

**Listing Decisions Series 2-2 - Rules 14.06 and 14.07(3) - Reverse take-over (May 1999)
(Withdrawn in September 2009)**

[This Listing Decision is no longer applicable after the rule amendments in March 2004 to change the definition of "very substantial acquisition" and introduce requirements for reverse takeovers in Chapter 14 of Main Board Rules.]

Summary	
Name of Party	Company A - a listed company
Subject	Reverse take-over
Listing Rules	Rules 14.06 and 14.07(3)
Decision	Although the "4 tests" yielded a percentage that was less than 100%, the asset injection was classified as a very substantial acquisition due to a change in control

Summary of Facts

Company A entered into the following transactions which were inter-conditional:

1. the disposal by the existing controlling shareholder of its entire 60% interest in Company A to a new incoming controlling shareholder;
2. the disposal by Company A of its non-core assets to the existing controlling shareholder; and
3. the acquisition of assets from the new incoming controlling shareholder by Company A.

Upon completion of the transactions, the entire board of directors of Company A would be replaced by directors to be nominated by the new incoming controlling shareholder.

Analysis

Under Rule 14.06, a very substantial acquisition is defined as: "... any acquisition by a listed issuer or any of its subsidiaries of another business, assets, company or companies, substantially all of which are not listed, where the relative figures on the bases set out in rule 14.09 would be 100 per cent. or more or which would result in a change in control through the introduction of a majority holder or group of holders (e.g. a reverse take-over)" (emphasis supplied).

Although the "4 tests" for the asset injection yielded a percentage that was below the 100% threshold stipulated in Rule 14.06, the asset injection was classified as a very substantial acquisition due to the "change in control through the introduction of a majority holder or group of holders".

Decision

With the classification of the asset injection as a very substantial acquisition, Company A would be treated as a new listing applicant as it could not satisfy the conditions set out in Rule 14.07(3).