

Project on the Use of Plain Language

How to create clear announcements

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Using the samples

The Working Group on Plain Language has prepared two types of samples to help you create clear announcements:

1. Plain language rewrites of actual announcements.

These samples were made using only the information presented in the original newspaper announcements. They should not be seen as model announcements, and must be limited to their own facts. The main purpose of preparing these sample announcements is to emphasise the visual impact of our plain language initiatives.

2. Sample formats

Because much of the information presented in announcements is standard, the Group has also prepared sample formats for each type of announcement reviewed. These samples are included in this handbook, and show the preferred format for each type of announcement. These samples are only the versions preferred by the SFC and the Exchange, they are not precedents.

Also, the samples are a guide only to the information required in a simple or straight forward situation, and are not exhaustive. You may need to include more information to meet the circumstances of a particular situation. The samples are designed to be adapted by adding an appropriate heading and inserting more information. We encourage you to include a **chart** or **diagram** in your announcement if it would help your readers to understand the transaction.

We recommend these samples to you as useful guides on what information to include in an announcement, and how to order the information under useful headings. The wording of the samples is not the only wording that will be acceptable to the SFC or the Exchange when we vet the announcements. However, it will be easier for us to vet announcements if they follow the sample format, and it should also be easier and quicker to clear them.

Of course, you must make sure that your announcements meet all regulatory requirements. The Project on the **Use of Plain** Language has not changed any of these requirements.

Using plain language features

We strongly encourage you to use the following features of the sample formats:

Summary box

The summary box is meant to contain a useful introduction to an announcement. After reading the information in the summary box readers should understand:

- the nature of the transaction;
- the reason for it;
- its **practical** effect; and
- its relevance to shareholders and investors.

Of course, some transactions are not straightforward. The more complex the transaction, the more effort you should make to ensure that the summary box contains an effective and useful summary in plain language.

Headings

Descriptive headings help readers by breaking up information into manageable sections. The sample format headings also reorganise the flow of information in announcements. If you use the sample format headings in the same order, you will present your information to your readers in a logical sequence, with the most important information first.

Of course, standardising the presentation of information in announcements will also mean that we can vet them more easily and quickly.

Warnings

Several of the sample formats contain warnings to investors of the conditional nature of a transaction. These warnings are much more easily understood if they are highlighted and are written in plain language.

On the following pages we set out some other plain language techniques that will make your announcements clearer and easier to read.

Use commonsense names and abbreviations

Choose commonsense shortened **names** for the parties to your transaction. But choose your abbreviated name with care. Acronyms are confusing, and you should avoid using them unless the party is commonly referred to in that way. For example, a company with the name Hong Kong Investments Developments Limited should be called "HK Investments", not "HKIDL".

If your transaction involves a group of companies, all with a common first name, you could identify them by their main function, eg, "Holding", "Investment", "Garment" etc.

Generic names such as "Company" or "Vendor" can be confusing where there are several parties to a transaction, and should be avoided.

You should also avoid using acronyms when abbreviating **terms** used in your announcement.

Compare:

In the event that there is any difference between the Deemed NAV and the July NAV (the "NAV Difference"), the Agreement provides that the Sale Consideration will be adjusted on the basis of the abovementioned formula by increasing or decreasing , as the case may be, the Deemed NAV by the amount of the NAV difference on a dollar for dollar basis...

with:

If there is a difference between the agreed value of HK Investments and its actual value as at 1 July 1997, then the price will be adjusted using the actual value instead of the agreed value in the above formula.

Don't use excessive definitions

It is a habit of writers of legal documents to define all the terms used, and there are good reasons why this may be necessary. But announcements are not legal documents - they are communications from issuers about legal documents. In an announcement, effective communication is more important than a detailed record of a transaction. Excessive use of definitions disrupts the flow of information. Definitions often cluster in the first sentences of announcements, obscuring important information.

Consider:

PLACING:

The Board of Directors of Hong Kong Investments Developments Limited ("HKIDL") announces that a placing agreement (the "Agreement") has been entered into on 1 January 1997 between Island Technologies Limited (the "Vendor"), HKIDL and ABC Investment Bank Limited ("ABC Investment Bank") whereby ABC Investment Bank has agreed to place 10 million ordinary shares of HK\$1.00 each in the share capital of HKIDL (the "Placing Shares")

at a price of HK\$10.00 each (the "Placing Price") to institutional and other investors (the "Placing") who are independent of the Vendor or its associates (as such terms are defined in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) or the directors, chief executive or substantial shareholders of HKIDL or its subsidiaries or any of their associates. The Placing of the Placing Shares has been fully underwritten by ABC Investment Bank.

Often, it will be possible to tell from the context what you are referring to. In a placing announcement there is usually only one "placing" - so it doesn't need to be defined. Similarly, your readers would all be familiar with the terms "Listing Rules", and "Stock Exchange", and don't need to be given their full titles.

If you are only going to mention something once, don't define it. Instead, you can explain its meaning when you use it.

