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Hong Kong Exchanges and Clearing Limited,
Listing Division
11th Floor, One International Finance Centre
1 Harbour View Street
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Attn: Ms Kelly Wick

Urgent By Hand

27 May 2005

Our Ref 我所文號 SMXF

Dear Sirs,

Consultation Paper on New Structure for Listing Decision-Making

We are grateful to the Exchange for this opportunity to comment on the Consultation Paper on New Structure for Listing Decision-Making (the "**Consultation Paper**") and apologise for the delay in this response.

While we are aware that the Consultation Paper sets out numerous proposals for specific comment, we would like to address the proposals in a more general context. Broadly, we are supportive of the proposals in the Consultation Paper, including for example, the establishment of several new committees. However, we would like to draw the Exchange's attention to two general concerns regarding (a) the timeframe for the Exchange's response in relation to applications (e.g. for listing, review of listing decisions, approval of waivers, review of disciplinary decisions, etc.) to the Exchange, and (b) the approach to rule enforcement by the Exchange.

1 Applications to the Exchange

In general, we believe that it is important to ensure that the operational efficiency of the Exchange is maintained after the proposals are implemented. In particular, it is a priority for market

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participants to be able to rely on timely responses from the Exchange, whether in the context of an application for/cancellation of listing or an application for the appeal/review of a listing/disciplinary decision from the Exchange (subject to the applicant's complete submission of required documentation). Likewise, our concern applies to applications in relation to approval of waivers from the Exchange.

We believe that one of the objectives of the Exchange in its proposals to restructure the listing decision-making process is to ensure that the Exchange operates efficiently. We therefore rely on the expertise and professionalism of the Exchange in deciding on the appropriate committees, quorum for such committees, etc. in order to maintain orderly, efficient and market-friendly operation of the Exchange in light of its important role in Hong Kong's financial markets.

2 Enforcement of the Exchange's Rules

In addition, we would also emphasise the importance of a consistent approach in the context of enforcement of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") by the Exchange. We believe that it is essential to have representatives on the disciplinary committees with different backgrounds, including persons responsible for the drafting of the Listing Rules. This is so that it is possible to ensure that the disciplinary committees, in adjudicating a breach of the Listing Rules, may properly take into account the rationale behind the relevant rule and come to a fair and consistent approach in disciplining members. Moreover, this may serve to ensure that there is no discrepancy between the policy behind the drafting of a relevant Listing Rule and the enforcement of the rule.

We trust that the Exchange, with its experience and expertise, would have taken into account the issues discussed above in considering the proposals and their implementation.

We would be happy to meet with the Exchange to discuss the views set out in this letter. Please feel free to contact Stephen Fletcher at 2901 5350 to discuss the above issues at any time.

Yours sincerely

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