

Guide on distribution of dividends and other entitlements

1. Introduction

- 1.1 This ~~Guide~~guide has been developed to assist issuers in disclosing and making arrangements for distribution of dividends and other entitlements.
- 1.2 Entitlements are the most common type of corporate action event. ~~It is~~They are usually tied to company earnings and often made at regular intervals (e.g. quarterly or half-yearly). Entitlements can take different forms (i.e. cash or securities). Moreover, shareholders may be given options as to the form in which the distribution is received. For example, they may be able to choose the currency they receive or whether they receive securities rather than cash.
- 1.3 ~~Issuers~~Listed companies can help improve market efficiency and risk management in processing entitlements by providing timely, accurate and complete information about their distribution plans and making proper arrangements for their shareholders.
- ~~1.4 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. The responsibility for the disclosure of information in announcements and circulars and compliance with the Listing Rules rests firmly with issuers and their directors. In case of doubt, issuers are encouraged to consult their Listing Officers.~~
- ~~1.51.4~~ Users of this GuideIssuers should also note that, other than the Listing Rules and the various issuer guidesthis guide, the disclosure and distribution of entitlements may be also subject to statutory laws and regulations in the company'stheir jurisdiction of incorporation.

2. General principles

- 2.1 Definition of entitlement: Benefit (including cash, securities and other types of distributions) to which a shareholder is entitled as a result of a corporate action.
- 2.2 Impact on share trading: Distribution of an entitlement will affect the value of the company's issuer's issued shares, hence its share price. Under the current T+2 settlement system, the shares are generally traded ex-entitlement on the business day before the last registration date, the so-called ~~E~~ex-date. Buyers of the shares on or after the ~~E~~ex-date will not gain an entitlement to the benefit while the sellers on the ex-date will retain the entitlement.
- 2.3 Typhoon, "eExtreme eConditions" ("Extreme Conditions")¹ and/or black rainstorm warning (Bad Weather): ~~Where The the~~ entitlement distribution timetable may be interrupted by ~~b~~Bad

¹ According to the "Code of Practice in Times of Adverse Weather and 'Extreme Conditions'", the Hong Kong Government may issue an announcement on ~~territory-wide~~"extreme conditions" in the case where a ~~s~~Super ~~t~~Typhoon or other natural disasters of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period, for example, large-scale power outage, extensive fallen windows from high-rises leading to dangerous streetscape, major landslides, extensive flooding, widespread serious obstruction of public transport services. When "extreme conditions" are in force, the Hong Kong Government will review the situation and will announce whether to extend the further advise the public by the expiry of the specified period whether "extreme conditions" prior to the expiry of the specified period will be extended.

~~weather~~Weather~~-, Issuers-issuers~~ should outline the contingency arrangements for ~~a typhoon, Extreme Conditions or black rainstorm~~Bad Weather in their announcements or circulars. ~~They should refer to MB Practice Note 8 / GEM Rules 17.79 and 17.80 of the Listing Rules specifies for the emergency share registration arrangement during a typhoon, Extreme Conditions and/or a black rainstorm warning~~Bad Weather and. ~~T the Guide on Trading Arrangement for Selected Types of Corporate Actions~~Guide on trading arrangements for selected types of corporate actions specifies for the contingency arrangements to address any bad weatherBad Weather interruption to the timetable for a rights issue or open offer. Based on the same principle, the issuer should insert the following note, or a similar note to the same effect, in the circular and announcement about an entitlement with election(s):

"The latest time for submission of election forms will not be valid if a tropical cyclone warning signal no. 8 or above, or "extreme conditions"², or a "black" rainstorm warning is:

- a. *in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on [deadline for the submission of election form]. Instead the deadline for the submission of election forms will be 5:00 p.m. on the same business day;*
- b. *in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on [deadline for the submission of election forms]. Instead the deadline for the submission of election forms will be rescheduled to [4:00 p.m.] on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m."*

~~In addition, 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 such circumstance, the issuer must publish an announcement on the revised timetable as soon as practicable.~~³

2.4 Buyback for cancellation and/or holding as treasury shares: Under the Listing Rules, the shares repurchased by an issuer shall be held as treasury shares or cancelled.⁴

