

The Executive publicly censured Yeung Wing Yee and imposed a cold shoulder order for breach of mandatory offer requirement

On 30 August 2017, we publicly censured and imposed a 24-month cold shoulder order against Yeung Wing Yee for breaching the mandatory general offer obligation under Rule 26.1 of the Takeovers Code. Yeung is denied direct or indirect access to the Hong Kong securities market until 29 August 2019.

Yeung became a shareholder of Union Asia Enterprise Holdings Limited (Union Asia) in July 2016. He increased his interest in Union Asia to 31.13% on 1 August 2016, triggering a mandatory general offer under Rule 26.1(a) of the Takeovers Code, but no offer was made. He further increased his interest to 32.87% on 3 August 2016.

Yeung submitted that he had no intention to acquire control of Union Asia and was not aware that he had incurred an obligation to make an offer. His action deprived Union Asia's shareholders of the right to receive a general offer. Yeung agreed to the current disciplinary action against him.

Practitioners and parties who wish to take advantage of the securities market in Hong Kong should conduct themselves in matters relating to takeovers, mergers and share buy-backs in accordance with the Takeovers Code and Share Buy-backs

Highlights

- Cold shoulder order imposed on Yeung Wing Yee for breach of mandatory offer requirement
- Public censure of Chen Chi-Te and Kenneth C.M. Lo for breaches of dealing provisions
- Public censure of China Life Insurance (Overseas) Company Limited for dealing disclosure breaches
- Scheme of arrangement results announcements
- Revision to Practice Note 12
- Review of monthly update announcements
- Reminder to fund managers on the discontinuation of HKEX's Portfolio Valuation service
- Quarterly update on the Takeovers Team's activities

Chen Chi-Te and Kenneth C.M. Lo publicly censured for breaches of dealing provisions

On 7 September 2017, we publicly censured Chen Chi-Te and Kenneth C.M. Lo for breaching the dealing provisions under the Takeovers Code during the proposed privatisation of TCC International Holdings Limited by Taiwan Cement Corporation (TCC). Under the proposal, scheme shareholders would be entitled to receive either a cash payment of \$3.60 or 0.42 TCC share for each scheme share. Chen and Lo are directors of TCC and are therefore parties acting in concert with it.

Chen held shares in TCC International through his related trusts which sold all his shares between 25 April and 28 June 2017. The sale of these shares and the failure to make public disclosures of these dealings constituted breaches of Rule 21.2 and Rule 22 of the Takeovers Code.

Lo, together with his close relatives, controls four investment companies which acquired a total of 4 million TCC shares between 27 and 31 July 2017. These purchases and the failure to disclose them constituted breaches of Rules 21.3 and Rule 22 of the Takeovers Code.

A copy of the Executive's Statement dated 7 September 2017 can be found in the "Regulatory functions - Listings & takeovers – Takeovers and Mergers – Decisions & statements – Executive decisions and statements" of the SFC website.

We wish to remind practitioners and parties who wish to take advantage of the securities market in Hong Kong that they should conduct themselves in matters relating to takeovers and mergers in accordance with the Takeovers Code. If there is any doubt about the application of the rules, the Executive should be consulted at the earliest opportunity.

China Life Insurance (Overseas) Company Limited publicly censured for dealing disclosure breaches

On 3 August 2017, we publicly censured China Life Insurance (Overseas) Company Limited for breaching the dealing disclosure requirements under Rule 22 of the Takeovers Code.

the shares of Glorious Property Holdings Limited between 9 May and 5 August 2016. During this time, China Life held more than 5% of Glorious Property's issued shares and was therefore an associate of the company.

A copy of the Executive's Statement dated 3 August 2017 can be found in the "Regulatory functions - Listings & takeovers – Takeovers and Mergers – Decisions & statements – Executive decisions and statements" of the SFC website.

We wish to remind practitioners and parties that associates with a 5% or more interest in an offeree company or offeror company must report their dealings in the offeree company (and the offeror company in the case of a securities exchange offer) during an offer period in accordance with Rule 22 of the Takeovers Code.

Scheme of arrangement results announcements

Rule 19.1 requires an announcement be released by 7:00 p.m. on each closing date setting out, among other things, the total number of shares for which acceptances of an offer have been received. In the context of a scheme of arrangement, this Rule

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