

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

RE: Joint Consultation Paper on the Proposal to allow a Companies Ordinance (CO) Offeror to issue a CO Paper Application Form for Shares in or Debentures of a Company to be listed on SEHK, and a Collective Investment Scheme (CIS) Offeror to supply a CIS Paper Application Form for Interests in an SFC-authorized CIS to be listed on SEHK, with a Listing Document Displayed on Certain Websites

We write to express our comments below on the questions in the captioned consultation paper.

Question 1

Do you agree with the Proposal? If not, please explain your reasons for disagreement.

Our Response:

We agree with the proposal. The proposal is in line with the market practice world-wide where paperless is prevalent in other markets including the PRC market. As an effort to further streamline the process, we would suggest that paper prospectus should be distributed to the public only upon request. Our suggestion is elaborated in our response to question 3A.

Considering that there may be concerns over capacity and accessibility of CO/CIS Offerors' own websites, CO/CIS Offerors should be allowed to have their e-Prospectus websites hosted on a third party domain, so long as the website is assigned a dedicated location on the Worldwide Web. The e-Prospectus website can be managed by a designated service provider whose capacity is an agent for the CO/CIS Offeror; the CO/CIS Offerors' own websites can display a hyperlink to the e-Prospectus ad hoc website.

Question 2

Do you agree:-

(a) that adequate disclosure can be regarded as having been made if an announcement the contents of which are as set out in paragraph 35 above is published by a CO Offeror? and

(b) with the timetable on and the frequency and method of making such disclosures?

Our Response:

We agree that adequate disclosure can be regarded, but we would also suggest that the e-prospectus website details should be incorporated into the Formal Notice for CO/CIS Offers.

Question 3A

Do you agree that copies of the Paper Prospectus should be made available for collection throughout the Offer Period, free of charge, upon request by any member of the public? If not, please provide suggestions on how to assure that those prospective investors who do not have access to the Internet and those who face technological limitations can obtain copies of the Paper Prospectus before submitting an application.

Our Response:

We agree that copies of the Paper Prospectus should be made available for collection throughout the Offer Period. Nevertheless, we understand from certain working parties that Paper Prospectus are sometimes collected and then sold as recycle papers and thus we envisage that it is not necessary to distribute Paper Prospectus together with every single application form. After implementation of the Proposal, most potential investors should be able to view e-Prospectus on line. In order to improve cost efficiency, we suggest that Paper Prospectus should only be distributed upon request at designated locations.

Question 3B

Do you agree with the locations at which copies of the Paper Prospectus should be made available?

Our Response:

We agree with the locations at which copies of the Paper Prospectus should be made available.

Question 4

Do you agree that ready accessibility to, and the ability to download by the public free of charge, the e-Prospectus on and from the company's website and the HKEx website, together with availability of copies of the Paper Prospectus for collection at specified locations, also free of charge, upon request by any member of the public as discussed in paragraphs 38 to 42 above, are sufficient for access purposes by prospective investors?

Our Response:

We agree that the ready accessibility to, and the ability to download by the public free of charge, the e-Prospectus on and from the designated website(s) and the HKEx website, together with availability of copies of the Paper Prospectus for collection at specified locations, also free of charge but upon request, are sufficient for access purposes by prospective investors.

Considering the fact that there may be difficulties for retail investors to locate certain company websites and certain company websites may not be able to cope with numerous simultaneous accesses, we would suggest that CO/CIS Offerors are allowed to appoint a designated service provider who has the capability and capacity to host an ad hoc website for e-Prospectus. Such service providers should have the capacity of acting as an agent for the Company. Company websites can display a hyper-link to the designated e-Prospectus ad hoc website. The address of the designated ad hoc e-Prospectus website(s) should be disclosed in both Application Forms and Formal Notices of CO/CIS Offers.

Question 5

Do you anticipate any problems with the requirement to provide a written confirmation to SEHK, prior to the commencement of the Offer Period, that the typeface, format and contents of the e-Prospectus are identical to those of the Paper Prospectus except to the extent that any differences are permitted or required by SEHK? If so, please explain what these may be.

