

An SFC newsletter to help participants in Hong Kong's financial markets better understand the Codes on Takeovers and Mergers and Share Buy-backs

Codes on Takeovers and Mergers and Share Repurchases (renamed Codes on Takeovers and Mergers and Share Buy-backs) amended to align with new Companies Ordinance

The Securities and Futures Commission (SFC) amended the Codes on Takeovers and Mergers and Share Repurchases (Codes) to bring them into line with the new Companies Ordinance (Cap. 622) which came into force on 3 March 2014. The revised Codes took effect on the same day.

The amendments change the terminology used in the Codes from share "repurchases" to share "buy-backs." As a result, the Codes have been renamed the Codes on Takeovers and Mergers and Share Buy-backs.

The Executive has also made the following housekeeping amendments to the Codes:

- changing references to the Telecommunications Authority to the Communications Authority in the Definitions section, Note 3 to Rule 15.5 and Note 4 to Rule 26.2 to reflect changes to the Telecommunications Ordinance (Cap. 106);
- reducing the number of copies of a document that must be filed with the Takeovers Executive under Rule 12.1 of the Takeovers Code from six to two to promote environmentally friendly practices; and

Highlights

- Codes amended to reflect new Companies Ordinance
- Update on the post-vetting regime and addition to the Post-Vet List
- New Practice Note 20 – Guidance note on announcements and documents under the Codes
- Appointments and reappointments of members to the Takeovers and Mergers Panel and related committees
- Quarterly update on the activities of the Takeovers Team

- deleting Rule 26.6 and Note to Rule 26.6 of the Takeovers Code (the grandfathering provision when the trigger and creeper thresholds were reduced from 35% to 30% and from 5% to 2% respectively on 19 October 2001) as they are no longer applicable.

As the amendments result from changes to legislation or do not materially alter the effect of the provisions in question, they have been made without public consultation.

Consequential amendments were also made to Practice Notes 5, 11, 16 and 18 and revised versions of these practice notes can be found in the “Regulatory functions – Listing & takeovers – Takeovers & mergers - Practice Notes” section of the SFC website.

Update on the post-vetting regime and addition to the Post-Vet List

The Executive is pleased to note that since implementation, the post-vetting regime has worked well and overall market practitioners have complied with the requirements in Practice Note 5 without difficulty.

The Executive has now added final completion announcements for whitewash transactions to the Post-Vet List under the Note to Rule 12.1. The Post-Vet List sets out the types of documents that will not be subject to the Executive’s prior comment under Rule 12.1. Practice Note 5 provides practical and prescriptive guidance to parties and their advisers in respect of documents that appear in the Post-Vet List.

Paragraph 6 of Schedule VI of the Takeovers Code sets out scenarios where announcements must be made following shareholders’ approval of a proposed whitewash transaction. This includes the requirement to make an announcement where the final controlling holding of voting rights is dependent on the results of an underwriting.

In addition it is common practice for companies undertaking whitewash transactions which involve the subscription and issue of new securities but no underwriting arrangements to issue an announcement upon completion of the subscription¹ to confirm the resulting final shareholding position. Given their routine nature, the Executive considers final completion announcements for whitewash transactions including those which may fall within paragraphs 6(b) or 6(c) of Schedule VI to be appropriate for post-vetting.

The following standard disclosure should be made in a final completion announcement: (i) date of completion of the whitewash transaction; (ii) shareholding of the controlling shareholder and its concert parties immediately before completion of the issue of new securities; (iii) final shareholding of the controlling shareholder and its concert parties after completion of the issue of new securities; (iv) where convertible securities, options, warrants or other subscription rights are involved, the maximum potential shareholding of the controlling shareholder and its concert parties assuming immediate conversion in full.

The announcement would not be considered as falling within the Post-Vet List if it contains additional information relating to other material matters or Code provisions. In this case, the relevant announcement must be submitted to the Executive for comment under Rule 12.1 of the Takeovers Code before its publication.

¹ In a whitewash transaction that involves the issue of convertible securities to a whitewash applicant, the Executive interprets “completion of subscription” to mean the completion of the issue of the convertible securities to the whitewash waiver applicant, and not when the conversion rights are exercised. Please refer to September 2010 Issue 14 of the Takeovers Bulletin.

