



THE LAW SOCIETY'S SUBMISSIONS

CONSULTATION PAPER ON REVIEW OF CONNECTED TRANSACTION RULES

Regulatory Approach to Connected Transactions and Plain Language Amendments to Connected Transaction Rules

Q1: Do you support the proposal to re-write Chapter 14A? If not, why not?

Law Society's response:

Yes

Q2: Do you consider that the draft new Chapter 14A in Appendix I accurately reflects the current Chapter 14A? If not, why not?

Law Society's response:

See Q3.

Q3: Do you have any other comments on the draft Rule amendments in Appendix I?

Law Society's response:

Please see Appendix attached.

Scope of Connected Persons and Connected Transactions

Q4: Do you agree that there is no need to extend the definition of connected person to the key management personnel of an issuer's controlling shareholder/holding company? If not, why not?

Law Society's response:

1. While a number of reasons have been set out in the Consultation Paper supporting that there is no need to make such an extension to the definition of "connected person", such an extension will:
 - (a) provide a further layer of protection which is desirable in principle;
 - (b) bring Hong Kong into line with a number of jurisdictions (such as Shanghai, Malaysia, UK, Australia and Canada);
 - (c) mirror, to an extent, a similar requirement under the RPT rules in HKAS 24/ IAS 24 (related party disclosures).
2. That said, we are prepared to agree with the proposal not to make that extension on account of a cost/benefit analysis (paragraph 80 of the Consultation Paper) and that there does not appear to be many such transactions (based on the last bullet point in paragraph 78 of the Consultation Paper).

Q5: Do you support:

- (a) *the proposal described in paragraph 90(a) to require transactions with persons connected only at the subsidiary level be subject to the approval of the issuer's board members (including independent non-executive directors) who do not have a material interest in the transaction, instead of the approval of shareholders, and disclosed to the shareholders? If not, why not?*

Law Society's response:

1. We welcome the relaxation in principle. It will carry considerable benefits for the normal operation of joint ventures.
2. However, the listed issuer often acts as a holding vehicle only, with all or a majority its assets and businesses being held and/or conducted by various intermediate and/or operating subsidiaries incorporated overseas. Taking into account the legal impediments in Hong Kong regarding multiple derivative actions¹, there is a case for maintaining that a comparable level of protection should be imposed on transactions with subsidiaries, particularly those that hold substantial assets of the group.
3. Considerations should hence be given as to whether certain transactions involving very major subsidiaries and their connected persons (at the level of

¹ This applies to overseas subsidiaries (such as those incorporated in the BVI) where the foreign law does not permit multiple derivative actions - see, for example, the decision in *East Asia Satellite v New Cotai* [2011] 4 HKC 115.

such subsidiaries) may require independent shareholders' approval.

(b) the proposal described in paragraph 90(b) to exempt all transactions between the issuer group and connected persons at the subsidiary level, other than transactions between a subsidiary (or any subsidiary below it) and the person connected with that subsidiary? If not, why not?

Law Society's response:

We agree with the relaxation but see Q5(a) above.

Q6: Do you agree with the proposal to introduce principle-based tests described in paragraph 95 for deeming a person as connected? If not, why not?

Law Society's response:

1. We agree with the principle based test. However, it will be desirable necessary to publish guidance with respect to the Exchanges' interpretation of "shadow director" and "de facto controlling shareholder".
2. In addition, in relation to a de facto controller, we think it merits consideration as to whether the extension stops there or should certain associates of a de facto controller (such as his immediate family members or majority controlled subsidiaries) also be included into the definition of connected persons. As drafted, there is no extension at all, so such persons will fall outside of the net unless they themselves may be regarded as de facto controllers.

Q7: Do you agree with the proposal described in paragraph 100 to exempt all persons connected only because of its relationship with the issuer's insignificant subsidiaries? If not, why not?

Law Society's response:

We agree with the proposal.

Q8: Do you agree with the proposal described in paragraph 105 to exclude from the definition of associate any trustee of an employee share scheme or occupational pension scheme if the connected persons' interests in the scheme are less than 10%? If not, why not?

Law Society's response:

We agree with the proposal.

