



27 December 2023

BY EMAIL (response@hkex.com.hk)

Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Dear Sirs

Re: CHKLC Response to Consultation Paper “Proposed Amendments to Listing Rules Relating to Treasury Shares”

We are writing in response to your Consultation Paper “Proposed Amendments to Listing Rules Relating to Treasury Shares”. In general, the Chamber welcomes the proposed amendments to the Listing Rules to remove the requirement to cancel repurchased shares. We agree to the reasonings behind and believe they would provide issuers flexibility in managing their capital structure and reacting promptly to market conditions. We also believe the imposition of a 30-days moratorium for resale and repurchase and dealing restrictions are reasonable safeguards against market manipulations and insider trading. We are in agreement with the other proposed arrangements as well.

Nonetheless, we have two recommendations concerning General Offer (GO) obligation waivers that we would like to make, as follows:

- 1) Paragraph 33 of your Consultation Paper refers to the Share Buy-backs Code and the situation where a shareholder triggers a general offer (GO) obligation from off-market share repurchases and share repurchases by GO by companies, such obligation may be waived by disinterested or independent shareholders in general meetings. In a previous occasion, the Chamber has raised the issue of relaxing the creeper rule and waive the major shareholders’ obligation to make a GO when the trigger point is reached. Our objective was to allow flexibility for major shareholders to carry out share buy-backs to support of the share price at market downturns, such as now. With the current market situation, we believe it is an opportune time to



revisit this matter. Our recommendation is that waiver of GO obligation from share repurchases, once granted by disinterested or independent shareholders in general meetings, should have a validity of a prolonged period, such as 12 months, instead of being one-off. This is to remove the disincentive for major shareholders carrying out share buy-backs in support of company share price, allowing them to do so in a prompt manner in reacting to market conditions. This would be in the interests of all shareholders, large and small, and be welcomed. We believe this is the right time to re-consider this and side-by-side with your current Consultation.

- 2) The current rule requires repurchase mandate to be voted by all shareholders, which is reasonable. But we propose that where a repurchase triggers the requirement for a General Offer, in case where the Company considers selling the repurchased shares with a short period of time, say 30 days after the 30-day moratorium, the Exchange should grant an unconditional exemption to the Company from seeking independent shareholders' approval. Only if the Company fails to sell down the repurchased shares within 30 days after the moratorium will the obligation to make a General Offer be triggered. This is in consideration of the time requirement for convening a shareholders meeting, if the resell is within 30 days, convening a shareholders meeting is rather impractical.

We hope our proposals would meet with the due consideration of the Exchange and we would be delighted to have further discussion, if necessary.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mike Wong', with a long, sweeping flourish extending to the right.

Mike Wong
Chief Executive Officer