In all announcements that fall within the Post-Vet List, parties and their advisers must consult the Executive at the earliest opportunity if there is any doubt as to whether an announcement qualifies for post-vetting (see Note 2 to Rule 12 of the Takeovers Code).

The revised Post-Vet List will now contain the following types of announcements:

- Announcements of the appointment of independent financial advisers under Rule 2.1;
- Announcements of the despatch of circulars under Rule 8 or Rule 25;
- Announcements of delay in the despatch of circulars under Rule 8.2 or Rule 8.4;
- Announcements of the appointment and resignation of directors of the offeree company under Rule 26.4 and Rule 7;
- Announcements of placing and top-up transactions under Note 6 on dispensations from Rule 26;
- Announcements of number of relevant securities in issue under Rule 3.8; and
- Announcements of final completion of issue of new securities for whitewash transactions under paragraph 6 of Schedule VI.

The updated Post-Vet List can be found in the "Regulatory functions – Listing & takeovers – Takeovers & mergers – Post-Vet List" section of the SFC website. Corresponding changes and other changes to reflect the amendments to the Takeovers Code effected in March 2014 (see first article of this Bulletin) have been made to Practice Note 5 which can be found in the "Regulatory functions – Listing & takeovers – Takeovers & mergers - Practice Notes" section of the SFC website.

New Practice Note 20 - Guidance Note on announcements and documents under the Codes

As a matter of practice the Executive has sent a number of letters to parties and their advisers during the course of an offer or whitewash transaction. These letters contain reminders about various provisions of the Codes and request parties to provide the Executive with certain information. In January 2014 the Executive consolidated most of these letters into a single guidance note and checklist which are designed to reduce the cost and burden of compliance as well as promote self-discipline amongst parties and market practitioners to ensure compliance with the Codes and related administrative procedures. In view of the positive feedback received from market practitioners the guidance note is now incorporated in Practice Note 20 as set out below.

The Guidance Note and Checklist are intended to provide informal guidance and are not exhaustive. They should not be considered as an alternative to consulting the Executive to establish how the Codes apply to a particular transaction. As always when there is any doubt as to whether a proposed course of conduct is in accordance with the Codes, parties or their advisers should consult the Executive in advance.

Practice Note 20 (PN20) – Guidance note on announcements and documents under the Codes on Takeovers and Mergers and Share Buy-backs (Codes)

Purpose

- (1) The purpose of this Guidance Note and Checklist (see Appendix 1) is to provide informal and non-exhaustive guidance to parties and their advisers. The Guidance Note consolidates a number of previous guidance letters and reminders issued by the Executive during the course of an offer or whitewash transaction and refers to Practice Notes² issued by the Executive from time to time. It remains the sole responsibility of the issuer of a document (and its directors and advisers) to ensure that the Codes and any other applicable laws and regulations are fully complied with. As always when there is any doubt as to whether a proposed course of conduct is in accordance with the Codes, parties or their advisers should consult the Executive in advance.
- (2) ‘Document’ is defined in the Codes to include *“any announcement, advertisement or document issued or published by any party to an offer or possible offer in connection with such offer or possible offer, other than documents which are required to be put on display for inspection under Notes 1 and 2 to Rule 8 of the Takeovers Code.”*

Post-vetting

- (3) Since 25 June 2010, certain routine announcements are no longer required to be submitted to the Executive for comment prior to release or publication under Rule 12.1 of the Takeovers Code. A published version of the announcement (both English and Chinese version) and the translation confirmation must be filed with the Executive immediately after the announcement is published. Practice Note 5³ provides practical and prescriptive guidance in respect of announcements appearing in the Post-Vet List. If there is any doubt as to whether an announcement qualifies for post-vetting please consult the Executive at the earliest opportunity.

Changes subsequent to “no further comment” confirmation

- (4) A document should be resubmitted to the Executive for further comment prior to release or publication if any material change is made to the document after the Executive has issued the “no further comment” confirmation (other than changes made to address the comments attached to the “no further comment” confirmation). If there is any doubt as to whether or not a change is material please consult the Executive as soon as possible.

