

# Operational Review



## Corporates

### Listing applications

Our oversight of listing matters includes vetting of listing applications. During the quarter, we vetted 82 new listing applications, including three listing applications from pre-profit biotech companies.

Exercising our powers under the Securities and Futures (Stock Market Listing) Rules, this quarter we issued four letters of concern and eight requisition letters directly to 12 listing applicants. Amongst our concerns were the accuracy and completeness of the information submitted, legal and regulatory compliance issues, a lack of sufficient public interest in the listing applicant's business and the representativeness of the financial information in the prospectus.

### Corporate conduct

We conduct a daily review of corporate announcements under the statutory corporate conduct and inside information disclosure provisions. During the quarter, we issued section 179<sup>1</sup> directions to gather additional information in 18 cases and wrote to detail our concerns in one transaction. These concerns included, for example, whether a corporate action or transaction is conducted in a manner which is oppressive or unfairly prejudicial to shareholders.

### Review of SEHK's work

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 2018. The issues under review included the management of potential conflicts of interest by Hong Kong Exchanges and Clearing Limited (HKEX), the interaction between the Listing Department and HKEX's business units in pre-initial public offering enquiries, oversight of the Listing Department and the Listing Committee's supervisory role. We also looked into SEHK's handling of share option schemes<sup>2</sup> and complaints about listing applicants and issuers. The report identified a number of areas for SEHK to enhance its performance.

### Shareholders' meetings

Following the Government's regulation restricting the size of group gatherings amidst the COVID-19 outbreak, we issued a statement jointly with SEHK in April to provide guidance to listed companies in determining the timing of general meetings for shareholders as well as the manner in which they are held.

<sup>1</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.

<sup>2</sup> Under Chapter 17 of the Listing Rules.

### Listing applications and takeovers activities

	Quarter ended 30.6.2020	Quarter ended 31.3.2020	Change (%)	Quarter ended 30.6.2019	YoY change (%)
Listing applications	82	61	34.4	105	-21.9
Takeovers and share buy-backs transactions	111	83	33.7	103	7.8

### HSBC dividend

In May, we issued a statement in light of the significant public interest in HSBC Holdings plc's cancellation of its fourth interim dividend for 2019 and the suspension of future dividends until the end of 2020. After carefully assessing all the available information, we concluded that there were no grounds for us to pursue regulatory action.

In the same month, we publicly criticised CICC Financial Trading Limited and China International Capital Corporation Limited for breaching the dealing disclosure requirements under the Takeovers Code during the offers for Dalian Port (PDA) Company Limited and Maanshan Iron & Steel Company Limited in 2019.

### Takeovers matters

In June, we publicly censured Fu Kwan for acquiring shares in Macrolink Capital Holdings Limited within six months after the close of an offer at above the offer price in breach of dealing restrictions under the Takeovers Code.