#### **TAKEOVERS AND MERGERS PANEL**

# Panel Decision in Relation to a Proposed Partial Offer for Kong Wah Holdings Limited ("Kong Wah")

application to the Panel under section 10.1 of the Introduction to the Code as a novel matter.

Under the proposal, the offeror would subscribe in cash for a number of shares in Kong Wah that would represent approximately 30% of the share capital as enlarged by the subscription and would make a partia

assumption that no minority shareholders accepted the proposed offer. On the assumption that all the existing shareholders of Kong Wah accepted the offer in full in

the practice in London. The Panel considered that it should use the discretion conferred

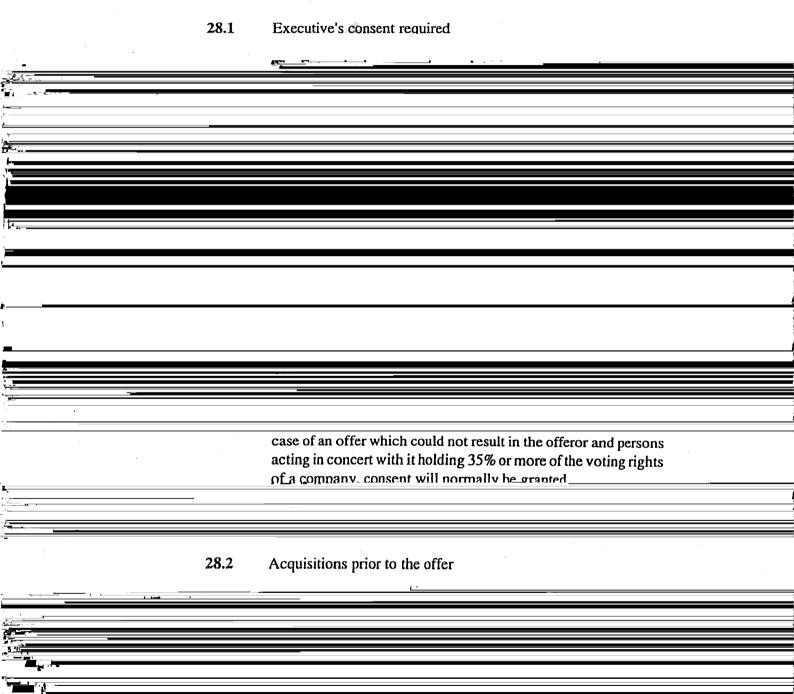
Since the Panel refused its consent to the application, it was unnecessary for the Panel to rule on the other points of interpretation of Rule 28 raised by the applicant, although it was also noted that, if consent had been granted, the proposal would also have required waivers from two other sections of Rule 28.

3 July 1995

Encls

# Extracts from Hong Kong Code on Takeovers & Mergers

28.	Partial	offers
28.	Partial	offers



50%, of the voting rights of a company, consent will not normally be granted. Offer for 35% or more requires independent approval 28.5 Any offer which could result in the offeror holding 35% or more of the voting rights of a company must normally be conditional, not only on the specified number of acceptances being received, but also on approval of the offer, signified by means of a separate hor on the form of accompance being since to the

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# Extracts from former Takeovers Code

(1) For the purposes of this rule:—

(a) 'offeror' shall be deemed to include persons acting in concert with

the offeror;

(b) the announcement or making of an offer which would result in the offeror's holding shares carrying less than 35% of the voting rights in an offeree company does not require the prior approval of the Committee;

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# Extracts from former Takeovers Code

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### Extracts from City Code

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#### **SECTION O. PARTIAL OFFERS**

**RULE 36** 

### 36.1 PANEL'S CONSENT REQUIRED

The Panel's consent is required for any partial offer. In the case of

carrying 30% or more of the voting rights of a company, consent will normally be granted.

### 36.2 BUYING BEFORE THE OFFER

shares carrying 30% or more but less than 100% of the voting rights of a company, such consent will not normally be granted if the offeror or persons acting in concert with it have acquired, selectively or in significant numbers, shares in the offeree company during the 12 months preceding the application for consent or if shares have been purchased at any time after the

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#### **RULE 36 CONTINUED**

#### **NOTES ON RULE 36**

1. Allotted but unissued shares

under a rights issue when the shares are represented by renounceable letters of allotment, the Panel should be consulted. It is likely that such shares, and the acquisition of such shares, will be taken into account for the purpose of this Rule.

2. Dual consideration offers for 100%

holding and a lower consideration for the balance, such an offer may be treated as a form of partial offer in spite of the fact that the offer is being made for all voting equity share capital not already held.

Bula 35 5 may apply and the Panel's consent must be sought if any