Q9: Do you agree with the proposal described in paragraph 110 to clarify that the exemption in Note 1 to Rule 14A.11(4) (paragraph 9 of the Guide) would apply if the connected person and his associate's interests in the entity (other than those held through the issuer) are less than 10%? If not, why not?

Law Society's response:

We agree that the proposal which will be in line with the threshold currently adopted for defining a "connected subsidiary" (see paragraph 110 of the Consultation Paper).

Q10: Do you agree that we should retain the connected transaction requirements for financing arrangements with commonly held entities? If not, why not?

Law Society's response:

We agree that financial assistance may potentially be a high risk carrier and therefore, we support the retention of the existing rules.

Q11: Do you agree with the proposal described in paragraph 131(a) to restrict Paragraph (i) of Rule 14A.13(1)(b) (paragraphs 27 to 29 of the Guide) to transactions involving controllers at the issuer level? If not, why not?

Law Society's response:

We agree with the proposed change in principle. Please see comments in Q5(a).

Q12: Do you agree with the proposal described in paragraph 131(b) to exclude disposals of interests in target companies from Paragraph (i) of Rule 14A.13(1)(b) (paragraphs 27 to 29 of the Guide)? If not, why not?

Law Society's response:

We agree with the proposal.

Q13: Do you agree with the proposal described in paragraph 131(c) to remove Paragraphs (ii) to (iv) of Rule 14A.13(1)(b) (paragraphs 31 and 32 of the Guide)? If not, why not?

Law Society's response:

We support the proposal. However, we also note that the relaxation takes into account the deeming provision in situations involving potential abuse. It is in this respect that we consider guidance should be published in respect of the application of the new categories of connected persons (see Q6) particularly when the deeming provision may potentially be invoked more often than in the past.

Connected Transaction Requirements

Q14: Do you consider that information provided to shareholders regarding CCTs conducted under framework agreements contains sufficient specificity, in particular as to the methods or procedures to determine pricing for investors to make informed decisions? If not, what information should be disclosed in announcements and circulars? Please give reasons for your view.

Law Society's response:

1. In practice, framework agreements are often drafted on general rather than specific terms. This has to be the case because, in addition to there being a certain degree of difficulty in defining (but without straight jacketing) future transactions, the agreements are only intended to define the principles or set relevant perimeters based on which future transactions will be conducted. It is also quite difficult, in many instances, to go into specifics, as this will involve defining, for example, what market price means, or how costs will be computed in the situation where services are supplied on a "costs plus" basis.
2. We agree that in many instances, disclosure of information with respect to framework agreements do not enhance the quality of disclosure to shareholders.
3. We do not consider it advisable to require a detailed framework agreement to be drawn up in each case for the reasons mentioned in paragraph 1 above. The disclosures required for a transaction should be the subject of post-vetting (or pre-vetting as the case may be) on a case by case basis.

Q15: Do you consider that the current Rules governing CCTs and market practice in relation to CCTs that are conducted under framework agreements are appropriate? Do they provide sufficient safeguards to ensure that the transactions will be on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders? Please give reasons for your view.

Law Society's response:

1. We do not see any significant problems with the current rules/market practice in relation to CCTs conducted under framework agreements, although on the other hand, we do not see framework agreements per se enhancing the quality of disclosure or protection to shareholders in any significant respects.
2. Framework agreements do provide a layer of safeguard to shareholders as they set out (albeit in general terms) the basis on which transactions may be conducted. The requirement of annual review also provides a degree of comfort/protection to shareholders.

Q16: Do you agree with the proposal to codify the waiver practice to allow an issuer to obtain a shareholders' mandate (or a mandate from the board if the transactions is exempt from the shareholder approval requirement) in lieu of a framework agreement with the connected person? If not, why not?

Law Society's response:

We agree with the proposal which enables issuers to comply with the Listing Rules by obtaining a mandate without at the same time sacrificing protection to minorities (as the mandate needs to be obtained and/or renewed in the event of a material change).

Q17: If your answer to Q16 is yes:

- (a) *Do you agree to limit the mandate period to not more than 3 years? If not, why not?*

Law Society's response:

We do not have any problem with the proposed period of 3 years, but we should mirror the existing requirements under the Listing Rules so that the mandate period from members may be more than 3 years if there are adequate reasons to require a longer mandate.