- (i) The listing of all shares which are held as treasury shares shall be retained. The issuer shall ensure that treasury shares are appropriately identified and segregated. Where the issuer is incorporated in a jurisdiction requiring treasury shares to be held in its own name, it should withdraw all treasury shares from Central Clearing and Settlement System (CCASS)~~CCASS~~, and either re-register them in its own name as treasury shares or cancel them, in each case before the record date (or the last registration date if there is a book closure period) for the dividends or distributions. If there remains any treasury shares held with ~~Central Clearing and Settlement System ("CCASS")~~ which are not entitled to the dividends or distributions on such date, the issuer should give clear written instructions to its share registrar to exclude such treasury shares in determining HKSCC Nominees Limited ("**HKSCCN**")'s entitlements to the dividends or distributions. The issuer and its broker should also promptly notify Hong Kong Securities Clearing Company Limited ("**HKSCC**") the number of treasury shares held with CCASS, details of the broker and other information HKSCC may prescribe from time to time. HKSCC will exclude such treasury shares based on the notifications in allocating the dividends or distributions among the CCASS participants.

² See footnote 1

³ MLR 13.66(2), Practice Note 8 / GLR 17.78(2)

⁴ MLR-MB Rule 10.06(5) / GLR-GEM Rule 13.14, Guidance letter / GL119-24

- (ii) The listing of all shares which are repurchased by an issuer but not held as treasury shares shall be automatically cancelled upon repurchase. The issuer shall ensure that the documents of title of these repurchased shares are cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase. If an issuer repurchased shares before the ex-date for any dividend or distribution but has not withdrawn the shares from CCASS for cancellation on or before the record date (or the last registration date if there is a book closure period), the issuer should instruct its share registrar to exclude such repurchased shares in determining HKSCCN's entitlements. The issuer and the relevant broker should promptly notify HKSCC the number of such repurchased shares held in CCASS, details of the broker and other information HKSCC may prescribe from time to time.

3. Notification of entitlements

- 3.1 Board meeting notice: An issuer is required to ~~inform the Stock Exchange (the Exchange) and~~ publish an announcement at least seven clear business days (i.e. excluding the announcement date and the board meeting date) in advance of the date fixed for any board meeting at which the declaration, recommendation or payment of a dividend is expected to be decided or at which any announcement of the profits or losses for any year, half-year or other period is to be approved for publication^{5, 6}
- 3.2 Announcement of board's decision: An issuer is required to announce immediately of its board's decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities, including the rate and amount of the dividend or distribution and the expected payment date (Payment Date). If there is to be no such dividend or distribution, the issuer should make an appropriate negative statement^{7, 8}

The issuer should also disclose in the announcement the number of treasury shares (including any treasury shares held or deposited with CCASS) and/or repurchased shares pending cancellation held by the issuer (if any), and that such shares would not receive the dividends or distributions⁹.

Where the issuer is incorporated in a jurisdiction requiring treasury shares to be held in its own name, it should also disclose in the announcement that it will withdraw all repurchased shares (if any) from CCASS, and either re-register them in its own name as treasury shares or cancel such repurchased shares, in each case before the record date (or the last registration date if there is a book closure period) for the dividends or distributions.¹⁰

- 3.3 Book closure / Record record date: An issuer ~~shall publish a notice of must announce~~ the closure of its transfer books or register of members at least six business days ~~(i.e. five clear business days)~~ before the closure for a rights issue or 10 business days before the closure in other cases¹¹. The requirements apply to the record date when there is no book closure.¹²

An issuer must ensure that the last day for trading in the securities with entitlements falls at

⁵ MLR MB Rule 13.43 / GLRGEM Rule 17.48

⁶ MB Rule 13.43 / GEM Rule 17.48

⁷ MLRMB Rule 13.45, paragraph 4(3) of MB Appendix D2 / GLRGEM Rules 17.49, MLR Appendix D2 – 4(3) / GLR 18.50B(3);
18.79 (6)

⁸ MB Rule 13.45(1), paragraph 4(3) of MB Appendix D2 / GEM Rules 17.49(1), 18.50B(3), 18.79(6)

⁹ In circumstances (such as distributions of bonus shares) where treasury shares are entitled to the distributions under the relevant laws, the issuer should include a clarification in the announcement.

