

# Guide on disclosure of record date, book closure and latest time for lodging transfers of shares

## 1. Introduction

1.1 Very often an issuer in its public disclosure may refer to a temporary closure of its transfer books or register of members ~~register~~ to determine the identity of shareholders entitled to a corporate action (e.g. attendance and voting at its general meeting, entitlements and other distributions). ~~The Listing Division has compiled this~~ This Guide ~~guide to~~ provides guidance and reference information to issuers in relation to disclosure of book closure information.

~~1.2 The responsibility for disclosing information in announcements and circulars and complying with Listing Rules rests firmly with issuers and their directors. This Guide does not form part of the Listing Rules and does not in any way amend or vary an issuer's obligations under the Listing Rules, nor does it remove the need for issuers and their directors to make their own judgement as to what information should be disclosed in relation to corporate actions. In case of doubt, issuers are encouraged to consult their Listing Officers.~~

~~1.3~~ 1.2 Issuers should also be aware that, other than the Listing Rules and ~~the Guide~~ this guide, the scheduling and arrangements for book closure may also ~~be also~~ subject to statutory laws and regulations in their jurisdiction of incorporation. For instance, there is a statutory requirement in Hong Kong on the cumulative book closure period.

## 2. General principles

2.1 Sufficient time of notification: An issuer must ensure that there is sufficient time for shareholders to act so as to take part in its corporate actions. In respect of book closure, the Listing Rules require an issuer to ~~publish a notice of the~~ announce any closure of its transfer books or register of members in respect of securities listed in Hong Kong at least six business days ~~(i.e. five clear business days)~~ before the closure in the case of a rights issue, or 10 business days before the closure in other cases. Where there is an alteration of book closing dates, the issuer must, at least five business days before the announced closure or the new closure, whichever is earlier, notify the Exchange in writing and ~~give further notice to the market~~ make a further announcement. ~~(See G3.8)~~ The date on which the ~~notice is released~~ announcement is published on the HKEXnews website is counted in the notification period. Where the issuer decides on a record date without book closure, the requirements in this paragraph apply to the record date.<sup>1</sup>

For a rights issue, the issuer must provide at least two trading days (as defined in the Rules of the Exchange) for trading in the securities with entitlements (i.e. before the ex-date) after publication of the book closure. If cum-rights trading is interrupted due to, for example, ~~a typhoon, "extreme conditions" caused by a super typhoon ("Extreme Conditions")~~<sup>2</sup> and/or a

<sup>1</sup> MB Rule 13.66(1), ~~Note (2) to 13.66~~ /and GEM Rule 17.78(1), ~~Note (1) to 17.78~~

<sup>2</sup> ~~According to the "Code of Practice in Times of Typhoons and Rainstorms, the Hong Kong Government may issue an announcement on "extreme conditions" in the event of, for example, serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons. When "extreme conditions" are in force (i.e. the two-hour period after cancellation of Typhoon Warning Signal No. 8), the Hong Kong Government will review the situation and further advise the public by the end of the two-hour period whether "extreme conditions" will be extended or cancelled.~~

~~black rainstorm warning or~~ trading suspension of the issuer's securities, and the interruption causes the number of uninterrupted trading days for cum-rights trading to fall short of two, the book closure date will be postponed, where necessary, to provide the market with a minimum of two trading days (during neither of which trading is interrupted) for cum-rights trading during the notice period. In these circumstances, the issuer must publish an announcement on the revised timetable as soon as practicable.<sup>3</sup> For the sake of clarity, the two uninterrupted trading days do not need to be consecutive.

