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SWCS Corporate Services Group (Hong Kong) Limited

Company/Organisation type\*:

Other

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Corporate Services Provider

Contact Person\*:

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Question 1

**Do you agree that the Equivalence Requirement and the concept of “Recognised Jurisdictions” and “Acceptable Jurisdictions” should be replaced with one common set of Core Standards for all issuers?**

Yes

**Please give reasons for your views.**

A strong yes. The replacement is good in that relevant practitioners can advise and execute efficiently

and the regulators can govern and monitor effectively.

**Question 2a**

**Do you agree with the proposed Core Standards set out in paragraphs 79 to 137 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

(a) In principle, yes. But for compliance with the Core Standards, the constitutional documents of the existing issuer needs to be amended. Since such amendments are subject to shareholders' vote, we believe 3 scenarios may come about that The Stock Exchange of Hong Kong Limited (the "Exchange") should be aware of.

Scenario 1 - passing shareholders' vote

The amendments to the constitutional documents passed the minimum shareholders' vote requirements and the new constitutional documents complying with the Core Standards are fully adopted.

Scenario 2 - the issuer is unwilling to amend

There would be issuers that would submit legal arguments (supported by legal opinions) that their constitutional documents satisfy the Core Standards.

Scenario 3 - not passing the shareholders' vote

In such procedural failure, the Exchange would need to prepare measures on addressing such scenario. We suggest the over-riding principle is preserving shareholders' rights. The measures may include:

(i) giving grace period for compliance (e.g. allowing the issuer to carry subsequent voting(s) by the shareholders);

(ii) imposing a justified suspension period of trading until shareholders pass vote;

(iii) imposing on the issuer (a) internal procedures, such as various undertakings by the issuer, to garner equivalent effect of the Core Standards and (b) in case the issuer cannot fulfill (a) and cannot provide a reasonable justification for non-fulfillment, de-listing process;

(iv) mediating between the issuer and its members (e.g. request dissenting shareholders to make submissions to the issuer on their reasons for voting "nay" to the amendments); and

(v) other measures (e.g. disciplinary measures) that may not be subject to judicial challenge.

### **Question 2b**

**Do you agree that the existing shareholder protection standards set out in Schedule C of the Consultation Paper should be repealed?**

Yes

**Please give reasons for your views.**

(b) Yes, since overlapping requirements would cause ambiguity and that The Rules Governing the Listing of Securities on the Exchange (the "Listing Rules") will "become fragmented, complex and difficult to navigate" as stated in paragraph 7 of this Consultation Paper.

### **Question 3**

**Do you agree to codify the current practice that all issuers must conform their constitutional documents to the Core Standards or else demonstrate, as necessary for each standard, how the domestic laws, rules and regulations to which the issuer is subject and its constitutional documents, in combination, provide the relevant shareholder protection under the Core Standards?**

Yes

**Please give reasons for your views.**

Yes. In order to avoid ambiguity, the issuer should be required to positively identify to the Exchange which Core Standard it is unable to conform by its constitutional documents but able to comply (with reasoning to the satisfaction of the Exchange) through the combination of domestic laws, rules and regulations to which the issuer is subject and its constitutional documents.

In a table submitted to the Exchange, the issuer should list out each and every Core Standard which it is able to conform (with reference to particular/related articles) or unable to conform (with reasons). For those that the issuer is unable to conform, the issuer should make a submission in the same table on

how it is still able to comply with the Core Standard through the combination of domestic laws, rules and regulations to which the issuer is subject and its constitutional documents.

#### **Question 4**

**Do you believe any other standards or Listing Rules requirements, other than those set out in paragraphs 79 to 137 or Schedule C of the Consultation Paper , should be added or repealed?**

Yes

**Please provide these other standards with reasons for your views.**

Yes. Shareholders communication policy be added. Also, we note that under relevant PRC rules and regulations, measures relating to dividend policy are to be entrenched in the articles. These measures further take care or protect shareholders as a whole and the Exchange could consider them, such as:

- (i) minimum amount or proportion of cash dividend distribution for each period;
- (ii) the interval of profit distribution;
- (iii) the mechanism for adjustment of the given profit distribution policy;
- (iv) enhancement of communication channels for receiving comments from independent directors and shareholders and specific conditions for cash distribution; and
- (v) the board of directors shall commit various minimum cash dividend payout ratio in the profit distribution according to different stages of development and level of capital expenditure arrangement of the listed issuer.