¹⁰ Guidance Letter GL119-24

¹¹ MLR MB Rules 13.66(1), 13.66(2), Note (3) to 13.66 / GLRGEM Rules 17.78(1), 17.78(2), Note (2) to 17.78

¹² MB Rules 13.66(1), 13.66(2), Note (3) to 13.66 / GEM Rule 17.78(1)

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.¹³

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.

3.4 Conditions leading to the cancellation of the entitlement: If there is any condition which will lead to the cancellation of the entitlement ~~-distribution~~, it must be clearly spelt out in the issuer's announcement.

3.5 Timing of announcement ~~of decision on dividend~~: Announcements regarding the board's decisions on dividends and results or other distributions must not be published between 8:30 a.m. and 12:00 noon or between 12:30 p.m. and 4:30 p.m. on a normal business day, or between 8:30 a.m. and 12:30 p.m. on the eves of Christmas, New Year and the Lunar New Year (i.e. these dates have no afternoon trading session).¹⁴

3.6 Headline categories¹⁵: An issuer should select applicable headline ~~s categories~~ for its announcements regarding benefit the entitlement.¹⁶, such as:

- * ~~Announcements and Notices > Financial Information > Dividend or Distribution.~~
- * ~~Announcements and Notices > Securities / Share Capital > Change of Dividend Payment Date.~~
- * ~~Circulars > Securities / Share Capital > Rights Issue~~
- * ~~Listing Document > Open Offer~~

3.7 Equity warrants or ~~Convertible convertible~~ securities: If the issuer has outstanding equity warrants or ~~other~~ convertible securities listed on the Exchange at the time of entitlement distribution, the issuer should provide the following information about the equity warrants or convertible securities in the announcement and circular about the entitlement distribution:-

- i. name and stock code;
- ii. any adjustments to the subscription price ~~/or~~ conversion price as well as the terms and conditions; and
- iii. the latest time for the holders to exercise their rights in order to be entitled to the entitlement and the subscription or conversion arrangements.

3.8 Key dates for entitlement distribution¹⁷: The distribution plan usually contains the following key

¹³ ~~MB Rule 13.66(2) / GEM Rule 17.78(2)~~

¹⁴ ~~MLRMB Rule 2.07C(4)-(a) / GLRGEM Rule 16.18(3)-(a)~~

¹⁵ ~~MB Rule 2.07C(3) / GEM Rule 16.18(2), Guide on Selection of Headline and Title of Documents under Electronic Disclosure~~

¹⁶ ~~MB Rule 2.07C(3) / GEM Rule 16.18(2), Guide on selection of headlines and title of documents under electronic disclosure~~

¹⁷ ~~Issuer should also refer to See also the Guide on Trading Arrangements for Selected Types of Corporate Actions~~ Guide on trading

dates:

- i. **Record date** (Format: “dd/mm/yyyy”): The issuer must provide the record date on which it will identify its shareholders qualified for the entitlements based on the names appearing on its books. 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, the issuer must also provide the record date on which ~~the issuer-it~~ will identify shareholders who will be entitled to attend and vote at the general meeting ~~must also be provided~~.¹⁸ If there is a book closure period, the Record record Date date can fall on any day during the period, but it normally falls on the last day of the book closing date closure period. 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** (Format: “dd/mm/yyyy” or “from dd/mm/yyyy to dd/mm/yyyy, both days inclusive”): If the issuer will close the book to identify qualified shareholders, it must specify the book closure period ~~when the company register will be closed to identify qualified shareholders for the entitlement~~.
- iii. **Latest time for lodging transfers of securities** (Format: “hh:mm on dd/mm/yyyy”): The issuer must provide the deadline latest date and time for lodging share registrations in order to qualify for the entitlements. The information is usually presented as “at 4:30 p.m. on dd/mm/yyyy”. The issuer should 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 relevant securities. The deadline is usually set at the close of business hours on a selected business day.
- iv. **Ex-date** (Format: dd/mm/yyyy): The ~~E~~ex-date is set by the Exchange. Under ~~Hong Kong's~~ the current T+2 settlement cycle system, the ~~e~~Ex-date is usually the trading day immediately before the last registration date¹⁹. To maintain a fair and orderly market for securities trading, if the issuer alters its Book book Closure closure Period period or Record Date which will in turn lead to a change in ~~E~~ex-date, it must, at least five business days before the announced closure or the new closure, whichever is earlier, notify the Exchange in writing and publish the same in a regulatory announcement. The requirements apply to the record date when there is no book closure.²⁰
- v. **Payment Date** (Format: dd/mm/yyyy): To facilitate cash flow planning by shareholders, the issuer must announce the expected Payment Date ~~(also called Payable Date)~~ immediately after approval by or on behalf of the board.²¹ The Payment Date is the date on which the ~~company issuer~~ is expected to pay a cash or securities entitlement to its shareholders of record. As far as practicable, the issuer should specify a clear and specific date as the Payment Date, such as “dd/mm/yyyy”. Unclear specifications such as “on or about (a date)” are not recommended.²²
 - **Notification:** If there is any change to the expected ~~payment~~ Payment date Date

