

**BY HAND**

31 October 2007

Corporate Communications Department  
Re: Consultation Paper on GEM  
Hong Kong Exchanges and Clearing Limited  
12<sup>th</sup> floor, One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong.

Dear Sirs,

**Consultation Paper on the Growth Enterprise Market (the "Consultation Paper")**

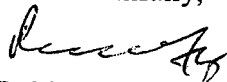
I write to you in response to the Consultation Paper in a personal capacity, as a licensed corporate finance representative in Hong Kong and a one time Assistant Supervisor for GEM.

Having had the benefit of reading the response to the Consultation Paper prepared by Charltons, dated 30<sup>th</sup> October (copy attached), I fully support its contents.

In addition I would make the following comments and suggestion. The consultation Paper's proposal to exclude from GEM companies lacking positive operating cash flow of HK\$20 million in aggregate over two years, which would effectively exclude start up and recent start up companies from listing on GEM, destroys one of the principal objectives of a second tier stock market. In doing so the usefulness of GEM as a source of capital to early stage companies would be significantly reduced.

The Exchange should consider a compromise between options (a) and (c) in the Discussion Paper, that is an amendment to the GEM Listing Rules that would permit the listing of start up companies, provided these issues are placed only with professional investors and are not the subject of a public offer. In such a case the Consultation Paper's proposals on management continuity, market capitalisation and minimum number of share holders would need to be reconsidered.

Yours faithfully,



Robin Fox