

## Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below that are raised in the Consultation Paper downloadable from the HKEX website at:

<https://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp2017112.pdf>

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

1. Do you agree with the proposed Rule amendments to incorporate the directors' and supervisors' obligations set out in Part 2 of the DU Forms into the Rules?

☐ Yes

☒ No

If your answer is "No", please give reasons for your views.

We believe the current Part 2 - Undertaking of the DU form provides a legal document that elevates the director's or supervisor's awareness as well as legal enforceability of the Undertaking. See also our answer to Question 2 below.

2. Do you agree with the proposed Rule amendments to not require a solicitor's certification?

☐ Yes

☒ No

If your answer is "No", please give reasons for your views.

We do not agree. For those promoting corporate governance in Hong Kong, the existing means towards enhancing assurance of the director's or supervisor's understanding and alertness of the obligations and potential liabilities concerned has contributed to maintaining the integrity of the system. It also goes to enhancement of the legal enforceability of the DU Form. Enforceability of such documents should not be undermined. Every apparently minor step could have significant effect in legal terms. That's why some notices in small print have been regarded as insufficient before the court, some legal documents have been ruled ineffective for formality or procedural reasons. Consistency is also important when it comes to enforcement. Many decisions have been made on the basis of the existing rules and practice. It is not worth it to change the existing practice (breaking the consistency of the system) unless there is clear necessity, which is lacking here.

3. Do you agree with the proposed Rule amendments to not require a sponsor's certification?

☐ Yes

☒ No

If your answer is "No", please give reasons for your views.

For similar reasons as stated in our answer to Question 2, there is no real necessity to change the system. The lessening of the sponsor's procedural burden is minimal, whereas the benefit of having the sponsor's confirmation of added value to the process should prevail.

4. Do you agree with the proposed Rule amendments to require disclosure of the former name and alias (if any) of a director or supervisor?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

Yes, as the name(s), including any alias and former name(s), of a director is vital information for the potential subscribers or subscribers to acquire the background or important investment-related information of the director.

5. Do you agree with the proposed Rule amendments to require directors and supervisors to provide their contact information as set out in paragraph 26 of the Consultation Paper to the Exchange?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

6. Do you agree with the proposed Rule amendments to grant the power to the Exchange to gather information from supervisors and require supervisors to cooperate in the Exchange's investigation?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

Yes. Supervisors are also the members of senior executives to a company, which means they have higher responsibilities than the general staff and the middle management. Supervisors' activities have a greater influence on the company, as such, imposing such requirements on them will help to protect the investors' interests.

7. Do you agree with the proposed Rule amendments to align the requirements of the Main Board Rules and the GEM Rules as set out in paragraphs 30(i), (ii) and (iii) of the Consultation Paper?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

8. (a) Do you agree with the proposed Rule amendments to remove the requirement to submit a certified copy of the Board Resolutions and to require the issuer to confirm in the relevant next day disclosure return and/or monthly return that the issue of securities has been duly authorised by the board?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

- (b) Do you agree with the proposed Rule amendments to remove the requirement to submit a Form F Declaration and to require the issuer to confirm in the relevant next day disclosure return and/or monthly return the matters set out in items (a) and (b)(i) to (viii) in the table under paragraph 35 of the Consultation Paper?

☐ Yes

☒ No

If your answer is "No", please give reasons for your views.

No. We believe that this declaration in Form F comes from a consistent historical and systematic practice. Consistency should prevail here for this important document. Meanwhile, the declaration in Form F helps to standardize the requirements that a listed company shall meet before the listing. We believe the little inconvenience of such formality requirements does not warrant the change, and that the rules should keep the system in order.

- (c) Do you agree with the proposal to add a separate Rule that if there is any material change to a document after clearance by the Exchange, the document should be resubmitted to the Exchange for further comments before it is issued?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

9. Do you agree with the proposed Rule amendments to remove each of the documentary requirements set out in items 1 to 10 in the table under paragraph 37 of the Consultation Paper?

☐ Yes

☒ No

If your answer is "No", please give reasons for your views.

No. Although the issuers have the responsibility to make sure they are compliant with other laws and rules, we believe the written undertakings or certificates play an important role when we refer to an old profile for reference. Furthermore, making a record for the issuers is also an important thing when reviewing the previous market practices.

10. Do you agree with the proposal to add a Note to clarify the period of disclosure of pre-acquisition financial information on material businesses/subsidiaries acquired by a new applicant as described in paragraph 41 of the Consultation Paper?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

11. Do you agree with the proposal to amend paragraphs 9(a) and (b) of Main Board Rules Practice Note 22 and paragraph 8 of GEM Rules Practice Note 5 to state that applicants must submit the Application Proof for publication on the HKEX website "on the same day" (instead of "at the same time") they submit the listing application?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

12. Do you agree with the proposal to remove GEM Rule 17.55 and align the formal reporting requirements for profit forecasts in the GEM Rules with those in the Main Board Rules?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

13. Do you agree with the proposal to amend paragraph 3(c) of PN15 to clarify that the Exchange may grant a Waiver if the Parent fails to meet the minimum profit requirement under Rule 8.05 due solely to a significant market downturn?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

14. Do you agree with the proposed amendments to the Main Board Rules to require listed issuers to announce any changes to their website addresses?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

15. Do you agree with the proposed amendments to the Main Board Rules to codify the practices that listed issuers should announce the matters set out in paragraphs 55(a) to (c) of the Consultation Paper?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

16. Do you agree with the proposal to amend Main Board Rules 15A.21(1) and 15A.64(3) to require issuers of structured products to submit their financial reports, supplemental or standalone listing documents to the Exchange in electronic form only?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

17. Do you agree with our proposal to amend Note 4 to Main Board Rule 15A.22 to require issuers of structured products to provide liquidity for at least 20 (instead of ten) board lots of their structured products and to make consequential changes to the note to paragraph 17(15) of Appendix 1D to the Main Board Rules?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

18. Do you agree with our proposal to include entitlement ratios of five, 50 and 500 structured products for one share (or other security) in Main Board Rule 15A.40?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

19. Do you agree with our proposal to amend Main Board Rule 15A.59 to clarify that information (where available) as described in paragraph 68 of the Consultation Paper of both the issuer and the guarantor are required to be included in the formal announcement for structured products?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

20. Do you agree with our proposal to amend Main Board Rule 15A.63(1) to require the submission of one draft (instead of two drafts or proofs) of the listing document to the Exchange for review?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

21. Do you agree with our proposal to amend Main Board Rules 15A.71, 15A.72, 15A.73, 15A.74, and 15A.76 to clarify that that these Rules apply to stand alone listing documents (in addition to base listing documents, supplemental listing documents and supplementary listing documents)?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.



22. Do you agree with our proposal to amend Main Board Rule 37.39 and GEM Rule 30.32 to state that an issuer must publish a formal notice before listing?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

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23. Do you agree with the proposal to introduce the definitions of "modified opinion" and "modified report" and the proposed consequential amendments in Appendix II to the Consultation Paper in order to update the audit terminology in the Rules with reference to the new and revised Auditor Reporting Standards issued by the HKICPA?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

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24. The Exchange invites your comments regarding whether the manner in which the proposed housekeeping Rule amendments as set out in Chapter 4 of the Consultation Paper are drafted will give rise to any ambiguities or unintended consequences.

We believe that sometimes a footnote of the reason and the origin of some amendments may help to avoid some unnecessary ambiguities and unintended consequences.
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25. Do you have any other comments in respect of the matters discussed in the Consultation Paper? If so, please set out your additional comments.

No for the time being.

- End -