Publication and confirmations

- (5) All documents in respect of listed offeree companies must be published on the HKEx website in accordance with the Listing Rules. All announcements in respect of unlisted offeree companies must be published as a paid announcement in at least one leading English language newspaper and one leading Chinese language newspaper published daily and circulating generally in Hong Kong. All documents published in respect of unlisted offeree companies must be delivered to the Executive in electronic form for publication on the SFC’s website (see Rule 12 of the Takeovers Code). In addition, announcements made under Rule 19.1 must also be published no later than 7:00 p.m. on the closing date.

² <http://www.sfc.hk/web/EN/regulatory-functions/listings-and-takeovers/takeovers-and-mergers/practice-notes.html>

³ [http://www.sfc.hk/web/EN/files/CF/pdf/Practice_Notes/Practice%20Note%2005_EN_revised%20250610%20\(2013\).pdf](http://www.sfc.hk/web/EN/files/CF/pdf/Practice_Notes/Practice%20Note%2005_EN_revised%20250610%20(2013).pdf)

- (6) Following publication of any document, the following should be submitted to the Executive as soon as practicable:
- (i) a copy of the published version of the announcement/document (both English and Chinese versions);
 - (ii) a marked-up version of the announcement/document showing all changes (including deletions) made subsequent to the Executive's "no further comment" confirmation;
 - (iii) written confirmation by the issuing party or its advisers that:
 - (a) the announcement/document has been published and the time and date of publication; and
 - (b) there has been no material change to the version of the announcement/document in respect of which the Executive has confirmed that it has no further comment; and
 - (iv) written confirmation by the directors of the issuer of the announcement/document that the Chinese version of the announcement/document is a true and accurate translation of the English version (or vice versa). The provision of the confirmation does not absolve the responsibility of the directors of the issuing party in this regard.
 - (a) The translation confirmation should be signed by a director (on behalf of the board of directors) of the issuer of the announcement/document. If the announcement/document is jointly issued, a confirmation should be provided by each of the parties issuing that announcement/document.
 - (b) The confirmation should be provided as soon as possible after the issue of the "no further comment" confirmation and in any event no later than 5:00 p.m. on the business day after the publication or posting of the announcement/document. If the announcement falls within the Post-Vet List (see paragraph 3 above), the confirmation should be provided no later than 5:00 p.m. on the business day after publication.
 - (c) The confirmation should contain the following wording or wording of similar effect:

"We, [name of issuer], refer to the [description of the general offer/whitewash transaction/special deal/share buy-back/privatisation] and hereby confirm that the Chinese translation of the English version of the [description of the Document] issued by [name of issuer] on [date of Document] in relation to [description of the general offer/whitewash transaction/special deal/share buy-back/privatisation] (the "Document") is a true and accurate translation of the English version of the Document, and that it is consistent with the English version of the Document. A copy of the published versions of each of the English and Chinese version of the Document dated [date] is enclosed for identification purposes."

Stage 1 - Announcements of a proposed or possible offer, share buy-back, privatisation or whitewash transaction

Identity of potential offeror

- (7) In the case of an announcement made under Rule 3.7 of the Takeovers Code, where the identity of the potential offeror is not disclosed in the announcement, the Executive should be informed of the identity of the potential offeror including its ultimate shareholders.

Blackout period

(8) In the case of an offer by the directors of the offeree company, the directors are reminded that they should not make an offer or trigger a mandatory general offer obligation during a blackout period (see Rule A3(a) of the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules and Rule 5.56(a) of the GEM Listing Rules). It is solely the duty of the director concerned to apprise himself of all applicable rules and regulations before proceeding with an offer or triggering a mandatory general offer for the securities of the offeree company or otherwise dealing in any securities of the offeree company. This is in line with General Principle 4 of the Takeovers Code that an offeror should announce an offer only after careful and responsible consideration. Directors are reminded that if they announce a firm intention to make an offer or trigger a mandatory general offer obligation for the securities of the offeree company during a blackout period, they will be required to proceed with the offer in accordance with the Takeovers Code. Please refer to the Frequently Asked Questions Series 14 to the Rules and Guidance on Listing Matters as set out on the website of HKEx⁴ for further information.