If a term is important and does need to be defined for your readers, you could consider giving the definition in a separate sentence. This gives the term with appropriate clarity, but avoids disrupting the flow of information.

Compare:

Placing Agreement

Dated:

1 January 1997

Vendor:

Island Technology Limited, which has a 48% interest in Hong Kong Investments Developments Limited.

Number of shares to be placed:

10 million existing ordinary shares of HK\$1.00 each.

Placement to:

Independent institutional and other professional investors.

Price:

HK\$10.00 per share.

Underwriter:

ABC Investment Bank Limited.

Independence of places and underwriter:

The places and the underwriter are independent of and not connected with Island Technology or any person acting in concert with it. They are also independent of and not connected with HK Investments' directors, Chief Executive, substantial shareholders, subsidiaries or any associates of any of them (as associates are defined in the Listing Rules).

Alternatively, if you have more than one term that needs to be defined, you could group your definitions together at the end of your announcement under the heading "Terms used in this announcement".

Use shorter sentences

Long sentences are difficult to read. If you want to avoid confusing your reader you must either have very well structured long sentences, or use shorter sentences.

Compare:

The rights shares to which overseas shareholders would otherwise have been entitled and any rights shares arising from the aggregation of fractional entitlements to the rights shares and which, in each case, are not sold as described herein, and any rights shares allotted provisionally but not accepted, will be made available for application on the form of application for excess rights shares by qualifying shareholders and will be allocated on an equitable basis to be decided by the directors at their sole discretion. (83 words)

with:

Application for excess shares:

Qualifying shareholders may apply for any unsold entitlements of overseas shareholders, unsold rights shares created by adding together fractions of rights shares, and any rights shares provisionally allotted but not accepted.

Shareholders can apply by completing the application for excess rights shares. The directors will allocate the excess shares at their discretion. (31, 11 and 10 words)

We recommend that your sentences should have an average length of 20 to 25 words. Many of the plain language recommendations which follow will help you to achieve this.

Prefer the active voice

Compare:

Further details of the agreement will be disclosed in the next published annual report of the Company. (*passive*)

with:

HK Investments will give further details of the agreement in its next published annual report. (*active*)

Why prefer the active voice?

- It is easier to read and understand.
- It uses fewer words.
- The passive voice often fails to tell the reader **who** will take the action.

Compare:

A circular will be sent to qualifying shareholders shortly. (*passive*)

with:

HK Investments will send a circular to qualifying shareholders shortly. (*active*)

Avoid hidden verbs

Verbs are often hidden as nouns. If you can uncover your hidden verbs, your announcements will be stronger, more direct, and easier to read.

For example:

Noun	Verb
Shareholders will be notified of the commencement of the offer.	Shareholders will be notified when the offer commences .
If there is a refusal by the Court to...	If the Court refuses to...
The company will make application to the Stock Exchange...	The company will apply to the Stock Exchange...

The SFC must grant permission ...	The SFC must permit ...
The director made the statement in reliance upon...	The director relied on...
The shareholders have passed a resolution ...	The shareholders have resolved ...
Payment will be made by the purchaser...	The purchaser will pay ...

You can find most hidden verbs by their endings:

-ment
-al
-ion
-tion
-sation
-ance
-ence
-ity

Use simple, common words, not jargon and legalese

Don't use two or more words where one will do.

Always use the ordinary, simple word or phrase instead of the excessively formal and complex.

Compare:

Immediately following completion of the placing but prior to the completion of the subscription the Vendor's shareholding interest will be reduced to approximately 39% and immediately following completion of the placing and the subscription such shareholding interest will be approximately 46%.

with:

After completion of the placing but before completion of the subscription, the Vendor's shareholding interest will be reduced to about 39%. After the subscription, the Vendor's interest will be about 46%.

or even better:

The placing will reduce the Vendor's shareholding interest to about 39%. The subscription will then increase the Vendor's interest to about 46%.

Here are some common examples of formal, complex words which have a simpler, more ordinary alternative appropriate for use in plain language announcements:

Formal	Ordinary
approximately	about
because of the fact that	because
in accordance with	by, under
in the event that	if
prior to	before
pursuant to	under
subsequent to	after
sufficient number of	enough
until such time as	until

Compare:

In the event that the above conditions are not fulfilled by the Vendor on or before 1 January 1997 or such later date as may be agreed by the Vendor and the Company, then the subscription agreement and the respective rights and obligations of the parties thereunder will lapse and terminate.

with:

If these conditions are not fulfilled by the Vendor on or before 1 January 1997, or a later date agreed between the parties, then the subscription agreement will end.

Sometimes just using simpler expressions instead of wordier ones will not be enough. The real solution is to start again.

Compare:

The Rights Issue is conditional upon:

- the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively on or prior to the date on which the prospectus to be issued in respect of the Rights Issue (the "Prospectus") is posted (the "Posting Date") of one copy of each of the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares ("Prospectus Documents") each duly certified by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the board of directors (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Ordinance (Cap 32 of the Laws of Hong Kong) and the Listing Rules

with:

Conditions of the rights issue:

- HK Investments must deliver to the Stock Exchange and file and register with the Hong Kong Registrar of Companies all relevant documents as required by the Listing Rules and the Companies Ordinance.

