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By e-mail (cfconsult@sfc.hk) and by post

Our Ref.: C/CFC, M56508

Corporate Finance Division
Securities and Futures Commission
8/F., Chater House
8 Connaught Road Central
Hong Kong

Attn.: Consultation on Mixed Media Offers

Dear Sirs,

**Joint SFC/HKEx Consultation Paper on the Proposal to Issue
Paper Application Forms with Electronic Prospectuses**

The Hong Kong Institute of Certified Public Accountants ("the Institute") has considered the above consultation paper, which seeks views on a proposal to allow paper application forms for public offers to be handed out at receiving banks, without also having to hand out printed prospectuses, if electronic prospectuses are available electronically on certain prescribed websites and other requirements aimed at investor protection are satisfied ("Proposal on Mixed Media Offer"). The views of the Institute's Corporate Finance Committee are outlined below.

Generally speaking, the Proposal on Mixed Media Offer in the consultation paper represents a reasonable development in view of the growth in the usage of personal computers and the internet, in both domestic households and the business sector in Hong Kong, which in turn has resulted in wider acceptance of documents being made available only electronically. It should also help reduce waste and is, therefore, better from an environmental perspective.

The Institute, however, has reservations about the proposed contingency plan, which, under the proposal, would take effect where the electronic listing document is not available for downloading from the designated websites for a prolonged period. The proposal defines a "prolonged failure", which would trigger an immediate suspension of a Mixed Media Offer, as a situation in which there is continuous inaccessibility of an electronic listing document for downloading for four consecutive hours. Under these circumstances, the offeror must proceed to issue and/or supply paper application forms together with listing documents published in printed form, until such time as the electronic listing document becomes available for downloading again.



The proposal is not entirely clear in that it does not indicate whether, in the event of a suspension of a Mixed Media Offer, additional printed copies of the listing document would have to be supplied to all specified locations, or whether a limited number of strategic locations would suffice (if, for example, these locations were nominated and publicised in advance). In any event, while limiting the number of locations might facilitate distribution, it would not completely address the practical concerns. The proposed precautionary measure would put offerors, sponsors/listing agents in a very difficult position, as generally it would not be practicable to make available sufficient printed copies of prospectuses within the space of a few hours. It could theoretically lead to an offer being suspended where insufficient printed prospectuses were issued and/or supplied together with the paper application forms. If this uncertainty were to bring about a situation in which offerors felt that the only practical solution was to print a sufficient number of copies of the paper prospectuses at the outset to meet the expected uptake of application forms, this would undermine the whole object of the exercise.

We would, therefore, suggest that, as an alternative, (i) a certain number of copies of the paper prospectuses be required to be retained at all specified locations for inspection purposes in the circumstances where the public is not able to download an electronic listing document from the designated websites, and that (ii) the offeror should be required to make a clear announcement to this effect, through the communication channels indicated in paragraph 74 of the consultation paper. However, if the electronic listing document remains inaccessible for downloading for more than, say, one day, then (i) additional copies should be printed and distributed to specified locations in sufficient numbers for all those who require them and (ii) the offeror should be required to make a further announcement to this effect.

We hope that you find our comments to be helpful. Should you have any questions on this submission, please feel free to contact me

Yours faithfully,

Hong Kong Institute of Certified Public Accountants

c.c. Corporate Communications Department,
Hong Kong Exchanges and Clearing Ltd. (Fax no.: 2524 0149)