



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

By email < response@hkex.com.hk > and by post

7 March 2011

Our Ref.: C/CFC, M75998

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Dear Sirs,

Re: [Consultation Paper on Ex-entitlement Trading and Shareholder Approval](#)

--- The Hong Kong Institute of Certified Public Accountants has considered the above consultation paper and our comments are set out in the questionnaire attached to this letter.

If you have any questions on this submission or wish to discuss it further, please feel free to contact me at the Institute on 2287 7084.

Yours faithfully,

A handwritten signature in black ink that reads 'Peter Tisman'. The signature is written in a cursive, flowing style.

Peter Tisman
Director, Specialist Practices

PMT/ML
Encl.

QUESTIONNAIRE ON EX-ENTITLEMENT TRADING AND SHAREHOLDER APPROVAL

We invite interested parties to respond to the Consultation Paper on Ex-entitlement Trading and Shareholder Approval, which can be downloaded from the HKEx website at:
<http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp2010123.pdf>

This Questionnaire contains the Personal Information Collection and Privacy Policy Statement; Part A: General Information of Respondents; and Part B: Consultation Questions.

All responses should be made in writing by completing and returning to HKEx both Part A and Part B of this Questionnaire no later than **28 February 2011** by one of the following methods:

By mail or
hand delivery to

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Re: Consultation Paper on Ex-entitlement Trading and Shareholder Approval

By fax to

(852) 2524-0149

By e-mail to

response@hkex.com.hk

Please mark in the subject line:

Re: Consultation Paper on Ex-entitlement Trading and Shareholder Approval

Our submission enquiry number is (852) 2840-3844.

The names of persons who submit comments together with the whole or part of their submissions may be disclosed to members of the public. If you do not wish your name to be published please indicate so in Part A.

Part A General Information of the Respondent

All fields are mandatory, except the fields with an asterisk (*) if you are an individual respondent.

Name/ Company Name*	: Hong Kong Institute of Certified Public Accountants
Contact Person*	: Peter Tisman
Title*	: Director, Specialist Practices
Phone Number	: (852) 2287 7084
E-mail Address	: peter@hkipa.org.hk

If you **do not wish** to disclose the above information to the public, please check the box here:

I do not wish to disclose the information above.

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.

This will align the market practice in Hong Kong with the practice in other leading securities markets, and remove the risk of uncertainty in relation to trading of the shares during the period from the ex-date to the date of general meeting (i.e., uncertainty whether investors are trading shares with or without entitlements).

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.

Setting the record date at least three business days after the date of shareholder approval will provide a window of at least one trading day after the general meeting (under the current T+2 settlement system) for shareholders to sell their cum-entitlement shares in the market if they do not want to take up the entitlement.

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 note that rule 13.39(4) of the main board listing rules requires that "*Any vote of shareholders at a general meeting must be taken by poll and the issuer must announce the results of the poll in the manner prescribed under rule 13.39(5)*".

Rule 13.39(5) requires that "*The issuer shall announce the results of the poll by way of an announcement ... not later than the time that is 30 minutes before the earlier of the commencement of the [Exchange's] morning trading session or any pre-opening session on the business day following the meeting*".

Given the above, it is not clear from the consultation paper why, in this case, there is considered to be a need to extend the cum-trading day, if companies do not announce the voting results via the HKExnews website on the day of the general meeting.

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 consider that the principle should be applied to all conditional entitlements consistently so as to avoid market confusion.

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.

- End -