

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes and provide reasons to support your view. Where there is insufficient space, please attach additional pages as necessary.

1. Do you agree shares should be traded ex-entitlement (for conditional entitlements) only after shareholder approval?

☐ Yes

☒ No

Please provide reasons to support your view.

We agree to support the status quo so as to let listed issuers decide to set the record date before or after the date of shareholders' approval, for the reasons set out in Para 17 to 21 of the Consultation Paper, in particular:

- a) Prolong distribution process: Since script dividend election forms are usually sent to shareholders whose names are on the register of members on record date and there is a two-week exercise period counting from the mailing of such election forms, the record date set after the shareholders' approval date would delay the issue of script shares to shareholders at least by a few weeks.
- b) There are very few complaints.
- c) There is a warning sentence in circular which is sufficient to alert shareholders about the risk of having entitlement not approved by shareholders in the general meetings.
- d) This will increase the risk of feasibility of certain corporate actions, such as right issue that time is of essence.

2. If the shares are required to be traded ex-entitlement after shareholder approval, do you agree the record date should be set at least 3 business days after the date of shareholder approval (i.e. at least one cum-trading day be provided)?

☒ Yes

☐ No

If your answer is "No", please suggest the minimum period between the record date and the date of shareholder approval. Please provide reasons to support your view.

If the stock exchange implements the proposal, i.e. shares are required to be trade ex-entitlement only after shareholder approval, we agree that a least one cum-trading day be provided.

3. If the issuer fails to publish its voting results via HKExnews website by 11pm on the date of the general meeting, do you agree the last cum-trading day should be extended to at least the second business day after the general meeting?

☒ Yes

☐ No

Please provide reasons to support your view.

Same as the reasons set out in Question 2.

4. Should any requirement to trade shares ex-entitlement only after shareholder approval has been given be applied to all conditional entitlements?

☐ Yes

☒ No (only to some of the conditional entitlements)

If your answer is “No”, please specify the types of entitlements that should be traded ex-entitlement after shareholder approval. Please provide reasons to support your view.

In principle, we agree that the proposed requirement should only apply to some conditional entitlements which are subject to high risk of shareholders’ disapproval, but in practice, we understand that it is extremely difficult to define what is subject to high risk of shareholders’ disapproval. However, we are of the view that, at least, final dividends (cash and script) shall not form part of the types of ex-entitlements that should be traded after shareholders’ approval because final dividends are seldom disapproved in general meetings.

5. Do you have any other comments in relation to the ex-entitlement arrangements?

☐ Yes

☒ No

If your answer is “Yes”, please state and provide reasons to support your view.

N/A

- End -