

SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA ACT, NO. 36 OF 1987

Rules made by the Securities and Exchange Commission of Sri Lanka under section 53 of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987.

Chairman,
Securities and Exchange
Commission of Sri Lanka

Colombo, 16th June 1995
as revised on 25th July 2003.

RULES

1. These rules may be cited as the Company Take-overs and Mergers Code 1995, as amended in 2003.

2. These rules shall apply to take-overs and mergers where the offeree is a listed public company.

3. In a take-over or merger transaction, the offeror shall forward the offer or the proposed offer in the first instance to the Board of Directors (hereinafter referred to as the "Board") of the offeree company.

4. Where an offer or the proposed offer is not made by the ultimate offeror, the identity of the ultimate offeror shall be disclosed at the outset.

5. Absolute secrecy shall be maintained by the offeror and the offeree until an announcement is made of an offer.

6. Where the Board of the offeree is approached with an offer or proposed offer such Board shall be entitled to be satisfied that the offeror is or shall be in a position to implement the offer in full.

7. An announcement is required to be made of an offer or possible offer -

- (a) where an offer which is not subject to any pre-condition is notified to the Board of the offeree (irrespective of whether the Board views the offer favourably or not);
- (b) immediately upon an acquisition of shares which gives rise to an obligation to make an offer under rule 31;
- (c) where, after being approached by the offeror with the proposed offer, the offeree company is the subject of rumour and speculation resulting in an untoward movement in its share price;
- (d) where, due to a potential offeror's actions even prior to being approached by such offeror with the proposed offer, the offeree company is the subject of rumour and speculation resulting in an untoward movement in its share price;
- (e) where negotiations relating to an offer are to be extended to persons other than the companies concerned and their immediate advisers;
- (f) where a purchaser is being sought for a holding or aggregate holdings of shares carrying thirty per centum

or more of the voting rights of a company, or where the Board of a company is seeking potential offerors, and -

- (i) such company is the subject of rumour and speculation resulting in an untoward movement in its share price; or
- (ii) the number of potential purchasers or offerors approached is to be increased to include more than a restricted number of persons.

8. (1) Whenever an announcement is required to be made under rule 7, the offeror and offeree shall wherever practicable and without undue delay, issue a joint statement to the Stock Exchange containing the relevant announcement referred to in paragraph (2) and request the Stock Exchange to make such announcement on the trading floor and where necessary, to grant a suspension in its share dealings. A notice incorporating the joint statement shall, as soon as convenient thereafter be published in a daily newspapers in all three languages.

(2) Where it is not practicable to issue a joint statement under paragraph (1), the offeror or offeree, as the case may be, shall issue a statement containing the relevant announcement in accordance with the following provisions, and shall comply with the other provisions of paragraph (1):-

- (a) before the Board of the offeree is approached by the offeror with the proposed offer, the responsibility for making an announcement relating to such proposed offer where there are indications of untoward price movement shall be with the offeror. The offeror shall announce the proposed offer only if he is confident that he is and shall be able to implement the proposed offer. The offeror shall state in such announcement that he intends or is considering approaching the Board of the offeree with the proposed offer;
- (b) the offeror shall make an announcement upon incurring an obligation to make an offer under rule 31, to the effect that it has become obligatory on the part of the offeror to make an offer;

- (c) after the Board of the offeree is approached by the offeror with the proposed offer, the Board of the offeree shall, make an announcement that negotiations are taking place, where such negotiations have reached a point at which the Board of the offeree is reasonably confident that an offer shall be made for its shares;
- (d) in any situation which might lead to an offer being made, the Board of the offeree shall, having kept a close watch on its share price, make an announcement forthwith in the event of any untoward price movement, to the effect that negotiations are taking place, and shall state the views of the Board thereon;

(3) An offeror shall not prevent or attempt to prevent the Board of the offeree from making an announcement or requesting the Stock Exchange to grant a temporary suspension in its share dealings at any time the Board thinks appropriate.

