

By Fax (2295.3180)

21 February 2005

Ms. Kelly Wick
Assistant Vice President
Hong Kong Exchange and Clearing Limited
11/F, One IFC
1 Harbour View Street
Central
Hong Kong

Dear Sirs,

Re: Revamp of Stock Exchange Listing Committee's function

We write in response to your consultation as set out in your paper on 18 February 2005 with regard to the proposed change to the Stock Exchange's current Listing Committee's function (the "Proposal"). Under your current Proposal, companies' listing decisions will in future rest entirely with the Listing Division; whereas the Listing Committee, as we currently know it, will be relegated to a listing "policy" committee and a listing appeal committee, among other functions.

The Proposal is contrary to increased corporate transparency and independence demanded by the investment community with regard to the approval of stock exchange listings here. The Exchange now wants to go back to the old Stock Exchange in 1980s where its Chairman (and his club members) decided who got to list and who did not. This breeds cronyism or, worse, corruption.

After all, one would have thought having the current Listing Committee, comprising independent investment community members, to approve listings is the minimum the Exchange can do to avoid the public accusing it to having an apparent conflict of interest. Without the check and balance of the independent Listing Committee, the Exchange will engage directly in such a conflict under the Proposal.

After all, what's wrong with the current Listing Committee's function?

The Proposal, if carried out, will tarnish the image of the financial sector in Hong Kong and may attract unwanted negative publicity to the Exchange from the press, both at home and abroad.

Yours truly,