Appointment of Independent Financial Advisers (IFA)

(9) Rule 2.1 requires that “[t]he board must announce the appointment of the independent financial adviser in the initial announcement of the offer or possible offer, or as soon thereafter as the appointment is made.” Rule 2.6 further sets out persons not regarded to be suitable to give independence advice.

(10) The Executive should be informed about the appointment or proposed appointment of an IFA. The IFA should as soon as possible send to the Executive a confirmation of independence. The confirmation should address the questions set out in the standard questionnaire in Appendix 2 to assist the Executive’s consideration of whether the financial adviser is suited to give independent advice.

(11) If there is any doubt regarding compliance with Rules 2.1 and 2.6, parties are encouraged to consult the Executive before the appointment is made and announced.

Dealing Disclosures

(12) An offer period commences upon an announcement of a proposed or possible offer. Rule 22 of the Takeovers Code requires certain persons to make dealing disclosures during an offer period if they deal in “relevant securities” (as defined in Note 4 to Rule 22). Potential offerors (if named in announcements), offerors and offeree companies should remind their associates (including persons holding 5% or more of a class of relevant securities of the offeror or the offeree company) of the dealing disclosure obligations under the Takeovers Code.

(13) Persons who are required to make dealing disclosures include a potential offeror (if it has been the subject of an announcement that talks are taking place and irrespective of whether it has been named, as set out in Note 13 to Rule 22), an offeror, an offeree company or any of their associates as defined in the Takeovers Code. Associates include a person who owns or controls 5% or more of any class of relevant securities of an offeror or offeree company (see class (6) of the definition of “associate”) or certain advisers to the parties to an offer.

(14) As soon as possible and in any event within 3 business days after publication of the announcement which commences an offer period, each of the potential offeror, the offeror and the offeree company should provide the Executive with:

- (i) a list of their class (6) associates;

Note: To identify their class (6) associates, during an offer period the board of the offeree company, the offeror or potential offeror should consult all available sources including the following:

⁴ http://www.hkex.com.hk/eng/rulesreg/listrules/listrulesfaq/Documents/FAQ_14.pdf

- (a) the shareholder register;
 - (b) notifications received under Part XV of the Securities and Futures Ordinance (Cap. 571);
 - (c) any analysis previously received, or readily available, from the offeree company's stockbroker or other advisers.
- (ii) details of any financial or other professional adviser (including a stockbroker) who is advising it or any of its group companies in relation to the current offer; and
- (iii) details of any financial adviser or stockbroker that is currently retained by it, or any of its group companies, in relation to any advisory projects (other than the current offer) which are significant in size or nature.

Financial resources confirmation

- (15) The financial adviser to the offeror should provide the Executive with a confirmation of sufficiency of financial resources at the same time as the submission of the first draft of a firm intention to make an offer announcement (see Note 3 to Rule 3.5 and Practice Note 15).
- (16) Financial advisers should note that whilst their confirmations constitute evidence to support their statement that sufficient financial resources are available to satisfy the offeror's obligations in respect of the offer, it remains the responsibility of the financial adviser, and not the Executive, to ensure that sufficient resources are available to satisfy the offeror's obligations. Financial advisers should observe the highest standard of care to satisfy themselves of the adequacy of resources. The provision to the Executive of a letter of confirmation will not absolve the financial adviser's responsibility in this respect.

Stage 2 – Document vetting

- (17) This section provides guidance about the vetting process of a document that is to be despatched to shareholders, i.e. an offer document, offeree board circular, composite document, whitewash circular, share buy-back circular or scheme document.
- (18) The Executive should be provided with the following:
- (i) four hard copies (including the acceptance forms, where applicable) and one electronic version (sent to T&Mdocuments@sfc.hk) of the draft document which should be in advanced form and each subsequent draft;
 - (ii) checklists of compliance with Schedules I, II, III and VI of the Takeovers Code as appropriate together with the draft document with margin markings evidencing compliance with the Schedule requirements. Every effort should be made to ensure that the document fully complies with the relevant Schedule requirements before the document is submitted. A non-compliant document may be returned to the sender;
 - (iii) document fees and statement of calculation in accordance with Schedule IV of the Takeovers Code;
 - (iv) draft confirmation of no material change as required by Rule 10.11 of the Takeovers Code to be dated as at the LPD (as defined below) addressing all the points set out in the Note to Rule 10.11; and
 - (v) draft update of the confirmation from the financial adviser to the offeror confirming the sufficient resources remain available to the offeror to satisfy full acceptance of the offer (see December 2012 Issue No. 23 of the Takeovers Bulletin).

