

## **Practice Note 11 (PN11) – Application of Rule 12.1 of the Takeovers Code to announcements issued in compliance with Rule 2.07C(1)(a)(iv) of the Listing Rules**

The purpose of this Practice Note is to explain the Executive's approach in applying Rule 12.1 of the Takeovers Code to announcements issued by listed issuers in compliance with Rule 2.07C(1)(a)(iv) of the Listing Rules.

Under Rule 2.07C(1)(a)(iv) of the Listing Rules, where a listed issuer requests a suspension of trading in its securities, and the suspension has been effected, the listed issuer must immediately submit to and publish through the Stock Exchange of Hong Kong Limited a brief announcement ("**Suspension Announcement**") informing the public of the suspension and briefly the reason for it. In cases which involve an offer or possible offer (within the meaning of the Takeovers Code), Rule 12.1 of the Takeovers Code provides that all documents must be filed with the Executive for comment prior to release or publication and must not be released or published until the Executive has confirmed that it has no further comments thereon. Given the Suspension Announcement has to be published **immediately** in compliance with the Listing Rules, listed issuers may encounter difficulties in simultaneously complying with Rule 12.1 of the Takeovers Code.

In order to ensure the smooth operation of these two provisions and in view of the fact that trading in the securities of the listed issuer will remain suspended until a detailed announcement is released the Executive has decided to adopt a pragmatic approach. The Executive will not consider the Suspension Announcement in cases involving an offer or possible offer to fall within the ambit of Rule 12.1 of the Takeovers Code on the condition that:

1. the wording of the Suspension Announcement is limited to:  
"Trading in the securities of the Company has been suspended pending the release of an announcement pursuant to the Takeovers Code/Share Repurchase Code (as applicable).";  
and
2. it is provided with a copy of the Suspension Announcement at the same time as it is published.

Notwithstanding this, the requirement for all other documents to be filed with the Executive for comment prior to publication under Rule 12.1 of the Takeovers Code continues. In particular, any takeovers related announcement to be issued upon resumption of

trading setting out fuller details of the proposed offer must be filed with the Executive for comment and must not be released or published until the Executive has confirmed it has no further comments thereon.

26 June 2008