arrangements for selected types of corporate actions for other key dates in cases of rights issues and open offers.

¹⁸ Issuer should refer to See also the Guide on General Meeting for details.

¹⁹ The ~~E~~ex-date will be varied from the normal schedule due to no settlement on the eves of Christmas, New Year and Lunar New Year. Issuers ~~have to~~ refer to the circular issued by the Exchange ~~HKSCC~~ or to consult their designated case officers of the Listing Division Listing Officers.

²⁰ MLRMB Rule 13.66(1) / GLRGEM Rule 17.78(1)

²¹ MB Rule 13.45(1) / GEM Rule 17.49(1)

²² MLRMB Rule 13.45(1) / GLRGEM Rule 17.49(1)

previously disclosed, the issuer should announce this fact and the new expected ~~payment~~ Payment date ~~Date~~ as soon as practicable.²³ If the issuer's announcement mentions multiple entitlements to be paid on different dates, the issuer should clearly specify the Payment Date for each entitlement.²⁴

- Scheduling: It is the general practice to designate the Payment Date as the day on which the dividend cheques can be presented to banks for payment; i.e. not a Saturday, Sunday or public holiday when there is no transmission of funds among banks.
- Time interval: There is no requirement as to the time interval between the Record record Date-date for the entitlement and the Payment Date. However, in the interest of shareholders, it is desirable that the interval should be as short as practicable.

4. Cash entitlement

- 4.1 Currency of dividend payment: An issuer should specify the currency in which any dividends will be distributed and the dividend rate per share (e.g. final dividend of HK\$0.50 per share) in its announcement.
- 4.2 Currency conversion: If the distributed currency of cash entitlement will be different from the announced currency in the announcement, the issuer should alert its shareholders of the arrangement prior to the Payment Date. The issuer should also provide information about currency conversion between the two currencies, including the source of foreign exchange data, the selected dates for reference and the method of calculation.
- 4.3 Reference and actual exchange rate: If an issuer provides an approximate value of the dividend rate due to possible fluctuations of foreign exchange rate, shareholders must be alerted of such fact and advised that the final dividend rate may differ. Once the exchange rate is final, the issuer should announce the actual value of the dividend prior to the Payment Date.
- 4.4 Currency options for shareholders: If an issuer distributes a cash entitlement in a currency other than the Hong Kong dollar, it is a good practice to provide multiple currency alternatives to shareholders so that they may choose the currency in which they receive the cash entitlement.
- 4.5 Taxation: An issuer should indicate whether or not the declared entitlement is subject to any withholding tax. If so, the issuer should state the withholding tax rate, the jurisdiction where the dividend is generated and whether or not the tax deducted is claimable. Provision of authoritative sources for more detailed information about the applicable withholding tax and any related tax treaty will be helpful.

