



香港證券學會有限公司

Hong Kong Securities Professionals Association Ltd.

30th July 2002

Mr. Lau Hon Chuen
Chairman
LegCo Panel on Financial Affairs
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Sir,

Re: Proposals relating to the de-listing mechanism announced by the Hong Kong Exchanges and Clearing Limited

Thank you very much for your invitation to the LegCo Panel. We are a non-political organization with over 600 members. Our members are primarily securities practitioners in Hong Kong working in areas of securities dealing, investment management, investment research, corporate finance etc. What follows is a list of our comments on the captioned subject. Please give them serious considerations.

Comments

- The Exchange is under the supervision of the SFC. There is no reason why one should believe that the SFC had no detail knowledge of or had endorsed the Consultation Paper.
- We are one of the major securities industry professional groups in Hong Kong, but we are not consulted on the particular issue. Add to this point, even though there are public consultations, consultation period (originally about one month) is far too short for topic of such importance.
- We are not convinced that there were no communications or understanding between HKEx and the SFC on the content of the Consultation Paper.
- With reference to LC Paper No CB(1)2373/01-02(05) issued by the SFC, we cannot see how the findings in that report provide any justifications for the proposed changes as set out in the Consultation Paper. In particular the report categorically stated “*these numbers are stated here purely as a matter of statistics without imply any relationship of cause and effect*”.
- There has to be none or inadequate consideration of the possible impacts on the stock market particularly those of small cap stocks.
- Proposed changes seem to be made on the considerations of “the operation efficiency of the Stock Exchange” rather than on “protection of investing



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public”.

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Should you require further elaboration of the above, please contact our Association.

Yours sincerely,

Trini Tsang

Chairman