

The Stock Exchange of Hong Kong Limited

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

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To: Main Board/GEM Listing Applicants
Sponsors
Market practitioners

Dear Sirs

Guidance on use of a Mixed Media Offer (the “MMO”)

Purpose and background

We issue this letter to assist listing applicants on the use of an MMO. To promote a more environmentally friendly method of distributing listing documents in public offers, the Exchange has issued a Guidance Letter (HKEx-GL81-15) to encourage listing applicants consider using an MMO for its proposed listing.

The Companies (Winding Up & Miscellaneous Provisions) Ordinance, Cap. 32 (the “CO”) prohibits the issue of an application form unless it is issued together with a prospectus¹. This has been commonly interpreted to mean that listing applicants conducting a public offering of shares and debentures cannot distribute a printed application form unless it is accompanied with a printed prospectus.

The above requirements resulted in large wastage of paper as most retail investors only took the printed application forms but not the printed prospectuses.

Benefits of using an MMO

The MMO provides listing applicants with an option to reduce paper wastage from overprinting prospectuses under Main Board Rule 12.11A(1)/GEM Rule 16.04D(1). It is both an environmentally friendly and cost-saving initiative and provides listing applicants a reportable item for their Environmental, Social and Governance disclosure.

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¹ See sections 38(3) and 342(3) of the CO.

Minimal work to launch an MMO

MMOs are automatically available to listing applicants who are eligible for an exemption under Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) (the “**Class Exemption**”). This Class Exemption (enclosed for reference) will allow electronic prospectuses to be despatched where paper application forms are issued.

Minimal work is involved to implement an MMO. The listing applicant is only required to issue an announcement five business days before the commencement of the offer period, and include simple additional disclosure in its prospectus and application forms. Listing applicants can find the templates of these disclosures in HKEx-GL81-15.

An MMO will not interfere with the listing applicant’s offering and promotion activities

An MMO can be used in combination with an e-IPO and it will not interfere with the listing applicant’s marketing activities. The listing applicant may still set up promotion booths at the receiving banks, notwithstanding that its prospectus copies are not strictly required to be distributed at these places, as long as the listing applicant complies with the relevant provisions on advertisements under the CO², the Securities and Futures Ordinance³, and the Listing Rules⁴.

Guidance Letter HKEx-GL81-15

We have published HKEx-GL81-15 to address more common market practitioners’ concerns on compliance with the MMO conditions as follows:

- *What are the “specified locations” where printed copies of the listing applicant’s prospectus must be made available for collection by the public on demand⁵?*

These locations are set out in Section 9A(9) of the Class Exemption. In relation to receiving banks’ branches listed in the listing applicant’s prospectus, it is up to the listing applicant to decide whether to designate any branch of its receiving banks a “specified location”. The specified locations do not need to be every branch of its receiving banks.

- *What is the timeframe to provide a printed version to satisfy the “upon request” condition?*

The Class Exemption does not specify how quickly a printed copy of the prospectus must be provided to a member of the public upon request. We clarify that the listing applicant will satisfy the MMO condition if the printed version is made available to the member of the public within four business hours of the request (see paragraph 4.8(a) of GL81-15).

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² See section 38B(1) of the CO.

³ See section 103 of the Securities and Futures Ordinance (Cap. 571).

⁴ See Main Board Rule 9.08 and GEM Rule 12.10.

⁵ See section 9A(3) of the Class Exemption.

- *What is the required quality of the printed version of a prospectus to satisfy the “upon request” condition?*

The listing applicant may provide a stapled photocopied prospectus which may be in black and white, grey-scale or colour to satisfy this MMO condition (see paragraph 4.8(b) of GL81-15).

For more information on MMO, we set out below the link to our Frequently Asked Questions - Series 13 published when MMO was first introduced in 2011:

http://www.hkex.com.hk/eng/rulesreg/listrules/listrulesfaq/Documents/FAQ_13.pdf

We encourage listing applicants and sponsors to consider using MMO to achieve greater efficiency in its offering process. If any listing applicants have any queries on the use of MMO, please contact the relevant IPO team in charge.

Yours faithfully
For and on behalf of
The Stock Exchange of Hong Kong Limited

[Signed]

David Graham
Chief Regulatory Officer and Head of Listing

Encl.

Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) (“Class Exemption Notice”) - Exemptions from requirement to issue form of application for shares or debentures with prospectus

(1) Where—

- (a) it is proposed to offer any shares in or debentures of a company incorporated under a former Companies Ordinance or the Companies Ordinance (Cap 622) by a prospectus issued generally; (28 of 2012 ss. 912 & 920)
- (b) the shares or debentures have been approved by a recognized exchange company for listing on a stock market it operates; and
- (c) a form of application for the shares or debentures in printed form is issued,

then, subject to the conditions specified in subsection (3), the offeror is exempted from compliance with the requirements of section 38(3) of the Ordinance to the extent that the offeror may issue the printed application form without it being accompanied by a printed form prospectus relating to the offer.