Prefer the positive to the negative

Positive statements are easier to understand than negative ones. To understand a negative statement, a reader must first understand the positive and then negative it. Of course, it is not always possible to turn a negative statement into a positive one, but if you can make a positive statement, do so.

Compare:

Applicants must not be under 18 years of age.

with:

Applicants must be 18 years of age or over.

And compare:

HK Investments expects the subscription to be completed not later than 14 days after the completion of the placing.

with:

HK Investments expects the subscription to be completed within 14 days after the completion of the placing.

You should also avoid using multiple negatives. They are particularly confusing:

Compare:

No adjustments shall be made to the sale consideration if the net asset value difference does not exceed 5% of the deemed net asset value.

with:

If there is a difference of more than 5% between the deemed value of the company and its actual value, then the sale consideration will be adjusted.

Design your document with your reader in mind

Choose a readable typeface

Our samples use Arial font for headings, summaries and warnings. Other text is in Times New Roman. We will not prescribe any particular typeface or size for announcements, but you should be sure that your announcement is easy to read.

Use headings to distinguish levels of importance of information

Whatever style you choose, your headings should clearly show the hierarchy of information.

For example, in the sample formats we use type faces to distinguish levels as follows:

Level One: Document title and Section headings

Level Two: Paragraph headings

Level Three: Subparagraph headings

Level Four: General text

Use an effective layout

The most striking thing about our samples is how different they look.

A good layout should highlight important information.

Compare:

The making of the Offer by the Offeror is conditional upon the completion of the Disposal. Shareholders and public investors should be aware that the obligations of the Offeror to make the Offer will not arise unless and until completion of the Disposal takes place. In this respect the Disposal is, subject to the satisfaction of the conditions of the Agreement set out in the paragraph headed "The Agreement" above, expected to take place on or around 20 July 1997. If the Disposal is not duly approved by the shareholders of Company B at a special general meeting as described in the paragraph headed "The Agreement" above, the Agreement will automatically lapse and the obligation of the Offeror to make the Offer will not arise under Rule 26 of the Code. The respective shareholders of Company B and Company C and public investors contemplating to deal in the respective securities of Company B and Company C are advised to exercise caution in dealing in such securities.

with:

Expected date of completion of the placing:
--

20 July 1997.

Warning: This offer is a possibility only.

This offer will only be made if the share sale agreement is completed. The share sale agreement is conditional (see "Conditions of the share sale agreement" above). In particular, the shareholders of Company B must approve the sale of the Company C shares in a special general meeting. If the sale is not approved, no cash offer will be made for the Company C shares.

Investors should exercise caution before buying or selling any shares in Company B or Company C.

The sample formats aim to make dense slabs of impenetrable text a thing of the past.

Use the **headings** in the sample formats to highlight the key points of your announcement. Headings will also help you to keep your paragraphs relatively short.

Another way to keep paragraphs short is to use **bullet points** to list information. It is much easier for your readers to take in information presented in a list.

Diagrams can also be a very useful way to explain a transaction.

We have used **shading** to highlight certain information. Please note that shading does not fax well. If you want to use shading, we suggest that you put it in your final version only, and not in your drafts.

Comments welcomed

We welcome suggestions and comments from you on the sample announcements. They can be sent to:

Working Group on Plain Language
c/o Corporate Finance Division
Securities and Futures Commission
12th Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Or sent by email to:

cf@hksfc.org.hk

This handbook is also available on the SFC's Internet website at:

<http://www.hksfc.org.hk>

Acknowledgments

There are many books on plain language. We have listed the books and materials that we found useful when preparing these notes:

Books:

Martin Cutts, *The Plain English Guide* (Oxford University Press, 1995).
Bryan A Garner, *A Dictionary of Modern Legal Usage* (OUP, 2nd ed, 1995).
Sir Ernest Gowers, *The Complete Plain Words* (London, 1986).
Richard C Wydick, *Plain English for Lawyers* (Carolina Academic Press, 3rd ed, 1994).

Materials:

Centre for Plain Legal Language, Faculty of Law, University of Sydney, *Writing in Plain Language* (Workshop Materials, 1996).
US Securities and Exchange Commission, *A Plain English Handbook* (Draft, 1997).

Placing and Top-Up Announcement

This is the preferred format for a placing and top-up announcement. It is intended as a guide only to the contents of an announcement, and is not intended to be exhaustive.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

[Name of company whose shares are being placed]
(incorporated in [place] with limited liability)

Placing of existing shares and subscription for new shares

Give a simple summary of the main points of the transaction, eg:

*[Name of Vendor] has an X% interest in [Company].
[Vendor] will sell [number] existing [Company] shares at a price of HK\$[price] per share, and will subscribe for [number] new [Company] shares at the same price.
The shares sold by [Vendor] will be sold to [describe investors].
Give reasons for the placing and subscription and state how Company will use the proceeds. Summarise the effect of the placing and subscription on the controlling shareholder's holding in the Company.*

Placing agreement dated [date]

Vendor:

Full name.