- (b) *Do you agree with the waiver conditions described in paragraph 151? If not, why not?*

Law Society's response:

We agree with the proposal.

Q18: Do you support the proposal to allow the cap for a CCT of a revenue nature be expressed a percentage of the issuer's annual revenue or other financial items in its published audited accounts? If not, why not?

Law Society's response:

It is important for CCT requirements not to unnecessarily inhibit or obstruct the normal business of an issuer. We therefore agree with the proposal to relax the requirement for transactions of a revenue nature.

Q19: Do you support the proposal described in paragraph 161 to modify the Rules relating to auditors' confirmation on CCTs in line with PN 740? If not, why not?

Law Society's response:

We support the proposal, there being no point to have requirements stated in the Listing Rules which cannot in practice be administered.

Q20: Do you agree with the proposed alternative classification Rules for any transfer or non-exercise of an option? If not, why not?

Law Society's response:

1. The value of an option generally relates to the difference between the exercise price and the value of the option assets. There is no reason why that should not be used as an appropriate size test and we therefore agree with the proposal.
2. The existing rules which deem the option as having been exercised in the event of a transfer or non-exercise may in certain circumstances be artificial, and depart from the general principle based on which options are valued.

Q21: For any termination of an option involving a connected person:

(a) Do you agree with the proposal described in paragraph 170 to classify the termination as if the option is exercised unless the issuer has no discretion over the termination? If not, why not?

Law Society's response:

We agree with the proposal.

(b) Do you agree that the proposed alternative classification Rules described in paragraph 166 should also apply to the termination? If not, why not?

Law Society's response:

We agree with the proposal.

Q22: Do you agree with the proposed Rule change to clarify that the independent board committee also needs to advise whether the connected transaction is on normal commercial terms and in the issuer's ordinary and usual course of business? If not, why not?

Law Society's response:

We agree with the proposal.

Exemptions for Connected Transactions

Q23: Do you agree that we should retain the monetary limit of HK\$1 million for fully exempt connected transactions? If not, do you think that the limit should be increased to HK\$2 million, HK\$3 million, HK\$4 million, HK\$5 million, or some other amount (please specify with reasons)?

Law Society's response:

1. The de minimis monetary limit of HK\$1 million and HK\$10 million have been in the Listing Rules for a long time. The monetary limits have not been revised although the tests have been supplemented and/or relaxed by percentage ratios.
2. On the basis that such monetary amounts have not been revised, we would suggest that the de minimis limits be revised to HK\$3 million and HK\$20 million.

Q24: Do you agree that we should retain the monetary limit of HK\$10 million for connected transactions exempt from the shareholder approval requirements? If not, what is the appropriate limit?

Law Society's response:

Please see Q23 above.

Q25: Do you support the proposal described in paragraph 181 to remove the 1% cap on transaction value for the exemption for provision or receipt of consumer goods or services? If not, why not?

Law Society's response:

We agree with the proposal.

Q26: Do you agree with the proposal described in paragraph 183 to exempt an issuer granting indemnity to a director against liabilities that may be incurred in the course of the director performing his duties, if it does not contravene any law of the issuer's place of incorporation? If not, why not?

Law Society's response:

We welcome the proposal.

Q27: Do you agree with the proposal described in paragraph 186 to exempt an issuer purchasing and maintaining insurance for a director against liabilities to third parties that may be incurred in the course of performing his duties, if it does not contravene any law of the issuer's place of incorporation? If not, why not?

Law Society's response:

We welcome this proposal.

Q28: Do you have any other comments or suggestions relating to the connected transaction Rules?

Law Society's response:

This is a very broad question which requires careful input and there may well be diverse views between our members. We reserve our position on this question at this time.