Sample measures mentioned above are from the "No. 3 Guideline for the Supervision of Listed Companies - Cash Dividend Distribution of Listed Companies" which was released by China Securities Regulatory Commission.

#### **Question 5**

**Do you agree that existing listed issuers should be required to comply with the Core Standards?**

Yes

**Please give reasons for your views.**

Yes. Please refer to our response in Question 2.

### **Question 6a**

**Do you agree that existing listed issuers should have until their second annual general meeting following the implementation of our proposals to make any necessary amendments to their constitutional documents to conform with the Core Standards?**

Yes

**Please give reasons for your views.**

(a) Generally, yes. There should be a mechanism to allow extension for exceptional circumstance.

### **Question 6b**

**Do you agree that the application of the Core Standards will not cause existing listed issuers undue burden?**

Yes

**Please give reasons for your views.**

(b) Aside from the time allowed to conform and the relevant scenarios mentioned in our answer to question 2, we don't see there can be another form of undue burden.

### **Question 7**

**Do you agree with the principles set out in paragraph 155 of the Consultation Paper for use when considering waiver applications from Overseas Issuers applying for a dual primary listing in Hong Kong?**

Yes

**Please give reasons for your views.**

Yes. It seems fair to use the "unduly burdensome or unnecessary" principle to assess whether to grant a Common Waiver or not.

### **Question 8**

**Do you agree to codify certain Common Waivers and the prescribed conditions as described in**

**paragraph 158 of the Consultation Paper?**

No

**Please give reasons for your views.**

No. If a waiver is to be exercised based on the Exchange's discretion, we generally do not agree with codifying such waiver. Our reason lies in the principle that, codification of provisions should only be carried out if and only if it is of paramount importance for all issuers to abide and a waiver and/or exemption is granted to the codified rule only in the most warranted circumstance, after careful and due consideration, on a case-by-case basis. Such belief upholds the sanctity of codification. If waivers are to be codified based on the mere reason that the Exchange foresees granting waivers periodically, this should not be a strong enough reason to disapply the existing codified provisions by codifying the Common Waivers.

If waivers are codified, there would be a reasonable expectation of the listing applicant and/or the issuer to be granted a waiver after satisfying all stated pre-conditions of the waiver. In another scenario, codified waivers allow bad actors to game the Listing Rules and exert pressure on the Exchange. In these scenarios, the Exchange will be hindered in its exercise of discretion in granting the waiver.

**Question 9**

**Do you agree that Grandfathered Greater China Issuers and Non-Greater China Issuers with Non-compliant WVR and/ or VIE Structures should be able to apply for dual primary listing directly on the Exchange as long as they can meet the relevant suitability and eligibility requirements under Chapter 19C of the Listing Rules for Qualifying Issuers with a WVR structure?**

Yes

**Please give reasons for your views.**

Yes, on the condition that (i) as long as the Non-Greater China Issuer or the Grandfathered Greater China Issuer is listed on another exchange which is a Qualifying Exchange and (ii) such issuer should not be granted Automatic Waivers that are usually enjoyed by secondary listing applicants, it is acceptable for the Non-Greater China Issuer or the Grandfathered Greater China Issuer with Non-compliant WVR and/or VIE Structures to apply for dual primary listing directly on the Exchange.