- 2.2 Ex-entitlement trading after shareholder approval: An issuer must ensure that the last day for trading in the securities with entitlements falls at least one business day after the general meeting, if the entitlements require approval by shareholders in general meeting or are contingent on a transaction that is subject to approval by shareholders in general meeting. Under the current T+2 settlement system, the record date (when there is no book closure) or the last registration date (when there is a book closure) must be at least three business days after the general meeting.<sup>4</sup> If the issuer fails to publish the result of the poll conducted in the general meeting in the manner prescribed under MB ~~Listing~~-Rule 13.39(5) / GEM ~~Listing~~-Rule 17.47(5), it must ensure there is at least one trading day for trading in the securities with entitlements after publication of the results of the poll. The issuer must publish an announcement on any revised timetable.<sup>5</sup>
- 2.3 Complete and accurate disclosure: Fragmented or unclear disclosure of book ~~close~~-closing dates may lead to unnecessary confusion in the market. ~~The Exchange strongly suggests issuers strive to~~ Issuers should disclose ~~relevant and~~ complete and accurate information relating to corporate actions to allow shareholders and investors to easily ascertain the implications of these corporate actions on their holdings of securities.<sup>6</sup>
- 2.4 Book closure information and securities trading: The issuer should note that book closure will have implications as to how its securities will be traded and cleared in the secondary market. Under the current T+2 settlement system, securities will trade ex-entitlement on the business day immediately before the last registration date. For instance, an issuer declares a book closure period from Monday, 1 September 2008 to Friday, 26 September 2008, ~~(both days inclusive,~~ for the determination of shareholders who qualify for cash dividends. The latest time for lodging share transfers will be the close of business on Friday, 29 August 2008 in order to qualify for the dividends. Under the T+2 settlement system, the issuer's securities will trade ex-entitlement on Thursday, 28 August 2008.

## 2.5 ~~Typhoon, Extreme Conditions or black rainstorm arrangements~~

- ~~i.2.5~~ Emergency share registration arrangements during a typhoon, Extreme Conditions<sup>7</sup> or a black rainstorm warning: The issuer should note that the requirements for emergency share registration arrangements stipulated in MB Practice Note 8 ~~of the Listing Rules/-~~ GEM Rules 17.79 and 17.80 will apply to the book closure period or record date for all purposes (e.g.

<sup>3</sup> Note 2 to MB Rules 13.66 / Note 1 to GEM Rule 17.78

<sup>4</sup> MB Rules 13.66(2), Note (3) to 13.66 and GEM Rules 17.78(2), Note (2) to 17.78

<sup>5</sup> MB Rule 13.66(2), Note (3) to 13.66(2) / GEM Rules 17.78(2), Note (2) to 17.78(2)

<sup>6</sup> Listing Division's Letter to issuers on 11 May 2007

<sup>7</sup> According to the "Code of Practice in Times of Adverse Weather and 'Extreme Conditions'", the Hong Kong Government may issue an announcement on "extreme conditions" in the case where a Super Typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period. When "extreme conditions" are in force, the Hong Kong Government will review the situation and will announce whether to extend the "extreme conditions" prior to the expiry of the specified period.

distribution of entitlements, attendance and voting at a shareholder general meeting).<sup>8</sup>

ii. ~~Extension of the notice period for book closure for rights issues: The issuer must provide at least two trading days for trading cum-rights securities during the notice period (see G2.1). If trading on the Exchange is interrupted due to a typhoon, Extreme Conditions and/or a black rainstorm warning, the book closure date will be automatically postponed, where necessary, to provide at least two trading days (during neither of which trading is interrupted) for trading of securities with entitlements during the notice period. In these circumstances, the issuer must publish an announcement on the revised timetable as soon as practicable.~~<sup>9</sup>

iii. ~~Minimum of one cum-entitlement trading day after the general meeting: An issuer must ensure that the last day for trading in the securities with entitlements falls at least one business day after the general meeting, if the entitlements require approval by shareholders in general meeting or are contingent on a transaction that is subject to approval by shareholders in general meeting. If trading on the Exchange is interrupted due to a typhoon, Extreme Conditions and/or a black rainstorm warning, the record date /book close date (thus the ex-date) may need to be postponed. In these circumstances, the issuer must publish an announcement on the revised timetable as soon as practicable.~~<sup>40</sup>

### 3. Disclosure of book closure information

3.1 Purposes of the book closure: The issuer must clearly specify the purpose(s) of its book closure. In cases of the disclosure of multiple book closures in the same announcement, an issuer should specify clearly the purpose(s) of each of the book closures. For instance, if an issuer declares different book closures for the purposes of attendance at a general meeting and for receiving cash dividends, it should ~~clearly~~-state clearly in its disclosure material the purpose and other relevant information for each and every book closure.

