



HKEx's proposed changes to the Listing Rules: Implications for businesses and the market

Discussion forum co-hosted by Corporate Finance Interest Group (CFIG)
& Professional Accountants in Business Committee (PAIBC)

Discussion Topic

- The practical implications of HKEx's proposed changes to the Listing Rules on 18 policy issues (see http://www.hkex.com.hk/consul/paper/cp200801_e.pdf)
- Panellists representing different sectors of the market will give their views
- All participants at the forum should take the opportunity to express their opinions

Panellists

- HKEx - Mr. Richard Williams, head of listing
- Listed issuer – Ms. Wendy Yung, company secretary and head of corporate services division, Hysan Development
- Sponsor – Mr. John Maguire, managing director, OSK Asia Capital
- Investor – Hong Kong Investment Funds Association
- Legal adviser – Mr. Hayden Flinn, partner, Mallesons Stephen Jaques

Chairman

Mr. George Hongchoy, managing director, DBS Asia Capital
chairman of Corporate Finance Committee and convenor of CFIG
Management Committee

Date and Time **1 April 2008, Tuesday, 6:30 p.m. – 8:00 p.m.**

Venue

Hong Kong Institute of Certified Public Accountants,
27/F Wu Chung House, 213 Queen's Road East, Wanchai, HK

Admission Fee

HKD100 per person for CFIG members
HKD150 per person for non-CFIG members

Language English

HKICPA CPD Hour 1.5 hours

Application Deadline **28 March 2008**

REGISTRATION

To register:

- Online registration (recommended): [click here](#) or visit <http://www.hkicpa.org.hk/>
- By post or by fax: Complete the attached reply slip and return it to the Institute on or before **28 March 2008**, together with full payment. Cheques should be made payable to the "Hong Kong Institute of Certified Public Accountants". Fax registration will be accepted only if payment is made by Visa/Master credit card.

You may consider your registration successful unless you receive notification to the contrary.

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ABOUT THIS FORUM

Hong Kong Exchanges and Clearing Limited ("HKEx") released a consultation paper on 11 January 2008 to seek the market's views on eighteen substantive policy issues, including whether to remove the requirement for a listed issuer to employ a qualified accountant as a member of senior management from both the main board and the Growth Enterprise Market Listing Rules. A brief overview of the areas covered in the consultation can be found in the summary table attached to this flyer, but for the full detailed proposals please go to the HKEx consultation paper, available at: http://www.hkex.com.hk/consul/paper/cp200801_e.pdf.

The Institute is currently studying the consultation paper. Given that some of the policy issues under consultation will have significant implications for the business sector, in particular, listed companies, the CFIG and the PAIBC are organising this discussion forum to examine some of the questions and issues arising from the consultation.

At the forum, the HKEx will give an overview and explanation of the main proposals. This will be followed by a panel discussion, in which different market participants – listed issuers, sponsors, investors, legal advisers – will give their perspective. Members are also encouraged to take this opportunity to raise questions and express views in what promises to be lively and interesting discussion.



**HKEx's proposed changes to the Listing Rules:
 Implications for the businesses and the market**

1 April 2008 6:30 p.m. – 8:00 p.m.
 (Please reply on or before 28 March 2008)

FOR OFFICE USE

Seq. no.:
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 **Please click here for online enrolment**

Please type or print:-

Name: (*Mr./ Mrs. /Ms.) Institute Membership No.:

Company name:

Position held: Email:

Telephone No.: Fax No.:

Additional Participant(s):

	Name	HKICPA No. (if applicable)	Position
1.
2.
3.
4.

Please "✓" as appropriate

Admission Fee: <input type="checkbox"/> HK\$100 per person (CFIG members) X _____ person(s) = HKD _____			
<input type="checkbox"/> HK\$150 per person (Non-CFIG members) X _____ person(s) = HKD _____			
Payment by: <input type="checkbox"/> Cheque no.: _____ (Bank: _____)			
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Date :	Cardholder's Signature :		
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Note:

- No telephone reservation will be entertained.
- Full payment must be made before application will be processed.
- The closing date for enrolment is **28 March 2008**.
- You may consider your registration to be successful unless you receive notification from us to the contrary.
- Unless the seminar is cancelled due to unforeseen circumstances, no refund will be given after your registration has been processed.
- Bad weather arrangements: The seminar will be cancelled if typhoon signal no.8 or above/black rainstorm warning is hoisted at or after 4:00 p.m. on the date of seminar. In the event of bad weather, admission fee will be refunded.