**Question 10**

**Do you agree that Grandfathered Greater China Issuers and Non-Greater China Issuers referred to in Question 9 above be allowed to retain their Non-compliant WVR and/ or VIE Structures (subsisting at the time of their dual primary listing in Hong Kong) even if, after their listing in Hong Kong, they are**

**de-listed from the Qualifying Exchange on which they are primary listed?**

No

**Please give reasons for your views.**

No. As per Listing Rule 19C.12, the Non-Greater China Issuer or a Grandfathered Greater China Issuer is not required to comply with Listing Rules 8A.07 to 8A.36, 8A.43 and 8A.44. If the aforesaid issuer is delisted from the Qualifying Exchange, that means it is no longer regulated by the Qualifying Exchange, the Exchange may thereafter be the only exchange (if the issuer is not listed on any other exchange) to regulate it and protect its shareholders. Such issuer should fully comply with the requirements of Chapter 8A of the Listing Rules which contains appropriate protection for non-WVR shareholders on voting power, restrictions on purchase and subscription and corporate governance practice.

**Question 11**

**Do you agree with our proposal to codify requirements (with the amendments set out in the Consultation Paper) relating to secondary listings in Chapter 19C of the Listing Rules and re-purpose Chapter 19 of the Listing Rules as one dedicated to primary listings only?**

Yes

**Please give reasons for your views.**

Generally, yes. Although there is an intention to enhance navigation of the Listing Rules, Listing Rules 19.61 (i.e. refers to Listing Rule 19C.01 for definition of Grandfathered Greater China Issuer or Non-Greater China Issuer) and 19.62 (i.e. refers to Listing Rules 19C.10C(7), 19C.24 and 19C.25 for disclosure requirements in the listing document and Company Information Sheet) would still make references to Chapter 19C of the Listing Rules. Perhaps to simplify navigation, general definitions should be put under Chapter 1 and if further details are required for the defined term, the details could be placed in the specific relevant chapters of the Listing Rules.

But to reiterate, we do not agree with the codification of Common Waivers in Chapter 19 of the Listing Rules.

**Question 12**

**Do you agree that the Exchange should implement the quantitative eligibility criteria as proposed in paragraphs 199 and 201 of the Consultation Paper for all Overseas Issuers without a WVR structure (including those with a centre of gravity in Greater China) seeking to secondary list on the Exchange?**

Yes

**Please give reasons for your views.**

Yes to a certain degree.

It seems:

(i) under the proposed codified 19C.05A(1), a non-China gravity overseas issuer without a WVR can either be from a Qualifying Exchange or Recognised Exchange. Since Recognised Exchange already includes Qualifying Exchange, there is no point to specifically state a Qualifying Exchange;

(ii) under the proposed codified Note to Listing Rule 19C.05A(1), a China gravity overseas issuer without a WVR listed on a Recognised Stock Exchange other than a Qualifying Exchange can be considered for waiving five full financial years of good regulatory compliance under exceptional circumstances. This creates uncertainty and seem unfair to those issuers listed on exchanges not on Qualifying Exchanges; and

(iii) using market capitalization to waive good regulatory compliance requirements under the proposed codified Note to Listing Rule 19C.05A is not an appropriate measure.

**Question 13**

**Do you agree that an exemption from the listing compliance record requirement be introduced, similar to the current JPS exemption, to cater for secondary listing applicants without a WVR structure that are well-established and have an expected market capitalisation at listing that is significantly larger than HK\$10 billion?**

No

**Please give reasons for your views.**

No. A large market capitalisation is an appropriate measure for financial eligibility but not for compliance eligibility. The Exchange may consider replacing the complete waiver of the five full financial years of good regulatory compliance of a China-gravity overseas issuer without a WVR under the proposed codified Note to Listing Rule 19C.05A(1) with, a waiver of 2 out of 5 years but the issuer must enter into an undertaking to the Exchange to delist if issuer in its third, fourth and fifth financial year fails to maintain a good regulatory compliance record.