If the Vendor is a company, details of its shareholders must be given.

Number of shares to be placed:

[Number] existing ordinary shares of HK\$[value] each.

State number as a percentage of the Company's existing issued share capital.

Placement to:

Describe investors.

Price:

HK\$[price] per share.

Describe any discount, eg:

This is a discount of about X% to the closing price of \$HKX.00 per share quoted on the Stock Exchange on [date of last day of trading].

Rights:

State whether shares are sold free of third party rights, and describe entitlements to future dividends and distributions.

Placing agent: [if any]

Name.

Placing underwriter: [if any]

Name.

Independence of places [and underwriter and agent, if any]:

The places [etc] are independent of and not connected with [Vendor] or any person acting in concert with [it]. They are also independent of and not connected with [Company's] directors, Chief Executive, substantial shareholders, subsidiaries, or any associates of any of them (as associates are defined in the Listing Rules).

Conditions of the placing:

Either state that the placing is unconditional, or set out the conditions.

Completion of placing:

Give actual or expected date.

Subscription agreement dated [date]

Subscriber:

Name.

Give details of any guarantor.

Number of new shares subscribed for:

[Number] new ordinary shares of HK\$[value] each.

This is about X% of [Company's] existing issued share capital, and about Y% of its issued share capital as enlarged by the subscription.

Price:

State the price, eg:

The placing price, or The placing price net of [Vendor's] expenses of the placing and subscription.

Mandate to issue new shares:

Give details of the mandate under which the new shares are to be issued.

Ranking:

The new shares, when fully paid, will rank equally with the existing issued shares of [Company].

Conditions of the subscription:

The subscription is conditional upon the following all happening before [date]:

Set out conditions. The first three conditions are usual:

- 1. the completion of the placing;*
- 2. the Listing Committee granting listing of and permission to deal in the new shares; and*

3. the Executive Director of the Corporate Finance Division of the SFC waiving any obligation of *[Vendor]* to make a general offer for all the issued shares in *[Company]* as a result of the subscription; and
4. *any other conditions*

[Vendor or its agent] has applied *[or will apply]* to the SFC for the waiver. *[Company]* will apply to the Listing Committee for listing of and permission to deal in the new shares.

Completion of Subscription:

Actual or expected date.

For example: "Between 2 and 14 days after the placing is completed".

Terms used in this announcement:

In some cases, it may be useful to define some of the terms used, eg "controlling shareholder" etc.

By order of the Board of *[Company]*

Hong Kong, *[date]*

The directors of [Company] jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinion expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in the announcement, the omission of which would make any statement in this announcement misleading.

Notifiable Transaction Announcement

This is the preferred format for a notifiable transaction announcement. It is intended as a guide only to the contents of an announcement, and is not intended to be exhaustive.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Name of Company

(Incorporated in [place] with limited liability)

Type of notifiable transaction:

(If a connected transaction) brief description of connection between the parties/ reason for the notice

Give a simple summary of the main points of the transaction.

State the reasons for the transaction and the use of the proceeds.

Briefly state the connection between the parties, and why the transaction must be disclosed to shareholders. State whether shareholder approval is required, and give details of what further information will be given to shareholders, and when.

Agreement dated [date]:

Parties:

Vendor/ assignor: *Full name. If a subsidiary, give details of holding company.*

Purchaser/ assignee: *Full name. If a subsidiary, give details of holding company.*

[Asset] sold or assigned:

Give a brief description.

Consideration:

HK\$[price].

State how the price was determined, giving details of any valuation.

The directors of [Company] believe the consideration is fair and reasonable.

Payment terms:

Set out terms, eg:

*[Purchaser] has paid an initial deposit of HK\$[amount].
The balance of the purchase price is due in cash on completion.*

[Funding]:

If a purchase, give details of funding.

Completion date:

Date.

[Reasons for the transaction]:

In most cases the statement of the reasons in the "summary box" will be sufficient. However, if this is not an adequate statement of the reasons for the transaction, set out the reasons in full here.

Connection between the parties:

Give a brief description of the relevant connection between the parties under the Listing Rules.

Information for shareholders:

Give details of the type of notifiable transaction, any action required by shareholders, and any further information to be given to shareholders, eg:

For [Company], the purchase is a discloseable and connected transaction under the Listing Rules, and its independent shareholders must vote on the agreement in an extraordinary general meeting.

[Company] has appointed [Advisor] as an independent financial advisor to advise the independent shareholders about the agreement. It has appointed [Valuer] as an independent property valuer to value [the property].

A circular giving details of the agreement, and setting out the valuation certificate and the advice of the independent financial advisor will be sent to shareholders shortly. Shareholders will also be sent a notice of the extraordinary general meeting.

