

LEMBAGA PERKHIDMATAN KEWANGAN LABUAN
(LABUAN FINANCIAL SERVICES AUTHORITY)

Our ref: LFSA/TSU/9701/ltr160113

16 January 2013

Chairman
Association of Labuan Banks
Association of Labuan Trust Companies
Labuan International Insurance Association
Labuan Investment Banks Group

Chief Executive Officer
Labuan IBFC Inc. Sdn Bhd

Dear Sir/Madam,

Listings of Labuan Incorporated Companies on the Stock Exchange of Hong Kong Limited (the "HKEx")

With reference to the above, we are pleased to inform you that arising from application by Labuan FSA to be accepted as a recognised issuer jurisdiction of incorporation under the Listing Rules of HKEx, Labuan IBFC has now deemed as an acceptable jurisdiction by the HKEx Listing Committee.

2. Following the decision, Labuan incorporated companies wishing to list their entities on the HKEx will now be able to do so through a streamlined listing process as required by HKEx. The approval for listings will be subject to the conditions to be fulfilled by the listing applicant from Labuan IBFC. Kindly make reference to the case number: **20120405-I11000-0033 (Pre-IPO Enquiry)** in your correspondence with the HKEx Listing Committee.

3. The detailed decision made by the HKEx Listing Committee is attached for your information and further dissemination to all members of the association. If you require further clarification, please contact our officer Ms Munyra Musa, email at munyra@labuanfsa.gov.my or telephone +6 087 591 327.

With kindest regards.

Yours faithfully,



(Md Yunus Atip)

Director

On behalf of Labuan Financial Services Authority

26/84/0/tsu/mm

HKEX LISTING COMMITTEE DECISION ON THE PRE-IPO ENQUIRY BY LABUAN FSA

The HKEx Listing Committee resolved that Labuan can be accepted as a recognised jurisdiction under the HKEx Listing Rules subject to:

- (1) A potential Labuan incorporated listing applicant (“Applicant”) must address the differences in shareholder protection in Hong Kong and Labuan in the manner recommended by the HKEx Listing Committee as follows:
 - a) A Labuan company must provide in its Articles for a shareholders’ right to petition to court to cancel any class rights variation.
 - b) A Labuan company must provide in its Articles for a requirement that any alteration to increase an existing member’s liability to the company is not binding unless such liability increment is agreed by the member in writing.
 - c) A Labuan company must provide in its Articles that any voluntary winding-up must be approved by members by a three-quarter majority vote in general meeting.
 - d) A Labuan company must provide in its Articles that the auditors are appointed and their remuneration is approved by way of an ordinary resolution in a general meeting.
 - e) A Labuan company must provide in its Articles to allow for inspection of the register of company’s members by any person on terms comparable to those under Hong Kong Company Ordinance (HKCO) i.e. such as terms of closure of register
 - f) A Labuan company must disclose in its listing document any regulatory differences of buy-out provisions between the HKCO and Labuan Companies Act (LCA).
 - g) A Labuan company must provide in its Articles that a general meeting will be held each year as its AGM and no more than 15 months shall lapse between the date of one AGM of the Labuan company and the next.
 - h) A Labuan company must provide in its Articles for a lower voting requisition threshold of 5% of the paid up capital for the right to request directors to convene an extraordinary general meeting and for the right of members to convene the meeting themselves upon directors’ failure to do so.
 - i) A Labuan company must provide in its Articles that any annual general meeting or any extraordinary general meeting at which a resolution that requires approval of the members by three-quarter majority vote will be proposed shall be convened on at least 21 days’ notice, and that any other general meeting shall be convened on at least 14 days’ notice.
 - j) A Labuan company should provide in its Articles for a specific content of the notice to include specific nature of the business to be transacted, as under the HKCO.
 - k) A Labuan company must provide in its Articles for the right of its members to demand a poll.

- l) A Labuan company must provide in its Articles that appointment of a director is required to be voted upon individually, and that a unanimous approval of members is required to pass a resolution permitting appointment of two or more directors by a single resolution.
 - m) A Labuan company must provide in its Articles that notices of the intention to move a resolution at a general meeting or class meeting must contain particulars of the relevant interests of directors in the matter dealt with by the resolution.
 - n) A Labuan company must provide in its Articles for circumstances under which a Labuan company may make loans, including quasi loans and credit transactions, to a director no less stringent than those permitted under the HKCO i.e. general prohibition with the exception of ordinary business, group of companies, funds to meet expenditures etc. as prescribed in the HKCO.
 - o) A Labuan company must provide in its Articles that a payment to a director as a compensation for loss of office or retirement from office must be approved by members in a majority vote in general meeting.
 - p) Where it is not unduly burdensome, a Labuan company should provide in its Articles for a requirement of a court confirmation of the share capital reduction without exceptions.
- (2) Applicant disclosing in its listing document the jurisdictional and regulatory differences between Hong Kong and Labuan, especially on the aspects of the HKEX Joint Policy Statement (JPS)¹;
- (3) Applicant being able to demonstrate a reasonable nexus between its place of incorporation and its place of business operations;
- (4) If there are any subsequent major changes in Labuan laws which significantly worsen the shareholder protection standards as compared to those in Hong Kong, the Applicant will duly inform the HKEx and make announcement according to its rules to ~~enable the public to appraise the nature of the changes. The HKEx may impose~~ conditions as they see appropriate or reconsider Labuan as an acceptable jurisdiction for a company's incorporation; and
- (5) The following confirmations being provided to the HKEx:
- a) That the sponsor has considered and reviewed all material shareholder protection areas identified in the JPS in its due diligence review under Practice Note 21 to the Main Board Rules or Practice Note 2 to the GEM Rules, and that it is independently satisfied that the protection afforded by Labuan laws and regulations to the Applicant's shareholders is at least equivalent to or broadly commensurate with that in Hong Kong; and
 - b) A legal opinion and the sponsor's confirmation that the Applicant's constitutive documents do not contain provisions preventing it from complying with its