9. An announcement of an offer shall contain -

- (i) the terms of the offer;
- (ii) the identity of the offeror;
- (iii) any existing holding in the offeree company -
 - (aa) which the offeror owns or over which the offeror has control;
 - (bb) which is owned or controlled by any person acting in concert with the offeror;
 - (cc) in respect of which the offeror has received an undertaking by any shareholder to accept the offer.
- (iv) all conditions (including normal conditions relating to acceptances, listing and increasing of capital) to which the offer or the commencement of

the offer shall be subject.

10. (1) Immediately after an announcement of an offer under rule 9, the offeree company shall forward a copy of such announcement or a circular setting out the contents of such announcement to every shareholder of such company.

(2) The offer shall be deemed to have commenced on the date on which the copies of the announcement of the offer are forwarded to the shareholders of the offeree company.

11. Where an announcement has been made of an offer, such offer shall not be withdrawn, unless the commencement of such offer was subject to the prior fulfilment of a specific condition and that condition has not been fulfilled by the offeree.

12. (1) The Board of the offeree shall obtain competent independent advice on any offer and such advice shall be made known to its shareholders.

(2) A person who is in the same group as the financial advisor to an offeror or who has a significant interest in or financial connection with either the offeror or the offeree, shall not be eligible to give such advice.

(3) The Board of the offeror shall obtain competent independent advice on any offer where the offer being made is a reverse takeover or where the Board of the offeror is faced with a conflict of interest.

A transaction shall be considered as a reverse takeover if an offeror is required as a result of such take-over to increase the existing voting equity share capital by more than one hundred per centum.

13. (1) The offeror shall forward the offer document to the Board of the offeree and to every shareholder of the offeree company within twenty-eight days of the announcement of an offer.

(2) The Board of the offeree shall within fourteen days of the receipt of the offer document forward to every shareholder its views, comments and advice on the offer document and the advice given to it by the independent adviser under rule 12. The views comments and advice of the Board shall be presented fairly and accurately to enable the shareholders to decide on the merits and demerits of such offer.

14. The offer document shall include the statements and particulars set out in the Schedule hereto.

15. All information, given to any offeror, including particulars of shareholders shall be furnished equally and promptly on request to any other competing offeror.

16. Any document or advertisement addressed to any shareholder in connection with an offer shall be prepared with the same standard of care and accuracy with regard to the statements made therein as if it were a prospectus within the meaning of the Companies Act, No. 17 of 1982.

17. (1) In all communications to shareholders the highest standards of accuracy and fair presentation shall at all times be maintained and this shall particularly apply to profit forecasts and asset valuations.

(2) The profit forecast shall be formulated and presented in the following manner:--

- (a) a profit forecast shall be compiled by the directors of the offeror or offeree with the highest degree of care;
- (b) if a profit forecast appears in any document addressed to shareholders in connection with an offer, the assumptions, upon which the directors have based their profit forecast shall be stated in such document;
- (c) the accounting policies and calculations for such forecast shall be examined and reported

on by the auditors or consultant accountants. Any financial adviser who may be referred to in the document shall also report as to the correctness and accuracy and care employed in preparing such forecast. The report of the accountant and, the report of the adviser, if any, shall be contained in such document and shall be accompanied by a statement that the accountant and, where relevant, the adviser has given and not withdrawn their consent to its publication;

- (d) where a profit forecast is included in a document, any document subsequently sent in connection with the offer shall, contain a statement by the directors that the forecast remains valid for the purpose of the offer and the financial advisers and accountants who have reported on the forecast have indicated that they have no objections to their reports continuing to apply.
- (e) where a profit forecast is given in relation to any period in which trading has already commenced, the latest profit figures which are published in respect of the expired part of that trading period, together with comparable figures for the preceding year shall be stated. If no figures are available, such fact shall be stated.

(3) Where a valuation of assets is given in connection with an offer, such valuation shall be supported by the opinion of a named independent valuer and the basis of valuation shall be stated clearly. The valuation report shall also contain a statement to the effect that such independent valuer has given and not withdrawn his consent to the publication of such report.

18. Copies of all statements and announcements required to be issued or made under these rules and copies of all documents in relation to a take-over or merger transaction shall be forwarded to the Commission for its approval by the offeror or offeree, as the case may be, before such statement, announcement or document is issued, made, or despatched.