The substantive policy issues dealt with in the HKEx consultation paper are as follows:

Issue No.	Subject	Nature of Consultation
1.	Use of websites for communication with shareholders	HKEx is consulting on proposed Rule amendments which would facilitate the greater use of listed issuers' websites and electronic rather than physical copy for making available to shareholders corporate communications required under the Rules.
2.	Information gathering powers	HKEx is consulting on the proposed introduction of a new Main Board Rule 2.12A (and a GEM Rule equivalent) to provide for an express provision in relation to HKEx's powers of gathering information from issuers.
3.	Qualified accountants	In view of developments in financial reporting and corporate governance practices over the past several years, HKEx is consulting on a proposal to remove the requirement for a qualified accountant from both the Main Board and GEM Rules.
4.	Review of sponsor's independence	HKEx is consulting on proposed Rule amendments to require sponsors to demonstrate independence from the new applicant during the entire listing process.
5.	Public float	HKEx is consulting on proposed Rule amendments with regard to the minimum level of public float and the constituents of "the public". HKEx also seeks public comment on the need for a minimum level of market float and the manner in which it should be regulated.
6.	Bonus issues of a class of securities new to listing	HKEx is consulting on proposed Rule amendments to disapply the requirement for a minimum spread of securities holders at the time of listing in the event of a bonus issue of a new class of securities involving options, warrants, or similar rights to subscribe or purchase shares.
7.	Review of HKEx's approach to pre-vetting public documents of listed issuers	HKEx is consulting on proposed Rule amendments to progressively move away from pre-vetting announcements, to reduce pre-vetting of circulars of listed issuers and to deal with certain other issues relating to issuers' public documents.
8.	Disclosure of changes in issued share capital	HKEx is consulting on proposed Rule amendments to require greater disclosure by a listed issuer to enhance transparency on changes in issued share capital and other movements in its securities and to require disclosure by a listed issuer as soon as possible of grants of share options.
9.	Disclosure requirements for announcements regarding issues of securities for cash and allocation basis for excess shares in rights issue	HKEx is consulting on proposed Rule amendments to codify disclosure practices in respect of announcements for issues of securities for cash, irrespective of whether general mandates are involved, and require disclosure of the allocation basis for excess shares in the rights issue/open offer announcement, circular and prospectus.
10.	Alignment of requirements for material dilution in major subsidiary and deemed disposal	HKEx is consulting on proposed Rule amendments to align the respective requirements for shareholders' consent in respect of material dilution and deemed disposal of interest in subsidiary.
11.	General mandates	HKEx seeks public comment on various issues relating to the issue of securities under a general mandate. HKEx has an open mind about the policy direction and does not propose a preferred position at this stage.

Issue No.	Subject	Nature of Consultation
12.	Voting at general meetings	HKEx seeks public comment on the extent to which voting by poll should be made mandatory at general meetings and the minimum notice period required for convening shareholders meetings.
13.	Disclosure of information about and by directors	HKEx is consulting on proposed Rule amendments which would facilitate investors and the market obtaining enhanced and more up-to-date information on directors.
14.	Codification of waiver to property companies	HKEx is consulting on proposed Rule amendments to codify an exemption for listed issuers actively engaged in property development as a principal business activity from the shareholders' approval requirement of the Rules in certain scenarios of acquisitions of land or property development projects in Hong Kong from Government or Government-controlled entities through public auctions or tenders.
15.	Self-constructed fixed assets	HKEx is consulting on proposed Rule amendments to exclude from the definition of "transaction" in the notifiable transactions Rules any construction of a fixed asset by a listed issuer for its own use in the ordinary and usual course of its business.
16.	Disclosure of information in takeovers	HKEx is consulting on the proposed introduction of a new Main Board Rule 14.67A (and a GEM Rule equivalent) to codify HKEx's current practice of granting of waivers to listed issuers of the Rules concerning publication of prescribed information on target companies in certain situations such as hostile takeovers.
17.	Review of director's and supervisor's declaration and undertaking	<p data-bbox="703 1059 1374 1122"><i>A. Streamlining disclosure of director's and supervisor's information through an issuer's announcement</i></p> <p data-bbox="754 1149 1445 1279">HKEx is consulting on proposed Rule amendments to streamline the disclosure of directors' and supervisors' biographical information in the various prescribed forms of declaration and undertaking.</p> <p data-bbox="703 1323 1203 1350"><i>B. Information gathering powers of HKEx</i></p> <p data-bbox="754 1377 1481 1507">Given the proposed introduction of a new Main Board Rule 2.12A (under Issue 2), HKEx is consulting on the proposed inclusion of an express provision in the director's undertaking imposing a similar obligation on directors.</p> <p data-bbox="703 1552 1305 1579"><i>C. Service of disciplinary proceedings on directors</i></p> <p data-bbox="754 1606 1501 1771">HKEx is consulting on proposed amendments to the Main Board Rules to include detailed provisions for service similar to those of the GEM Rules and to make express its ability to change the terms of the director's undertaking without the need for every director to re-execute his undertaking.</p>
18.	Review of Model Code for Securities Transactions by Directors of Listed Issuers	HKEx is consulting on proposed Rule amendments to four areas of the Model Code, namely expanding the list of exceptions to the definition of "dealing" in paragraph 7(d), clarifying the meaning of "price sensitive information" in the context of the Model Code, extending the current "black out" periods provided in Rule A.3 and restricting the time for responding to the request for clearance to deal and the time for dealing once clearance has been received.