3.2 Record date and book closure period: The record date is the date on which the issuer will determine the identity of registered security holders for attendance and voting at the general meeting or for entitlement(s). In places like Hong Kong where physical certificates exist, share registration may take time to complete.

Issuers usually announce a period of time during which the transfer books or register of members will be closed for share transfers, the so-called book closing dates or book closure period ~~(e.g. from 1 September 2008 to 5 September 2008, both days inclusive)~~. However, there are some issuers who can identify registered shareholders by closing the register-transfer books or register just for a single day or by taking a snapshot of ~~its register books~~the transfer books or register at the end of the record date. Irrespective of book closing dates or record dates, the general principles stated in ~~G2.1 (sufficient time of notification), G2.2 (ex-entitlement trading after shareholder approval) and G2.3 (complete and accurate disclosure)~~section 2 of

<sup>8</sup> MB Practice Note 8, MB Rule /GEM Rules 17.79, 17.80, Tables 1& 2

<sup>9</sup> MB Rule 13.66(1) and GEM Rule 17.78(1)

<sup>40</sup> MB Rule 13.66(2) and GEM Rule 17.78(2), MB Rule 13.66(1) and GEM Rule 17.78(1)

this guide equally apply to the disclosure.

3.3 Book closure timing information: Each time an issuer decides to close its books temporarily for a planned corporate action, it is good practice for it to provide the following book closure timing information in its announcement/\_circular:

- i. *Record date*: The issuer must provide the record date on which it will identify its shareholders entitled to the corporate action based on the names appearing on its books. If the corporate action requires approval by shareholders in general meeting or is contingent on a transaction that is subject to approval by shareholders in general meeting, the issuer must also provide the record date on which ~~the issuer~~<sup>11</sup> will identify shareholders who will be entitled to attend and vote at the general meeting<sup>11</sup> ~~must also be provided~~<sup>12</sup>. If there is a book closure period, the record date can fall on any day during the period but it normally falls on the last day of the book ~~closure period~~closing date. The issuer usually determines the identity of qualified shareholders at the close of the business day. If it is otherwise, the issuer should specify the Hong Kong time at which the snapshot of shareholder records will be taken in the form of “hh:mm on dd/mm/yyyy”.
- ii. *Book closure period*: The issuer must specify the book closure period ~~of time in which the company if its~~ register will be closed ~~whenever there is a closure to qualify to identify~~ shareholders entitled to the corporate action. The period should be presented in the form of either “on dd/mm/yyyy” (for one-day book closure) or “from dd/mm/yyyy to dd/mm/yyyy, both days inclusive” (for a book closure period of more than one day).
- iii. *Latest time for lodging transfers of securities*: The issuer must provide the latest date and time for lodging share registrations in order to qualify for the corporate action. The information is usually presented as “at 4:30 p.m. on dd/mm/yyyy”. An issuer should confirm with its registrar to ensure that the selected date is a future business day which the share registrar will be open for business and will handle transfers of the ~~respective~~ stock relevant securities.