19. It is a condition of an offer for equity share capital that the offer shall not become or be declared unconditional as to acceptances unless the offeror has acquired or agreed to acquire either pursuant to the offer or otherwise shares carrying more than fifty per centum of the voting rights attributable to the equity share capital of the offeree company.

20. (1) Where the offeree company has more than one class of equity shares, the offeror shall make a comparable offer for each class having obtained the prior approval of the Commission. An offer for non-voting equity shares shall not be made conditional on any particular level of acceptances in respect of that class unless the offer for the voting shares is also conditional on the success of the offer for the non-voting equity shares.

(2) Where an offer is made for more than one class of shares separate offers shall be made for each class.

(3) This rule shall not apply to offers required to be made under rule 31.

21. (1) An offer shall initially be open for acceptance at least twenty-one days after the day the offer document is forwarded under rule 13. Where an offer is revised, it shall be kept open for at least fourteen days from the date of posting of the written notification of the revision to shareholders.

(2) An acceptor shall be entitled to withdraw his acceptance in any case after the expiry of twenty one days from the first closing date of the initial offer, if the offer has not by such date become or been declared unconditional as to acceptance.

(3) Where an offer is revised, all shareholders who accepted the initial offer shall receive the revised consideration.

22. (1) No offer (whether revised or not) shall be capable of becoming or being declared unconditional as to acceptances after 4.30 p.m. on the sixtieth day after the date on which the offer document is forwarded to the shareholders of the offeree company.

(2) An offer may be extended beyond the period of sixty days with the approval of the Commission, which shall be granted only if a competing offer has been made or announced.

(3) Where an extension of an offer is allowed by the Commission under paragraph (2), the offeror shall inform the shareholders of the offeree company of the next expiry date.

(4) Where all conditions are not fulfilled the offer shall lapse within twenty-one days of the first closing date or on the date the offer becomes or is declared unconditional as to acceptances, whichever date is the later.

(5) The consideration to which any offeree shareholder is entitled under the offer shall be posted to such shareholders as soon as practicable, and in any case not later than twenty one days after the offer becomes or is declared unconditional in all respects or twenty one days after receipt of valid acceptances where such acceptances were tendered after the offer has become or been declared unconditional in all respects.

23. After an offer has become or is declared unconditional as to acceptances, the offer shall remain open for acceptance for not less than fourteen days after the date on which it would otherwise have expired, unless the offer becomes or is declared unconditional as to acceptances on or before an expiry date and the offeror gives or has given at least fourteen days' notice in writing to the shareholders of the offeree company that the offer shall not be open for acceptance beyond that date. No such notice shall be given between the time when a competing offer has been announced and until a resultant competitive situation has ended.

24. On the dealing day immediately following the day on which an offer expires, or becomes or is declared unconditional as to acceptances, or is revised or extended, (hereinafter referred to as the "relevant day") the offeror shall issue a

statement to the Stock Exchange specifying whether the offer has expired, or has been declared unconditional as to acceptances or has been revised or extended and shall also state the total number of shares (as nearly as practicable)-

- (a) for which acceptances of the offer have been received;
- (b) held before the offer period;
- (c) acquired or agreed to be acquired during the offer period;

and shall specify the percentages of the relevant classes of share capital represented by these figures. The offeror shall simultaneously request the Stock Exchange to make an announcement to that effect on the trading floor.

25. (1) If the offeror is unable within the time limit to comply with any of the requirements of rule 24, the Stock Exchange may suspend the dealings in the offeree company's shares and, where appropriate, in the offeror's shares until the relevant information is given.

(2) If the offeror, having announced the offer to be unconditional as to acceptances, fails by 4.30 p.m. on the relevant day to comply with any of the requirements of rule 24, then immediately thereafter any acceptor shall be entitled to withdraw his acceptance.

26. (1) The approval of the Commission shall be required for any partial offer.

(2) The Commission may grant its approval for any offer which results in the offeror holding shares carrying less than thirty per centum of the voting rights of the offeree company.

(3) In the case of an offer, which would result in the offeror holding shares carrying thirty per centum or more but less than one hundred per centum of the voting rights of a company the approval of the Commission shall not be granted if the offeror or persons acting in concert with the offeror have

acquired selectively or in significant numbers shares in the offeree company, during the twelve months preceding the request for approval of the Commission.

