

**Subcommittee on  
Companies Ordinance (Exemption of Companies and Prospectuses  
from Compliance with Provisions) (Amendment) Notice 2011**

**List of follow-up actions arising from the discussion  
at the meeting on 23 November 2011**

Members have expressed concern about how the Amendment Notice would ensure protection for investors' interests while relieving the burden on companies in complying with property valuation and disclosure requirements for prospectuses when applying for listing. To address members' concerns, the Administration and/or the Securities and Futures Commission are required to take the following actions:

- (a) To provide information on: (i) when the thresholds of 10% and HK\$3 million in relation to property interests of companies as specified in paragraph 34(2) of the Third Schedule to the Companies Ordinance were put in place, (ii) the background and rationale for setting these thresholds, and (iii) whether any review on the thresholds has been conducted since then;
- (b) To explain the benefits of the proposed exemptions under the Amendment Notice on: (i) the operation of companies and their compliance cost, in particular for international corporations seeking listings in Hong Kong, (ii) investors, and (iii) Hong Kong's competitiveness as an international financial centre vis-à-vis similar requirements in other major financial centres;
- (c) To provide a comparison of the current and proposed property valuation and disclosure requirements on companies using examples of companies with different core businesses, property activities, non-property activities, or mixture of both, to illustrate how the proposed exemptions would help reduce the compliance cost on companies, reduce the bulk of prospectuses thus be more environmental in the production of prospectuses without compromising investors' interest to have sufficient and comprehensive information about the companies; and

- (d) To explore the suggestion from members for companies to provide the full details of a valuation report on property interests by electronic means, or to set out the details in appendices to the prospectus, which would help reduce the compliance cost on companies and ensure protection for investors at the same time.

Council Business Division 1  
Legislative Council Secretariat  
28 November 2011