#### **Question 14**

**Do you agree that new secondary listing applicants without a WVR structure (including those that have a centre of gravity in Greater China) should not have to demonstrate to the Exchange that they are an “Innovative Company”?**

Yes

**Please give reasons for your views.**

Yes. The concept of "Innovative Company" is hard to define in the first place and is subject to current and unnecessary bias or judgment. For example, a company in a traditional industry such as manufacturing may demonstrate or have introduced innovative ideas in manufacturing automation or supply chain management. By current consensus in the society, such company may not be found as an "Innovative Company" since it is not in the business of Internet of Things or information technology.

#### **Question 15**

**Do you agree that a Rule should be introduced to make it clear that the Exchange retains the discretion to reject an application for secondary listing if it believes the listing constitutes an attempt to avoid the Listing Rules that apply to primary listing?**

No

**Please give reasons for your views.**

No. In terms of execution, it would be difficult (not in a judicial setting) to establish the intention to avoid the Listing Rules that apply to primary listing rule. A further difficulty would be that an adverse decision against the applicant may often draw appeal or challenge.

A secondary listing applicant has undergone primary listing in a foreign jurisdiction and would have spent time and effort to meet requirements in finance, compliance, suitability and etc in such foreign jurisdiction. These applicants should be given some credit to have met some objective standards since they are listed on Qualifying Exchanges or Recognised Stock Exchanges and there is a low likelihood of these issuers to do commit such an attempt. But we also understand there will be bad actors that try to avoid Listing Rules that apply to primary listing as their prime goal, the Exchange can still exercise their discretion to reject their application outside of the Listing Rules.

#### **Question 16**

**Do you agree that the Exchange should apply the test for a reverse takeover, as described in paragraph 210 of the Consultation Paper, if the Exchange suspects that an issuer’s secondary listing**

**application is an attempt to avoid the Listing Rules that apply to primary listing?**

No

**Please give reasons for your views.**

Generally, no. The Exchange should not only use the test of reverse takeover but a holistic checklist including whether there are company secretary requirements, annual general meeting requirements and etc. in order to form a view of whether there is an attempt to avoid the Listing Rules that apply to primary listing.

**Question 17**

**Do you agree that the scope of the Trading Migration Requirement should be extended to cover all issuers with a secondary listing?**

Yes

**Please give reasons for your views.**

Yes. The Exchange must balance its initiative to be a listing and capital raising hub with shareholder protection.

**Question 18**

**In your opinion, will the extension of the Trading Migration Requirement to all secondary listed issuers be unduly burdensome for those that are not currently subject to this requirement?**

No

**Please give reasons for your views.**

No. Without applying the Trading Migration Requirement to all secondary listed issuers, how can the Exchange prevent non-Greater China Issuers from avoiding the primary Listing Rules of Hong Kong and still be listed herein.

Unless it causes proven undue burden, if a measure is for shareholder protection than it should apply to all issuers for the sake of the Exchange's goal as mentioned in paragraph 5 of the Consultation Paper – "develop Hong Kong as a listing and capital raising hub for major global and regional companies on either a primary or secondary basis."

**Question 19**

**Do you agree with the codification of the principles set out in paragraph 215 of the Consultation Paper on which exemptions/ waivers are granted to secondary listed issuers?**

No

**Please give reasons for your views.**

No. Codification of the principles would allow bad actors to game over or abuse them and it will be difficult for the Exchange to manage unforeseeable circumstances thereby reducing its flexibility in dealing with circumstances.

To reiterate, waivers and exemptions should be granted on a discretionary basis and not be codified otherwise it would invite abuse and reduce the flexibility of the Exchange to regulate.

#### **Question 20**

**Do you agree to codify the Automatic Waivers and conditional Common Waivers in the Listing Rules for all issuers with, or seeking, a secondary listing?**

Yes

**Please give reasons for your views.**

Yes, for Automatic Waivers.

No, for conditional Common Waivers. For reasons, please refer to our response in Question 8.

#### **Question 21**

**Do you agree with the removal of the current condition for granting a waiver from the shareholders' consent requirement relating to further issues of share capital for secondary listed issuers as described in paragraphs 218 and 219 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

Yes, since this is a fundamental interest to the shareholder. Otherwise, without the removal, applicant issuers can game this Listing Rule.

