

Takeovers Bulletin

- Quarterly update on the activities of the Takeovers Team

Public censure of BIT Mining Limited for breaching the rules on special deals

On 19 July 2021, we publicly censured BIT Mining Limited (formerly known as 500.com Limited) for breaching Rule 25 of the Takeovers Code.

On 28 January 2021, Loto Interactive Limited announced a proposed share subscription by BIT Mining which would trigger a mandatory general offer upon completion. During the offer period, BIT Mining issued 85,572,963 class A ordinary shares to its director and shareholder Law Man San, who is also a shareholder of Loto, in February 2021, increasing his voting rights in BIT Mining from 3.78% to 19.9%. It subsequently issued 65,000 class A preference shares to Law in April 2021, further increasing his voting rights to 61.72%.

In both instances, the issue of shares to Law constituted special deals under Rule 25 of the Takeovers Code and they were completed without

the consent of the Executive. Moreover, BIT Mining did not obtain advice from its professional advisers on the Takeovers Code implications of these deals. BIT Mining accepted that it had breached the Takeovers Code, apologised for the breaches and consented to the disciplinary action taken against it.

We wish to take this opportunity to remind practitioners and parties who wish to take advantage of the securities markets in Hong Kong that they should conduct themselves in accordance with the Codes on Takeovers and Mergers and Share Buy-backs. This includes seeking professional advice as needed. Professional advisers should ensure that their clients understand and abide by the Codes. If there is any doubt about the application of the Codes, the Executive should be consulted at the earliest opportunity.

A copy of the [Executive Statement](#) dated 19 July 2021 can be found in the “[Regulatory functions – Corporates - Takeovers and mergers – Decisions and statements – Executive decisions and statements](#)” section of the SFC website.

Quarterly update on the activities of the Takeovers Team

In the three months ended 30 June 2021, we received 20 takeovers-related cases (including privatisations, voluntary and mandatory general offers and off-market and general-offer share buy-backs), eight whitewashes and 82 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.

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