Governance *in Brief*

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China moves to tighten scrutiny over abroad IPOs

China has taken steps to tighten scrutiny over domestic companies seeking overseas listings by announcing an overhaul of the regulations governing international share sales. According to the rules announced by the National Development and Reform Commission ("NDRC"), companies operating in sectors banned from foreign investment, included on the so-called "negative list," will need to receive a waiver from the "relevant state authorities" before they can list overseas. Moreover, foreign investors are not allowed to participate in the management of the companies, while their shareholdings should be capped at 30%, with no individual investor holding more than 10%. The updated "negative list" includes sectors such as education, mining and information technology. Additionally, China Securities Regulatory Commission has proposed that domestic companies seeking to sell their shares abroad should initially register with the Chinese securities regulator. Companies whose listings are considered a national security threat would be banned from proceeding with the IPO. The restrictions follow Didi Global's decision to proceed with its NYSE listing last summer despite Beijing's request to put it on hold while a review of its data privacy practices was being conducted. Meanwhile, The U.S. Securities and Exchange Commission finalized the rules to implement a law targeting Chinese companies that would allow it to delist foreign companies if they do not meet the U.S. audit requirements.

Wall Street Journal | NDRC (1) | NDRC (2) | CSRC | Reuters | CNBC | China Briefing | Aljazeera

China Evergrande Group stock suspended from trading

The shares of China Evergrande Group were suspended from trading on the Hong Kong Stock Exchange on January 3 after the debt-ridden company had received an order from the Chinese authorities to demolish 39 residential buildings. While not confirmed by the company, the order had reportedly been issued due to illegal construction. The shares resumed trading on January 4. The embattled company, once China's second-largest property developer, has liabilities of over USD 300 billion, including more than USD 19 billion in offshore bonds. Evergrande's shares dropped 88% in 2021.

Yahoo Finance | CNBC | Aljazeera

LG Energy Solution poised to mark South Korea's largest IPO

LG Energy Solution ("LGES"), a wholly owned subsidiary of LG Chem, plans to raise up to USD 10.8 billion in its IPO on the Korea Exchange. The listing is expected to be South Korea's largest, more than doubling the USD 4.4 billion raised by Samsung Life Insurance in 2010. Following the listing, LGES will be valued at between USD 51 billion and USD 59 billion. The company plans to sell 34 million primary shares, while LG Chem will sell an additional 8.5 million secondary shares in the IPO. The stock is expected to start trading on January 27.

Reuters | CNA | Nikkei Asia |

Altice increases stake in BT Group to 18%

Altice UK, owned by French billionaire Patrick Drahi, has increased its voting share capital in BT Group to 18%, prompting the UK government to warn it could step in amid fears of a potential takeover. Altice is required to make an offer for the entire BT Group if it reaches the 30% ownership threshold. However, Altice said that it does not plan to make an offer for the British company unless other "circumstances", including an offer from a third party, apply. As of January 2022, the U.K. government is able to intervene in acquisitions that could harm the country's national security.

LSE (1) | LSE (2) | CNBC | BBC | UK Gov