

Submitted via Qualtrics

Company/Organisation view

Question 1

Do you agree with the proposal to amend the Listing Rules to remove the requirement to cancel repurchased shares?

Yes

Please provide reasons for your views.

We agree that the proposal will give listed issuers more flexibility to adjust its share capital which may help to reduce their cost of capital.

Question 2

Do you agree with the proposal to require a resale of treasury shares to be subject to the same requirements as an issue of new shares as described in Proposal (1)(a) to (c) above?

Yes

Please provide reasons for your views.

We agree that a resale of treasury shares impacts existing shareholders in a similar manner as an issuance of new shares and should therefore be subject to the same requirements.

Question 3

Do you agree with the proposal to require a resale of treasury shares (whether on-market or off-market) to be subject to a moratorium period after a share repurchase?

Yes

Please provide reasons for your views.

While this proposal can help to ensure the price of the treasury shares at a resale will not be affected by the previous share repurchase, it will be too restrictive for some listed issuers, such as AIA Group Limited, which has announced a US\$10 billion share buy-back programme and conducts daily share repurchases throughout the year except for the two one-month blackout periods under Listing Rule 10.06.

We suggest that a waiver be made available to those issuers who announce a share buy-back programme and conduct daily share repurchases under the programme.

It is unclear from the draft amended rules whether other uses of treasury shares (e.g. using the treasury shares to satisfy employees' share schemes), apart from their resale for cash, will be considered as a treasury share 'resale' or 'transfer' and thus subject to

the proposed moratorium. Further guidance from the Exchange will be helpful. In the event that the proposed moratorium is also applicable to these cases, we also suggest that a waiver be made available to those issuers who choose to use treasury shares to satisfy vesting of share awards during the moratorium period.

Question 4

Do you agree with the proposal to require an on-Exchange share repurchase to be subject to a moratorium period after an on Exchange resale of treasury shares?

Yes

Please provide reasons for your views.

Again, while we agree that this proposal will deter some listed issuers from making trading profits or manipulating the share price by conducting frequent share repurchases and resale of treasury shares on market, it is too restrictive for other listed issuers, such as AIA Group Limited, which has announced a US\$10 billion share buy-back programme and conducts daily share repurchases throughout the year except for the two one-month blackout periods under Listing Rule 10.06.

We suggest that a waiver be made available to those issuers who announce a share buy-back programme and conduct daily share repurchases under the programme.

It is unclear from the draft amended rules whether other uses of treasury shares (e.g. using the treasury shares to satisfy employees' share schemes), apart from their resale for cash, will be considered as a treasury share 'resale' or 'transfer' and thus subject to the proposed moratorium. Further guidance from the Exchange will be helpful. In the event that the proposed moratorium is also applicable to these cases, we also suggest that a waiver be made available to those issuers who choose to use treasury shares to satisfy vesting of share awards during the moratorium period.

Question 5

Do you consider that the moratorium periods (in either direction) should be shorter than 30 days? If so, please share with us your views on the appropriate duration of the moratorium periods and the reason for your suggestion including your views on how the considerations in paragraph 68 should be addressed.

No

Question 6

Do you agree with the proposal that dealing restrictions described in paragraph 69 under Proposal (2)(b) above shall be imposed on a resale of treasury shares on the Exchange?

Yes

Please provide reasons for your views.

We agree that this will deter potential insider dealing during the one-month Restricted Period under Listing Rule 10.06(2)(e).

Question 7

Do you agree with the proposals for an on-market resale of treasury shares as described in paragraph 70 under Proposal (2)(b) above?

Yes

Please provide reasons for your views.

We agree that the relevant requirements for new issuance of shares under Listing Rule 13.28 and Listing Rule 9.23(2) should not apply to an on-market resale of treasury shares for the reasons set out under paragraph 70 of the Consultation Paper.

Question 8

Do you agree with the proposal relating to new listing applicants as described in Proposal (3) above?

Yes

Please provide reasons for your views.

The lock-up requirement should also apply to a resale of treasury shares, which has a dilution effect on investors' interest in the newly listed issuer.

Question 9

Do you agree with the proposal to require issuers (being holders of treasury shares) to abstain from voting on matters that require shareholders' approval under the Listing Rules as described in Proposal (4)(a) above?

Yes

Please provide reasons for your views.

We agree that listed issuers themselves should not vote on transactions or matters that require shareholders' approval under the Listing Rules.

Question 10

Do you agree with the proposal to disregard treasury shares for calculating an issuer's issued shares and voting shares under the Rules as described in Proposal (4)(b) above?

Yes

Please provide reasons for your views.

This aligns with the usual legal requirement to suspend rights attached to treasury shares which are being held by the listed issuers themselves.

Question 11

Do you have any comments regarding the different treatment of treasury shares when calculating an issuer's issued voting shares under the proposed Rules and Part XV of the SFO as described in paragraph 77 above?

The different treatment of treasury shares when calculating an issuer's issued voting shares under the proposed Rules and Part XV of the SFO will create administrative burden for listed issuers. Listed issuers may need to rely on the Part XV disclosure of interest filings to identify their substantial shareholders. Having a different basis to calculate the percentage interest of shareholders under the SFO would render the need for the listed issuers to maintain a different threshold to determine substantial shareholders under the Listing Rules.

Question 12

Do you agree with the proposal to require an issuer to disclose in the explanatory statement its intention as to whether the repurchased shares will be cancelled or kept as treasury shares as described in Proposal (4)(c) above?

No

Please provide reasons for your views.

This information may not be available at the time of preparing the explanatory statement. Any such intention disclosed may also be subject to change.

Question 13

Do you agree with the proposal to clarify that a resale of treasury shares by an issuer or its subsidiary includes resale of treasury shares through their agents or nominees as described in Proposal (4)(d) above?

Yes

Please provide reasons for your views.

This proposal gives clarity that the proposals are also applicable to resale of treasury shares through agents or nominees of listed issuers.