(19) The following should be noted:

(i) **Latest Practicable Date (LPD)** – the LPD of the document should not be more than 3 days from the date of despatch of the relevant document. When the LPD falls on a day which is not a “business day” (defined under the Codes), the LPD can be set on the preceding business day. If the LPD is set on a date which is more than 3 days before despatch, the Executive should be consulted prior to release or publication of the document.

(ii) **Property valuation report** – where a property valuation report is included in the document (under Rule 11.1(f) of the Takeovers Code or otherwise) the requirements in Rule 11 (including but not limited to Rules 11.2(d) and 11.3 and Rule 10 in the case of valuations involving DCF or projections of profits) must be complied with. The valuation should clearly state the relationship between the property owner and the offeree company.

(iii) Prior to clearance of the document and as close to the LPD as possible, the Executive must be provided with the following:

(a) signed confirmation by the board of directors of the offeree company/offeree confirming matters required under Rule 10.11 which should be dated as at the LPD.

(b) signed letter by the financial advisers to the offeror reconfirming sufficient resources remain available to the offeror to satisfy full acceptance of the offer.

(iv) **Documents on Display (DoD)** - Notes 1 and 2 to Rule 8 set out the requirements in relation to documents being made available for inspection on websites. The DoD Submission Form and the “How to use” guide can be downloaded in the “Forms – Listings & Takeovers” section of the SFC website (www.sfc.hk):

(a) The electronic version of the DoDs together with the Submission Form should normally be provided to the Executive by 5:00 p.m. one business day before the date on which the document is to be despatched. Please consult the Executive as soon as possible if you foresee difficulties in meeting the deadline.

(b) The DoDs shall be accompanied by a confirmation which should contain wording along the following lines:

“We, [name of Issuer], refer to the [description of the general offer/whitewash transaction/privatisation/share buy-back by general offer/off-market share buy-back] and the requirement to provide to the SFC in electronic format copies of documents for display on the SFC’s website imposed under Note 2 to Rule 8 of the Code on Takeovers and Mergers (the “DoDs”). This confirmation is now submitted together with the DoD Submission Form dated [date] (the “Form”).

We confirm that:

- 1. [name], [position] of [Issuer] has reviewed the Form and the information in the DoDs submitted together with this confirmation;*
- 2. the DoDs listed on the Form match the soft copies of the documents submitted; and*
- 3. we take full responsibility for the description and information in the DoDs.*

We are aware that the provisions of section 384 of the Securities and Futures Ordinance (Cap. 571) will apply to this submission.”

(20) Following despatch of the document, in addition to the items specified in paragraph 6(ii) to (iv) above, the Executive should be provided with the following as soon as practicable:

- (i) 2 copies of the published version of the document (both English and Chinese versions); and
- (ii) posting certificate for the document (see Note 4 to Rule 8).

Stage 3 – First closing date of general offer or general meeting for whitewash transactions

(21) **Close of offer announcements/announcements declaring offer unconditional as to acceptances** - the Executive should be provided with a copy of the receiving agent's certificate evidencing acceptance (see Note 2 to Rule 30.2).

(22) **Announcements of results of a general meeting for approving a whitewash transaction** - the Executive should be provided with a copy of the scrutineer's certificate.

Stage 4 – Restrictions following offers, possible offers and whitewash transactions

(23) Rule 31.3 of the Takeovers Code provides that, except with the Executive's consent, if the offeror and parties acting in concert with it hold more than 50% of the voting rights of the offeree company, then the offeror and any person acting in concert with it, may not within 6 months of the close of the offer:

- make a second offer to, or
- acquire any shares from

any shareholder in the offeree company at a price higher than the offer price. Practice Note 18 further clarifies that Rule 31.3 also applies to general offers that are unconditional at the outset.

