Operational Review

Corporates

Gatekeeping listing applications

For the year ended 31 December, we processed a total of 270 listing applications, including 153 new listing applications, down 31% and 24% year-on-year, respectively.

During the quarter, we processed 135 listing applications, of which we cleared 71. The processed applications included 18 new listing applications, of which one was from a company seeking listing by way of a de-SPAC transaction[1], one from a specialist technology company and one from a pre-profit biotech company.

Exercising our powers under the Securities and Futures (Stock Market Listing) Rules, we issued a requisition letter directly to one listing applicant during the quarter. Our concerns were mainly about the accuracy and completeness of the information in the listing application.

135
listing applications processed[2] in the quarter

Average processing time:
105
business days[3]

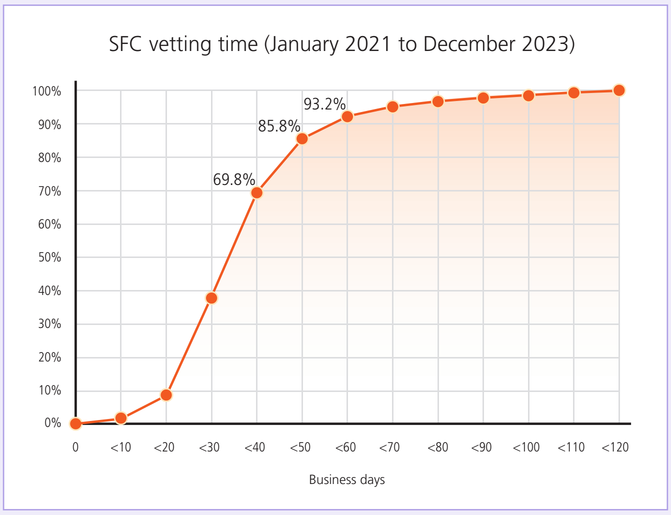
The average processing time for 2023 was 108 business days[4], down 11% from last year. During the quarter, the 71 cleared listing applications took an average of 105 business days[4] to process.

1 A special purpose acquisition company (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 18 new listing applications and 117 cases brought forward from the previous reporting period.
3 For the 71 cleared cases of listing applications.
4 Including the SFC's vetting time and the response time of the listing applicants or their advisers.

Corporates

Vetting time of listing applications

During the three years ended 31 December, we cleared 367 cases, 93% of which were cleared within 60 business days.



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.

Launching new treasury shares regime

Working together with the SFC, the Stock Exchange of Hong Kong Limited (SEHK) launched a two-month consultation on introducing a listing regime governing treasury shares in October. Under the proposed regime, the Listing Rules requirement to cancel repurchased shares will be removed, ie, listed issuers will be able to keep the shares in treasury. SEHK also proposed to introduce safeguards to govern the resale of treasury shares to deter market manipulation.

Review of GEM listing regime

Following the SFC's approval of relevant Listing Rules amendments, SEHK published its consultation conclusions on GEM listing reforms in December. With effect from 1 January 2024, GEM issuers are no longer required to announce their quarterly results. Also, a new alternative route for GEM listing and a new streamlined mechanism enabling transfer to the Main Board have been introduced.

Facilitating secondary listing

After discussions with the SFC, SEHK added the main markets of the Saudi Exchange and the Indonesia Stock Exchange to the list of recognised stock exchanges in September and November 2023. As a result, Saudi- and Indonesia-listed companies meeting SEHK Main Board's initial listing criteria may apply to secondary list in Hong Kong.

Tackling corporate misconduct

We review corporate announcements daily to identify potential misconduct and irregularities. During the quarter, we issued section 179 directions[5] to six issuers to request information.

Listing applications and takeovers activities

	Quarter ended 31.12.2023	Nine months ended 31.12.2023	Nine months ended 31.12.2022	YoY change (%)
Listing applications	18	107	134	-20.1
Takeovers and share buy-backs transactions	75	253	241	5.0

[5] 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.