5. Securities entitlements (including dividends paid by way of scrips, bonus shares, warrants, rights issues and open offers²⁵)²⁶

- 5.1 Shareholder eligibility: An issuer may only exclude overseas shareholders in its distribution plan on the basis that, after its enquiry on the legal restrictions under the law of the relevant

²³ Note 3 to MB Rule 13.45(3) / Note 3 to GEM Rule 17.49(3)

²⁴ MLRNote 3 to MB Rule 13.45(3) Note 3 / GLRNote 3 to GEM Rule 17.49(3) Note 3

²⁵ For rights issues and open offers, issuers should refer to See also the Guide on Trading Arrangement for Selected Types of Corporate Action Guide on trading arrangements for selected types of corporate actions in cases of rights issues and open offers

²⁶ See also FAQ18.4 for distributions of entitlement securities to Southbound Shareholders under Stock Connect

place, requirements of the relevant regulatory body or stock exchange, it would be necessary or expedient to do so.²⁷

- i. In such circumstances, the issuer must include an explanation for the exclusion in the circular or document containing the distribution plan. The issuer must ensure that the circular or offer document is delivered to its overseas shareholders for their information only subject to compliance with the relevant local laws, regulations and requirements.
- ii. The issuer should consider distributing cash in lieu of securities entitlements to overseas shareholders excluded from securities entitlements.

5.2 Undertaking / declaration: HKSCCN ~~Nominees~~ only has the shareholding information of its direct Participants and has no information on the identity and shareholding information of the ultimate beneficial owners (except for Investor Participants). Therefore, issuers should note that ~~-HKSCCN Nominees~~ is not in a position to give any undertaking / declaration or deemed representation / warrant in relation to the identity of the beneficial owners.

5.3 Changes in issued shares or treasury shares: The Listing Rules require issuers to ~~submit for publication on the HKEXnews website~~ publish a Next Day Disclosure Return to inform the market of any changes in their issued shares or treasury shares. The information should be submitted to the Exchange at least 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day following the relevant event.²⁸

5.4 Calculation of securities entitlements: The issuer should clearly specify in its announcement or circular how it calculates the resultant securities entitlements, including but not limiting to the following:

- i. The rounding rules of the resultant securities entitlements where the application of securities ratios results in fractional entitlement; i.e. less than one share (e.g. round down any fraction to the nearest whole unit).
- ii. The calculation method to determine the resultant securities entitlements of a shareholder. For instance, assuming a bonus issue ratio of 12 bonus shares for 25 existing shares held, a shareholder holding 1,024 shares (which is not an integral multiple of 25 shares) may receive 480 bonus shares (on the basis of the whole multiple) or 491 bonus shares (on a pro-rata basis), depending on how the issuer makes the calculation.

5.5 Resultant odd lots: In setting a security entitlement ratio, the issuer should seek to minimise the creation of odd lots. Issuers should appoint a securities dealer to purchase odd lots from shareholders within a specific period of time after the distribution so as to help shareholders to dispose of any odd lots resulting from the distribution of a securities entitlement.

5.6 Distribution of unlisted securities: If an issuer distributes unlisted securities, it is a good practice to offer a means for shareholders to dispose of the unlisted securities. Moreover, the issuer should also appoint a local transfer agent to provide share registration, warrant conversion and share splitting services to shareholders. The following information should be provided in the issuer's announcement:

²⁷ Notes to MLRMB Rule 13.36(2)-(a) and GLRGEM Rule 17.41-(1)

²⁸ MLRMB Rule 13.25A / GLRGEM Rule 17.27A

- i. Name and address, contact person and telephone number of the transfer agent;
- ii. Procedures and charges for share registration, share splitting, warrant conversion and other relevant services; and
- iii. Number of business days required for the completion of share registration, share splitting, warrant conversion and other relevant services.

5.7 Distribution of securities listed outside Hong Kong: If an issuer distributes securities listed outside Hong Kong to its shareholders, it should provide:

- i. The ISIN code(s) of the securities;
- ii. The name of the overseas stock exchange(s) on which the securities are listed;
- iii. A brief description of how the securities are traded and settled;
- iv. Any arrangement to help shareholders to dispose of the securities as well as any related charges; and
- v. Information on the broker(s) who can assist shareholders wishing to trade the securities where they are listed.

