

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please make your comments by replying to questions below against proposed changes discussed in the Consultation Paper at the hyperlink: http://www.hkex.com.hk/consul/paper/cp200907_e.pdf.

Where there is insufficient space provided for your comments, please attach additional pages.

Consultation Questions on Notice Period for Book Closure

1. Do you agree to our proposal to shorten the notice period for book closure for a rights issue or an open offer from 14 calendar days to five business days?

Yes with conditions stated below

No

Please provide reasons to support your view.

We can support the notice period for book closure to five business days (or four clear business days excluding the announcement date) as suggested in the consultation paper as the minimum notice period requirement. However, it is more practicable to adopt a notice period for book closure for six business days in which case it would be unlikely to change the book closure period in the event of typhoon or black rainstorm falling in any one of the two uninterrupted trading days. If the listed issuer decides to take the minimum five business days notice period for rights issue or open offer, the listed issuer must consult the share registrar and the relevant parties for timeline and workflow planning.

With reference to the rights issues we handled lately, the book closure period usually lasted for 3-5 business days and the PALs were dispatched on the business day following the last day of book-closure period. When the timeline is shortened, share registrars and the listed issuer's printer would have a very tight processing window for printing and dispatch of PALs and prospectus to registered shareholders.

From the share registrars' perspective, the operational procedures would be changed entirely under the revised timeline taking into account the possible change of book closure period resulting from typhoon or black rainstorm. We would only be able to print and personalize PALs on the first day of the book-closure period instead of these being printed before the book closure as currently the case. The operational feasibility would be largely dependent on the number of registered shareholders the listed issuers have on the Register of Members.

2. In the case of a rights issue or an open offer, do you agree to our proposal to require extension of the notice period by postponing the book closure date, if necessary, to

provide the market with a minimum of two uninterrupted trading days for trading in cum-rights securities during the notice period if, for examples, trading on the Exchange is interrupted due to typhoon and/or a black rainstorm warning or trading of the issuer's securities is suspended?

Yes

No

Please provide reasons to support your view.

For open offer, additional trading days may be required, in particular, when there are a number of parties e.g. sub-custodian, global custodian, fund managers, beneficial owners, etc. involved in the process chain. An open offer differs from a rights issue in that investors are unable to sell the shares that they purchase under the open offer to other parties. Some investors see a secondary market offering as bad news because it causes share dilution.

3. If your answer to question 2 is “Yes”, do you agree that the proposed draft rule amendments in Appendix II will implement our proposal(s)?

Yes

No

Please provide reasons to support your view.

As stated above.

4. Do you agree to our proposal to amend the notice period for book closure (in cases other than a rights issue or an open offer) from 14 calendar days to 10 business days?

Yes

No

Please provide reasons to support your view.

The new requirement will be more specific as opposed to the current situation when there are public holidays falling in between the timeline.

5. Do you agree to our proposal to amend the notice period for alteration of book closure date from six calendar days to five business days?

Yes

No

Please provide reasons to support your view.

The new requirement will be more specific as opposed to the current situation when there are public holidays falling in between the timeline.

6. Do you agree to our proposal to clarify the rule that if an issuer changes the book closure date, it must give notice at least five business days before the originally announced closure or the newly proposed closure, whichever is earlier?

Yes

No

Please provide reasons to support your views.

7. Are there any other comments you would like to make?

Yes

No

If your answer is “Yes”, please state below.

Consultation Questions on Subscription Period

8. Do you agree to our proposal to amend the minimum subscription period for rights issues and open offers from 14 calendar days to 10 business days?

Yes

No

Please provide reasons to support your view.

The new requirement will be more specific as opposed to the current situation when there are public holidays falling in between the timeline.

9. Do you agree to our proposal to amend the maximum subscription period for rights issues and open offers (over which the issuer must consult the Exchange) from 21 calendar days to 15 business days?

Yes

No

Please provide reasons to support your view.

The new requirement would be more specific.

10. Are there any other comments you would like to make?

Yes

No

If your answer is “Yes”, please state below.

Computershare will launch the web-based platform for rights issue and open offer subscription. The e-subscription will enable shareholders to subscribe rights issue and open offer through a secure, user-friendly and round the clock web-based platform, throughout the subscription period. Not only does the e-subscription platform provide a convenient channel to shareholders for subscriptions, it also improves overall efficiency for processing.

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