

# Operational Review



## Corporates

### IPO policy reform

To strengthen Hong Kong's position as an international financial centre and enhance the quality of our market, we work with The Stock Exchange of Hong Kong Limited (SEHK) to regularly review listing policies. In November, SEHK published a consultation paper on increasing the minimum profit requirement for new listings on the Main Board.

### Listing applications

Our oversight of listing matters includes vetting of listing applications. During the quarter, we vetted 34 new listing applications, including two from companies with a weighted voting rights structure and four from pre-profit biotech companies. Two companies achieved secondary listings on the Main Board under Chapter 19C of the Listing Rules<sup>1</sup>.

Exercising our powers under the Securities and Futures (Stock Market Listing) Rules, we issued one letter of concern and six requisition letters directly to listing applicants during the quarter. Amongst our concerns were the accuracy and completeness of the information submitted and the genuineness of the financial information in the prospectus.

### Corporate conduct

We conduct daily reviews of corporate announcements to identify potential misconduct and irregularities. During the quarter, we issued section 179<sup>2</sup> directions to gather additional information in 10 cases and wrote to detail our concerns in two transactions. These concerns included, for example, whether a corporate action or transaction is conducted in a manner which is oppressive or unfairly prejudicial to shareholders.

<sup>1</sup> Chapter 19C sets out the additional requirements, modifications or exceptions for companies that have, or are seeking, a secondary listing.

<sup>2</sup> 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.

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### Takeovers matters

In October, we publicly censured and imposed a 24-month cold shoulder order against So Yuk Kwan for breaching the mandatory general offer obligation under the Takeovers Code which was triggered by the increase in the interests of So and his nominee in AV Concept Holdings Limited<sup>3</sup>.

We publicly censured and imposed an 18-month cold shoulder order on Ngai Lai Ha in November for breaching the mandatory general offer requirement under the Takeovers Code as a result of her purchases of the shares of International Housewares Retail Company Limited<sup>4</sup>.

### Listing applications and takeovers activities

	Quarter ended 31.12.2020	Nine months ended 31.12.2020	Nine months ended 31.12.2019	YoY change (%)
Listing applications	34	177	242	-26.9
Takeovers and share buy-backs transactions	122	347	192	80.7

<sup>3</sup> So was the chairman, executive director and chief executive officer of AV Concept Holdings Limited when the breaches took place.

<sup>4</sup> Ngai was the company's chairperson and executive director at the time.