

PART B: DETAILED QUESTIONS FOR RESPONSE

Please indicate your preference by providing comments as appropriate. Where there is insufficient space, please attach additional pages as necessary.

- (1) Do you support Approach 1, Approach 2, Approach 3 or suspending the CAS as a whole? Please state.

Since data to assess the value of CAS (such as volume and number of trade etc) is not available, it is difficult to opine on whether or not CAS shall be suspended. On the assumption that CAS is beneficial to the stock market in Hong Kong, I would suggest Approach 2 is more preferable.

- (2) If Approach 1 is adopted,

- (i) Do you prefer the price limit to be set at 5%, 10% or other percentages?

Approach 2 is more preferable. However, if Approach 1 is adopted, a more restrictive approach of price control mechanism shall be adopted.

- (ii) How much lead time would your firm require for its implementation?

As a private investor, I would like to have a price control mechanism in place ASAP.

- (3) If Approach 2 is adopted,

- (i) Do you prefer the price limit to be set at 10 spreads, 24 spreads or other spreads?

I would think the primary purpose of auction trading during CAS is more to facilitate trading activities than price formation. Closing price at 16:00 p.m. is formed through the bid/ask mechanism, which reflects the results of the fair, orderly and transparent trading activities in the open market during the day. Therefore, a restrictive approach of price control mechanism is preferable in order to avoid any possible market manipulation and I think 10 spreads are more than enough.

Given the size of the Hong Kong Stock Exchange and its regulatory regime over market manipulation/misconduct, Hong Kong market may not afford to have a lenient price control mechanism during CAS.

- (ii) How much lead time would your firm require for its implementation?

As a private investor, I would like to have a price control mechanism in place ASAP.

(4) If Approach 3 is adopted,

(i) Do you prefer the outstanding orders priced outside the pre-set range to be cancelled instead of carrying forward to the CAS?

No comment. However, the mechanism shall be kept as simple and straight forward as possible.

(ii) For securities without the day high and day low prices at 4 pm, do you prefer disallowing order input during the CAS for these securities or not imposing a price control limit at all?

No comment. However, a restrictive approach of price control mechanism shall be adopted in order to avoid any possible market manipulation.

Furthermore, it is unwise to put forward any mechanism which will create unavoidable operational issues resulting the CAS system or price control mechanism failed to operate or frequent "exceptions".

(iii) Do you prefer the price control limit to be set at 0 spreads (i.e. simply using the day high and day low prices as limit), 10 spreads or other spreads above the day high and below the day low prices?

Approach 3 is NOT preferable. However, if Approach 3 is adopted, a more restrictive approach of price control mechanism shall be adopted.

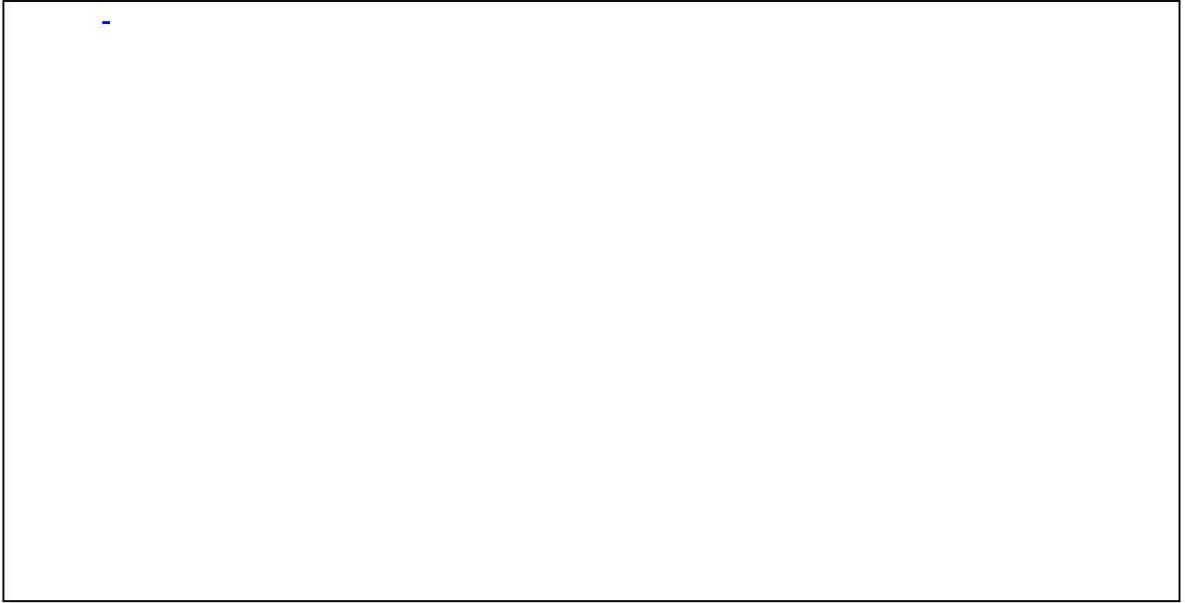
(iv) How much lead time would your firm require for its implementation?

As a private investor, I would like to have a price control mechanism in place ASAP.

(5) If suspension of the CAS is adopted, how much lead time would your firm require for its implementation?

ASAP

(6) Do you have other proposed measures to reduce price volatility during the CAS or other comments or suggestions regarding the CAS? Please state.



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