



The Takeovers Executive of the Securities and Futures Commission (the "Executive") criticises NWSFM, {X1} and {X2} for breaching Rule 31.3 of the Takeovers Code. NWSFM, {X1} and {X2} admit and apologize for the breach and accept the Executive's criticism.

The Executive has found that the breach was not in any sense deliberately made, but did reflect a culpable failure to ensure that the requirements of the Takeovers Code were met. In arriving at the decision to criticise the parties, the Executive has taken into account the inadvertent nature of the breach and the co-operation of the parties in the Executive's enquiry.

The Executive would like to remind all those involved in takeovers and mergers in Hong Kong of the restriction imposed by Rule 31.3 of the Takeovers Code. Rule 31.3 affords equality of treatment to shareholders in an offer in accordance with General Principle 1 of the Takeovers Code. The rule provides shareholders with certainty that the offeror will not pay a price higher than the offer price for the shares in the offeree company in the 6-month period after the close of the offer, and as a result, it ensures that all shareholders of the offeree company are treated evenhandedly. The importance of the rule is reflected by the fact that the Executive normally sends a letter after the close of an offer to the parties reminding them of their obligation to comply with Rule 31.3. On 24 July 2007 the Executive sent a letter to NWSFM in this respect.

If there is any doubt about the application of the Takeovers Code, the Executive should be consulted at the earliest opportunity.

13 March 2008