

2002 BCSECCOM 833

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the issuer bid requirements to permit an issuer bid made in accordance with the laws of Hong Kong to be made in Canada

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 105-108, 110 and 114(2)(c)

IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA, BRITISH COLUMBIA AND ONTARIO

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF SCMP GROUP LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of the provinces of Alberta, British Columbia and Ontario (the “Jurisdictions”) has received an application from SCMP Group Limited (“SCMP”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the formal issuer bid requirements in the Legislation, including the provisions relating to delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up of and payment for securities tendered to a bid, disclosure, financing, identical consideration and collateral benefits (collectively, the “Issuer Bid Requirements”) do not apply to the proposed issuer bid offer (the “Offer”) by SCMP to repurchase up to 173,438,400 issued ordinary/common shares (the “Shares”) of SCMP from its shareholders;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”) the Ontario Securities Commission is selected as the principal regulator for this application;

AND WHEREAS SCMP has represented to the Decision Makers that:

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1. SCMP is a corporation incorporated under the laws of Bermuda. SCMP's registered office is located in Bermuda and its principal place of business is in Hong Kong.
2. SCMP's issued share capital as at December 31, 2001 consisted of 1,733,784,078 ordinary shares of HK\$0.10 nominal value each (each a "Share") plus 136,447 dilutive Shares in respect of outstanding Share options. The Shares are listed on the main board of The Stock Exchange of Hong Kong Limited.
3. SCMP is not a reporting issuer in Ontario, nor is it a reporting issuer or the equivalent in any other jurisdiction in Canada.
4. The Offer was announced on September 3, 2002 and will be made to all holders of the outstanding Shares (the "Shareholders"). The Offer is an all cash offer whereby SCMP is offering to repurchase up to a maximum of 173,438,400 Shares at an offer price of HK\$3.60 per Share. This Share repurchase by general offer constitutes an issuer bid for such Shares.
5. The Offer is being made in accordance with the laws of Hong Kong and Bermuda and *The Codes on Takeovers and Mergers and Share Repurchases* (the "Hong Kong Code"), and not pursuant to any exemptions from such requirements. The Hong Kong Code is regulated by the Hong Kong Securities and Futures Commission (the "HKSFC").
6. Pursuant to the Hong Kong Code, SCMP submitted to the HKSFC for its review and approval an offer document containing the terms and conditions of the Offer and prescribed disclosure (the "Offer Document"). The Offer Document has been approved by the HKSFC and was mailed by SCMP to Shareholders on September 23, 2002. Pursuant to the Hong Kong Code, the Shareholders have a 21 day period during which to accept the Offer, including 14 days after the Offer becomes unconditional.
7. The Offer is conditional upon the approval of Shareholders at a special general meeting, expected to be held on or around October 7, 2002. The notice convening such meeting is included in the Offer Document.
8. There are a total of 6 Shareholders with registered addresses in the Jurisdictions (the "Canadian Shareholders"). The Canadian Shareholders hold in the aggregate less than 2% of the issued and outstanding Shares as set out below:

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| Province | Number of Shareholders | Number of Shares Held | Approximate Percentage of Outstanding Shares at September 2, 2002 | Value of Assured Entitlements under Offer (HK\$) |
|------------------|------------------------|-----------------------|---|--|
| Ontario | 3 | 21,050 | 0.0012% | 11,632 |
| British Columbia | 2 | 5,300 | 0.0003% | 2,929 |
| Alberta | 1 | 2,000 | 0.0001% | 1,105 |
| Total | 6 | 28,350 | 0.0016% | 15,666 |

9. On the basis of the Offer price of HK\$3.60 per Share, the aggregate value of the Shares registered in the names of the Canadian Shareholders amounts to HK\$102,060.
10. Assuming successful completion of the Offer, the total amount of consideration to be paid by SCMP to all accepting Shareholders is HK\$624,378,240. Assuming successful completion of the Offer and that the Canadian Shareholders tender acceptances in respect of their assured entitlements of 3.07 Shares for every 20 held, the aggregate amount of consideration that would be paid to Canadian Shareholders under the Offer would be HK\$15,666.
11. SCMP cannot rely on the *de minimis* exemption from the issuer bid requirements because the Decision Makers have not recognised Hong Kong for this purpose in the Legislation.
12. The Offer will be made on the same terms and conditions to the Canadian Shareholders as it has been made to all Shareholders, including offering identical consideration.
13. The Offer Document and all other material relating to the Offer, including any amendments, that will be sent by SCMP to Shareholders residing outside Canada shall concurrently be sent to the Canadian Shareholders and filed with the Decision Makers.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (the “Decision”);

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AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that SCMP is exempt from the Issuer Bid Requirements in making the Offer to the Canadian Shareholders provided that:

- (a) the Offer and all amendments to the Offer are made in compliance with the laws of Hong Kong and Bermuda, including the Hong Kong Code; and
- (b) the Offer Document and all other material relating to the Offer, including any amendments, that are sent by or on behalf of SCMP to Shareholders residing outside Canada are concurrently sent to the Canadian Shareholders and copies of such material are filed as nearly as practicable contemporaneously with the Decision Maker in each Jurisdiction.

DATED this 30th day of September, 2002.

Paul M. Moore

Robert L. Shirriff