(4) A partial offer shall be made to all shareholders of that class and arrangements shall be made for those shareholders who wish to do so to accept in full for the relevant percentage of their holdings. Shares tendered in excess of this percentage shall be accepted by the offeror from each shareholder in the same proportion to the number tendered to the extent necessary to enable the offeror to obtain the total number of shares in respect of which the offer was made.

(5) The offeror and persons acting in concert with the offeror shall not purchase shares of the offeree company during the offer period. In the case of a successful partial offer neither the offeror nor any person acting in concert with the offeror shall except with the approval of the Commission, purchase such shares during a period of twelve months after the end of the offer period.

(6) Where an offer is made which would result in the offeror holding shares carrying not less than thirty per centum and not more than fifty per centum of the voting rights of a company the exact number of shares offered for shall be stated and the offer shall not be declared unconditional as to acceptances unless acceptances are received for not less than that number.

(7) Where a partial offer is made which would result in the offeror holding shares carrying more than forty-eight per centum but less than one-hundred per centum of the voting rights in the offeree company, the offeror shall be free to acquire further shares without incurring any obligation to make a mandatory offer.

(8) Where an offer is made for a company with more than one class of shares which may result in the offeror holding shares carrying thirty per centum or more of the voting rights of that company, a comparable offer shall be made for each class.

27. (1) Where an offer is made for equity shares and the offeree has convertible securities outstanding, the offeror shall

make an appropriate offer to the holders of such convertible securities.

(2) The Board of the offeree company shall obtain competent independent advice on any such offer and such advice shall be made known to such holders together with the Board's views on such offer.

(3) The offer document shall be forwarded to the holders of convertible securities at the same time that the offer document is forwarded to the shareholders of the offeree.

(4) If an offeree has warrants, options or subscription rights outstanding the provisions of this rule shall mutatis mutandis, apply to such warrants, options and subscriptions.

For the purpose of this rule "convertible securities" mean securities convertible into equity share capital.

28. (1) Every person privy to confidential price sensitive information concerning an offer or proposed offer shall treat that information as secret and shall not divulge such information to any other person unless it is necessary to do so for the purpose of preparing the offer document. Any person who is privy to such information shall not make any recommendation to any other person as to dealings in the relevant securities.

(2) No dealings of any kind (including an option to purchase ordinary shares) in the securities of the offeree by any person, not being the offeror, who is privy to confidential price sensitive information concerning an offer or proposed offer shall take place between the time when there is reason to believe that a proposed offer is being contemplated and the announcement of an offer.

(3) During the offer period, the offeror or any person acting in concert with the offeror shall not sell any shares in the offeree company without having noticed the Stock Exchange and having obtained its approval. After obtaining approval for such sales neither the offeror nor persons acting in concert with the offeror shall make further purchases of shares in the offeree company.

(4) A person shall be regarded as privy to confidential price sensitive information concerning an offer or proposed offer, if:-

- (a) he is a director or employee of any one of the companies involved in the proposed offer; or
- (b) he is a professional advisor either to one of the companies involved in the proposed offer or to any director of any such company; or
- (c) he is in a position to have received information in the context of a confidential relationship; or
- (d) he is a close relation of, any person referred to in paragraph (a), (b), or (c).

29. (1) During the offer period the parties to the transaction (except in a partial offer) and their associates shall be free to trade subject to daily disclosure to the Stock Exchange and the Commission (not later than 12 noon on the dealing day following the date of the relevant transaction) of the total number of shares of any offeror or offeree company purchased or sold by such offeror or offeree or their respective associates for their own account on any day during the offer period and the price at which such shares were purchased or sold.

(2) All purchases and sales of shares of any offeror or offeree company made by any associate on behalf of any investment client who himself is not an associate shall be reported to the Stock Exchange and to the Commission.

