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## Takeovers Code - Non-application

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## Key Message:

**Generally, the Codes on Takeovers and Mergers and Share Repurchases do not apply to secondary listed companies. You can find out whether a secondary listed company is subject to the Codes from the company's prospectus and listing documents or on the website of the SFC.**

The primary purpose of the Codes on Takeovers and Mergers and Share Repurchases (the Codes) is to ensure fair treatment of shareholders who are affected by takeovers, mergers and share repurchases. However, certain secondary listed companies are not subject to the Codes.

## What are secondary listed companies?

Secondary listed companies are primarily listed on another stock exchange and the majority of their equity securities are not usually traded on the Stock Exchange of Hong Kong Limited (SEHK). Secondary listings are predominantly overseas companies, which seek a listing on the Main Board (Note).

## The Codes may not apply

Currently, all companies with primary listing in Hong Kong are subject to the Codes. However, the Codes do not apply to secondary listed companies unless it is a "public company in Hong Kong".

Prior to obtaining a secondary listing in Hong Kong, a company normally applies to the SFC for a confirmation that the Codes would not apply to it after its secondary listing. The SFC considers the following criteria to determine whether a secondary listed company is a public company in Hong Kong:

- number of Hong Kong shareholders;
- extent of share trading in Hong Kong;
- location of its head office and central management;
- location of its business and assets, including such factors as registration under company legislation and tax status; and
- existence or absence of protection available to Hong Kong shareholders given by any law or code regulating takeovers, mergers and share repurchases outside Hong Kong.

Once the requested confirmation is given by the SFC, the Codes will not apply to the company in respect of takeovers, mergers and share repurchase transactions.

## Checking the applicability of the Codes

Hong Kong shareholders who invest in secondary listed companies to which the Codes do not apply will not be able to enjoy the protection framework enforced by the SFC in respect of takeovers, mergers and share repurchases.

You can check whether a secondary listed company is subject to the Codes via the following channels:

- Read the Company's prospectus and listing documents. You can find these documents in the

company's corporate website or the [HKExnews website](#).

Refer to the "[List of Secondary Listed Companies not subject to the Codes](#)" on the SFC website.

Note: The SEHK's Listing Rules contain provisions concerning whether overseas companies, excluding Mainland companies, can apply for a secondary listing in Hong Kong, such as whether the company has sufficient connections with a foreign market.

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