3.4 Other information relevant to book closure: The issuer should disclose other information or dates relevant to the specified book ~~close~~closure, including (where appropriate) the share registrar’s name and address as well as the expected payable payment date or conditions and arrangements for approving the corporate action.<sup>13</sup>

3.5 Headline category: The issuer must select ~~an appropriate~~all applicable headlines category ~~during its submission of the~~for its announcement containing the book closure information, including via e-Submission System (ESS) for publication on the Exchange’s website. The submitter must select “Closure of Books or Change of Book Closure Period” under the second-tier grouping “Securities / Share Capital” under the general category of “Announcements and Notices”.<sup>14</sup>

<sup>11</sup> See Guide on general meetings for details.

<sup>12</sup> Issuer should refer to Guide on general meetings for details.

<sup>13</sup> Listing Division’s Letter to issuers on 11 May 2007.

<sup>14</sup> MB Rule 2.07C-(3)/\_GEM Rule 16.18-(2), Guide on selection of headlines and title of documents under electronic disclosure

- 3.6 Announcing a corporate action with pending book closure timing information: As far as practicable, the issuer is strongly advised to provide all the book closure timing information (see **G3.3**) in the initial announcement of ~~the a proposed~~ corporate action. However, occasionally there may be practical situations where the issuer is not able to do so. In these circumstances, the issuer should as far as possible provide in the initial announcement its ~~best~~ estimated ~~d of the~~ time on which the pending book closure information would be made available to the market. ~~It should ensure that once the book closure timing is determined, a supplementary disclosure announcement is made as soon as practicable (see G3.7).~~
- 3.7 Supplementary ~~disclosure announcement to update pending book closure timing information when timing information is determined~~: Once the pending book closure timing information is determined, the issuer should as soon as possible make a ~~distinct and specific~~ supplementary ~~disclosure~~ announcement to update the market with the determined book closure timing information. It should also ensure that the selected timing of book closure will provide sufficient time for shareholders to take action (see **G2.1**). In addition, in the supplementary announcement, the issuer should make clear reference to the initial ~~corporate action~~ announcement and the date of publication. ~~It must select the appropriate headline category (see G3.5) when submitting the supplementary announcement to the Exchange for publication via ESS.~~
- 3.8
- 3.9 Alteration of book closure timing information: ~~In cases where there is an alteration of book closure arrangements, An an issuer must make an announcement needing that needs to modify book closure arrangements already announced to the market should to~~ inform the market on the alteration of book closure information as soon as possible ~~through the issuance of a distinct announcement on the alteration of book closure information~~. The issuer should ensure that the timing of the altered book closure provides sufficient time for shareholders to take action (see **G2.1**). It should make reference to the initial announcement on the corporate action and the date of publication, and should clearly spell out the new book closure timing and the original book closure timing. ~~The issuer must select the appropriate headline category (see G3.5) when submitting the disclosure on the alteration of book closure timing information to the Exchange for publication via ESS.~~
- 3.8
- 3.9 Scheduling reasonable and practicable book closure arrangements: The issuer should follow the general principles and guidelines above in scheduling its book closure ~~arrangement arrangements~~. It should ensure that the book closure ~~arrangement arrangements~~ for the corporate ~~action actions are~~ is reasonable and practicable. If the issuer has a significant number of shareholders, it should liaise with its share registrar in advance so as to ensure that the share registrar will have sufficient time to process the possible substantial volume of share transfers within the book closure period.
- 3.10

In particular, special attention should be given to the scheduling of book closure for a new



corporate action if the issuer has already announced book closure period(s) for other corporate action(s) that are yet to expire~~one or more yet-to-be-expired but already announced book closure(s) for other purpose(s)~~. In these circumstances, the issuer should exercise caution in scheduling the book closure ~~arrangement~~ arrangements so that its book closure timing in contemplation for the planned corporate action will not create any difficulties for or confusion to shareholders in exercising their rights in all these corporate actions.