If the securities are issued in scripless form, the issuer must specify the procedures for shareholders to receive the securities, such as opening an account with a particular share depository. In addition, it should appoint a transfer agent in Hong Kong qualified to provide share registration, warrant conversion and other services to Hong Kong shareholders.

If the securities are issued in physical certificates, the issuer should appoint a transfer agent in Hong Kong qualified to provide share registration, share splitting, warrant conversion and other relevant services to Hong Kong shareholders. The following information should be provided in the issuer's s announcement:

- Name and address, contact person and telephone number of the transfer agent;
- Procedures and charges for share registration, share splitting, warrant conversion and other services; and
- Number of business days required for the completion of share registration, share splitting, warrant conversion and other services.

6. Entitlements with election(s)

- 6.1 Description: Sometimes, issuers may offer shareholders a choice as to how they will take part in the entitlements s. For instance, shareholders can opt to receive the entitlements s in cash or in securities through a reinvestment scheme. Some issuers even allow shareholders to apply their choice to all or only part of their entitled position.
- 6.2 Election form: Issuer's s should develop and dispatch an election form to help shareholders indicate their choice of entitlement option. The election form is normally distributed to qualified shareholders together with the circular about the entitlements s.

- 6.3 Deadline for returning the completed election form: Issuers should provide sufficient time for shareholders to consider the entitlement election. It is a general practice for issuers to provide no less than 10 business days between the dispatch of the election form and the deadline for returning the completed election form. Issuers should clearly specify in the announcement the deadline for returning the completed election form, which is usually specified as “*hh:mm on dd/mm/yyyy*”.
- 6.4 Material information for election decision: All material information required to make a decision on the entitlement election (e.g. the exact reinvestment prices or the foreign exchange rate for calculating the number of shares that a shareholder is entitled under a dividend reinvestment plan) should be provided to shareholders at least 5 business days prior to the deadline for returning the election form.
- 6.5 Default options: The issuer must state which of the available options will be considered a default choice of the shareholders. In case of no election decision being made, the issuer will automatically allocate the default option to the shareholder in order to calculate the resultant entitlements_s.
- 6.6 Combination of options: Issuers should state clearly in the announcement whether or not shareholders are allowed to choose a combination of the available options (i.e. shareholders can choose to receive the entitlements_s partly in cash and partly in scrip). Nominee services companies including HKSCC_N ~~Nominees~~ must be allowed to choose a combination of the available options in all cases of distribution of entitlements with options.
- 6.7 Cash in lieu of fractional entitlements: Under a scrip dividend scheme, a shareholder may choose to receive the entitlements_s wholly in scrip shares. Issuers should consider distributing cash in lieu of fractional entitlements of scrip shares to the shareholder. For example, an issuer announces a dividend payment of \$1 per share and allows shareholders to reinvest at a price of \$100 per scrip share. A shareholder holding 1,090 shares chooses to receive the entitlements_s wholly in scrip shares under a standing instruction. Apart from the allocation of 10 scrip shares, the issuer should also consider distributing cash in lieu (i.e. \$90) of fractional entitlements of scrip shares (i.e. dividends for the 90 existing shares) to the shareholder.

* * *

Appendix

Checklist for distribution of dividends and other entitlements

The issuer should go through the following checklist, in addition to any other relevant checklists (e.g. the one in the ~~Guide on Disclosure of Record Date, Book Closures and Latest Time for Lodging Transfers of Shares~~[Guide on disclosure of record date, book closure and latest time for lodging transfers of shares](#)), and ensure affirmative or appropriate answers are provided to all the questions below.

Issue	Checked
1. <u>Board meeting notification (G3.1 / G3.2)</u> : Have you complied with the following notification requirements in relation to the board meeting at which the recommendation of an entitlement will be considered and a decision made?	
1.1. Notify the market at least seven clear business days (excluding announcement date and board meeting date) in advance of the meeting date;	<input type="checkbox"/>
1.2. Announce the board's decision (including a decision of no distribution) and details of the entitlements immediately, and where applicable, the additional disclosure required for treasury shares and repurchased shares pending cancellation set out in Guidance Letter GL119-24 .	<input type="checkbox"/>
2. <u>Book closure / Record date (G3.3)</u>	
2.1. Is the notice of book closure made at least six business days (i.e. five clear business days) before the closure for a rights issue or 10 business days before the closure in other cases?	<input type="checkbox"/>
2.2. 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"/>
2.3. 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), you 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"/>
2.4. 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"/>
3. <u>Conditions leading to the cancellation of the entitlement (if applicable) (G3.4)</u> : Have you clearly specified any condition which will lead to the cancellation of the entitlement in your announcement?	<input type="checkbox"/>