Our Response:

We anticipate that it would be technically difficult to achieve if the typeface and format of the e-Prospectus are required to be identical to those of the Paper Prospectus, though the content can be kept identical, particularly when the market may prefer the e-prospectus to be fully indexed and searchable.

Question 6

Do you agree that an e-Prospectus should contain in a prominent place on the face of it the statements and information discussed in paragraph 50 above? Should any other statement and/or information be included on the face of the e-Prospectus to ensure genuine access?

Our Response:

We agree that an e-Prospectus should contain in a prominent place on the face of it the statements and information discussed in paragraph 50.

Question 7

Do you anticipate any systemic and/or logistical problems with the requirement to publish revised CO Paper Application Forms in the event an addendum or a replacement prospectus is issued? If so, please explain what these may be.

Our Response:

Publishing revised CO Paper Application Forms in the event an addendum or a replacement prospectus is issued may cause for certain logistical problems.

Application Forms are normally distributed with the highest quantity at designated locations during the first day or the first two days of the offer period. If an addendum or a replacement prospectus is issued after the first day of the Offer Period, certain number of Application Forms could have already been distributed and returned to designated locations. Besides, investors and market intermediaries may be confused by two different Application Forms for the same CO/CIS Offer. In addition, there may be a capacity / lead time issue on printing revised Application Forms. Therefore, our suggestion is to print and distribute an addendum or a separate note to the original Application Form.

Question 8

Do you agree with the Proposal being implemented in the manner described in paragraphs 55 and 56 above in respect of a CIS Offeror making a public offer of interests in an SFC-authorized listed CIS using the Mixed Media Approach? If not, please explain what your views are and suggest alternative manner(s) in which the Proposal may be implemented for such purposes.

Our Response:

We agree with the Proposal being implemented in the manner described in the paragraphs 55 and 56.

Question 9

Do you agree that each of the aforementioned Exchange Listing Rules should be amended in the manner described above? Should any other Exchange Listing Rules be amended in light of the Proposal?

Our Response:

We agree that each of the aforementioned Exchange Listing Rules should be amended accordingly.

Question 10

What are your views on the requirements to:-

- (a) suspend a Mixed Media Offer in the event the public cannot download the electronic listing document from both (i) the HKEx website and (ii) the company's website or the CIS Offeror's website, as the case may be; and*
- (b) promptly notify prospective investors of a CO Offeror's or CIS Offeror's suspension of a Mixed Media Offer?*

Our Response:

Referring to our responses to Question 3A and Question 4 respectively, if CO/CIS Offerors are allowed to appoint a service provider to manage a designated ad hoc e-Prospectus website, then certain specifications can be set for the designated service provider to comply with and thus the risk of failed downloading should be reduced to minimum. Suspension of a Mixed Media Offer will therefore be unnecessary.

Question 10B

Do you agree that continuous inaccessibility of an electronic listing document for downloading from the aforementioned websites for at least 4 consecutive hours constitutes a prolonged failure warranting suspension of a Mixed Media Offer?

If not, please specify a period of time which should have lapsed when an electronic listing document cannot be downloaded from such websites before a Mixed Media Offer should be required to be suspended and your reasons therefor.

Our Response:

We agree that continuous inaccessibility of an electronic listing document for downloading for at least 4 consecutive hours constitutes a prolonged failure warranting suspension of a Mixed Media Offer, but we envisage that both the HKEx website and the designated ad hoc e-Prospectus website(s) should have the capability to fix problems within 4 hours and thus suspension is unnecessary.

Question 11

Do you agree with our approach on how the Guidelines should be interpreted following implementation of the Proposal? If not, please explain what your views are.

Our Response:

We agree with the approach on interpretation of the Guidelines.

Question 12

Do you consider it appropriate to give sponsors the flexibility to determine the manner in which they fulfil their responsibilities under the CFA Code of Conduct in light of the Proposal?

Our Response:

We agree that it is appropriate to give sponsors the flexibility to determine the manner in which they fulfill their responsibility under the CFA Code of Conduct in light of the Proposal.