

FAXED
DATE: 28 Apr 2006



April 28, 2006

Matthew Harrison
Head of Research & Planning
Hong Kong Exchanges And Clearing Ltd

Dear Matthew,

Re: Invitation for feedback on the Discussion Paper on the Growth Enterprise Market ("GEM")

We refer to your letter dated March 23, 2006 inviting the Hong Kong Venture Capital and Private Equity Association ("HKVCA") to give views on the Discussion Paper on the GEM.

HKVCA has reviewed the several possible structural options for GEM set out in the Discussion Paper.

HKVCA is of the view that there is a genuine need of a second board for young growth companies. However, the current GEM regulatory regime hampers flexibility and places too much pressure on growth companies given their limited resources. HKVCA is supportive of the concept of a New Alternative Market as provided in the Discussion paper. We are of the view that there should be no mandatory graduation to the main board in order to maintain the branding of the New Alternative Market.

Members of HKVCA actively seek exit venues for their PRC investees and explore various listing options including the US, Singapore, London, Japan, Korea and other markets. We shall be pleased to have a viable option in Hong Kong to maintain Hong Kong as an international financial centre.

Yours faithfully,



Vincent Chan
Chairman
Hong Kong Venture Capital and Private Equity Association