For issuers' reference:

- i. If there is sufficient time of notification, the issuer can select the book closure period of the previous corporate action for the new corporate action (~~see~~ **G2.1**).
- ii. In all cases, the latest time for lodging share transfers of the new corporate action must not be within the book closure period of the previous corporate action(s).
- iii. If the issuer selects a new book closure period which will effectively alter the book closure period(s) of other corporate action(s) in any way (e.g. bring it forward or extend the period), it should ensure that the general principles of sufficient time of notification (~~see~~ **G2.1**) and the guidelines for alteration of book closure (~~see~~ **G3.8**) are observed. It should make reference and spell out the implications of such a book closure period and relevant corporate action(s) in the disclosure materials. Also, the issuer must clearly specify the latest time for lodging share transfers for these corporate actions.

**3.143.10** Example: The following is an example for scheduling book closure when there is another unexpired but already announced book closure period.

The issuer made an announcement of a corporate action (**CA 1**), disclosing the closure of its book from Monday, 1 September 2008 to Wednesday, 10 September 2008 with the latest time for lodging transfers of shares entitled to CA 1 at 4:30pm on Friday, 29 August 2008.

A few days later, the issuer found that it needed to announce another corporate action (**CA 2**) which would also require a temporary closure of its books. In scheduling the book closure for CA 2, the issuer should note:

- a) If there is sufficient time of notification, the issuer may close its books from Monday, 1 September 2008 to Wednesday, 10 September 2008, both days inclusive (i.e. the identical book closure period) for the purposes of both CA 1 and CA 2.
- b) The issuer must not select a new book closure period in which the latest time for lodging transfers of shares will be between Monday, 1 September 2008 and Friday, 10 September 2008 (i.e. the book closure period of CA 1). This is because the books member register will ~~then~~ be closed for CA 1 and no transfers of securities can take place.
- c) If the issuer selects a new book closure period which will effectively alter the book closing dates of CA 1, e.g. from Wednesday, 27 August 2008 to Friday, 29 August 2008 (which will effectively bring forward the latest time for lodging transfers of securities qualified for CA 1), it must declare the alteration of the book closure for CA 1 at least five business days before the new book closure period on 27 August 2008 (~~see~~ **G2.1**). In the respective

material it should:

- make reference to CA 1 and its relevant book closure period in the disclosure materials of CA 2;
- highlight the alteration of the book closure period of CA 1; and
- specify the updated latest time for lodging transfers of shares for CA 1 (which is now Tuesday, 26 August 2008).

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### 3.123.11 Checklist for Record Date, Book Closure and Lodging Transfers of Securities

The issuer should go through the following checklist to ensure affirmative or appropriate answers are provided to all the questions below.

Issue	Checked
1. <u>Sufficient time of notification</u> : Have you complied with the following minimum requirement for the notification of the book closure period? <b>(G2.1 and G2.5)</b>	
<ul style="list-style-type: none"> <li>▪ For the initial announcement of the closure <u>of its transfer books or register of members of books</u>, it should be made at least six business days <u>(i.e. five clear business days) ahead of before</u> the <u>book</u> closure for a rights issue, or 10 business days before the closure for other cases.</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>▪ In the case of a rights issue, you must maintain at least two trading days for trading cum-rights securities during the notice period and, where necessary, to postpone the book <u>closure-closing</u> date if cum-rights trading is interrupted, <u>for example</u>, due to <u>a typhoon, Extreme Conditions and/or a black rainstorm warning or</u> trading suspension of the issuer's securities which causes the number of uninterrupted trading days for cum-rights trading to fall short of two.</li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>▪ For alteration of the book closure period already <u>released-announced</u> to the market, the announcement should be made at least five business days ahead of the announced closure or the new closure, whichever is earlier.</li> </ul>	<input type="checkbox"/>
2. <u>Ex-entitlement trading after shareholder approval</u> : Have you complied with the following requirements for ex-entitlement trading? <b>(G2.2 and G2.5)</b>	
<ul style="list-style-type: none"> <li>▪ <u>If the entitlements require approval by shareholders in general meeting or are contingent on a transaction that is subject to approval by shareholders in general meeting, you must ensure that the last day for trading in the securities with entitlements falls at least one business day after the general meeting.</u></li> </ul>	<input type="checkbox"/>
<ul style="list-style-type: none"> <li>▪ If you fail to publish the result of the poll conducted in the general meeting in the manner prescribed under MB <u>Listing</u>-Rule 13.39(5) / GEM <u>Listing</u>-Rule 17.47(5), <u>it you</u> must ensure there is at least one trading day for trading in the securities with entitlements after publication of the results of the poll. You</li> </ul>	<input type="checkbox"/>