**The Law Society of Hong Kong
Company Law Committee
26 June 2013**

Appendix

1.01 - (a)(iii),
19A.04 - (a)(iii)

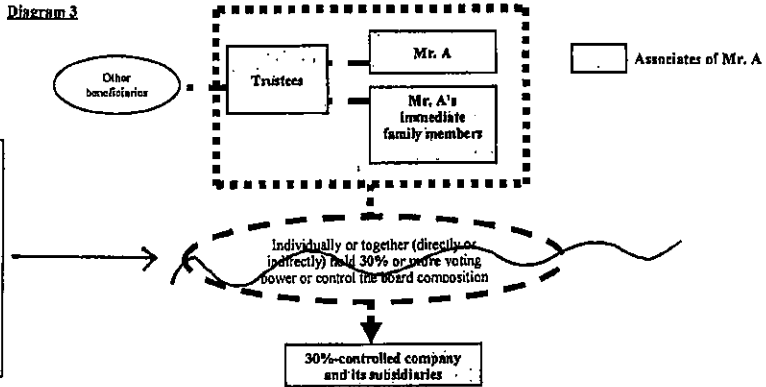
(b) the trustees, acting in their capacity as trustee of any trust of which the individual or his immediate family member is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object (other than a trust which is an employees' share scheme or occupational pension scheme and the connected persons' interests in the scheme are less than 10%) (the "trustees"); or

Proposal C(2)

1.01 - (a)(v),
19A.04 - (a)(v)

(c) a 30%-controlled company held, directly or indirectly, by the individual, his immediate family members and/or the trustees (individually or together), or any of its subsidiaries; or

Diagram 3



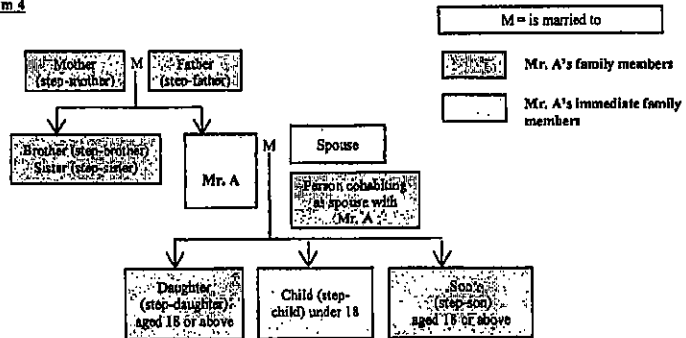
Comments:

1. Take this away
2. 30% controlled company is defined
3. As drafted, this does not deal with PRC Issuers contained in the definition of '30% controlled company' and may hence be confusing.

14A.11(4)(b)(i)

(2) (a) a person cohabiting with him as a spouse, or his child, step-child, parent, step-parent, brother, step-brother, sister or step-sister (each a "family member"); or

Diagram 4



14A.11(4)(b)(ii),
14A.11(4) - N3

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FAQ Series 10
No. 12

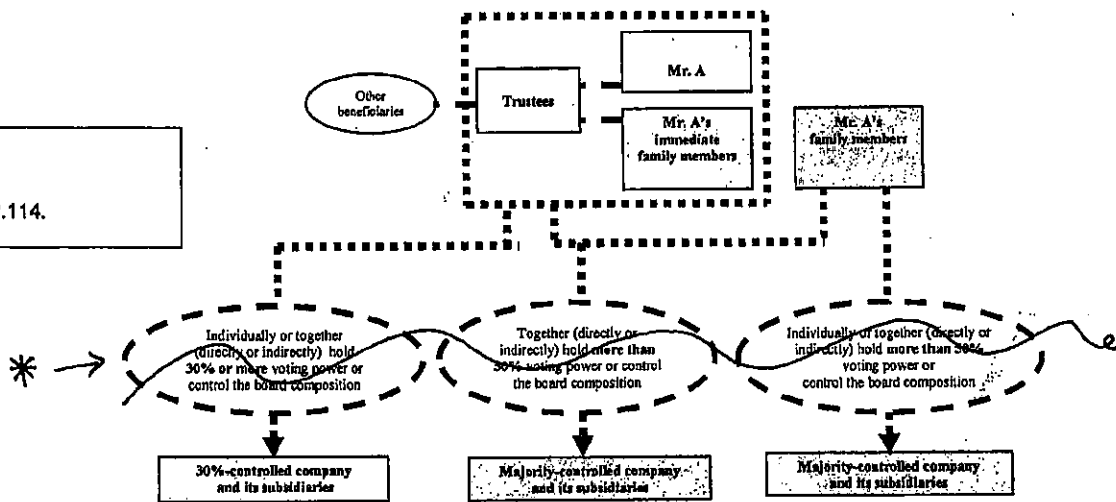
(b) a majority-controlled company held, directly or indirectly, by the family members (individually or together), or held by the family members together with the individual, his immediate family members and/or the trustees, or any of its subsidiaries.