(24) **Special deals** - Rule 25 of the Takeovers Code provides that, except with the Executive's consent, the offeror and parties acting in concert with it or in the case of whitewash transactions, the whitewash applicant and its concert parties, may not make or enter into any arrangements with shareholders of the offeree company (including persons acting in concert with the offeror or the whitewash applicant, as the case may be) which have favourable conditions not extended to all shareholders of the offeree company within six months after the close of the offer.

(25) The offeror should confirm in writing within 3 business days of the expiry of 6 months from the end of the offer period that it and all persons acting in concert with it have complied with Rule 31.3 and Rule 25.

(26) **In the case of a whitewash transaction**, the whitewash applicant should confirm in writing within 3 business days of the expiry of 6 months from the shareholders' meeting that it and all persons acting in concert with it have complied with Rule 25. If the whitewash applicant or its concert party acquires shares in the 6 months period after the shareholders' meeting from a person who was a director or substantial shareholder of the offeree company at the time of the whitewash, such acquisition will be deemed to be a special deal prohibited under Rule 25 of the Takeovers Code (see Note 2 to paragraph 3(b) of Schedule VI of the Takeovers Code).

(27) **Final completion announcement for whitewash transaction** – Once the issue of the new securities has completed, an announcement relating to the completion should be issued. In a transaction which involves a subscription for new shares by a whitewash waiver applicant, completion will be taken as the time the new shares are issued to the whitewash waiver applicant. In a transaction which involves an issue of convertible securities to a whitewash waiver applicant, completion will be taken as the time the convertible securities are issued to the whitewash waiver applicant, and not when the conversion rights are exercised (see September 2010 Issue No. 14 of the Takeovers Bulletin).

Appendix 1 – Checklist of items for submission to the Executive

	Items required	Check/Date
I	Rule 3.7 announcements	
	(i) identity of potential offeror if not otherwise disclosed in the announcement, including its ultimate shareholders (ii) publication confirmation (iii) translation confirmation (iv) list of class (6) associates and financial advisers of offeree company (v) list of class (6) associates and financial advisers of potential offeror Note: Offeree company/potential offeror should send dealing disclosure reminders to their respective associates.	
II	Rule 3.5 announcements – offers/whitewash transactions	
	(i) confirmation of sufficiency of financial resources by offeror’s financial adviser (ii) IFA independence confirmation (iii) publication confirmation (iv) translation confirmation (v) list of class (6) associates and financial advisers of offeree company (vi) list of class (6) associates and financial advisers of offeror Note: Offeree company/offeror should send dealing disclosure reminders to their respective associates.	
III	Offer documents/response documents/composite documents/share buy-back documents/scheme documents – offers/share buy-backs	
	(i) 4 copies of advanced draft (ii) submission of soft copies of first draft (and each subsequent drafts) to “T&Mdocuments@sfc.hk” (iii) checklists of Schedules I ,II and III as appropriate (iv) document fees and schedule of calculation (v) signed reconfirmation of sufficiency of financial resources by offeror’s financial adviser (vi) signed Rule 10.11 confirmation by directors of offeree company/offeror (vii) DoD disc and submission form (viii) DoD confirmation (ix) publication confirmation (x) posting certificate (xi) translation confirmation	

IV	Circulars – whitewash transactions	
	<ul style="list-style-type: none"> (i) 4 copies of advanced draft (ii) submission of soft copies of first draft (and each subsequent drafts) to "T&Mdocuments@sfc.hk" (iii) checklists of Schedules I, II and VI (iv) document fees and schedule of calculation (v) signed Rule 10.11 confirmation by directors of offeree company (vi) DoD disc and submission form (vii) DoD confirmation (viii) publication confirmation (ix) posting certificate (x) translation confirmation 	
V	Closing announcements - offers	
	<ul style="list-style-type: none"> (i) receiving agent's certificate (if applicable) (ii) publication confirmation (iii) translation confirmation (iv) confirmation of compliance with Rules 31.3 and 25 six months after closing date 	
VI	Announcements of results of general meetings – whitewash transactions and court meetings - privatisations by way of scheme of arrangement	
	<ul style="list-style-type: none"> (i) scrutineer's certificate (ii) publication confirmation (iii) translation confirmation 	
VII	Announcements of final completion – whitewash transactions	
	<ul style="list-style-type: none"> (i) confirmation of compliance with Rule 25 after six months after general meeting (ii) final completion announcement publication confirmation (iii) final completion announcement translation confirmation 	