(2) Where—

- (a) it is proposed to offer any shares in or debentures of a company incorporated outside Hong Kong by a prospectus issued generally;
- (b) the shares or debentures have been approved by a recognized exchange company for listing on a stock market it operates; and
- (c) a form of application for the shares or debentures in printed form is issued,

then, subject to the conditions specified in subsection (3), the offeror is exempted from compliance with the requirements of section 342(3) of the Ordinance to the extent that the offeror may issue the printed application form without it being accompanied by a printed form prospectus relating to the offer.

(3) The conditions referred to in subsections (1) and (2) are—

- (a) during the period of 5 business days prior to the commencement of the offer period, adequate disclosure is made to the public that a printed application form will be issued without it being accompanied by a printed form prospectus relating to the offer;
- (b) throughout the offer period, copies of the printed form prospectus are available for collection at specified locations, free of charge, upon request by any member of the public;
- (c) throughout the offer period, at least 3 copies of the printed form prospectus are available for inspection at every location where the printed application forms are distributed;
- (d) throughout the offer period, the electronic form prospectus relating to the offer is

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- in a form which is reasonably tamper-resistant;
- (e) the electronic form prospectus is readily accessible by the public—
 - (i) at the commencement of the offer period, from both the company’s designated website and the recognized exchange company’s designated website; and
 - (ii) at any time during the offer period after its commencement, subject to subsection (5), from either the company’s designated website or the recognized exchange company’s designated website;
 - (f) the electronic form prospectus that is on the company’s designated website is directly linked from—
 - (i) the homepage of that designated website; or
 - (ii) another webpage within that designated website that is directly linked from the homepage;
 - (g) the webpage (other than the homepage) within the company’s designated website displaying—
 - (i) link to the electronic form prospectus; or
 - (ii) the electronic form prospectus,does not contain any promotional information about the offeror or the offer;
 - (h) when the electronic form prospectus is accessed from the company’s designated website, a notice is to be displayed stating that the securities are being offered solely on the basis of the information provided in the prospectus;
 - (i) the typeface, format and contents of the electronic form prospectus are identical to those of the printed form prospectus;
 - (j) each of the electronic form prospectus and the printed form prospectus contains, in a prominent place on the face of the prospectus, a statement in a clear and legible form—
 - (i) that the contents of the electronic form prospectus and the printed form prospectus are identical;
 - (ii) that throughout the offer period, copies of the printed form prospectus are available for collection at specified locations, free of charge, upon request by any member of the public;
 - (iii) of the particulars of the specified locations; and
 - (iv) that throughout the offer period, at least 3 copies of the printed form prospectus are available for inspection at every location where the printed application forms are distributed; and
 - (k) the printed application form is to state in a prominent place—
 - (i) that throughout the offer period, prospective investors may access and download the electronic form prospectus from either the company’s designated website or the recognized exchange company’s designated website;

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- (ii) the address of each of the designated websites, the place on the website where the electronic form prospectus may be accessed and how that prospectus may be accessed;
 - (iii) that throughout the offer period, copies of the printed form prospectus are available for collection at specified locations, free of charge, upon request by any member of the public;
 - (iv) the particulars of the specified locations;
 - (v) that throughout the offer period, at least 3 copies of the printed form prospectus are available for inspection at every location where the printed application forms are distributed; and
 - (vi) that prospective investors should read the prospectus prior to submitting an application.
- (4) For the purposes of subsection (3)(a), adequate disclosure is regarded as having been made during the period of 5 business days prior to the commencement of the offer period if—
- (a) an announcement is published in accordance with the requirements of the relevant listing rules on at least one of those 5 business days; and
 - (b) the announcement contains the following information—
 - (i) that the offeror proposes to offer shares in or debentures of a company by a prospectus issued generally;
 - (ii) that the shares or debentures are the subject of an application to a recognized exchange company for listing;
 - (iii) that the offeror intends to rely on this section and issue a printed application form for the shares or debentures without it being accompanied by a printed form prospectus relating to the offer;
 - (iv) that throughout the offer period, prospective investors may access and download the electronic form prospectus relating to the offer from either the company’s designated website or the recognized exchange company’s designated website;
 - (v) the address of each of the designated websites, the place on the website where the electronic form prospectus may be accessed and how that prospectus may be accessed;
 - (vi) that throughout the offer period, copies of the printed form prospectus will be available for collection at specified locations, free of charge, upon request by any member of the public;
 - (vii) the particulars of the specified locations; and
 - (viii) that throughout the offer period, at least 3 copies of the printed form prospectus will be available for inspection at every location where the

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printed application forms are distributed.

