

Extract from "The Codes on Takeovers and Mergers and Share Repurchases"

GENERAL PRINCIPLES

1. Introduction

It is impracticable to devise rules in sufficient detail to cover all circumstances which can arise in offers including share repurchases by general offer. Accordingly, persons engaged in offers should be aware that the spirit as well as the letter of the General Principles and Rules must be observed. Moreover, the General Principles and the spirit of the Codes will apply in areas or circumstances not explicitly covered by any Rule.

While the boards of an offeror and the offeree company and their respective advisers have a duty to act in the best interests of the shareholders of the offeror and offeree company respectively, these General Principles and the Rules will, inevitably, impinge on the freedom of action of boards and persons involved in offers. They must, therefore, accept that there are limitations, in connection with transactions which are the subject of the Codes, on the manner in which the pursuit of those interests can be carried out.

Each director of an offeror and of the offeree company has a responsibility to ensure, so far as he is reasonably able, that the Codes are complied with in the conduct of transactions which are the subject of the Codes.

2. General Principles

1. All shareholders are to be treated even-handedly and all shareholders of the same class are to be treated similarly.
2. If control of a company changes or is acquired or is consolidated, a general offer to all other shareholders is normally required. Where an acquisition is contemplated as a result of which a person may incur such an obligation, he must, before making the acquisition, ensure that he can and will continue to be able to implement such an offer.