

28 February 2008

Corporate Communications Department
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Dear Sirs

Consultation Paper on Changes to the Listing Rules January 2008


My comments on this paper are as follows.

1. It is acceptable for listed companies to communicate with shareholders by a website **provided** there is a user friendly mechanism for anyone interested (whether known to be a shareholder or not) to be notified of the publication of such a communication by email. Shareholders explicitly requesting a printed Annual Report should be sent one.
2. A new rule should be introduced to grant to the Exchange express general powers to gather information.
3. The requirement for a qualified accountant should be removed from both Main Board & GEM rules.
4. The Rules should be amended to assess a Sponsors independence throughout the whole listing process
5. Rules 8.08 and 8.24 should be amended as drafted in Appendix 5. The same limits as for "public float" should be set for "market float", defined as proposed. There should be disclosure of lock up arrangements in the initial listing document.
6. The proposal sensibly removes unnecessary restrictions over issue of bonus issue of options, warrants or similar rights to subscribe or purchase shares.
7. Pre-vetting of the announcements listed in Table 7B can be discontinued **provided** that the Listing Division had adequate resources properly to post-vet all announcements. Transactions or matters involving connected party transactions or a requirement for a shareholder vote should continue to be pre-vetted without time limit. This should be a manageable responsibility for the Listing Division and acts as a useful reminder to listed companies that the Division exists and is scrutinising their actions.
8. The new disclosure regime proposed in 8.8 with a de minimus threshold of 5% is appropriate in order to provide a deterrent to listed companies taking actions contrary to the interests of

minority shareholders and in order properly to inform such minority shareholders of actions that dilute the value of their shareholdings.

9. The proposed amendments to the rules regarding issue 9 are appropriate in order to provide a deterrent to listed companies taking actions contrary to the interests of minority shareholders
10. The requirements for material dilution and notifiable transactions should be aligned under both Main Board and GEM Listing rules in order to provide a deterrent to listed companies taking actions contrary to the interests of minority shareholders and in order properly to inform such minority shareholders of actions that dilute the value of their shareholdings.
11. General Mandates should not exceed 10% of shares at issue. They should only be able to be authorised or refreshed by a special resolution voted on by a poll at a general meeting. The limit should not be increased by share buybacks. The shares should not be issued at a discount of more than 5% whether issued for cash or for other property. If a proposed transaction will violate these constraints, then explicit shareholder approval for it should be obtained.
12. Voting at General Meetings should always be by poll. Very user friendly arrangements should be put in place to allow shareholders not present at the meeting to vote using the internet, whether their shares are held in their own name or in a nominee name. The US arrangements should be copied (see www.proxyvote.com and the regulations with respect to nominee holdings). Voting instructions through this channel should be accepted up until the day before the General Meeting. 21 days notice should be given of all general meetings, together with the full text of resolutions to be passed and explanations as necessary. Where shareholder resolutions or director nominations are permitted, they should be accepted by listed companies at any time and then put on the agenda of the next General Meeting convened
13. The proposed amendments to the rules are appropriate. Shareholders are properly entitled to be given information about directors that allows the shareholders to assess the extent to which directors have the time, skills, experience and reputation necessary to discharge their duties.
14. No comment
15. No comment
16. The proposals are reasonable. Rules should be codified where waivers are routinely given.
17. The proposals are sensible. Unnecessary bureaucracy, particularly repetitive supply of the same information, should always be eliminated.

Yours faithfully


JE Strickland
Non Executive Director HKEx