(3) In this rule "associate" means any person (whether acting in concert or not) who directly or indirectly owns or deals in the shares of the offeror or offeree in a take-over or merger transaction and who has (in addition to his normal interests as a shareholder) an interest or potential interest, whether commercial, financial or personal, in the outcome of the offer, and include the following:-

- (a) the offeror's or offeree's parent company, and subsidiary company and any subsidiary of any such subsidiary company, and any company in which such parent or subsidiary company owns or controls twenty

per centum or more of the equity shares of that company, and any company in which twenty per centum or more of the equity shares are owned by the last-mentioned company;

- (b) the bankers (excluding bankers whose sole relationship with the parties to the transaction is normal commercial banking services or such activities in connection with the offer confirming that cash is available or handling acceptances and other registration work) stock brokers, financial and other professional advisers to the offeror, the offeree company or any company referred to in paragraph (a);
- (c) the directors of the offeror or offeree company together with their close relations, and trusts established to hold the interests of such directors or close relations;
- (d) the pension funds of the offeror, the offeree company or any company referred to in paragraph (a);
- (e) a holder of ten per centum or more of the equity shares of the offeror or offeree or a syndicate or group of persons holding an aggregate of ten per centum or more of such equity shares.

30. (1) Where an offeror or any person acting in concert with the offeror has purchased shares in the offeree company within a period of three months prior to the commencement of the offer period, the offer price to the shareholders of the same class shall not be on less favourable terms.

(2) If the offeror or any person acting in concert with the offeror, purchases shares in the offeree company during the offer period at a price exceeding the offer price (being the current value of the offer), the offeror shall increase its offer to an amount not less than the highest price paid for such securities so acquired. The offeror shall, immediately after the purchase of such shares, issue a statement to the Stock Exchange that a revised offer shall be made in accordance with this rule and shall state the number of shares purchased and the price paid

therefor and the offeror shall simultaneously request the Stock Exchange to make an announcement to that effect on the trading floor.

(3) If the offer involves a further issue of already listed shares, the current value of the offer shall be established by reference to the highest trading price of such shares as stated in the daily price list of the Stock Exchange on the day the purchase is effected, or if there are no dealings on such day, then on the most recent day within the past week immediately preceding the day the purchase is effected on which there are dealings.

(4) The method by which the current value of the offer price is established under paragraph (3), shall be adopted in calculating the value of such shares for the purpose of ascertaining the minimum increased consideration to be offered in the case of a revised offer.

(5) If the offer involves the issue of shares which are not listed, the value of such shares shall be based on a reasonable estimate of what the price would have been had it been listed.

(6) If there is a restricted market or inactive trade in the shares of the offeror, or the amount of the shares to be issued is large in relation to the amount already listed, the Commission may require justification of the price used to determine the value of the offer.

(7) Shareholders of the offeree company shall be notified in writing of the increased price payable under this rule at least fourteen days before the offer closes.

31. (1) Where any person -

- a) acquires, whether by a series of transactions over a period of time or otherwise, shares which taken together with shares held or acquired by persons acting in concert with such person, carry thirty per centum or more of the voting rights of a company: or

b) together with persons acting in concert with such person, holds not less than thirty per centum and not exceeding fifty per centum of the voting rights of a company and such person or any persons acting in concert with him acquires in any period of twelve months, additional shares carrying more than two per centum of the voting rights,

such person shall extend within thirty-five days, an offer in accordance with this rule to the holders of any class of equity shares which carrying voting rights and in which such person or persons acting in concert with him hold shares.

(1A) (1) No person shall incur a liability to make an offer in terms of this rule unless such person has sufficient financial resources to implement the offer in full to all shareholders to whom such offer should be extended.

(2) The Commission shall have the power to direct a person referred to in sub-paragraph (1) of this rule, to divest such quantity of shares, as will result in such person avoiding liability under this rule to make an offer if such person is unable or in the opinion of the Commission appears to be unable to implement the offer in full.

(1B) (1) Any person who has incurred a liability to make an offer in terms of this rule shall submit an affidavit with supporting documents to the satisfaction of the Commission, of such person's ability to implement such offer in full.

(2) The aforesaid affidavit shall be submitted within three market days of incurring the liability to make such offer or being required by the Commission to make such offer.

(2) Offers made under this rule shall be conditional only upon the offeror having received acceptances in respect of shares which together with shares acquired or agreed to be acquired before or during the offer will result in the offeror

and persons acting in concert with the offeror holding shares carrying more than fifty per centum of the voting rights.

