

## 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](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

No

Please provide reasons to support your view.

The current economic climate, which brings about unusual price fluctuations and a global credit squeeze, entails the recommended shortening of the notice period from book closure for a rights issue or an open offer. Listed companies in Hong Kong will welcome the above change since it will enable them to raise funds more quickly. This is especially important in the light of the current economic environment, which has resulted in a credit crunch in many sectors of the business world in Hong Kong.

The current requirement for a listed issuer to announce closure of its register of members at least 14 days before the closure imposes unnecessary market risks on all parties concerned, including the issuers, underwriters, existing and potential shareholders. A shorter period will enable shareholders to make a decision based on the current value of the rights issue, free from consideration of price fluctuations in the open notice period.

The above proposal is laudable in terms of maintaining and reinforcing Hong Kong as a major international equity funds-raising centre by aligning Hong Kong's requirements with those commonly accepted in our neighbouring countries.

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.

The proposed amendment will then be in agreement with paragraph 3.13 of the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by The Hong Kong Exchanges and Clearing Limited on 28 November 2008.

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.

The proposed draft rule amendments have rightly distinguished the treatment in relation to rights issue or open offers and other cases.

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.

In cases other than a rights issue or an open offer, amending the notice period for book closure from 14 calendar days to 10 business days will define the notice period more clearly, and at the same time will not shorten the actual length of the notice period. Using business day instead of calendar day as a yardstick is more in line with the practice in the UK, Australia and Singapore.

More importantly, I agree with the amendment from 14 calendar days to 10 business days for cases other than a rights issue or an open offer because I believe the notice period should not be shortened for cases like stock splits, share consolidation, change in board lot size, and change of company name.

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.

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 minimum subscription period for rights issues or open offers is, in effect, not shortened as a result of the proposed amendment. As mentioned before, using business day as a yardstick is clearer and is in line with the practice in the UK, Australia and Singapore. It will also make redundant the cumbersome wordings to provide for exceptions as in, say, paragraph 3.3 of the “Guide on Trading Arrangements on Selected Types of Corporate Actions” issued by The Hong Kong Exchange and Clearing Limited on 28 November 2008.

In my opinion, 10 business days is a reasonable minimum subscription period and is in line with the current requirements in the UK, Australia and Singapore. It is noted that the UK changed its minimum subscription period from 21 calendar days to 10 business days in February 2009.

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.

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

Yes

No

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

In order to promote Hong Kong as a major international equity fund-raising centre, the HKEx may consider the following recommendations relating to rights issue:

1. Accept confidential submissions for rights issue applications prior to announcement  
  
This will help protect confidentiality and shorten the market exposure period for rights issues. Singapore has already started to accept confidentiality submissions starting from 2009.
2. Adopt a short form prospectus  
  
The UK is reviewing this bold, but at the same time sensible, move.
3. Introduce a non-traditional rights issue structure  
  
Australia has already adopted a RAPIDS model (Renounceable Accelerated Pro-Rata Issue with Dual-bookbuild Structure). Singapore is looking into a similar one.

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