

Legislative Council

**Panel on Financial Affairs
Meeting on 5 July 2007**

**Issues relating to the listing of companies
which are incorporated outside Hong Kong**

Purpose

This paper sets out an updated commentary on developments following Hong Kong Exchanges and Clearing Limited (HKEx)'s last response to the Panel in March 2007.

Update on the Listing of Companies Incorporated Outside the Recognised Jurisdictions

2. On 16 March 2007, Sino Gold Mining Limited (stock code 1862), a company incorporated in Australia was listed as a Main Board issuer. Since then the Listing Division has not received any listing applications from companies incorporated outside the recognised jurisdictions of Bermuda, Cayman Islands and the PRC.

3. Between March and June, the Listing Division met with the executives of 5 companies incorporated in USA, Vietnam, South Korea, Japan and Canada who expressed interest in listing in Hong Kong. The Listing Division has also handled written inquiries from a company incorporated in Canada regarding their interests in pursuing a Hong Kong listing.

Other Business Considerations to Further Develop the Hong Kong Financial Market

4. To complement HKEx's strategic plan to position Hong Kong as a leading international market for financial products with focus in Hong Kong, Mainland and the rest of Asia, HKEx has convened an internal working group to undertake a preliminary review of the potential for a depository receipt regime ("DR regime") in Hong Kong, noting that DR regimes exist in other international centres such as New York and London and also in Singapore.

Update on the Promotional Efforts by HKEx's Business Development Division (HKEx BDD)

5. Since the publication of the Joint Policy Statement in March, HKEx BDD has undertaken the following promotional efforts to raise awareness of the openness of Hong Kong listing regime to overseas companies.

Conference in Almaty, Kazakhstan on IPOs in Hong Kong

6. Following up on the Memorandum of Understanding signed in December last year, HKEx BDD co-organised a conference in Almaty, with The Agency of the Republic of Kazakhstan on Regulation of Activities of the Regional Financial Centre of Almaty City and the Consul General of Kazakhstan in Hong Kong and Macau.

7. The "IPO in Hong Kong" conference on 11 May 2007 attracted around 200 participants from Kazakhstan and other countries in Central Asia. It was the first conference co-organised by HKEx BDD in Kazakhstan to promote listing in Hong Kong. To provide more in-depth information for conference participants, HKEx BDD invited representatives from financial services firms in Hong Kong to Almaty to share their experience; over 50 delegates from 30 Hong Kong firms attended the event.

8. Frederick Ma, Secretary for Financial Services and the Treasury, also joined the event and delivered a keynote address at the luncheon and HKEx executives gave presentations at the conference.

Marketing trips to Vietnam

9. After our initial marketing trips to Hanoi in January this year, HKEx executives conducted more marketing and promotional activities in Vietnam.

10. In late March, HKEx executives delivered presentations in Ho Chi Minh City on listing in Hong Kong at a luncheon organised by the Hong Kong Business Association Vietnam and spoke on the same subject at a dinner organised by Ernst & Young. During the trip, HKEx BDD also met with government organisations, including the Ho Chi Minh City Securities Trading Centre ("HoSTC") (the principal stock exchange in Vietnam), Vietnamese financial intermediaries and potential listing applicants from the country.

11. In early June, HKEx executives delivered presentations at two seminars in Hanoi and Ho Chi Minh City respectively. Both seminars were attended by Vietnamese government officials, local companies and intermediary firms.

HKEx executives had also met with senior management of the state banks, as well as senior officials from the State Securities Commission and the HoSTC.

Marketing trips to Taiwan

12. HKEx executives did two marketing trips to Taiwan during the period from March to June 2007. In one of the trips, HKEx delivered a presentation in an in-house seminar organised by a local investment bank about Hong Kong listing. Individual meetings were held with potential listing candidates during the two trips. All the candidates have operations in the Mainland.

Other marketing trips to Russia, Thailand, Kazakhstan, South Korea and Malaysia

13. During the same period, HKEx executives did promotional work in Moscow of the Russian Federation (March 2007), Bangkok of Thailand (April 2007), Almaty of Kazakhstan (April 2007), Seoul of South Korea (May 2007) and Kuala Lumpur of Malaysia (June 2007).

14. In Moscow, Bangkok, Almaty and Seoul, HKEx executives participated as speakers in conferences organised for local companies and intermediary firms and held one-on-one meetings with potential listing candidates and intermediary firms. In Kuala Lumpur, HKEx executives only met with prospective issuers on an individual basis.

Marketing activities conducted in Hong Kong for foreign companies

15. Besides doing marketing trips in the abovementioned countries and regions, HKEx executives also organised and participated in events in Hong Kong, targeting foreign companies and promoting to them the advantages of listing in Hong Kong.

Memoranda of Understanding (“MOU”)

16. In March 2007, HKEx entered into a Memorandum of Understanding with the Abu Dhabi Securities Market to foster relationship between the two exchanges.

17. HKEx is currently in negotiation with the securities exchanges of two overseas jurisdictions with the purpose of entering into Memorandum of Understandings.

Events

18. HKEx hosted a conference at the Exchange Auditorium on 10 October last year to encourage foreign companies to consider using the Hong Kong securities market to raise funds and list their Mainland and Hong Kong business operations. More than 120 executives of foreign companies in Hong Kong participated in the event which HKEx co-organised with 13 international chambers of commerce in Hong Kong. The audience included senior representatives of the chambers and the representatives of eight foreign consulates.

19. In April 2007, HKEx co-organised with the Korean Chamber of Commerce a conference for members of the Korean community in Hong Kong. In June 2007, HKEx co-organised with the Japan Services Desk of Deloitte Tohmatsu Touche a conference for Japanese commercial sector in Hong Kong. These annual events were well attended by participants from the two locations.

20. In May 2007, HKEx co-organised a seminar with the Hong Kong Baptist University, Chinese University of Hong Kong, City University of Hong Kong, Hong Kong Polytechnic University, University of Hong Kong, Hong Kong University of Science and Technology, and the Hong Kong Science and Technology Parks (“Science Park”) at the Exchange Auditorium to promote listing to Hong Kong companies affiliated with these institutions. The seminar was the first event organized with local universities and the Science Park and was attended by around 120 representatives from interested companies and parties.