Issue	Checked
must publish an announcement on any revised timetable.	
<p>*-If trading on the Exchange is interrupted due to a typhoon, Extreme Conditions and/or a black rainstorm warning, the record date / book-close date (thus the ex-date) may need to be postponed. In such circumstance, you must publish an announcement on the revised timetable as soon as practicable-</p>	<input type="checkbox"/>
3. <u>Purpose of the book closure:</u> Have you clearly specified the purpose(s) of each and every book closure stated in the disclosure material (e.g. AGM attendance and voting, distribution of dividends)? <b>(G3.1)</b>	<input type="checkbox"/>
4. <u>Book closure timing information:</u> In your announcement, have you provided the following information? <b>(G3.3)</b>	
<ul style="list-style-type: none"> <li>▪ Book closure period               <ul style="list-style-type: none"> <li>▪ on _____dd/mm/yyyy; or</li> <li>▪ from _____dd/mm/yyyy to_____ dd/mm/yyyy, both days inclusive</li> </ul> </li>   <li>▪ Record date (“on _____ - _____dd/mm/yyyy”)</li>   <li>▪ Latest time for lodging transfers of shares to be entitled to the corporate action (“at 4:30pm on- _____dd/mm/yyyy”)</li>   <li>▪ Is the last day for lodging transfers of shares qualified for the corporate action a business day in which the share registrar is open for business and will handle share transfers for the <del>respective company</del>relevant securities?</li> </ul>	<input type="checkbox"/>      <input type="checkbox"/>      <input type="checkbox"/>
5. <u>Other information relevant to book closure (G3.4):</u>	
<ul style="list-style-type: none"> <li>▪ Have you specified the name and address of the share registrar?</li>   <li>▪ Have you included all necessary relevant information (e.g. conditions for approving the corporate action)?</li> </ul>	<input type="checkbox"/>  <input type="checkbox"/>
6. <u>Headline category:</u> Have you selected the headline category “Closure of Books or Change in Book Closure Period” for the announcement submitted to the Exchange via ESS? <b>(G3.5)</b>	<input type="checkbox"/>
7. <u>Announcing a corporate action with pending book closure timing information</u> (if applicable): Have you <del>specified-announced the estimated time on which the pending book closure timing information would be made available to the market</del> your best estimate of when the pending book closure timing information	<input type="checkbox"/>



Issue	Checked
<del>will be available to security holders?</del> (G3.67)	
8. <u>Supplementary <del>disclosure-announcement</del> to update pending book closure timing information</u> (if applicable): Have you made reference to the initial announcement about the corporate action in relation to this book closure and the respective date of publication? (G3.7)	<input type="checkbox"/>
9. <u>Alteration of book closure timing information</u> (if applicable): Have you made reference to the initial announcement about the corporate action, the original book closure timing and the respective date of publication in addition to the provision of the new book closure timing? (G3.8)	<input type="checkbox"/>
10. <u>Scheduling the book closure arrangement</u> : Is the schedule of your book closure arrangement “reasonable and practicable” as described in this <del>Guide</del> <u>guide</u> ? (G3.9 and G3.10)	<input type="checkbox"/>

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Important note:

This guide does not override the Listing Rules and is not a substitute for advice from qualified professional advisers. If there is any conflict or inconsistency between this guide and the Listing Rules, the Listing Rules prevail. You may consult the Listing Division on a confidential basis for an interpretation of the Listing Rules, or this guide.