



Takeovers Bulletin

Highlights

- Concert party assessment for government or state-owned entities
- Reminder on upcoming launch of the uncertificated securities market regime
- Quarterly update on activities of Takeovers Team

Concert party assessment for government or state-owned entities¹

From time to time, we encountered cases where government or state-owned entities (**GSOEs**) are holding, or offering to acquire, shares in listed companies. We also note that different sovereign wealth funds or GSOEs may be set up to independently manage assets (including direct or indirect interests in listed companies) on behalf of a government or state. Questions may arise as to who should be included in their concert groups for the purposes of the Takeovers Code and the Share Buy-backs Code (**Codes**).

The governance structures and decision-making processes of GSOEs in different jurisdictions may not necessarily be the same as those of private entities. Despite common ultimate government or state ownership, a GSOE may operate independently of its holding vehicle or other GSOEs held by the vehicle, even though they may appear to be parent and subsidiary, fellow subsidiaries or associated companies. Having regard to the special circumstances of GSOEs, the Executive has adopted a pragmatic approach over the years in determining whether two or more GSOEs should be regarded as concert parties. For example, as we understand that entities held by any provincial State-owned Assets Supervision and Administration Commission of the People's Republic of China (**SASAC**) generally operate independently of Central SASAC or GSOEs held by it, we would not automatically aggregate voting rights held by these two types of GSOEs².

1 For the purpose of this bulletin, GSOEs shall be construed as including sovereign wealth funds that are structured in a non-corporate form.
2 As stated in paragraph 26 of the [Panel Decision in relation to Maanshan Iron & Steel Company Limited \(2019\)](#).

The concert party assessment is always a fact-based process. Given that the GSOE management frameworks in different jurisdictions are diverse and complex, the Executive will take into account all relevant information, including without limitation the following factors, in making a determination:

- the reporting lines and ownership chains of the GSOEs concerned, including the nature of any common ownership or supervisory structure;
- any overlap in directors, senior management or other personnel involved in material decisions;
- the investment mandates of the GSOEs in question and how they make their investment decisions in practice;
- the timing of and reasons for the relevant investments by the relevant GSOEs;
- patterns of past voting by the relevant GSOEs;
- any discussion, communication, agreement, arrangement or understanding between the entities concerning the relevant transaction, the exercise of voting rights or the management or business of the offeree company involved; and
- any precedent case involving the relevant GSOEs and any subsequent material changes in the circumstances.

The above factors are not exhaustive. Their relevance and weight will depend on the facts and circumstances of each case. GSOEs (including sovereign wealth funds) seeking to rebut any concert party presumption may consult the Executive or, where appropriate, apply for a ruling together with relevant information on the relationships between the entities and the decision-making processes.

If there is any doubt about the application of the Codes provisions concerning concert parties in the context of a proposed transaction, the Executive should be consulted at the earliest opportunity.

Reminder on upcoming launch of the uncertificated securities market regime

The SFC announced in May that the uncertificated securities market (**USM**) regime will be launched on 16 November 2026.

Following the implementation,

- Securities of newly listed companies incorporated in Chinese Mainland, Hong Kong, Bermuda and the Cayman Islands must be issued in paperless form from the date of listing;
- Securities of companies incorporated in these jurisdictions and listed on or before the launch date will be required to transition to the USM regime within five years; and
- Companies incorporated in other jurisdictions are also encouraged to participate in the regime voluntarily if the laws of their home jurisdictions are compatible with the regime.

Offerors and their advisers should have due regard to whether the shares in the target offeree company are already, or will shortly become, "participating securities" in planning the offer timetable. They should also ensure that the offer announcements and documents clearly explain the procedures involved in offer acceptance and return of any untaken shares.

Where a company's securities have migrated to the USM regime when it is subject to an offer and therefore become "participating securities" during the offer period, registered shareholders holding share certificates and wishing to accept the offer will continue to tender their share certificates together with the acceptance form. However, as no new share certificates will be issued under the USM regime, accepting shareholders in a completed partial offer³ should note that any shares not taken up by the offeror will be returned in uncertificated form⁴.

Parties involved in an offer are encouraged to discuss the logistics of the offer with the relevant receiving agent and/or securities registrar at an early stage, and consult the SFC and the Stock Exchange of Hong Kong as appropriate on USM implementation.

Quarterly update on the activities of Takeovers Team

From April to June 2026, we received 19 takeovers-related cases (including privatisations, voluntary and mandatory general offers, and off-market and general-offer share buy-backs), six whitewashes and 92 ruling applications.

Useful links

- The Codes on Takeovers and Mergers and Share Buy-backs
- Practice notes
- Decisions and statements
- Previous *Takeovers Bulletins*

- 3 A partial offer is an offer for only a specified portion of the outstanding issued share capital not held by the offeror. If the level of acceptances exceeds the offer size, the number of shares taken up by the offeror from each shareholder will be determined on a pro-rata basis. Therefore, if the partial offer is oversubscribed, the number of shares taken up by the offeror from each registered shareholder will be lower than the number of shares represented by the share certificates tendered by that shareholder.
- 4 If an offer (including a partial offer) lapses or is withdrawn, tendered shares will be returned to registered shareholders in certificated form.

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Securities and Futures Commission
54/F, One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong

(852) 2231 1222
enquiry@sfc.hk
www.sfc.hk