Connection between the parties:

Give a brief description of the relevant connection between the parties under the Listing Rules.

Information for shareholders:

Give details of the type of notifiable transaction, any action required by shareholders, and any further information to be given to shareholders, eg:

For [Company], the purchase is a discloseable and connected transaction under the Listing Rules, and its independent shareholders must vote on the agreement in an extraordinary general meeting.

[Company] has appointed [Advisor] as an independent financial advisor to advise the independent shareholders about the agreement. It has appointed [Valuer] as an independent property valuer to value [the property].

A circular giving details of the agreement, and setting out the valuation certificate and the advice of the independent financial advisor will be sent to shareholders shortly. Shareholders will also be sent a notice of the extraordinary general meeting.

Conditions of the agreement: [if any]

Set out any conditions, eg:

The independent shareholders of [Company] must approve the agreement in general meeting on or before [date].

If the agreement is not approved within that time, and [the companies] have not agreed to allow more time for the approval, then the agreement will lapse.

[Terms used in this announcement]:

In some cases, it may be useful to define some of the terms used.

By Order of the Board

Hong Kong, [date].

Possible Unconditional Cash Offer

This is the preferred format for a possible unconditional cash offer announcement. It is intended as a guide only to the contents of an announcement, and is not intended to be exhaustive.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever, for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Offeror Company <i>(incorporated in [place] with limited liability)</i>	Target Company <i>(incorporated in [place] with limited liability)</i>	Vendor Company <i>(incorporated in [place] with limited liability)</i>
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Joint announcement:

Conditional agreement for [Vendor] to sell shares in [Target] to [Offeror]

and

Possible unconditional cash offer by [Agent] on behalf of [Offeror] for all the issued shares of [Target]

Give a brief summary of the main points of the conditional agreement.

Briefly summarise the main condition of the agreement - eg a requirement of approval by shareholders of Vendor. Give details of what further information will be given to Vendor shareholders, and when.

Summarise the effect the agreement becoming unconditional will have on the Offeror's holding in the Target.

If the agreement is completed: [Offeror] will make a mandatory cash offer for all the issued shares of [Target] not already held by [Offeror] or parties acting in concert with it. The terms of this possible offer are set out under the heading "Possible unconditional cash offer".

If an offer is made, an independent board committee of [Target] will consider the offer. [Offeror] will send an offer document setting out the terms of the offer, and acceptance and transfer forms to [independent] [Target] shareholders as soon as possible after it is obliged to make an offer.

Share sale agreement dated [date]

Parties:

Vendor: *Name in full.*

Purchaser: *Name in full, and details of any connection with the Vendor. If the Purchaser is a company, give details of its shareholders.*

Shares sold:

[Number] shares of HK\$[value] each in the capital of [Target] (about X% of [Target's] issued share capital).

Purchase price:

*HK\$[amount].
Give details of any adjustments.*

Payment terms:

Set out terms.

Expected date of completion:

Date.

Any other relevant terms]:

Conditions of the sale agreement:

The sale agreement is conditional upon each of the following either happening or being waived by the parties on or before *[date]*:

- *Set out conditions.*

Suspension of trading in *[Target]* and *[Vendor]*:

Give details of suspensions and applications for resumptions.

Information about *[Target]*:

Give brief details, including principal activities.

Information about *[Vendor]*:

Give brief details, including principal activities.

[Further information for shareholders of Vendor - if any]:

Possible unconditional cash offer

If the share sale agreement is completed, then *[Offeror]* will have acquired voting rights in about X% of the issued share capital of *[Target]*. Under the Takeovers Code, *[Offeror]* must make a cash offer for all the issued shares in *[Target]* not already owned by *[Offeror]* and parties acting in concert with it.

Warning: This offer is a possibility only.

This offer will only be made if the share sale agreement is completed. The share sale agreement is conditional (see "Conditions of the sale agreement" above). In particular, the shareholders of *[Vendor]* must approve the sale of the *[Target]* shares in general meeting. If the sale is not approved, no cash offer will be made for the *[Target]* shares.

Investors should exercise caution before buying or selling any shares in *[Vendor]* or *[Target]*.

IF the offer is made it will be on the terms set out below.

Unconditional cash offer:

[Agent] on behalf of *[Offeror]* will make a cash offer for all the issued shares in *[Target]*, other than those already owned by *[Offeror]* or acquired by it and parties acting in concert with it during the offer period.

Price:

HK\$*[amount]*.

That is, the offer price will be the same as the price paid by *[Offeror]* for *[Target]* shares under the share sale agreement

.The price of HK\$*[amount]* is a discount of about *X%* to the closing price of *[amount]* per share quoted on the Stock Exchange on *[date]* - the last day of trading before this announcement.

Total consideration:

At present there are *[number]* issued *[Target]* shares. At a price of HK\$*[amount]* per share, this offer values the issued share capital of *[Target]* at about HK\$*[amount]*.

[Agent] confirms that there are resources available to *[Offeror]* sufficient to satisfy full acceptance of the offer.

