

HONG KONG EXCHANGES AND CLEARING LIMITED

GUIDE ON DISCLOSURE OF RECORD DATE, BOOK CLOSURE AND LATEST TIME FOR LODGING TRANSFERS OF SHARES

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1. Introduction

- 1.1 Very often an issuer in its public disclosure may refer to a temporary closure of its transfer books or member 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 ~~Department~~ Division has compiled this Guide to provide guidance and reference information to issuers in relation to disclosure of book closure information.
- 1.2 The responsibility for disclosing of 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 Issuers should also be aware that, other than the Listing Rules and the Guide, the scheduling and arrangements for book closure may 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 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. (See **G3.8**) The date on which the notice is released 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.

MB Rule 13.66(1), Note (2) to 13.66 and GEM Rule 17.78(1), Note (1) to 17.78, ~~FAQ No. 058-2019~~

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~~s~~ (“Extreme Conditions”)¹ and/or a 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. 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.

MB Rule 13.66(2), Note(3) to 13.66 and GEM Rule 17.78(2), Note (2) to 17.78

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.

- 2.3 Complete and accurate disclosure: Fragmented or unclear disclosure of book close dates may lead to unnecessary confusion in the market. The Exchange strongly suggests issuers strive to disclose relevant and complete information relating to corporate actions to allow shareholders and investors to easily ascertain the implications of these corporate actions on their holdings of securities.

Listing Department’s Division’s Letter to issuers on 11 May 2007

¹ According to the ~~revised~~ “Code of Practice in Times of Typhoons and Rainstorms” ~~issued by the Labour Department in June 2019~~, the ~~Hong Kong Government of the Hong Kong Special Administrative Region~~ 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.

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. *Emergency share registration arrangements during a typhoon, Extreme Conditions or a black rainstorm warning*: The issuer should note that the requirements for emergency share registration arrangements stipulated in Practice Note 8 of the Listing Rules will apply to the book closure period or record date for all purposes (e.g. distribution of entitlements, attendance and voting at a shareholder general meeting).

Practice Note 8, MB Rule /GEM Rule 17.79, 17.80, Table 1 & 2, ~~FAQ No. 058-2019~~

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.

MB Rule 13.66(1) and GEM Rule 17.78(1), ~~FAQ No. 058-2019~~

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.

MB Rule 13.66(2) and GEM Rule 17.78(2), MB Rule 13.66(1) and GEM Rule 17.78(1), ~~FAQ No. 058-2019~~

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 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 book 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 just for a single day or by taking a snapshot of its register books 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) 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 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 record date on which the issuer will identify shareholders who will be entitled to attend and vote at the general meeting must also be provided.² 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 book 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 period of time in which the company register will be closed whenever there is a closure to qualify 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

² Issuer should refer to Guide on General Meeting for details.

presented as “at 4:30 pm 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.

- 3.4 Other information relevant to book closure: The issuer should disclose other information or dates relevant to the specified book close, including (where appropriate) the share registrar’s name and address as well as the expected payable date or conditions and arrangements for approving the corporate action.
- 3.5 Headline category: The issuer must select an appropriate headline category during its submission of the announcement containing the book closure information 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*”.
- 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 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 estimate of the time 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 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 Alteration of book closure timing information: An issuer needing to modify book closure arrangements already announced to the market should inform the market 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.

*Listing
Department’s
Division’s
Letter to
issuers on 11
May 2007*

*MB Rule
2.07C (3),
GEM Rule
16.18 (2)*

- 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. It should ensure that the book closure arrangement for the corporate action 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.

In particular, special attention should be given to the scheduling of book closure if the issuer has 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 so that its book closure timing in contemplation for the planned corporate action will not create any difficulties 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.
- 3.10 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 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 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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3.11 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
<p>1. Sufficient time of notification: Have you complied with the following minimum requirement for the notification of the book closure period? (G2.1 and G2.5)</p> <ul style="list-style-type: none"> - For the initial announcement of the closure of books, it should be made at least six business days (i.e. five clear business days) ahead of the closure for a rights issue, or 10 business days before the closure for other cases. <input type="checkbox"/> - 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 closure date if cum-rights trading is interrupted due to a typhoon, Extreme Conditions and/or a black rainstorm warning or trading suspension of the issuer's securities which causes the number of uninterrupted trading days for cum-rights trading to fall short of two. <input type="checkbox"/> - For alteration of the book closure period already released 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. <input type="checkbox"/> 	
<p>2. Ex-entitlement trading after shareholder approval: Have you complied with the following requirements for ex-entitlement trading? (G2.2 and G2.5)</p> <ul style="list-style-type: none"> - 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. <input type="checkbox"/> - If you fail 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. You must publish an announcement on any revised timetable. <input type="checkbox"/> - 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. <input type="checkbox"/> 	
<p>3. Purpose of the book closure: 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)? (G3.1)</p>	<input type="checkbox"/>
<p>4. Book closure timing information: In your announcement, have you provided the following information? (G3.3)</p> <ul style="list-style-type: none"> - Book closure period <ul style="list-style-type: none"> - on _____ dd/mm/yyyy; or - from _____ dd/mm/yyyy to _____ dd/mm/yyyy, both days inclusive - Record date (“on _____ dd/mm/yyyy”) <input type="checkbox"/> - Latest time for lodging transfers of shares to be entitled to the corporate action (“at 4:30pm on _____ dd/mm/yyyy”) <input type="checkbox"/> - 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 <input type="checkbox"/> 	

Issue	Checked
transfers for the respective company?	
5. <u>Other information relevant to book closure (G3.4):</u> - Have you specified the name and address of the share registrar? - Have you included all necessary relevant information (e.g. conditions for approving the corporate action)?	<input type="checkbox"/> <input type="checkbox"/>
6. <u>Headline category:</u> Have you selected the headline category “ <i>Closure of Books or Change in Book Closure Period</i> ” for the announcement submitted to the Exchange via ESS? (G3.5)	<input type="checkbox"/>
7. <u>Announcing a corporate action with pending book closure timing information</u> (if applicable): Have you specified your best estimate of when the pending book closure timing information will be available to security holders? (G3.6)	<input type="checkbox"/>
8. <u>Supplementary disclosure 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 Guide? (G3.9 and G3.10)	<input type="checkbox"/>

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