Comments:
define in 14A.111 i.e. insert a new definition

Diagram 5

Associates of Mr. A

Comments:
* Reason for deletion as per P.114.



14A.10 An "associate" of a connected person described in rule 14A.05(1), (2) or (3) which is a company includes:

1.01 - (b)(i),
19A.04 - (b)(i)

(1) its subsidiary or holding company, or a fellow subsidiary of the holding company (together the "group companies");

1.01 - (b)(ii),
19A.04 - (b)(ii)

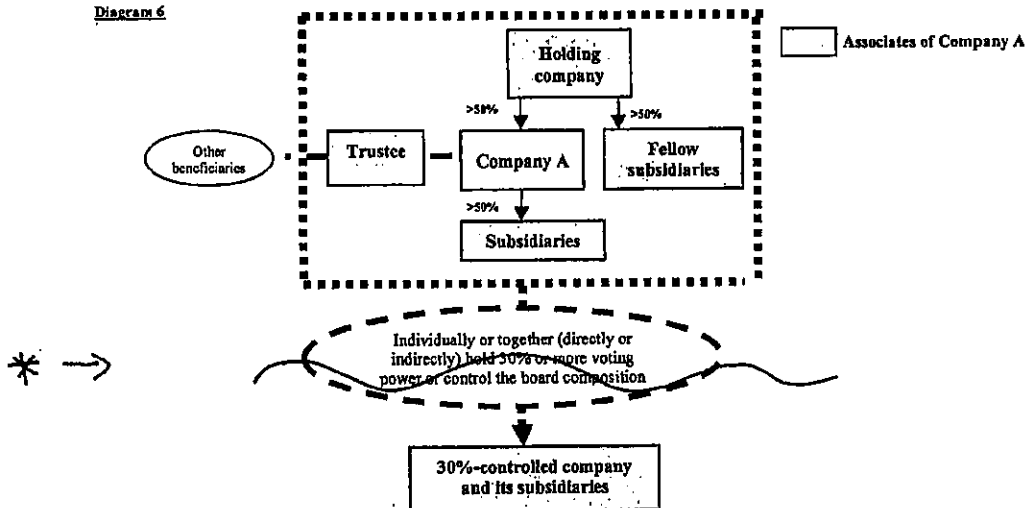
(2) the trustees, acting in their capacity as trustees of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to its knowledge) a discretionary object (the "trustees"); or

1.01 - (b)(iv),
19A.04 - (b)(iv)

(3) a 30%-controlled company held, directly or indirectly, by the company, the group companies, and/or the trustees (individually or together), or any of its subsidiaries.

Diagram 6

Associates of Company A



- (2) whose association with the connected person is such that, in the Exchange's opinion, the proposed transaction should be subject to the connected transaction requirements.

14A.11(4)(c) 14A.19 The issuer must inform the Exchange of any proposed transaction with the person described in rule 14A.17(1) or 14A.18(1) unless it is exempt from all of the connected transaction requirements. It must provide information to the Exchange to demonstrate whether or not the transaction should be subject to connected transaction requirements.

Drafting changes

WHAT ARE CONNECTED TRANSACTIONS

14A.20 Connected transactions include transactions with connected persons, and transactions with third parties that may confer benefits to connected persons through their interests in the entities involved in the transactions.

on

14A.10(13) 14A.21 "Transactions" include both capital and revenue nature transactions, whether or not conducted in the group's ordinary and usual course of business. This includes the following types of transactions:

- (1) any buying or selling of assets by a group including a deemed disposal;
- (2) (a) a group granting, accepting, exercising, transferring or terminating an option to buy or sell assets or to subscribe for securities; or

14A.10(13)(b),
14A.68

Note: Terminating an option is not a transaction if it is made under the terms of the original agreement and does not involve payment of any penalty, damages or other compensation by the group the group has no discretion over the termination.

