



金榜融資股份有限公司  
GOLDBOND CAPITAL HOLDINGS LIMITED

By Fax (2868 5223) and By Mail

6<sup>th</sup> October 2004

Hong Kong Exchanges and Clearing Limited  
12/F., One International Finance Center,  
1 Harbour View Street,  
Central, Hong Kong

Attn.: Mr. Gerald Greiner

Dear Sir,

**COMMENTS IN RESPECT OF THE CONSULTATION PAPER ON  
REDUCTION OF MINIMUM SPREADS**

We refer to the Consultation paper on Reduction of Minimum Spreads and set out below our comments:

1. In general, we agree with the principle of reducing the minimum spreads; however, we trust that a gradual approach should be adopted to avoid confusion among the public investors and within the brokerage industry.
2. Our concern is that the reduction of minimum spreads may discourage some small retail investors who used to trading a few spreads from continuing to trade, in particular for those trading of stocks of prices in the range of HK\$2 and HK\$5 thresholds. In this connection, we have reservation on narrowing the minimum spreads for shares priced below HK\$5.
3. Nonetheless, we believe that reducing the minimum spreads may stimulate more trading as investors would be more willing to raise their bid price or lower their offer price (as the case may be) even when the market price moves away from their original bid or offer price. Our observation is that such effect is more significant for small retail investors trading "big price stocks" i.e. shares priced above HK\$30.
4. We support the implementation of Phase 1 of the proposal but have reservation on the implementation of the Phase 2. The implementation of the Phase 2 should be subject to satisfactory results of Phase 1.

If you have any queries on our comments, please feel free to contact the undersigned at 3189-3228 ([alexko@goldbondgroup.com](mailto:alexko@goldbondgroup.com)) or Mr. K C Ho at 3189-2929 ([kcho@goldbondgroup.com](mailto:kcho@goldbondgroup.com)).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alex P M Ko', with a stylized flourish at the end.

Alex P M Ko

Chairman and Chief Executive Officer