### **Question 22**

**Do you agree that secondary listed issuers should comply with the requirements for a diversity policy and for such policy to be disclosed in their annual reports (for the reasons set out in paragraph 223 of the Consultation Paper)?**

Yes

**Please give reasons for your views.**

Yes. Since each country/administrative region has its own diversity progress, there may be difficulty for some secondary listed issuers to comply with such requirement. The Exchange can consider allowing secondary listed issuers to submit to the satisfaction of the Exchange of being unduly burdened by such requirement. If the Exchange is convinced of such burden, the Exchange can consider granting a waiver to the secondary listed issuer from such requirement, on a case-by-case basis.

### **Question 23**

**Do you have any comments on the content of the Guidance Letter in relation to trading migration and de-listing of secondary listed issuers from their overseas exchanges of primary listing set out in Schedule E of the Consultation Paper?**

Yes

**Please give reasons for your views.**

Only under special circumstances, the Grace Period defined therein can be extended to over 12 months.

### **Question 24**

**Do you agree that the Exchange should codify the Regulatory Co-operation Requirement (with modification as described in paragraph 242 of the Consultation Paper) into Chapter 8 of the Listing Rules for all issuers?**

Yes

**Please give reasons for your views.**

Generally yes, but there is no differential effect since issuers need to be incorporated from Acceptable Jurisdictions. However, once codification, there is reduced flexibility to the Exchange.

### **Question 25**

**Do you agree that the Exchange should retain as guidance the alternative auditing standards listed in**

**paragraph 249 of the Consultation Paper that can be used to audit the financial statements of Overseas Issuers?**

Yes

**Please give reasons for your views.**

We agree with the Exchange to retain as guidance the alternative auditing standards listed in paragraph 249 of the Consultation Paper. The reason is even though these countries stated in paragraph 249 of the Consultation Paper have covered most jurisdictions of overseas issuers, there are other countries that are missing from the list. It provides the flexibility to adopt local auditing standards for countries not adopting any of these alternative standards.

#### **Question 26**

**Do you agree to codify the JPS requirement that the suitability of a body of alternative financial reporting standards depends on whether there is any significant difference between that body of standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the standards with IFRS?**

Yes

**Please give reasons for your views.**

We agree to codify the JPS requirement that the suitability of a body of alternative reporting standards depends on whether there is any significant difference between that body of standards and IFRS and whether there is any concrete proposal to converge the standards with IFRS. That reason is that by codifying this JPS requirement, it provides clear rules and certainty to evaluate the continuing suitability of a body of existing alternative reporting standards and to provide a standard to evaluate the suitability of any new reporting standards to be included into the list of alternative reporting standards, thus increasing flexibility.

#### **Question 27**

**Do you agree to retain, as guidance, the list of acceptable alternative financial reporting standards that can be used to prepare the financial statements of Overseas Issuers subject to the current limitations on their use as set out in Table 7 (see Schedule E of the Consultation Paper)?**

Yes

**Please give reasons for your views.**

We agree to retain, as guidance, the list of acceptable alternative financial reporting standards that can be used to prepare the financial statements of Overseas Issuers subject to the current limitations on

their use as set out in Table 7, provided there are statements of reconciliation. Similar to the rationale as provided to Question 25, though these alternative financial reporting standards represent standards most widely adopted, there are standards used in both developed and developing countries with large economies. Retaining these standards as guidance but not code, will enhance the chance to adopt new standards as needed and to merge some of these standards into HKFS or IFRS if deemed relevant.