[Warrants or Options]:

Give details of any warrants or share option schemes, and state whether the offer applies to them. If the warrant or option-holders are required to take any action in order to qualify for the offer, give details.

Note any undertakings given by option-holders regarding the exercise of their options.

If there are no options or other securities convertible into shares, say so.

[Offeror's] existing voting rights:

Give details of any existing holdings, and any dealings in [Target's] shares in the past 6 months.

Terms of the offer:

An offer document setting out the terms of the offer, and acceptance and transfer forms will be sent to *[Target]* shareholders as soon as possible after *[Offeror's]* obligation to make an offer arises.

An independent board committee will be set up to consider the offer. An independent financial adviser will be appointed to advise the committee.

Effect of accepting the offer:

By accepting the offer, shareholders will sell their shares and all rights attached to them, including the right to receive all dividends and distributions made or paid after *[date]*.

Stamp duty:

Stamp duty at a rate of HK\$1.50 for every HK\$1,000 of the price will be deducted from the amount paid to shareholders who accept the offer.

Information about *[Offeror]:*

Give brief details, including principal activities.

Intentions of *[Offeror]:*

Outline Offeror's intentions for the Target if the offer is successful.

Directors and management of *[Target]:*

Give details of any resignations and appointments if the offer is successful.

Maintaining the listing of *[Target]:*

The Stock Exchange has said that it will closely monitor trading in *[Target]* shares if, at the close of the offer, less than 25% of the shares are held by the public.

If the Stock Exchange believes that:

- a false market exists or may exist in the shares; or
- that there are too few shares in public hands to maintain an orderly market

then it will consider exercising its discretion to suspend trading in the shares. *[Offeror]* intends *[Target]* to remain listed on the Stock Exchange. The directors of *[Offeror]* and the new directors to be appointed to the board of *[Target]* will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in *[Target]* shares.

If *[Target]* remains a listed company, the Stock Exchange has the discretion to require *[Target]* to issue a circular to its shareholders irrespective of the size of the proposed transaction, particularly when such proposed transaction represents a departure from the principle activities of *[Target]*. The Stock Exchange also has the power to aggregate a series of transactions and any such transactions may result in *[Target]* being treated as if it were a new listing applicant.

[Terms used in this announcement]:

In some cases, it may be useful to define some of the terms used.

By order of the board of <i>[OFFEROR]</i>	By order of the board of <i>[TARGET]</i>	By order of the board of <i>[VENDOR]</i>
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Hong Kong, *[date]*.

The directors of [Offeror] accept full responsibility for the accuracy of the information contained in this announcement insofar as it relates to [Offeror] and its intentions as regards [Target] and confirms, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of [Target] jointly and severally accept full responsibility for the accuracy of the information contained in this announcement insofar as it relates to [Target] (other than the intentions of [Offeror] as regards [Target]) and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of [Vendor] jointly and severally accept full responsibility for the accuracy of the information contained in this announcement insofar as it relates to [Vendor] and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Rights Issue

This is the preferred format for a rights issue announcement. It is intended as a guide only to the contents of an announcement, and is not intended to be exhaustive.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever, for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Name of Company
(incorporated in [place] with limited liability)

Proposed rights issue

[Company] aims to raise about HK\$*[amount]* after expenses by issuing *[number]* new shares at a price of HK\$*[amount]* per rights share.

[Company] will provisionally allot *[number]* rights share[s] for every *[number]* share[s] held by qualifying shareholders.

The rights issue is not available to overseas shareholders.

Briefly outline the reason for the rights issue.

The rights issue is conditional. In particular, it is subject to the underwriter, *[name of underwriter]*, not terminating the underwriting agreement (see "Termination of the underwriting agreement" below).

[Company] will send a prospectus for the rights issue, a provisional allotment letter and an application for excess rights shares to all qualifying shareholders by *[date]*.

To qualify for the rights issue, any transfers of shares must be lodged for registration by ***[XX p.m. on (date)]***.

Rights Issue

Qualifying shareholders:

[Company] will send a provisional allotment letter to qualifying shareholders only.

To qualify for the rights issue shareholders must:

- be registered as a member of *[Company]* on *[record date]* have an address in Hong Kong as your address on the register of members; and
- have an address in Hong Kong as your address on the register of members..

In order to be registered as a member on *[record date]*, shareholders must lodge any transfers of shares (with the relevant share certificates) with *[Company's]* branch share registrar in Hong Kong by **XX p.m. on *[date]***.

The registrar is:

Name and address of Hong Kong registrar.

The register of members of *[Company]* will be closed from *[date]* to *[date]* inclusive. No transfer of shares will be registered during this period.

Subscription price:

HK\$*[amount]* per rights share, payable in full when a shareholder accepts the rights issue.

This price is a discount of *X%* to the closing price of HK\$*[amount]* per share quoted on the Stock Exchange on *[date]*, and a discount of about *Y%* to the theoretical ex-rights price of HK\$*[amount]* per share based on the closing price per share.