- (5) The condition specified in subsection (3)(e)(ii) is regarded as being satisfied even if the electronic form prospectus relating to the offer is, for a period of less than 4 consecutive hours during the offer period after its commencement, not readily accessible by the public from both the company’s designated website and the recognized exchange company’s designated website.
- (6) For the purposes of subsection (5)—
- (a) an hour, or part of an hour, falling on a Saturday, Sunday or public holiday; or
 - (b) an hour, or part of an hour, between midnight and 6:00 a.m. from Monday to Friday,

is not included in determining the time during which the electronic form prospectus is not readily accessible by the public.

- (7) If, after the offeror has published an announcement in accordance with subsection (4), the offeror knows that any of the conditions specified in subsection (3) will not be satisfied or is not satisfied in relation to the offer, the offeror—
- (a) must, as soon as practicable, publish a suspension announcement in accordance with the rules of the recognized exchange company; and
 - (b) must not issue the printed application form during the offer period without it being accompanied by a printed form prospectus relating to the offer.
- (8) After the publication of a suspension announcement under subsection (7)(a), the offeror may, during the offer period, issue the printed application form without it being accompanied by a printed form prospectus relating to the offer if—
- (a) each of the conditions specified in subsection (3) has been or is satisfied in relation to the offer; and
 - (b) it has published a resumption announcement in accordance with the rules of the recognized exchange company.

- (9) In this section—

business day (營業日) means a day other than—

- (a) a public holiday;
- (b) a Saturday; or

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- (c) gale warning day or a black rainstorm warning day as defined in section 71(2) of the Interpretation and General Clauses Ordinance (Cap 1);

designated website (指定網站)—

- (a) in relation to a company, means a website designated by the company for the purposes of this section;
- (b) in relation to a recognized exchange company, means the website of the company designated by it;

offer period (要約期), in relation to an offer of shares in or debentures of a company by a prospectus, means the period during which the shares or debentures are offered;

offeror (要約人), in relation to an offer of shares in or debentures of a company by a prospectus, means any company that makes the offer;

printed application form (印刷本申請表格), in relation to an offer of shares in or debentures of a company by a prospectus, means the form of application for the shares or debentures in printed form;

printed form prospectus (印刷本招股章程) means the printed version of a prospectus offering shares in or debentures of a company which—

- (a) complies with the relevant listing rules of the recognized exchange company concerned;
- (b) complies with—
 - (i) if the company is incorporated under a former Companies Ordinance or the Companies Ordinance (Cap 622), Part II of the Ordinance; or
 - (ii) if the company is incorporated outside Hong Kong, Part XII of the Ordinance; and
- (c) without limiting paragraph (b), has been registered under—
 - (i) if the company is incorporated under a former Companies Ordinance or the Companies Ordinance (Cap 622), section 38D of the Ordinance; or
 - (ii) if the company is incorporated outside Hong Kong, section 342C of the Ordinance; (28 of 2012 ss. 912 & 920)

relevant listing rules (有關上市規則) means the listing rules applicable to the stock market referred to in subsection (1)(b) or (2)(b);

relevant stock market (有關證券市場) means the stock market referred to in

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subsection (1)(b) or (2)(b);

specified locations (指明地點) means—

- (a) for an offer of shares in a company by a prospectus—
 - (i) if any of the shares in the company are already listed on the relevant stock market, the depository counter of Hong Kong Securities Clearing Company Limited, the designated branches of the receiving banks specified in the prospectus, if any, and the place of business of the company’s approved share registrar in Hong Kong; or
 - (ii) if none of the shares in the company are listed on the relevant stock market, the depository counter of Hong Kong Securities Clearing Company Limited, the designated branches of the receiving banks specified in the prospectus, if any, and the principal place of business of the sponsors acting in respect of the application for listing of the shares; or
 - (b) for an offer of debentures of a company by a prospectus, the depository counter of Hong Kong Securities Clearing Company Limited, the designated branches of the placing banks specified in the prospectus and the principal place of business of the co-ordinator for the offer specified in the prospectus.
- (10) For the purposes of this section, an electronic form prospectus is readily accessible from a website if it is capable of being viewed, downloaded, retained and printed as a copy from the website in its entirety, whether as a single file or as multiple files, by the public without a password or paying any charges.

(L.N.158 of 2010)