Proposal G(2)

- (b) a group deciding not to exercise an option to buy or sell assets or to subscribe for securities;
- (3) entering into or terminating finance leases or operating leases;
- (4) providing or receiving financial assistance. "Financial assistance" includes granting credit, lending money, or providing an indemnity against obligations under a loan, or guaranteeing or providing security for a loan;
- (5) entering into an agreement or arrangement to set up a joint venture in any form (e.g. a partnership or a company), or any other form of joint arrangement;
- (6) issuing new securities of the issuer or its subsidiaries;
- (7) providing, receiving or sharing services; or
- (8) buying or selling raw materials, intermediate products and/or finished goods.

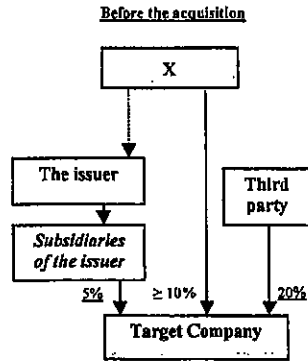
Transactions with connected persons

14A.13(1)(a),
14A.13(2)(a)(i),
14A.13(2)(b)(i) 14A.22 Any transaction between a group and a connected person is a connected transaction.

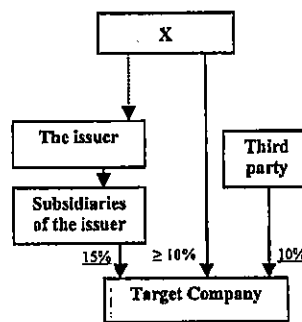
Comments:

Also insert diagram to illustrate 14A.25(2)

Diagram 18



After the acquisition

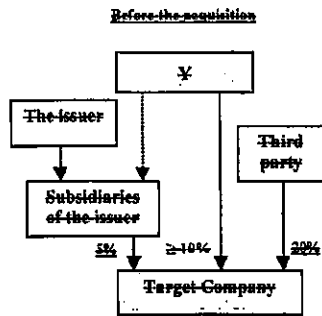


Comments:

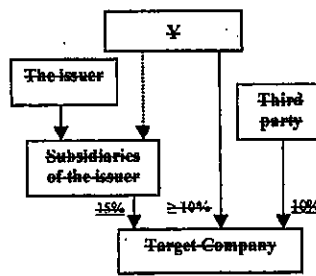
X is a controller or proposed controller of the issuer.

- X is a (proposed) controller of the issuer.
- X is a substantial shareholder of the Target Company.
- The group's acquisition of an interest in the Target Company from the third party is a connected transaction
- ← The group's disposal of an interest in the Target Company to the Third Party or any other third party is also a connected transaction.

Diagram 19



After the acquisition



- Y is a (proposed) controller of the issuer's subsidiary or subsidiaries
- Y is a substantial shareholder of the Target Company.
- The group's acquisition of an interest in the Target Company from the Third Party is a connected transaction.
- ← The group's disposal of an interest in the Target Company to the Third Party or any other third party is also a connected transaction.

14A.13(1)(b)(i) 14A.26 The Exchange may aggregate the interests of the controller and his/its associates in the target company to decide whether they together are the target company's substantial shareholder.

14A.13(1)(b)(j) 14A.27 Buying or selling the target company's assets is also a connected transaction if these assets account for 90% or more of the target company's net assets or total assets.

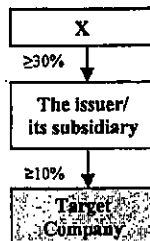
Proposal E(b)

14A.28 Rule 14A.25 or 14A.27 does not apply to an issuer's proposed acquisition or disposal if:

Proposal E(b)

14A.13(1)(b)(i) - N1, N2 (1) — the controller or his/its associate(s) is/are together the target company's substantial shareholders only because of their indirect shareholdings in the target company held through the group; or

Diagram 20



- X is a controller of the issuer or its subsidiary or subsidiaries.
- X only has an indirect interest in the Target Company through the group.
- The group's acquisition or disposal of an interest in the Target Company from or to any third party (who is not a connected person) is not a connected transaction.