#### **Question 28**

**Do you agree to codify the JPS requirement that a dual primary or secondary listed issuer that adopts a body of alternative financial reporting standards for its financial statements (other than issuers incorporated in an EU member state which adopted EU-IFRS) must adopt HKFRS or IFRS if it de-lists from the jurisdiction of the alternative standards?**

Yes

**Please give reasons for your views.**

We agree to codify the JPS requirement that a dual primary or secondary listed issuer that adopts a body of alternative financial reporting standards for its financial statements (other than issuers incorporated in an EU member state which adopted EU-IFRS) must adopt HKFRS or IFRS if it de-lists from the jurisdiction of the alternative standards. The reason is that if that dual primary or secondary listed issuer is de-listed from the jurisdiction of the alternative standards, it is logical for that issuer to adopt HKFS or IFRS as Hong Kong becomes the only place of listing for that issuer. With such change, it would also provide transparency to investors to know the financial performance of the issuer and to compare with other issuers. The only concern is that these issuers may have to incur extra professional fees to prepare a separate set of accounts based on HKFS or IFRS whilst retaining the local standards, say for tax reporting purpose.

#### **Question 29a**

**Do you agree that issuers that de-list from a jurisdiction of an alternative financial reporting standard should be given an automatic grace period (i.e. an application to the Exchange is not required) within which to adopt IFRS or HKFRS?**

Yes

**Please give reasons for your views.**

We agree that if issuers de-listed from a jurisdiction of an alternative financial reporting standard should: (a) be given an automatic grace period; and (b) but do not agree that this grace period should end on the issuer's first anniversary of its de-listing. The reason is that the automatic grace period provides the certainty without further application to the regulators and the time for the issuer to change its reporting standards to HKFS/IFRS which is essential and necessary for the change. The proposed automatic grace period provides a minimum of 12 months, would not be enough for the preparation of

financial accounts using the new standards (e.g. internal control standard, audit standard, reporting standard), depending on how the de-listing date falls in relative to the financial year-end date.

For example, if in the scenario where the de-listing date falls close to/immediately from the interim and year-end date, then the reporting accountants may have to prepare for two sets of interim and year-end report, one according to the previous financial reporting standard and one according to the IFRS or HKFRS standard. The Exchange should allow a longer grace period in such exceptional circumstances.

### **Question 29b**

**Do you agree that this grace period should end on the issuer's first anniversary of its de-listing?**

No

**Please give reasons for your views.**

We agree that if issuers de-listed from a jurisdiction of an alternative financial reporting standard should: (a) be given an automatic grace period; and (b) but don not agree that this grace period should end on the issuer's first anniversary of its de-listing. The reason is that the automatic grace period provides the certainty without further application to the regulators and the time for the issuer to change its reporting standards to HKFS/IFRS which is essential and necessary for the change. The proposed automatic grace period provides a minimum of 12 months, would not be enough for the preparation of financial accounts using the new standards (e.g. internal control standard, audit standard, reporting standard), depending on how the de-listing date falls in relative to the financial year-end date.

For example, if in the scenario where the de-listing date falls close to/immediately from the interim and year-end date, then the reporting accountants may have to prepare for two sets of interim and year-end report, one according to the previous financial reporting standard and one according to the IFRS or HKFRS standard. The Exchange should allow a longer grace period in such exceptional circumstances.

### **Question 30**

**Do you agree that, for the sake of consistency of approach, an issuer must demonstrate a reason for adopting US GAAP for the preparation of its financial statements (including annual financial statements and the financial statements included in its accountants' reports) and adopt IFRS or HKFRS if the circumstances underpinning those reasons change (e.g. it de-lists from a US exchange)?**

Yes

**Please give reasons for your views.**

Yes, for consistency purpose, the effect would be treating the US standard as the same with other financial standards for dual primary, primary and secondary listing issuers.

**Question 31**

**Do you agree that any issuer that wishes to adopt US GAAP for the preparation of its annual financial statements must include a reconciliation statement showing the financial effect of any material differences between its financial statements and financial statements prepared using HKFRS or IFRS?**

Yes

**Please give reasons for your views.**

Yes, for consistency purpose, the effect would be treating the US standard as the same with other financial standards for dual primary, primary and secondary listing issuers.