Appendix 2 – Independence of IFA

To assess the IFA's independence, the Executive needs information about the IFA's group and the employees in the division handling the relevant transaction ("relevant employees").

- (1) Has the IFA group or any of its relevant employees in the past two years acted as financial adviser to or agent for:
 - *the Offeror;*
 - *the Offeror's controlling shareholder(s);*
 - *the Company;*
 - *the Company's controlling shareholder(s);*
 - *parties to the special deal transactions (if any);*
[In cases of whitewash/share buy-back with whitewash/off-market share buy-back with whitewash:
 - *the party seeking whitewash waiver (if not the existing controlling shareholder(s) of the Company);]*
[In cases of off-market share buy-back:
 - *the vendor of shares;*
 - *the vendor's controlling shareholder(s);]*
 - *any party acting, or presumed to be acting, in concert with any of the above; or*
 - *any company controlled by any of it/them?*
- (2) Has the IFA group or any of its relevant employees in the past two years had any financial or other connection with anyone listed in question 1?
- (3) Is the IFA group or any of its relevant employees contemplating any business dealings with anyone listed in question 1?
- (4) Does the IFA group or any of its relevant employees hold, directly or indirectly, any shares, options, warrants or other equity related interests in any party listed in question 1?
- (5) Details of any inducement fee, break fee or any other special fee arrangements between the IFA and the Company.
- (6) Details of any other matters which may mean the IFA has a conflict of interest.
- (7) If the answers to any of questions 1, 2, 3, 4 or 6 is "yes", please give details, and state the reasons why the IFA considers it can give objective advice to the independent board committee.

Practice Note 20 can be found in the "Regulatory functions – Listing & takeovers – Takeovers & mergers - Practice Notes" section of the SFC website.

Appointments and reappointments of members to the Takeovers and Mergers Panel and related committees

We welcome the following new appointments and reappointments to the Takeovers and Mergers Panel (Panel), the Takeovers Appeal Committee (Appeal Committee), Disciplinary Chair Committee and the Nominations Committee with effect from 1 April 2014:

Panel and Appeal Committee

New appointments - Mr Conrad Chan, Mr Jon Perry and Mr James Soutar

Reappointments - Ms Teresa Ko, JP, Mr Liu Chee Ming and Mr John Maguire (Deputy Chairmen of the Panel and members of the Appeal Committee), Ms Julia Charlton, Mr Chester Kwok, Mrs Angelina Lee, SBS, JP, Mr Liu Che Ning, Mr Karl Lung, Mr David Norman, Mr Nicholas Norris, Mr Martin Sabine, Mr Mark Schuille, Mr Richard Winter and Ms Benita Yu.

Disciplinary Chair Committee

New appointments - Mr Jat Sew Tong, SC, JP and Mr Paul Shieh, SC

Reappointments - Mr Edward Chan, SC, Ms Gladys Li, SC and Mr Horace Wong, SC

Nominations Committee

Reappointment – Mr Carlson Tong

We wish to thank Mr Cheung Yuk Tong, Ms Kalpana Desai, Mr Michael Liu, Mr Gavin Nesbitt and Mr Andrew Tortoisshell who have stepped down from the Panel and the Appeal Committee for their valuable contributions over the years. We also wish to thank Mr Ambrose Ho, SC and Mr Peter Ng, SC for their valuable contribution to the Disciplinary Chair Committee.

Members are appointed for a term of two years and unless otherwise stated, their current term is until 31 March 2016. The membership lists for the Panel, the Appeal Committee, the Disciplinary Chair Committee and the Nominations Committee are set out below.