Comments:
A general, rather than a Ch14A, requirement.

14A.43,
14A.53

14A.37 The Exchange may waive the general meeting requirement and accept a written shareholders' approval, subject to the conditions that:

- (1) no shareholder of the issuer is required to abstain from voting if a general meeting is held to approve the transaction; and
- (2) the approval is given by a shareholder or a closely allied group of shareholders who (together) hold more than 50% of the voting rights in the general meeting.

14A.43 - N2 14A.38 If the issuer discloses inside information to any shareholder in confidence to solicit the written approval, it must ensure that the shareholder is aware that he must not deal in the securities before the information has been made available to the public.

14A.21

14A.39 If the connected transaction requires shareholders' approval, the issuer must (1) set up an independent board committee; and (2) appoint an independent financial adviser.

Independent board committee

14A.21,
13.39(6), (7)

14A.40 The independent board committee must, taking into account the recommendation of an independent financial adviser, advise the issuer's shareholders:

- (1) whether the terms of the connected transaction are fair and reasonable;
- (2) ~~whether the connected transaction is on normal commercial terms and in the group's ordinary and usual course of business;~~
- (3) whether the connected transaction is in the interests of the issuer and its shareholders as a whole; and
- (4) how to vote on the connected transaction.

Proposal H

13.39(6)(c)

14A.41 The independent board committee should consist only of independent non-executive directors who do not have a material interest in the transaction.

13.39(6)(c),
14A.58 - N

14A.42 If all the independent non-executive directors have a material interest in the transaction, an independent board committee will not be formed. The independent financial adviser must then make its recommendation to the shareholders directly.

14A.58(3)(c),
13.39(7)(a)

14A.43 If an independent board committee is formed, the circular should include a letter from the independent board committee containing its opinion and recommendation.

Independent financial adviser

13,39(6)(b),
14A.21,
14A.23

14A.44 The issuer must appoint an independent financial adviser acceptable to the Exchange to make recommendations to the independent board committee and shareholders on the matters in rules 14A.45(1) to (4). The independent financial adviser will give its opinion based on the written agreement for the transaction.

Comments:
Refer to mandate as well

Annual review by independent non-executive directors and auditors

14A.37 14A.56 The issuer's independent non-executive directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:

- (1) in the group's ordinary and usual course of business;
- (2) on normal commercial terms; and
- (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the issuer's shareholders as a whole.

14A.38 14A.57 The issuer must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the issuer's board of directors confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:

Proposal F(3)

- (1) have not been approved by the issuer's board of directors;
- (2) were not, in all material respects, in accordance ~~are in compliance with~~ the group's pricing policies if the transactions involve provision of goods or services by the group;
- (3) were not entered into, in all material respects, are in accordance with the relevant agreement governing the transactions; and
- (4) have ~~not~~ exceeded the cap (if applicable).

~~Note: A confirmation provided by the auditors according to Practice Note 740 issued by the Hong Kong Institute of Certified Public Accountants is acceptable under this rule.~~

14A.38 14A.58 The issuer must provide a copy of the auditors' letter to the Exchange at least 10 business days before the bulk printing of its annual report.

14A.39 14A.59 The issuer must allow, and ensure that the counterparties to the continuing connected transactions allow, the auditors sufficient access to their records for the purpose of reporting on the transactions.

14A.40 14A.60 The issuer must promptly notify the Exchange and publish an announcement if the independent non-executive directors and/or the auditors cannot confirm the matters as required. The Exchange may require the issuer to re-comply with the announcement and shareholders' approval requirements and may impose additional conditions.

Comments:

Refer to relevant mandate as well.