The new shares have a nominal value of HK\$*[value]*.

Status of the rights shares:

When fully paid, the rights shares will rank equally with existing shares. Holders of rights shares will receive all future dividends and distributions.

Share certificates:

Share certificates for all fully-paid rights shares are expected to be posted to subscribers by *[date]*.

Rights of overseas shareholders:

If on *[date]* a shareholder's address on the register of members is outside Hong Kong, that shareholder cannot take part in the rights issue. *[Company]* will send a rights issue prospectus to an overseas shareholder for their information only.

[Company] will not send provisional allotment letters or applications for excess rights shares to an overseas shareholder.

If a premium (net of expenses) can be obtained, *[Company]* will sell each overseas shareholder's provisional allotment of rights shares once dealings in the nil-paid rights shares start. The proceeds of each sale, less expenses, of HK\$100 or more will be paid to the overseas shareholder in Hong Kong dollars.

[Company] will keep individual amounts of less than HK\$100.

Fractions of rights shares:

[Company] will not provisionally allot fractions of rights shares. *[Company]* will sell any rights shares created by adding together fractions of rights shares, and will keep the proceeds.

Application for excess shares:

Qualifying shareholders may apply for any unsold entitlements of overseas shareholders, any unsold rights shares created by adding together fractions of rights shares, and any rights shares provisionally allotted but not accepted.

Application is made by completing the application for excess rights shares. The directors of *[Company]* will allocate the excess shares at their discretion. *[Include any other factors which may influence the directors - eg giving preference to evening up odd bundles.]*

Application for listing:

[Company] will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the rights shares in both nil-paid and fully-paid forms.

Dealings in fully-paid rights shares will be subject to the payment of stamp duty in Hong Kong.

Underwriting arrangements

Undertakings:

Give details of any undertakings given regarding the acceptance of rights shares by substantial shareholders, directors etc.

Underwriting agreement dated [date]:

Underwriter[s]:

Number of shares:

Commission:

Termination of the underwriting agreement:

If certain things happen up to [number] days after the last day for acceptance of provisional allotments, then [Underwriter] may terminate the underwriting agreement. One ground for termination is force majeure. The underwriting agreement defines force majeure to include any external event or change outside [Company's] control that, in [Underwriter's] opinion:

- will or could be materially adverse to the business or financial condition of [Company] and its subsidiaries; or
- makes it inadvisable or inexpedient for [Company] to go ahead with the rights issue.

If [Underwriter] terminates the underwriting agreement, then the rights issue will not happen.

Conditions of the rights issue

The rights issue is conditional upon each of the following happening on or before [date]:

- *Set out conditions*

Warning of the risks of dealing in shares and rights shares

Existing shares will be dealt with on an ex-rights basis from [date]. The rights shares will be dealt with in their nil-paid form from [date] to [date]. If [Underwriter] terminates the underwriting agreement, or the conditions of the rights issue are not fulfilled, the rights issue will not happen.

Any buying or selling of [Company] shares or rights shares between [date] and [date] is at an investor's own risk

Investors may want to get professional advice about this.

Expected timetable:

Insert timetable, if required, eg:

19XX

Register of members closed to determine eligibility for the rights issue

Record date

Rights issue prospectus, provisional allotment letters and applications for excess shares to be posted

First day for dealings in nil-paid rights shares

Last time for splitting of nil-paid rights shares

Last day for dealings in nil-paid rights shares

Last time for acceptance of rights issue and payment

Refund cheques for unsuccessful excess applications to be posted

Share certificates for rights shares to be posted

Use of the proceeds of the rights issue:

Briefly describe recent placements of the Company's shares, and the use of the proceeds.

Outline how the proceeds of this rights issue will be used.

[Terms used in this announcement]:

In some cases, it may be useful to define some of the terms used.

By order of the Board
[Company]

Hong Kong, [date]

Privatisation by Controlling Shareholder

This is the preferred format for a simple privatisation announcement. It is intended as a guide only to the contents of an announcement, and is not intended to be exhaustive.

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Parent Company

(incorporated in [place] with limited liability)

Target Company

(incorporated in [place] with limited liability)

Proposed privatisation of *[Target Company]*

by its controlling shareholder

[Parent] is the controlling shareholder of *[Target Company]*.

[Parent] has asked *[Target Company]* to put a proposal to its independent minority shareholders that it become a wholly owned subsidiary of *[Parent]*. The proposed privatisation would be by a scheme of arrangement under *[Law]*.

[Parent] proposes that *[Target Company]* shares held by minority shareholders will be cancelled in exchange for *[set out consideration, eg, cash, or cash and shares]*.

If the proposed privatisation happens, *[Parent]* will apply to the Stock Exchange for *[Target Company's]* shares to be withdrawn from listing.

Briefly outline reasons for the privatisation.

