

**THE SFC ISSUES THE EDICT :  
GET THE LEAD OUT!**

The Securities and Futures Commission (SFC) appears to have tipped its hand in respect of its Press Release of February 24.

That's the SFC Press Release, which may be translated into a slap in the face (TARGET's interpretation) for Mr Li Ka Shing, tom.com Ltd, its sponsor, BNP Prime Peregrine, and the receiving banks for shares in tom.com.

The SFC, in its historic Press Release, stated, inter alia: *'Maintaining a fair and orderly subscription process is the responsibility of the sponsor; the receiving bank and the company concerned. They should have made better arrangements for distribution and acceptance of application forms.'* (for tom.com)

The SFC was complaining about the *'disorderly scenes at receiving banks'* and maintained that *'... the company concerned (in this case, tom.com), sponsor and receiving bank must ensure that the subscription process is fair and orderly, including aspects of crowd control and related matters.'*

The SFC, then, went on to state that it was *'disappointed ... despite our ('our', meaning the SFC) advice through the SEHK (The Stock Exchange of Hongkong Ltd), have not prepared sufficient subscription forms in a timely manner and set up proper arrangements for receiving the forms ... SFC has asked the sponsor to submit a report on the case.'*

Reading between the lines, one has to come to the conclusion that the SFC has the whip hand over The Stock Exchange of Hongkong Ltd and that, if it makes a *'suggestion'* to a candidate for a listing, via The Stock Exchange of Hongkong Ltd, that suggestion may be equated to an order from on high.

There may, without question, be some logic to that which the SFC has stated, but only in respect of giving all prospective investors, in tom.com and other new issues to come, a fair shake.

But how can a company, even one which is controlled by the great US-dollar, multi-billionaire, Mr Li Ka Shing, have the power to force the Hongkong Police Force to do something about *'aspects of crowd control and related matters'* with regard to the circumstances, surrounding the handing out of prospectuses and subscription forms for new listings and related matters (excluding the reporting of criminal activities, of course)?

Now, when the late Sir Douglas Clague was Chairman of Hutchison Whampoa Ltd, being Commandant of the Auxiliary Copshop, he could have just telephoned the appropriate party at Government House and said, something along the lines: *'Now look here, David, you may be the Governor, but I am the Chairman of Hutchison. So, you do something about this situation, immediately! Do you understand me?'*

And that would have been that.

But Mr Li Ka Shing is not the Commandant of the Auxiliary Copshop, he is not even an officer in the People's Liberation Army of the Government of the People's Republic of China (PRC), or anything like that, so how could he, or any of his mah-djai, be expected to give orders to members of the Hongkong Police Force?

That may be only a relatively small matter, all things considered in that SFC Press Release, because what the SFC has done, by publishing those statements of February 24, is to tell the world that it has the power to dictate to the powers-that-be at The Stock Exchange of Hongkong Ltd.

Not that that is new, because it has, always, been suspected. Now it is official.

The definitive statement in that historic Press Release, contained in the penultimate paragraph, states that the SFC is working with The Stock Exchange of Hongkong Ltd '*to ensure in future the sponsor and the company take the necessary measures to ensure a fair and orderly subscription process. Publication of a specific guidance (meaning, no doubt, an order) on the subject is being considered.*'

TARGET recalls, back on November 18, 1999, when Timeless Software Ltd announced it was seeking a listing on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, that, when TARGET tried to obtain a Prospectus at about 9:30 am on that Thursday morning, we were told by staff of the Global Co-ordinator, Lead Manager and Sponsor that the Prospectus had not yet been delivered to its offices.

By 11:30 am, the prospectus still had not been delivered, with staff of the Sponsor, saying that all prospectuses would be distributed on a '*first-come, first-served basis*' (meaning that there would only be a limited number of prospectuses for members of the public).

When TARGET telephoned officials of The Stock Exchange of Hongkong Ltd and enquired as to where a prospectus for Timeless Software could be obtained, we were told that they were reserved for '*members only*'.

Which was an interesting statement because one would have thought that the object of disseminating the prospectuses would have been to try to seduce investors to put money into Timeless Software.

At about 3 pm., that afternoon, TARGET was able to obtain the hotly sought-after prospectus from a person, who was handing them out at the Central offices of ING Barings Asia Ltd.

One notes that the SFC did not seem to be overly concerned about that matter. At least, no Press Release was issued and no special report was demanded by the SFC from Timeless Software or ING Barings (there was no receiving bank, in this case) over this little screw-up.

One wonders as to the reason for this '*oversight*'?

Is it possible that the flotation of Timeless Software was not considered as important as the flotation of tom.com?

Or was it that the flotation of Timeless Software did not have the same publicity value as that of tom.com?

All this appears to fly in the face of what TARGET was told a few months ago by the SFC, when a spokesperson for this body stated that all determinations were made on an objective basis.

That being the case, then the SFC must be a Government body, which is reactive rather than proactive to situations.

Then, for what reason can it lay down the law to The Stock Exchange of Hongkong Ltd?

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