
CHAPTER 10 – TRANSACTIONS**10.02 Definitions**

For the purpose of this Chapter, unless the context otherwise requires –

(eA) “Major Disposal” means a disposal of all or substantially all of a listed corporation’s assets which may result in the listed corporation being no longer suitable for continued listing on the Official List;

PART F(A) – MAJOR DISPOSAL OF ASSETS RESULTING IN LISTED CORPORATIONS NO LONGER SUITABLE FOR LISTING**10.11A Major Disposal**

- (1) A listed corporation which intends to undertake a Major Disposal must:
- (a) appoint a main adviser, who is a Principal Adviser, before the terms of the Major Disposal are agreed upon;
 - (b) appoint an independent adviser who is a corporate finance adviser within the meaning of the SC’s Principal Adviser Guidelines;
 - (c) include additional information set out in Part I of Appendix 10A and Part J of Appendix 10B respectively, in the announcement of the Major Disposal to the Exchange, and the circular issued to the shareholders; and
 - (d) convene a general meeting and obtain shareholder approval of at least 75% in value of the shareholders present and voting either in person or by proxy at the meeting for such Major Disposal.
- (2) The main adviser must, in relation to the Major Disposal -
- (a) ensure that the Major Disposal complies with the relevant laws, regulations or guidelines, where applicable; and
 - (b) ensure full disclosure of all information required to be disclosed in the announcement and circular.
- (3) The independent adviser must, in relation to the Major Disposal –
- (a) comment as to whether the Major Disposal and its related proposals (if any) are fair and reasonable in so far as the shareholders are concerned. Such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion. In arriving at such opinion, the independent adviser should comply with the relevant provisions of Chapter 12 of the Guidelines on Contents of Applications Relating to Take-Overs and Mergers on Independent Adviser’s Recommendation issued by SC;
 - (b) advise the shareholders on whether they should vote in favour of the Major Disposal and its related proposals (if any); and
 - (c) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in subparagraphs (a) and (b) above.

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- (4) If in the Exchange's opinion, an independent adviser is not independent, the Exchange may disallow such independent adviser to be appointed or continue to act as an independent adviser.

APPENDIX 10A

Contents of announcement in relation to transactions

(paragraphs 10.06(1), 10.08(1), 10.08(11)(i) and (j), and 10.11A(1)(c))

Part I

Additional specific information to be included in relation to Major Disposals

(paragraph 10.11A(1)(c))

- (1) Identity of the independent adviser, the date of its appointment and a statement explaining the role of the independent adviser.
- (2) Identity of the ultimate offeror as defined in the Take-Overs and Mergers Code as if the Major Disposal were the proposed take-over offer.
- (3) A statement whether the board of directors is seeking other alternative bids.
- (4) Where the consideration for the Major Disposal is by way of cash or partly in cash, a statement whether the acquirer has sufficient financial resources to undertake the acquisition.

APPENDIX 10B

Contents of circular to shareholders in relation to transactions

(paragraphs 10.07(1), ~~and~~ 10.08(2)(a) and 10.11A(1)(c))

Part J

Additional specific information to be included in relation to Major Disposals

(paragraph 10.11A(1)(c))

- (1) A statement by the board of directors stating whether the Major Disposal is fair and reasonable and in the best interest of the listed corporation, together with the reasons and factors taken into consideration in forming that opinion.
- (2) A statement by the board of directors setting out the following:
- (a) detailed description of the future plans of the listed corporation;
- (b) whether it is the listed corporation's intention to maintain its listing status;
- (c) the intended application of the sale proceeds and the breakdown, including the timeframe for the full utilisation of proceeds; and
- (d) implications of Practice Note 16, if applicable.

APPENDIX 1
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- (3) A separate letter by the independent adviser incorporating -
- (a) its opinion as to whether the Major Disposal and its related proposals (if any) are fair and reasonable in so far as the shareholders are concerned. Such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration, in forming that opinion. In arriving at such opinion, the independent adviser should comply with the relevant provisions of Chapter 12 of the Guidelines on Contents of Applications Relating to Take-Overs and Mergers on Independent Adviser's Recommendation, issued by SC; and
 - (b) its advice to the shareholders on whether they should vote in favour of the Major Disposal and its related proposals (if any).
- (4) The independent advice circular must include the following:
- (a) the industry and its outlook in which the listed corporation has its core or major business activities;
 - (b) the prospects of the listed corporation in light of its industry outlook and competition; and
 - (c) in the case of a securities exchange offer –
 - (i) the industry and its outlook in which the acquirer has its core or major business activities; and
 - (ii) the prospects of the acquirer in light of its industry's outlook and competition.
- (5) Where the consideration for the Major Disposal is by way of cash or partly in cash, a statement by the board of directors and commentary by the independent adviser as to whether the acquirer has sufficient financial resources to undertake the acquisition.
- (6) A statement by the board of directors on the listed corporation's intention to deal with its treasury shares and the impact of such dealing on the shareholders' entitlement pursuant to the Major Disposal, if any.

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