



Takeovers Bulletin

Highlights

- Public criticism of Gold Dragon Worldwide Asset Management Limited for breaching dealing disclosure requirements
- New Practice Note 24
- Quarterly update on the activities of the Takeovers Team

Season's Greetings

We wish all readers a healthy and happy 2023!

Public criticism of Gold Dragon Worldwide Asset Management Limited for breaching dealing disclosure requirements

On 28 October 2022, we publicly criticised Gold Dragon Worldwide Asset Management Limited for its failure to disclose dealings in the shares of Shanghai Dongzheng Automotive Finance Co., Limited in breach of Rule 22 of the Takeovers Code. Gold Dragon, as the investment manager of Seahawk China Dynamic Fund which owned or controlled over 5% of Shanghai Dongzheng's issued H shares at the relevant time, executed 53 trades in Shanghai Dongzheng's H shares during the offer period but failed to disclose those dealings in accordance with Rule 22.

A copy of the [Executive Statement](#) can be found in the "Regulatory functions – Corporates – Takeovers and mergers – Decisions and statements – Executive decisions and statements" section of the SFC website.

The disclosure obligations under Rule 22 of the Takeovers Code are intentionally onerous. Timely and accurate disclosure of information in relation to dealings by associates is required to ensure that takeovers are conducted within an orderly framework and to maintain the integrity of the market. Parties who wish to take advantage of the securities markets in Hong Kong should conduct themselves in matters relating to takeovers and mergers in accordance with the Takeovers Code. In particular, associates must report their dealings in the relevant securities of the offeree company (and of the offeror company in the case of a securities exchange offer) during an offer period in accordance with Rule 22 of the Takeovers Code. The Executive should be consulted in case of doubt as to the application of Rule 22.

New Practice Note 24 on appointments of receivers and liquidators and when to commence offer periods

On 18 November 2022, we published a new Practice Note 24 (PN24) on the appointments of receivers and liquidators and when to commence offer periods.

PN24 can be found in the "Regulatory functions – Corporates – Takeovers and mergers – Practice Notes" section of the SFC website.

Quarterly update on the activities of the Takeovers Team

In the three months ended 30 September 2022, we received 16 takeovers-related cases (including privatisations, voluntary and mandatory general offers and off-market and general-offer share buy-backs), three whitewashes and 62 ruling applications.

Useful links

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

All issues of the *Takeovers Bulletin* are available under 'Published resources – Newsletters – Takeovers Bulletin' on the SFC website at www.sfc.hk.

Feedback and comments are welcome and can be sent to takeoversbulletin@sfc.hk.

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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