

恒利證券(香港)有限公司
Hani Securities (H.K.) Limited

Hong Kong Exchanges and Clearing Limited Participant ID B01181 (Broker No. 0820, 0829)
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19 December 2003

Hong Kong Exchanges and Clearing Limited
7/F, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

22 DEC 2003

Attn: The Scripless Project Team

Dear Sirs,

Whilst we are in agreement with the proposal for a scripless securities market, we would like to make the following comments regarding the proposal:

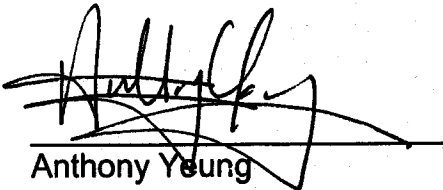
Chapter Eight
Shareholder Reference Number ("SRN")

With the general public's understanding of investments, it will be too demanding for them to understand and to keep safe the SRN, and to utilise the SRN for settlement. The security risk associated with the SRN may be too great to contemplate the use of such a system. It may work for Australia, but it is doubtful of a similar success if the system is introduced in Hong Kong. An alternative to SRN is to make Investor Participant ("IP") a compulsory practice.

The IP program can be further enhanced by allowing the account to be accessible from ESD Life terminals or even banks' teller machines. As each IP account (unique, due the HKID number) must be associated with the investor's bank account, it will not be too difficult to allow the investor to access the IP account through the bank's own electronic systems. Of course there are problems associated with clients who are overseas or are BVI corporations, but the problems are much less than having to educate investors on SRN and risks associated with SRN.

There are many more enhancements which can be incorporated into the IP system and overall we believe the IP system should be the backbone for the scripless securities market.

Yours sincerely,


Anthony Young
Director