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## SFC publicly criticises Wen Yibo for breach of Takeovers Code

4 Dec 2014

The Securities and Futures Commission (SFC) today publicly criticised Wen Yibo (Wen) for acquiring shares in Sound Global Limited (Note 1) within 6 months after the close of an offer at above the offer price in contravention of Rule 31.3 of the Takeovers Code.

On 10 September 2013, Sound Global and Sound (HK) Limited (Note 2) issued a joint announcement about the voluntary delisting of Sound Global from the Official List of the Singapore Exchange Securities Trading Limited. In order to facilitate the delisting, Sound (HK) Limited made a conditional cash offer for all the shares in Sound Global at an offer price of \$4.37 (SG\$0.7) per share.

The offer closed on 17 January 2014. Between 28 March 2014 and 9 May 2014 Wen and Sound Water (BVI) Limited (Note 3) acquired a total of 5,600,000 Sound Global shares at prices ranging from \$5.94 to \$7.55 per share in a series of on-market purchases.

Wen accepted that he has breached Rule 31.3 of the Takeovers Code. He admitted that the breaches were due to his inadvertent oversight and that he was not aware of the prohibition under Rule 31.3. These transactions constitute a breach of a fundamental provision of the Takeovers Code which is designed to protect the investing public. He has agreed to the disciplinary action against him under section 12.3 of the Introduction to the Takeovers Code.

“Rule 31.3 is a fundamental provision of the Takeovers Code which 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. This is to ensure that all shareholders of the offeree company are treated even-handedly in accordance with General Principle 1,” the SFC’s Executive Director of Corporate Finance, Mr Brian Ho said.

A copy of the [Executive Statement](#) and the relevant Takeovers Code provisions can be found in the [“Takeovers and Mergers - Executive decisions and statements”](#) section of the SFC website.

End

Notes:

1. Sound Global Limited’s shares are currently listed on the Main Board of the Stock Exchange of Hong Kong Limited. The shares were also listed on the Official List of the Singapore Exchange Securities Trading Limited until 27 January 2014. Sound Global is principally engaged in providing turnkey water and wastewater treatment solutions, management of water treatment plants and investments in build, operate and transfer projects, mainly in the PRC.
2. Sound (HK) Limited is wholly owned by Sound Group Limited. Sound Group Limited is beneficially owned as to 99.83% by Wen and his wife, Zhang Huiming.
3. Sound Water (BVI) Limited is beneficially owned as to 90% by Wen and 10% by his wife, Zhang Huiming.

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