

## 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.

Even fundraising was not involved, rights of any class of shareholders should be protected that it should not be exempted from shareholders' approval.

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.

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.

This is unacceptable. Displaying stock code is a basic and essential CG requirement and identification. Glossy cover is not an excuse.

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.

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.

The point i disagree is the phrase "...banking companies organised outside Hong Kong and primarily regulated by a regulator which has functions similar to the HKMA...". Only regulator has function similar to HKMA cannot ensure corporate governance. The regulator must have similar or equivalent guidelines and regulations with HKMA, under which the conditions would be consistent to regulations under HKMA.

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.

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.

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.

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.

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.

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.

This is not acceptable. Company Secretary is an important role that the qualification and election of which must be strict.

Issue 1: Not a big demand of having such waiver or joint Company Secretary.

Why should there be waiver for those individuals not satisfying Rule 3.28, when the listed company should have considered hiring a proper Company Secretary? Having a principal business activities outside Hong Kong should not be an excuse to grant waiver. I understand that there was already cases of issuing specific waiver depending on situations, BUT SHOULD NOT BE A WRITTEN WAIVER UNDER RULE 3.28 THAT ACT AS GUIDELINES FOR ALL LISTED COMPANIES.

Issue 2: No strict and fair mechanism in examining the Proposed Company Secretary.

Major recognition of the professional qualifications (e.g. CPA, ACIS, solicitor) is that he/she is a fit and proper person. There are strict approval process and strict requirement to obtain these professional qualification and was heavily regulated by associations (e.g. HKICPA, HKICS). So who and how to decide the Proposed Company Secretary is fit and proper? No strict regulation and approval process is to be seen from this consultation paper. Only written reasons of application and directors' confirmations is not enough for HKEX to examine the ability and capability of an individual.

Issue 3: The practice of the Proposed Company Secretary is not promising.

Trainings, knowledge gaining and practices of the Proposed Company Secretary during the Period will have no rules to regulate and no regulator to monitor. So how to determine whether to extend the Period? If after the Period, the Proposed Company Secretary will be considered capable of discharging the functions solely without joint Company Secretary, the General Waiver would become a stepping stone of foreigners/general public to be Company Secretary, which the role of Company Secretary is supposed to be important to maintain corporate governance of listed companies.

Issue 4: Misunderstood from the public that Company Secretary needs no professional qualification.

It will be easily misled the public that professional qualification is not required or not important of being a Company Secretary, and the public will underestimated the importance of the roles and duties of Company Secretary.

Issue 5: Conflict of interest

Senior management or an individual familiar with the issuer's businesses and affairs, and without any professional qualification, is considered easier to have conflict of interest between business decision making and corporate governance; and considered easier to have different point of view from the assisting Company Secretary.

Issue 6: Inequality to the professionals

The professionals passed through strict examinations, years of experiences, referrals and background checks to become a qualified professionals. The Proposed Company Secretary was exempted from all these and still being recognised, which is unfair and brings inequality to the professionals. In long term, the demand of being professionals will probably drop, especially for ACIS.

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.

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.

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

Yes

No

You may provide reasons for your views.

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.

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.

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.

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.

- End -