

## 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 support the proposal that shares should be traded ex-entitlement (for conditional entitlements) only after shareholders approval so as to eliminate or reduce the anomaly associated with ex-entitlement trading of shares as a result of an early record date.

Ex-entitlement trading commencing too early at a stage where approval of such entitlement is not yet obtained or where the granting of such entitlement is still uncertain may result in distortion of share prices during the ex-entitlement trading period, if the entitlement lapses in due course.

Mandating a record date after shareholders approval may help reduce such anomaly.

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.

We agree that the record date should be set at least 3 business days after the date of shareholders approval (i.e. at least one cum-trading day be provided). As Hong Kong currently adopts a T+2 settlement period, investors who want to receive the entitlement (but do not want to purchase the shares before the general meeting due to uncertainty of the outcome) should be allowed sufficient time (at least 1 business day) to purchase the shares after the shareholders approval so as to become a registered shareholder on the record date. Likewise, existing shareholders should also be provided sufficient time to consider whether to sell their shares after the general meeting.

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.

We agree that if the issuer fails to publish its voting results via HKExnews website by 11pm on the date of the general meeting, the last cum-trading day should be extended to at least the second business day after the general meeting as sufficient time should be allowed for buyers and sellers to buy or sell shares after the general meeting respectively as explained 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.

We support the proposal to trade shares ex-entitlement only after shareholders approval be applied to **all** conditional entitlements for the reasons set out in Question 1 above.

As pointed out in the consultation paper, there had only been two types of conditional entitlements being identified in paragraph 5 of Chapter 1, namely entitlements itself requiring shareholders approval and entitlements contingent on shareholders approval of certain transaction. There doesn't appear to be justification to regulate ex-entitlement trading by, e.g. limiting the ability to invoke a condition after ex-entitlement trading commences.

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

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Yes

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No

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

Save as the above, we do not have any further comments in relation to the ex-entitlement proposals.

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