(3) Offers required to be made under this rule shall, in respect of any class of equity shares involved, be in cash, or where securities are being offered, the offer shall also include a cash alternative, at not less than the highest price paid by the offeror and persons acting in concert with the offeror, for shares of that class within the preceding twelve months. Where any such shares have been acquired for a consideration other than cash, the offeror shall, where the offer involves more than one class of equity shares, obtain the prior approval of the Commission before extending an offer under this rule.

(4) If the offeror considers that the highest price referred to in paragraph (3) should not apply in a particular case, the offeror shall consult the Commission which may having regard to the circumstances of such case agree to an adjusted price.

(5) An offer under this rule shall include confirmation by the offeror's financial adviser that resources are available to the offeror sufficient to satisfy full acceptance of the offer.

(6) A nominee of the offeror or persons acting in concert with the offeror shall not be appointed to the Board of the offeree company, and the offeror and persons acting in concert with the offeror shall not transfer or exercise the voting rights of such shares held in the offeree company, until the offer document is forwarded to the Board of the offeree company and to its shareholders.

(7) Where any director of a company and such director's close relations sell shares to a purchaser, as a result of which the purchaser is required to make an offer under this rule, such director shall ensure that as a condition of the sale the purchaser undertakes to fulfil his obligation under this rule, and such director shall not resign from the Board until the offer document is forwarded to the Board of the offeree company and to its shareholder.

32. Where an offer has been announced or an offer has

commenced but has not become unconditional in all respects, the offeror and persons acting in concert with the offeror shall not within twelve months from the date on which such offer is withdrawn or lapses -

- (a) make an offer for the offeree company; or
- (b) acquire any shares of the offeree company if the offeror or persons acting in concert with the offeror would thereby become obliged under rule 31 to make an offer.

33. The offeror or persons acting in concert with the offeror shall not enter into any agreement or arrangement to deal in or make purchases or sales of shares of the offeree company, either during an offer or when an offer is in contemplation if such agreement or arrangement to deal in or make purchases or sales of shares have attached thereto favourable conditions which are not being extended to all shareholders.

34. Where the Board of the offeree has reason to believe that a bona fide offer is imminent, the Board shall not, without the approval of the shareholders at a General Meeting, issue any authorized but unissued shares, or issue or grant options in respect of any unissued shares, create or issue or permit the creation or issue of any securities carrying rights of conversion into or subscription for shares of the company, or sell, dispose or acquire or agree to sell, dispose of or acquire assets, the value of which amounts to five per centum or more of the total value of assets prior to acquisition, or enter into contracts otherwise than in the ordinary course of business, except in pursuance of a contract entered into earlier.

35. The Board of the offeree company shall ensure the prompt registration of any transfer of shares effected during a take-over or merger transaction.

36. Any person or persons acting in concert with such person who acquire or hold ten per centum or more of the shares or voting rights of a company shall report their holdings to such company, the Commission and the Stock Exchange within two market days of such acquisition.

37. In these rules, unless the context require -

"any person acting in concert" means an individual or a company and their nominees who, pursuant to an agreement or understanding (whether formal or informal) actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company, and include the following :

- (a) a company, its parent company, any subsidiary company and any subsidiary of any such subsidiary company, and any company in which such parent or subsidiary company owns or controls twenty per centum or more of the equity shares of that company, and any company in which twenty per centum or more of the equity shares are owned by the last-mentioned company, each with the other;
- (b) a company with any of its directors (together with their close relations and trusts established to hold the interests of such directors or close relations);
- (c) a company with any of its pension funds.

"close relation" means the spouse, child or spouse of a child, grandchild or spouse of a grandchild any parent, brother or, sister, and their spouses;

"Commission" means the Securities and Exchange Commission of Sri Lanka established by the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987;

"equity shares" mean ordinary shares together with deferred shares which carry voting rights;

"merger" means a transaction whereby the assets of two companies become vested in or under the control of one company (which may or may not be one of the original two companies) which has as its shareholders all or substantially all the shareholders of the two companies;

"offer" means an offer in a take-over or merger transaction howsoever effected and, includes reverse take-over, a partial offer and an offer by a parent company for shares in its subsidiary:

"offeree" means a listed public company whose shares are the subject matter of an offer;

