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BY HAND AND BY EMAIL

Hong Kong Exchanges and Clearing Limited
12/F, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Dear Sirs,

Consultation Paper on Review of the Growth Enterprise Market (GEM) and Changes to the GEM and Main Board Listing Rules

Ernst & Young is pleased to respond in this letter to the request of Hong Kong Exchanges and Clearing Limited ("HKEx") for comments regarding the proposals set out in the captioned consultation paper.

We note that the consultation paper seeks to address recent market and regulatory concerns regarding the quality and performance of GEM listing applicants and listed issuers, including the high concentration of shareholders, illiquid shares, post-IPO price volatility, the creation of "shell" companies and possible exploitation of GEM as a means of achieving a Main Board listing. The HKEx also proposes to amend the Main Board Listing Rules to preserve the Main Board's position as a market for larger companies.

The HKEx has also issued the New Board Concept Paper which, together with the captioned consultation paper, forms a holistic review of the Hong Kong listing framework. We have also responded to the New Board Concept Paper and would like the HKEx to consider our responses to both papers holistically.

We agree that the HKEx's proposals in the captioned consultation paper should address the above-mentioned market and regulatory concerns. Any final rule changes should however take into consideration the sustainable development and future positioning of GEM, amongst the Main Board and, if adopted, the New Board. As such, any implementation of the proposals in the consultation paper should be effected after the HKEx has a clear direction from the market responses to the New Board Concept Paper.

Should you have any questions on the above comments, please do not hesitate to contact our Professional Practice Partner in Hong Kong, Mr. Paul Hebditch, on [REDACTED].

Yours faithfully,

Certified Public Accountants
Hong Kong