When a continuing transaction subsequently becomes connected

- 14A.61 If the group has entered into an agreement ~~with fixed terms~~ for:
- 14A.41 (1) a continuing transaction, and the transaction subsequently becomes a continuing connected transaction, or
- 14A.33 – N2 (2) a continuing connected transaction exempt under the ~~“insignificant subsidiary exemption” (see rules 14A.98 to 14A.101)~~ or the “passive investor exemption” (see rules 14A.102 and 14A.103), and the transaction subsequently cannot meet the conditions for the exemption,

Proposal C(1)

the issuer must:

- (a) as soon as practicable after becoming aware of this fact, comply with the annual review and disclosure requirements including publishing an announcement and annual reporting if the group continues to conduct the transaction under the agreement; and
- (b) when the agreement is renewed or its terms are varied, comply with all connected transaction requirements.

Other requirements relating to connected transactions

Options

- 14A.62 If the group grants an option to a connected person and the group does not have discretion to exercise the option, the transaction is classified as if the option has been exercised (see rule 14A.80(1)). In addition, the issuer must announce the following subsequent events as soon as practicable:
- 14A.69(2), (3)(c) (1) any exercise or transfer of the option by the option holder; and/or
- 14A.69(3)(a), (b) (2) (if the option is not exercised in full), the option holder notifying the group that it will not exercise the option, or the expiry of the option, whichever is earlier.

Guaranteed profits or net tangible assets

- 14A.57, 14A.59(10) 14A.63 The following apply if the group acquires a company or business from a connected person, and the connected person guarantees the profits or net tangible assets or other matters regarding the financial performance of the company or business.
- 14A.57, 14A.59(10) 14A.64 If the actual amount is less than the amount guaranteed, the issuer must disclose the following in an announcement and in its next annual report:
- (1) the shortfall and any adjustment in the consideration for the transaction;
- (2) whether the connected person has fulfilled its obligations under the guarantee;
- (3) whether the group has exercised any option to sell the company or business back to the connected person or other rights it held under the terms of the guarantee, and the reasons for its decision; and

**Provision of guarantees to connected subsidiaries or commonly held entities
for public sector contracts awarded by tender**

- 14A.42(2) 14A.109 The Exchange may waive all or some of the connected transaction requirements for a joint and several guarantee or indemnity provided by the group to a third party creditor for the obligations of a connected subsidiary or a commonly held entity if:
- (1) the guarantee/indemnity is required for a government or public sector contract awarded by tender;
 - (2) each of the other shareholders of the connected subsidiary or commonly held entity has given a similar joint and several guarantee or indemnity to the third party creditor; and
 - (3) each of the other shareholders of the connected subsidiary or commonly held entity has agreed to indemnify the group for the liability guaranteed, or indemnified at least in proportion to its equity interest in the subsidiary or entity. The issuer must satisfy the Exchange that such shareholder indemnity is sufficient.

Continuing connected transactions of new applicants

- 14A.42(3) 14A.110 The Exchange may waive the announcement, circular and shareholders' approval requirements for continuing connected transactions entered into by a new applicant or its subsidiaries. The new applicant must disclose in the listing document its sponsor's opinion on whether the transactions are in the group's ordinary and usual course of business, on normal commercial terms, are fair and reasonable and in the interests of the shareholders as a whole.

Written agreement for continuing connected transactions

14A.110A The Exchange may waive the requirement under rule 14A.34 if the issuer can demonstrate to the Exchange's satisfaction that it is impracticable or unduly burdensome for the group to enter into a written agreement for continuing connected transactions. Factors which the Exchange will consider include the issuer's relationship with the connected person, and the nature of the continuing connected transactions including whether they are of a revenue nature in the group's ordinary and usual course of business and the frequency or regularity of transactions. The issuer must satisfy the following conditions:

Proposal F(1)

- (1) the issuer must seek a mandate for the transactions from its shareholders (or from its board if the transactions are exempt from the shareholders' approval requirement);
- (2) the mandate period must not exceed 3 years;
- (3) the issuer must comply with all the connected transaction requirements which are applicable to continuing connected transactions conducted under a (written agreement). The issuer's announcement and, if applicable, circular must disclose the terms of the mandate which must include a framework for determining the terms of the transactions; and
- (4) the issuer must re-comply with the announcement and shareholders' approval requirements if it proposes to renew the mandate or effect a material change to its terms.

Comments:

This is not clear enough. Does it mean as if the mandate is/constitutes the written agreement?

Comments:

can be more than 3 years if appropriate