"offer period" means the period commencing on the date on which the offer document is forwarded to the shareholders of the offeree company and ending on the first closing date of the offer or the date on which such offer is declared to be unconditional as to acceptances or to have lapsed, whichever is later;

"offeror" means an individual or a company whether incorporated under the Companies Act, No. 17 of 1982, or not;

"partial offer" means an offer for less than one hundred per centum of the voting rights of an offeree company;

"stock exchange" includes a reference to any stock exchange licensed under the Securities and Exchange Commission Act No. 36 of 1987;

"take-over" means a transaction or series of transactions whereby an individual or a company acquires control over the assets of a company either directly by becoming the owner of those assets or indirectly by obtaining control of the management of the company.

"unconditional as to acceptances" in any context relating to an offer means that the offeror must accept and pay for all shares tendered at the offer price, while the shareholders of the offeree lose their right to withdraw the shares;

"untoward price movement" means the movement of a share price by approximately ten per centum;

"voting rights" mean the right to vote at a general meeting of shareholders.

SCHEDULE

[Rule 14]

1. The following statement shall be included in the offer

document:-

- (a) a statement as to whether or not any agreement, arrangement or understanding exists between the offeror or any person acting in concert with the offeror and any director or recent director, shareholder or recent shareholder of the offeree company having any connection with the offer and full particulars of any such agreement, arrangement or understanding.

For the purposes of this paragraph "recent director" shall mean any person who has ceased to be member of the Board of Directors during the preceding six months; and "recent shareholder" shall mean any shareholder who has ceased to be a shareholder during the preceding six months.

- (b) a statement as to whether or not any shares acquired in pursuance of the offer will be transferred to any other person, together with the names of the parties to any such agreement, arrangement or understanding and particulars of all securities in the offeree company held by such persons, or a statement that no such securities are held;
- (c) a statement to the effect that, settlement of the consideration to which any shareholder is entitled under the offer will be implemented in full in accordance with the terms of the offer without having regard to any lien, right of set off, counter claim or other analogous rights to which the offeror may otherwise be, or claim to be entitled against such shareholder.

2. The offeror whether offering shares or cash shall give the following information about itself:-

- (a) names of its directors;
- (b) its principal activities;
- (c) details, for the last three financial years, of turnover, net profit or loss before and after tax, earnings

per share before and after tax, the amount per share paid as dividends, together with a statement of the assets and liabilities shown in the last published audited accounts and particulars of publicly known material changes in the financial position of the company or a statement that there are no such publicly known material changes; and

- (d) relevant details of the company from any interim financial statement or preliminary announcement made since the publication of the last published audited accounts.

3. Particulars and information relating to the following :-

- (a) the shareholdings of the offeror in the offeree company;
- (b) the shareholdings in the offeree in which the directors of the offeror have an interest;
- (c) the shareholdings in the offeree which any person acting in concert with the offeror owns or controls (with the names of such persons acting in concert); and
- (d) the shareholdings in the offeree owned or controlled by any person who, prior to the posting of the offer document, has made an irrevocable commitment to accept the offer together with the names of such persons.

If there are no shareholdings in respect of any of the above categories, such fact shall be expressly stated.

- (e) If any party whose shareholdings are required to be disclosed under any of the preceding paragraphs, has dealt for value in the shares in question during the period commencing twelve months prior to the offer period and ending with the day prior to the posting of the offer document, the details, including dates and prices, shall be stated. If no such dealings have taken place, this fact should be stated.

4. A statement relating to -
 - (a) the intention of the offeror regarding the continuation of the business of the offeree company;
 - (b) intention of the offeror regarding any major changes to be introduced in the business, including any re-deployment of the fixed assets of the offeree company;
 - (c) the long-term commercial justification for the proposed offer; and
 - (d) the intentions of the offeror with regard to the continued employment of the employees of the offeree company and its subsidiaries.
5. Whether the emoluments of the offeror's directors will be affected by the acquisition of the offeree company and if so, in what manner.
6. In the case of a partial offer resulting in the offeror holding shares carrying more than forty- eight per centum but less than one-hundred per centum of the voting rights in the offeree company, a statement advising shareholders that, if the partial offer succeed the offeror shall be free to acquire further shares without incurring any obligation to make a mandatory offer.