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西門

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25 July 2003

BY EMAIL AND BY POST

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03 JUL 28 PM 5:32
RECEIVED
THE STOCK EXCHANGE
OF HONG KONG LIMITED
11/F, 1 HARBOUR VIEW STREET

Dear Sirs,

**RE: CONSULTATION PAPER ON THE REGULATION OF SPONSORS AND
INDEPENDENT FINANCIAL ADVISERS (MAY 2003)**

In response to the Consultation Paper on the Regulation of Sponsors and Independent Financial Advisers ("IFA") and having attended the seminar on the Consultation Paper, we would like to submit the following comments:





General

Our comments are intended to highlight our views on certain areas covered in the Consultation Paper which we believe could be considered, adopted and adapted in the regulatory frameworks for other intermediaries participating in an IPO process.

Our Comments

1. List of acceptable sponsor and IFA firms maintained by Exchange.
(Paragraphs 50 to 53 of Part B of the Consultation Paper)
 - We agree and believe that the public interest will be served by having an up-to-date list of acceptable sponsor and IFA firms maintained by the Exchange.
 - The availability of such a list to the public through the HKEX website would, we believe, provide potential issuers with relevant details to make informed judgements with respect to the selection of sponsor and IFA firms.
 - We respectfully suggest that a proper requalification criteria be installed to ensure that previously disqualified individual can be relisted if and when the Exchange is satisfied that the "fit & proper" status of the individual has been reestablished.

2. Acceptable individuals, competence and experience of sponsor and IFA firms.
(Paragraphs 54 to 66, 73 and 79 of Part B of the Consultation Paper)
 - We support the bifurcated approach proposed to monitor the firms as well as the individual member of staff.
 - We agree that it is the individual member, particularly the front-line individual, who would be in the best position to assess if the potential applicant is suitable for listing and/or to engage in other capital market transactions.
 - It should be noted that the criteria adopted must not become an unfair barrier for smaller sponsor and IFA firms to participate in the IPO process.

3. Signed undertaking, responsibilities over "expert sections" and "non-expert sections".
(Paragraphs 95 to 97, 124 to 152 of Part B of the Consultation Paper)
 - While we believe this is a development in the right direction, detailed guidance would be useful and necessary to avoid creation of further "expectation gap".
 - The introduction of the proposed measures does not and should not in any way, remove or reduce the directors' statutory responsibilities for the accuracy of the information contained in the prospectus.
 - We believe further guidance focusing on raising the corporate governance awareness among directors would be useful. (eg. compulsory courses, seminars specially designed to achieve this purpose.)



4. Other professional advisers.
(Part C of the Consultation Paper)

- Please be informed that we are working with other participants in the field of non-property valuation to prepare a discussion paper which will be submitted to regulators in due course. A steering committee and working group have already been set up to deal with the task.
- The issues under discussion are aimed at the establishment of a regulatory framework intended to safeguard public interest as well as to further enhance the standards of conduct of non-property valuers.

Thank you for your attention.

For and on behalf of
Sallmanns (Far East) Limited

Vincent Chong ACA, FHKSA, FTIHK, CPA
Managing Director

VC/kw