

Operational Review

Corporates

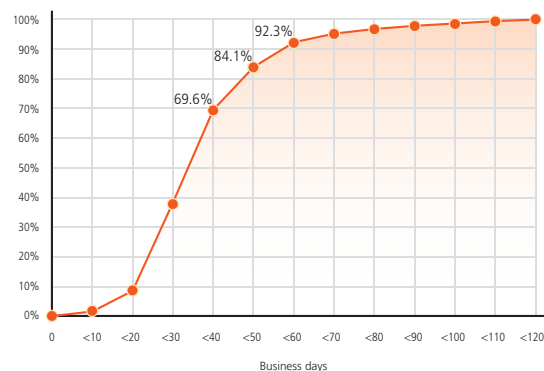
Gatekeeping listing applications

During the quarter, we cleared 52 listing applications out of a total of 147 which we processed. The processed applications included 39 new listing applications, of which one was from a special purpose acquisition company (SPAC)¹, one from a company with a weighted voting rights structure seeking a listing by way of a de-SPAC transaction, and four from pre-profit biotech companies.

Vetting time of listing applications

During the three years ended 30 September 2023, we cleared 378 cases, and 92% of these were cleared in less than 60 business days. The average processing time for the 52 cleared listing applications was 89 business days².

SFC vetting time (October 2020 to September 2023)



Note: In the chart, “SFC vetting time” refers to the total number of business days we spent to process and clear a listing application, which includes a number of rounds of comments. The figure excludes the response time of the listing applicants or their advisers.

¹ A SPAC raises funds through a listing for the purpose of acquiring a business (a de-SPAC target) at a later stage (a de-SPAC transaction) within a pre-defined time period.

² Including SFC vetting time and response time by the listing applicants or their advisers.

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Reviewing SEHK's performance in listing regulation

In July, we published a report on our review of the performance of the Stock Exchange of Hong Kong Limited (SEHK) in its regulation of listing matters during 2021 and identified areas for SEHK to enhance its performance. The report examined SEHK's performance in reviewing business valuations for large acquisitions and disposals, its administration of the Placing Guidelines for initial public offerings (IPO) and its review of IPO placee lists. We also looked into the processes of the Listing Operation Governance Committee, the Listing Compliance function, as well as the management of conflicts of interest for listing committee members and other staff.

Reviewing GEM listing regime

Following discussion with the SFC, SEHK launched in September a consultation on proposals to address key issues about GEM listings identified during its engagement with stakeholders. The proposals included introducing a new listing route for companies heavily engaged in research and development, removing the mandatory quarterly reporting requirement and streamlining the process for qualifying GEM issuers to transfer to the Main Board.

Tackling corporate misconduct

We conduct daily reviews of corporate announcements to identify potential misconduct and irregularities. During the quarter, we issued section 179 directions⁴ to request information in five cases.



147

listing applications
processed³



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89

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Takeovers and share buy-backs

In September, we published our consultation conclusions on proposed amendments to the Codes on Takeovers and Mergers and Share Buy-backs. The revised codes took effect on 29 September and consequential changes were made to a number of Practice Notes.

The amendments mainly codified existing practices of the Takeovers Executive⁵ and clarified the codes where necessary. These included revisions of important terms, streamlining of processes and introduction of green initiatives. They were well received by the market and all were adopted with minor modifications.

Listing applications and takeovers activities

	Quarter ended 30.9.2023	Six months ended 30.9.2023	Six months ended 30.9.2022	YoY change (%)
Listing applications	39	89	98	-9.2
Takeovers and share buy-backs transactions	112	178	160	11.3

³ Including 39 new listing applications and 108 cases brought forward from the previous reporting period.

⁴ Section 179 of the Securities and Futures Ordinance gives the SFC the power to compel the production of records and documents from persons related to a listed company.

⁵ This refers to the Executive Director of the SFC's Corporate Finance Division or any delegate of the Executive Director.