

13. Appropriate offers for convertibles, warrants, etc.

13.1 Offeree companies with convertible securities

Where an offer is made for equity share capital and the offeree company has convertible securities outstanding, the offeror must make an appropriate offer or proposal to the holders of the convertible securities to ensure that their interests are safeguarded. Equality of treatment is required.

13.2 Competent independent advice

The board of the offeree company must obtain competent independent advice in writing on the offer or proposal to the holders of such securities and the substance of such advice must be made known to all holders of its securities in accordance with Rule 2.1, together with the board's views on the offer or proposal.

~~13.3~~ 13.2 Despatch of appropriate offers

Whenever practicable the offer or proposal should be despatched to ~~such the~~ holders of such securities at the same time that the offer document is posted to shareholders, but if this is not practicable the Executive should be consulted and the offer or proposal should be despatched as soon as possible thereafter.

13.4 Conditions of appropriate offers

The offer or proposal required by this Rule 13 must be made conditional on the offer for equity share capital becoming or being declared unconditional and should not normally be subject to any other conditions. It may, however, be put by way of a scheme to be considered at a meeting of the holders of such securities.

~~13.5~~ 13.3 Warrants, options and subscription rights

If an offeree company has warrants, options or subscription rights outstanding in respect of any class of equity share capital (including non-transferable options), the provisions of this Rule 13 apply as appropriate.

Notes to Rule 13:

1. Consideration for appropriate offers

Normally the consideration under any such offer or proposal in relation to convertible securities, warrants, options or subscription rights will be considered appropriate if it is based on the offer price for the relevant equity share capital and such "see-through" price should be regarded as the minimum offer price. However, there may be cases where another basis is more appropriate, and if the offeror is of the view that the

consideration should be determined on some other basis, the Executive should be consulted in advance. A higher offer would not be considered appropriate if it is part of a special deal to provide an incentive to persons who also hold shares or other securities of the offeree company to accept the offer.

2. Equality of treatment

“Equality of treatment” under Rule 13.1 should be taken to mean equality of treatment within a class of security holders as opposed to equality of treatment between different classes of securities.

3. When conversion rights etc. are exercisable during an offer

All relevant documents issued to shareholders of the offeree company in connection with an offer must also, where practicable, be issued simultaneously to the holders of securities convertible into, rights to subscribe for and options over shares of the same class as those to which the offer relates. If those holders are able to exercise their rights during the course of the offer and to accept the offer in respect of the resulting shares, their attention should be drawn to this in the documents.