

# Appendix 2

## Documents of Title

### Part A

#### Temporary Documents of Title

##### Equity Securities

1.
  - (1) The document of title, if renounceable, must show as a heading, the date the offer expires, that the document is of value and negotiable and that in all cases of doubt, or if prior to receipt the addressee has sold (other than ex rights or ex capitalisation) all or part of his registered holding of the existing securities, a stockbroker, bank manager, solicitor or other professional adviser should be consulted immediately.
  - (2) In the case of a rights issue which is underwritten and the underwriter is entitled to terminate that underwriting upon the occurrence of any events of force majeure after dealings in the rights in nil-paid form have commenced, then the temporary documents of title must contain full disclosure of that fact. Such disclosure must:—
    - (a) appear on the front of the temporary documents of title and in a prominent position in the body of the documents;
    - (b) include a summary of the force majeure clause(s) and explain when its provisions cease to be exercisable;
    - (c) state that there are consequential risks in dealing in such rights; and
    - (d) be in a form approved by the Exchange.
2. Temporary documents of title must be serially numbered and printed on good quality paper. The name and address of the first holder and names of joint holders (if any) must be stated and, in the case of fixed income securities, a statement as to the amount of the next payment of dividend must be included.
3. The documents of title must state the pro rata entitlement, the last date on which transfers were or will be accepted for registration for participation in the issue, how the securities rank for dividend or interest, whether the securities rank *pari passu* with any listed securities, the nature of the document of title and its proposed date of issue and how fractions (if any) are to be treated. In the case of a rights issue, the documents of title must state how securities not taken up will be dealt with and the time, being not less than 10 business

days, in which the offer may be accepted. In cases where the issuer has a large number of overseas members a longer offer period may be desirable, provided that the Exchange must be consulted if the issuer proposes an offer period of over 15 business days.

4. Where the right of renunciation is given on temporary documents of title:—
  - (1) the instructions for registration, renunciation and splitting and the form of renunciation must be printed in the body of, or attached to, the document;
  - (2) there must be provision for splitting (without fee) and split documents must be certified by an official of the issuer or authorised agent. There must not be more than five clear business days between the last day for splitting and the last day for renunciation; and
  - (3) when, at the same time as an allotment is made of securities issued for cash, securities of the same class are also allotted, credited as fully-paid, to vendors or others, the period for renunciation may be the same as, but not longer than, that provided for in the case of securities issued for cash.
5. Letters of regret should preferably be issued simultaneously with, but in any event not later than three business days after, the issue of letters of allotment or letters of rights. Where it is impossible to issue letters of regret at the same time as the allotment letters or letters of rights, an announcement to that effect must be published in accordance with rule 2.07C as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the morning after the allotment letters or letters of rights have been posted.
6. In the absence of contrary instructions from the holder concerned, all letters of allotment and letters of rights to holders of securities with addresses outside Hong Kong must be despatched by airmail.

### **Debt Securities**

7. The Exchange does not require temporary documents of title to conform to any particular standard. If, however, such a document is to be used, matters such as the exchange for definitive documents of title must be adequately dealt with as well as the payment of any interest pending its exchange for a definitive document of title.