Issue	Checked
4. <u>Timing of announcing decision (G3.5)</u> : Have you arranged proper timing for your announcement about the entitlements?	<input type="checkbox"/>
5. <u>Headline category (G3.6)</u> : Have you selected the appropriate headline category for the announcement regarding benefit the entitlements?	<input type="checkbox"/>
6. <u>Equity warrants or Convertible-convertible securities (if applicable) (G3.7)</u> : Have you provided the following information about each of the <u>outstanding equity warrants or</u> convertible securities in your announcement and circular:	<input type="checkbox"/>
6.1. Name and stock code;	<input type="checkbox"/>
6.2. Any adjustment to the subscription price /or conversion price /as well as the terms and conditions;	<input type="checkbox"/>
6.3. The latest time for the holders to exercise their rights in order to be entitled to the distribution and the <u>subscription or</u> conversion arrangement.	<input type="checkbox"/>
7. <u>Key dates for entitlement distribution (G3.8)</u> : In your announcement, have you provided the following information?	
7.1. <u>Book closure period</u>	<input type="checkbox"/>
7.1. 7.1.	
▪ on _____ dd/mm/yyyy; or	
▪ from _____ dd/mm/yyyy to _____	
_____ dd/mm/yyyy, both days	
inclusive	
7.2. Record date ("on _____ dd/mm/yyyy")	<input type="checkbox"/>
7.3. Latest time for lodging transfers of shares-securities to be <u>qualified for the entitled entitlement to the corporate action</u> ("at _____ hh:mm on _____ dd/mm/yyyy")	<input type="checkbox"/>
7.4. Expected Payment Date ("on _____ dd/mm/yyyy")	<input type="checkbox"/>
8. <u>Payment Date (G3.8(v))</u> :	
8.1. Have you selected a day on which the dividend cheques can be presented to banks for payment (i.e. not a Saturday, Sunday or a public holiday)?	<input type="checkbox"/>
8.2. If there is a change to the expected payment date previously disclosed, have you announced this fact and the new expected payment date?	<input type="checkbox"/>
<u>Cash entitlement</u>	

Issue	Checked
9. <u>Currency of dividend payment (G4.1)</u> : Have you specified the distributed currency of the dividend for each share in your announcement?	<input type="checkbox"/>
10. <u>Currency conversion</u> (if applicable) (G4.2) : Have you alerted shareholders that the distributed currency may be different from the announced currency and provided information about currency conversion between the two (e.g. source of FX data, selected dates and method of calculation)?	<input type="checkbox"/>
11. <u>Reference and actual exchange rate</u> (if applicable) (G4.3) : Have you alerted shareholders that the dividend rate in distributed currency was only an approximate value and the final payout may be different due to the fluctuation of the foreign exchange rate? 11.	<input type="checkbox"/>
12. <u>Currency options for shareholders</u> (if applicable) (G4.4) : If you will distribute cash entitlement in a foreign currency, have you considered providing an option for shareholders to select in which currency they would like to receive the entitlement?	<input type="checkbox"/>
13. <u>Taxation (G4.5)</u> :	
13.1. Have you indicated whether or not the declared entitlement is subject to any withholding tax?	<input type="checkbox"/>
13.2. If it is subject to withholding tax, have you stated the withholding tax rate, the jurisdiction where the dividend is generated and whether or not the tax deducted is claimable?	<input type="checkbox"/>
13.3. Have you provided any authoritative sources for more detailed information about the applicable withholding tax and any related tax treaty?	<input type="checkbox"/>
<u>Securities entitlements</u>	
14. <u>Shareholder eligibility (G5.1)</u> :	
14.1. Have you made enquiries regarding legal restrictions of relevant jurisdictions and requirements of the relevant regulatory body or stock exchange?	<input type="checkbox"/>
14.2. If you need to exclude some overseas shareholders, have you explained the exclusion in your distribution plan?	<input type="checkbox"/>
14.3. Have you considered distributing cash in lieu of securities entitlements to the excluded shareholders from overseas?	<input type="checkbox"/>
15. <u>Changes in issued shares or treasury shares (G5.3)</u> : Have you completed and <u>submitted-published</u> the Next Day Disclosure Return for publication on the HKEXnews website within the specified time limit?	<input type="checkbox"/>