¹ JPS refers to the HKEx JPS dated 7 March 2007 entitled "Joint Policy Statement Regarding the Listing of Overseas Companies". Please refer to the attached Notes to the Appendix for details on the aspects highlighted in the JPS.

rules, the Securities and Futures Ordinance – Disclosure of Interests, and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases.

Note that the above guidance given is based on the information presented on hypothetical basis. HKEx may alter its view if there is any change in the information provided in the Applicant's Submissions; in the circumstances under which the views were made, or if the individual circumstances of an Applicant so justify.

When an Applicant submits its listing application, further comments may be raised by the HKEx Listing Committee and the Listing Division, and additional conditions may be imposed.

THE ASPECTS HIGHLIGHTED IN THE HKEX JOINT POLICY STATEMENT REGARDING THE LISTING OF OVERSEAS COMPANIES (“JPS”)

(With reference to paragraph (2) of the Appendix)

1. An overseas company is expected to adopt a corporate structure that clearly protects principal shareholder rights.
 - a) For any change to an overseas company's constitutional document, however framed, there should be a general requirement for the company to obtain the approval of members on terms comparable to those required of a HK incorporated company
 - b) Rights attached to any class of shares of an overseas company may only be varied with the approval of members on terms comparable to those required of a HK incorporated public company
 - c) Notwithstanding anything in the constitutional document of an overseas company, any alteration in the constitutional document to increase the existing member's liability to the company is not binding unless such liability increase is agreed by such member in writing.
 - d) Voluntary winding up of an overseas company must be approved by members on terms comparable to those required of a Hong Kong incorporated public company.
 - e) Appointment, removal and remuneration of auditors must be approved by members on terms comparable to those required of a Hong Kong incorporated public company.
 - f) An overseas issuer must ensure that its branch register of members in Hong Kong shall be open for inspection by members. Closure of the register on terms comparable to the current provisions of Hong Kong law will be allowed.
 - g) The circumstances under which the minority shareholders of an overseas company may be bought out or may require an offeror to buy out their interests after a successful takeover or share repurchase must be clearly stated.

2. An overseas company is expected to adopt fair proceedings for general meetings to enable shareholders to utilize their rights in full.
 - a) Overseas companies are required to hold a general meeting each year as its annual general meeting. Not more than 15 months shall elapse between the date of one annual general meeting of the company and the next.
 - b) Members holding not less than 5% of the paid up capital of the overseas company may require the company to convene an extraordinary general meeting and may request the company to circulate a resolution proposed by the requisitionists to members entitled to receive notice of that meeting.
 - c) Overseas companies must ensure that any annual general meeting or any extraordinary general meeting at which a resolution that requires the approval of members by three-quarter majority vote will be proposed shall be convened on at least 21 days' written notice; and that any other general meeting shall be convene on at least 14 days' notice.

- d) Overseas companies must adopt general provisions as to meetings and voting on terms that are comparable to those required of a Hong Kong incorporated public company.
 - e) Proxies/corporate representatives may be appointed by any recognized clearing house within the meaning of section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap.571) for attending general meeting and creditors meeting on terms comparable to those permitted under Hong Kong law; and such proxies/corporate representative should enjoy statutory rights, including the right to speak in such meetings, comparable to those appointed with respect to a Hong Kong incorporated public company.
 - f) The right of members of an overseas company to demand a poll must be comparable to that available to members of a Hong Kong incorporated public company.
3. An overseas company is expected to adopt corporate governance measures that ensure the powers of directors are reasonably contained and subject to reasonable scrutiny.
- a) Appointment of a director is required to be voted on individually. Unanimous approval of members is required to pass a resolution permitting appointment of two or more directors by a single resolution.
 - b) A director is required to declare any material interest in any contract with the overseas company at the earliest meeting of the board of directors of the company.
 - c) An overseas company is required to include in notices of its intention to move a resolution at a general meeting or class meeting particulars of the relevant interests of directors in the matter dealt with by the resolution.
 - d) The circumstances under which an overseas company may make loans, including quasi loans and credit transactions, to a director must be confined to circumstances no less stringent than those permitted for a Hong Kong incorporated public company.
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- e) Any payment to a director or past director of an overseas company as compensation for loss of office or retirement from office is required to be approved by members of the company on terms comparable to those required of a Hong Kong incorporated public company.
4. An overseas company is expected to ensure that the notion of capital maintenance is enshrined in its corporate structure and with respect to all its corporate actions.
- a) Any alteration of share capital in an overseas company must be approved by members on terms comparable to those required of a Hong Kong incorporated public company.
 - b) Any reduction of share capital in an overseas company must be subject to confirmation by the court and be approved by members on terms comparable to those required of a Hong Kong incorporated public company.
 - c) An overseas company may only redeem its shares out of distributable profits or fresh proceeds from a new issue of shares or under other circumstances comparable to those under which a Hong Kong incorporated public company may be allowed to make such redemption.