**Question 32**

**Do you agree to codify the amendment to the FRCO that established the PIE Engagement regime into the Listing Rules?**

Yes

**Please give reasons for your views.**

We agree to codify by making reference to the relevant provisions of the FRCO in order to deal with the flexibility of the ordinance from being amended from time to time. For example, as in paragraph 28 of the Appendix 16 of the Listing Rules, a reference to the provisions of the Companies Ordinance is made relating to disclosures required under the said ordinance without directly transferring the provisions in the said ordinance word-for-word into the Listing Rules.

**Question 33**

**Do you agree to amend the Listing Rules to codify the requirement that an issuer normally appoint a firm of practising accountants that is qualified under the PAO and is a Registered PIE Auditor under the FRCO to prepare an accountants' report that constitutes a PIE Engagement under the FRCO?**

No

**Please give reasons for your views.**



We disagree. For rationale, see our response to question 32.

#### **Question 34**

**Do you agree to amend the Listing Rules to allow Overseas Issuers to appoint an audit firm that is not qualified under the PAO (but it is a Recognized PIE Auditor of that issuer under the FRCO) for PIE Engagements to prepare an accountants' report for a reverse takeover or a very substantial acquisition circular relating to the acquisition of an overseas company?**

No

**Please give reasons for your views.**

We do not agree. There are already reporting accountants in Hong Kong that could satisfy paragraph 271 of the Consultation Paper. As a consideration for the Exchange, such amendment can be put in the JPS instead for navigation purpose.

#### **Question 35**

**Do you agree to amend the Listing Rules to codify the JPS requirement that, in relation to the PIE Engagements and notifiable transactions, overseas audit firms must normally fulfil the characteristics described in paragraph 271 of the Consultation Paper?**

No

**Please give reasons for your views.**

We do not agree. Due to our response to question 34, the JPS would be an appropriate document.

#### **Question 36**

**Do you agree to amend the Listing Rules to codify the amendments to the FRCO on the collection of levies by the Exchange on behalf of the FRC as described in paragraphs 280 and 281 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

We agree to amend the Listing Rules to codify the amendments to the FRCO on the collection of levies by the Exchange on behalf of the FRC as described in paragraphs 280 and 281 of the Consultation Paper. The codification formalizes the role of the Exchange and enhance transparency to the public. In addition, it aligns the statutory requirements with regulatory requirements.

### **Question 37**

**Do you agree to codify the JPS requirement for Company Information Sheets as described in paragraphs 283 to 288 of the Consultation Paper?**

Yes

**Please give reasons for your views.**

We agree to codify the JPS requirement for Company Information Sheets as described in paragraphs 283 to 288 (additional disclosure requirements in prospectus) of the Consultation Paper as a quick consolidation of essential information, allowing readers to quickly assess the circumstances.

### **Question 38**

**Do you agree that the Company Information Sheet requirement should be applied to: (a) secondary listed issuers; and (b) any other Overseas Issuer, at the Exchange's discretion, where it believes the publication of a Company Information Sheet would be useful to Hong Kong investors?**

Yes

**Please give reasons for your views.**

We agree that the Company Information Sheet requirement should be applied to: (a) secondary listed issuers; and (b) any other Overseas Issuer, at the Exchange's discretion, where it believes the publication of a Company Information Sheet would be useful to Hong Kong investors. The reason is that the Company Information Sheet provides a standard and unifies the requirement for disclosure to investors, in particular overseas issuers and secondary listed issuers will likely adopt different financial reporting standards aligning to their home country requirements. We understand the secondary listed issuers would have more disclosure in terms of waivers and exemptions to be disclosed in the Company Sheet, so there is no involvement of Exchange's discretion.

### **Question 39**

**Do you agree to amalgamate the guidance described in paragraphs 289 and 290 of the Consultation Paper into one combined guidance letter for overseas issuers (see Schedule E of the Consultation Paper)?**

Yes

**Please give reasons for your views.**

We agree to amalgamate the guidance described in paragraphs 289 and 290 of the Consultation Paper

into one combined guidance letter for Overseas Issuers because it provides a single place of reference and would be much user friendly and efficient to use rather than its current fragmented state.

**Comment**