

BY HAND

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

31 August 2009

Our Ref:

Re: Consultation Paper on Proposals to Accelerate Rights Issues and Open Offers

We refer to the captioned consultation paper and set out our comment as follows.

Notice period of book closure for rights issues and open offers

In principle, we agree that the proposed initiatives to accelerate rights issues and open offers in order to expedite fund raisings by listed issuers would be beneficial to the market.

We are in support of the shortening of notice period for rights issues but not for open offers for the following reasons. Both rights issues and open offers have inevitable influence on the price of the underlying securities after announcement. The reduced notice period narrows the timeframe for investors to trade the relevant securities before the book closure date. The level of impact of shortening the notice period differs for open offer and rights issue as investors are unable to sell subscription rights at market for an open offer. In the event that an investor missed the chance to take action to purchase or sell the relevant securities before book closure for a rights issue, he will still have another window for buying or selling nil-paid rights during the subscription period. In the event that a shareholder missed the chance to sell his holdings before book closure for an open offer, he is unable to realize the value of the offer unless he chose to accept the offer (without any guarantee of allotment quantity). For that reason, we do not agree with the proposal to shorten the notice period for open offers as we are concerned that this would damage the interests of investors although the effect is neutral to brokers.

We note that the proposal requires an extension of notice period by postponing the book closure date, if necessary, to provide the market with a minimum of two uninterrupted trading days for trading in cum-rights securities during the notice period

if, for example, trading on the Exchange is interrupted due to typhoon and/or black rainstorm warning or trading of the securities is suspended. We would like the Exchange to clarify if the two uninterrupted trading days are required to be consecutive. For example, in the event that trading is interrupted due to typhoon after the first uninterrupted trading day, would the Exchange require thereafter (i) another two consecutive uninterrupted trading days or (ii) one additional uninterrupted trading day. We view that the rationale behind the requirement for a minimum of two uninterrupted trading days is to allow sufficient time for investors to react and therefore it should be irrelevant whether the two uninterrupted trading days are consecutive.

Subscription period for rights issues and open offers

The proposal initiates to prescribe the length of subscription period in business days instead of calendar days. In the event that the trading of the relevant securities is suspended during the subscription period, we propose to require an extension of the subscription period to provide investors with sufficient trading information in deciding whether to make a subscription.

We do not wish for our name to be disclosed in this consultation exercise although we have no objection to the content of our submission being published on a no-name basis.

Please do not hesitate to contact the undersigned at _____ if you have any questions.

Yours sincerely