prudential supervision. As the financial services industry evolves and business models evolve, there may also be other examples. Indeed, in paragraph 74 of the Consultation Paper, the Exchange also just lists banking and insurance companies as examples of situations in which the working capital statement is of little value. As such, for greater flexibility, we believe that it is preferable to retain the current wording in LR8.21A and for the applicability of the exemption to different types of financial services companies to be considered on a case by case basis. If the Exchange would like to explicitly mention banking or insurance companies as examples, we would also be supportive of that, but it would be important to make it clear that they are not exhaustive examples.

That said, if the view of the Exchange is that this exemption has always only been intended to apply to banking or insurance companies, then we would agree that this should be clarified per the proposals.

13. Do you agree with our proposal to codify the guidance in Guidance Letter HKEX-GL7-09 into the Rules for new applicants' easy reference?

Yes

No

You may provide reasons for your views.

See our response in 1 above.

14. Do you agree with our proposal to codify the guidance in Listing Decision HKEX-LD15-3 into the Rules for new applicants' ease of reference?

Yes

No

You may provide reasons for your views.

LD15-3 provides a useful guidance on the basis for calculating initial listing fee where the new applicant is to be listed on the Exchange by way of introduction. It is helpful to have the guidance in LD15-3 codified in the Rules for new applicants' ease of reference.

15. Do you agree to amend Main Board Rule 17.05 to state clearly that the restricted period for grant of share options would cover the trading day after the announcement is made with respect to the inside information?

Yes

No

You may provide reasons for your views.

16. Do you agree with our proposal to codify the guidance in Guidance Letter HKEX-GL16-09 into the Rules for completeness?

Yes

No

You may provide reasons for your views.

It is helpful to have the guidance set out in the guidance letter codified in the Rules for issuers' easier reference.

17. Do you agree with our proposal to codify the guidance in Guidance Letter HKEX-GL31-12 into a new practice note to the Rules for completeness?

Yes

No

You may provide reasons for your views.

See our response in 16 above.

18. Do you agree with our proposal to codify the guidance in Guidance Letter HKEX-GL58-13 into the Rules for new applicants' easy reference?

Yes

No

You may provide reasons for your views.

See our response in 16 above.

19. Do you agree with our proposal to codify the guidance in Guidance Letter HKEX-GL60-13 into the Rules for new applicants' easy reference?

Yes

No

You may provide reasons for your views.

See our response in 16 above.

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