The proposed privatisation is conditional (see "Conditions of the proposed privatisation" below). In particular, a majority of *[Target Company's]* independent minority shareholders present and voting in person or by proxy must approve the scheme of arrangement at a meeting ordered by the *[relevant court of the relevant jurisdiction]*. This must be a majority both in number and representing at least 90% in value of the independent minority shares voted at the meeting. *[Target Company]* shareholders in *[type of]* general meeting must also pass a special resolution to approve and give effect to the scheme.

[Target Company] will send its shareholders a circular with further details of the proposed privatisation and the scheme of arrangement, the recommendation of the independent board committee and the letter of advice of the independent financial adviser, and notices of the extraordinary general meeting and the court ordered meeting *[and any other information - eg a valuation etc]* soon.

If all the conditions are fulfilled, it is expected that the privatisation will become effective by *[date]*.

Proposed privatisation

Terms:

That *[Target Company]* and its shareholders enter into a scheme of arrangement under the *[Law]*.

Under this scheme, all *[Target Company]* shares held by independent minority shareholders will be cancelled in exchange for *[consideration]*.

Independent minority shareholders are shareholders other than *[Parent]* and its associates (as defined by the Listing Rules) and parties acting in concert with *[Parent]*.

Price:

For every *[Target Company]* share: *[consideration]*

The proposed privatisation values the entire issued share capital of *[Target Company]* at about HK\$*[amount]*.

The price of HK\$*[amount]* per share is a premium of about *X%* to the Stock Exchange closing price of HK\$*[amount]* per share on *[date]*. It is a premium of about *Y%* to the average closing price for the *[period]* up to and including *[date]*.
If part of the consideration is shares in Parent, give details of the value of Parent shares.

[Parent] has appointed *[Advisor]* to advise it on the proposed privatisation.

[Advisor] confirms that there are resources available to *[Parent]* sufficient to satisfy full acceptance of the proposed privatisation.

***[Parent's]* current shareholding:**

[Parent] and parties acting in concert with it are beneficially interested in about *X%* of *[Target Company's]* issued share capital.

Give details of any dealings by Parent in Target Company in the past 6 months.

Options to buy *[Target Company]* shares:

Give details of any share option schemes, and state whether the proposal applies to them.

If the option-holders are required to take any action in order to qualify for the proposal, give details.

If there are no options or other securities convertible into shares, say so.

Information for [Target Company] minority shareholders:

The board of [Target Company] has appointed an independent board committee to advise minority shareholders about the proposed privatisation. The committee consists of directors who are independent of [Parent] and any parties acting in concert with it. [Target Company] will appoint an independent financial adviser to advise this committee.

Conditions of the proposed privatisation:

For the proposed privatisation to happen, each of the following must also happen:

- [Target Company's] independent financial adviser must confirm that, in its opinion, the terms of the proposed privatisation are fair and reasonable;
- A majority in number of [Target Company's] independent minority shareholders present and voting in person or by proxy at the meeting ordered by the [relevant court of the relevant jurisdiction], and representing at least 75% in value of the shares voted at the meeting, must approve the scheme of arrangement;
- Under Rule 2.10 of the Takeovers Code, the scheme must be approved by a majority in number representing at least 90% in value of the independent minority shares voted at the court ordered meeting. None of the shares held by [Parent] or its directors or parties acting in concert with [Parent] will be voted at this meeting;
- A majority of [Target Company's] shareholders in a [type of] general meeting must pass a special resolution to approve and implement the scheme of arrangement. [Parent] and parties acting in concert with it will vote in favour of this special resolution.;
- The [relevant court of the relevant jurisdiction] must sanction the scheme of arrangement, and must confirm the reduction of the share capital of [Target Company];
- [Target Company] must lodge a copy of the Court order with the Registrar of Companies in [relevant jurisdiction] for registration;
- [Target Company] must comply with the procedures under [Law] for reducing the capital of the company;
- [Target Company] must obtain any consents or authorisations required by regulation, or under any of its loan or finance agreements; and
- Any other conditions.

[Note: all conditions must be set out - see Takeovers Code rule 3.4.]

Warning:

If any of the above does not happen, the proposed privatisation will not happen.

Investors should exercise caution before buying or selling any shares in [Target Company].

Expected date of proposed privatisation:

If all the above things happen, [Parent] expects that the proposed privatisation will become effective by [date].

[Target Company] and [Parent] will announce in the press the exact dates on which the privatisation takes effect and [Target Company] shares are withdrawn from listing on the Stock Exchange.

Reasons for the proposed privatisation:

Give details of the reasons for the proposal.

Resumption of trading:

At the request of [Target Company], trading in its shares on the Stock Exchange was suspended from 10:00 a.m. on [date]. [Target Company] has applied to the Stock Exchange for dealings to resume from 10:00 a.m. on [date].

[Terms used in this announcement]:

In some cases, it may be useful to define some of the terms used.

By order of the board of [PARENT]	By order of the board of [TARGET COMPANY]
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Hong Kong, [date].

The directors of [Parent] Limited and [Target Company] Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in the announcement, the omission of which would make any statement in this announcement misleading.