Panel

The Panel hears disciplinary matters in the first instance, reviews rulings by the Executive at the request of any party dissatisfied with such a ruling and considers novel, important or difficult cases referred to it by the Executive. It also reviews, upon request by the SFC, the provisions of the Codes and the Rules of Procedure for hearings under the Codes and recommends appropriate amendments to the Codes and Rules to the SFC.

Chairman

Mr Clark Stephen Edward*

Deputy Chairmen

Mr Chan Yuk Sing, Freeman*

Ms Ko, Teresa Yuk Yin, JP

Mr Liu Chee Ming

Mr Maguire John Martin

Mr Webb David Michael*

Members

Ms Brown Melissa*	Mr Norman David Michael
Mr Chan Che Chung	Mr Norris Nicholas Andrew
Ms Charlton Julia Frances	Mr Perry Jonathan Garth
Mr Denny Roger Michael*	Mr Sabine Martin Nevil
Mr Ip Koon Wing, Ernest*	Mr Schwille Mark Andrew
Mr Kwok Tun Ho, Chester	Mr Soutar James Alexander
Mr Lam Sung Lai, Edward*	Mr Swift, Christopher Lee*
Mrs Lee Pui Ling, Angelina, SBS, JP	Mrs Vas Chau Lai Kun Judy*
Mr Liu Che Ning	Mr Winter Richard David
Mr Liu Yun Bonn*	Ms Yu Ka Po, Benita
Mr Lo Kin Ching, Joseph*	
Mr Lung Hak Kau	
Ms Ma, Ka Ming Teresa*	

* reappointed/appointed on 1 April 2013 for a term of 2 years until 31 March 2015

Appeal Committee

The Appeal Committee reviews disciplinary rulings of the Panel for the sole purpose of determining whether any sanction imposed by the Panel is unfair or excessive. It comprises a Chairman who is a member of the Disciplinary Chair Committee and other members of the Panel who are selected on a case-by-case basis.

Disciplinary Chair Committee

Members are nominated by the Nominations Committee on the basis that they are duly experienced Senior Counsel. Their role is to act as Chairman of the Panel in disciplinary proceedings under the Codes or of the Appeal Committee on a case-by-case basis.

Members

Mr Chan King Sang, Edward, SC
Mr Jat Sew Tong, SC, JP
Ms Li Gladys Veronica, SC
Mr Shieh Wing Tai, Paul, SC
Mr Wong Yuk Lun, Horace, SC

Nominations Committee

The Nominations Committee nominates members of the Panel, the Appeal Committee and Disciplinary Chair Committee.

Ex officio Members

Mr Alder Ashley Ian (Chairman)
Mr Clark Stephen Edward
Mr Ho Yin Tung, Brian

Members

Mr Tong Carlson, JP

Mr Chow Ka Ming, Anderson, SC*

Alternate members to CLARK Stephen Edward

Mr Chan Yuk Sing, Freeman

Ms Ko, Teresa Yuk Yin, JP

Mr Liu Chee Ming

Mr Maguire John Martin

Mr Webb David Michael

* reappointed on 1 April 2013 for a term of 2 years until 31 March 2015

A full list of members of the Panel, the Appeal Committee, the Disciplinary Chair Committee and the Nominations Committee can be found in the "Regulatory functions" – "Listings & takeovers" – "Takeovers & Mergers" – "Takeovers Panel & related committees" section of the SFC website at <http://www.sfc.hk>.

Quarterly update on the activities of the Takeovers Team

In the three months ended 31 December 2013, the Executive received 14 takeovers-related cases (including privatisations, voluntary and mandatory general offers and off-market and general-offer repurchases), 17 whitewashes and 55 ruling applications.

All issues of the *Takeovers Bulletin* are available under 'Published resources – Industry-related publications – *Takeovers Bulletin*' on the SFC website at www.sfc.hk.

Feedback and comments are welcome and can be sent to takeoversbulletin@sfc.hk.

If you want to receive the *Takeovers Bulletin* by email, simply subscribe at www.sfc.hk and select *Takeovers Bulletin*.

Dual Filing Update, Enforcement Reporter and Risk-focused Industry Meeting Series are also available on the SFC website.

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