Issue	Checked
16. <u>Calculation of securities entitlements</u> (G5.4): Have you clearly specified in your announcement or circular how you calculated the resultant securities entitlements?	
16.1. Rounding rules?	<input type="checkbox"/>
16.2. Basis of the calculation (i.e. whole multiple basis or pro-rata basis)?	<input type="checkbox"/>
17. <u>Resultant odd lots</u> (G5.5):	
17.1. Have you set a distribution ratio which will minimise the creation of odd lots?	<input type="checkbox"/>
17.2. Have you appointed a securities dealer to purchase odd lots from shareholders within a specific period of time after the distribution?	<input type="checkbox"/>
18. <u>Distribution of unlisted securities</u> (if applicable) (G5.6):	
18.1. Have you considered measures to help shareholders dispose of the unlisted securities?	<input type="checkbox"/>
18.2. Have you appointed a local transfer agent and provided the information below:	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Name and address, contact person and telephone number of the agent; ▪ Procedures and charges for share registration, warrant conversion and other services; ▪ Number of business days required for the completion of share registration, warrant conversion and other services; and ▪ Procedures and charges for share splitting service, if applicable 	

Issue	Checked
19. <u>Distribution of securities listed outside Hong Kong</u> (if applicable) (G5.7): Have you provided the following information?	<input type="checkbox"/>
19.1. The ISIN code(s) of the securities	<input type="checkbox"/>
19.2. Name of the overseas exchange(s) on which the securities are listed	<input type="checkbox"/>
19.3. A brief description of how the securities are traded and cleared	<input type="checkbox"/>
19.4. Any arrangement to help shareholders to dispose of the securities and any related charges	<input type="checkbox"/>
19.5. Information on the broker(s) who can assist shareholders wishing to trade the securities.	<input type="checkbox"/>
19.6. Procedures for shareholders to receive the securities (for scripless shares only)	<input type="checkbox"/>
19.7. Information about your designated transfer agent for the securities:	<input type="checkbox"/>
<ul style="list-style-type: none"> ▪ Name and address, contact person and telephone number of the agent; ▪ Procedures and charges for share registration, warrant conversion and other services; and ▪ Number of business days required for the completion of share registration, warrant conversion and other services 	
<u>Entitlement with elections</u>	
20. <u>Election form</u> (G6.2): Have you developed and dispatched an election form on which shareholders can indicate their choice(s)?	<input type="checkbox"/>
21. <u>Deadline for returning the completed election form</u> (G6.3):	
21.1. Have you provided no less than 10 business days between the dispatch of the election form and the deadline for returning the completed election form?	<input type="checkbox"/>
21.2. Have you clearly specified in your announcement the deadline for returning the completed election form?	<input type="checkbox"/>
22. <u>Information for election decision (shareholder decision?)</u> (G6.4): Have you provided all material information (e.g. exact reinvestment prices or foreign exchange rate) to shareholders at least five business days prior to the deadline for returning the completed form?	<input type="checkbox"/>

Issue	Checked
23. <u>Default option (G6.5)</u> : Have you stated which option will be considered the default choice of the shareholders?	<input type="checkbox"/>
24. <u>Combination of options (G6.6)</u> : Have you clearly stated in your announcement whether or not shareholders are allowed to choose a combination of the available options?	<input type="checkbox"/>
25. <u>Cash in lieu of fractional entitlements (G6.7)</u> : Under your scrip dividend scheme, have you considered offering cash in lieu of fractional entitlements of scrip shares to those shareholders who chose to receive entitlements wholly in scrip shares?	<input type="checkbox"/>

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.