



8 November 2007

By fax (2524 0149) and by email (GEMconsultationpaper@hkex.com.hk)

Our Ref.: C/CFC, M52833

Corporate Communications Department
Re: Consultation Paper on GEM
Hong Kong Exchanges and Clearing Limited
12/F., One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Dear Sirs,

[Consultation Paper on the Growth Enterprise Market](#)

The Hong Kong Institute of Certified Public Accountants has considered the above-referenced consultation paper, which puts forward proposals for further developing the Growth Enterprise Market ("the GEM") as a second board and positioning it as a stepping stone to the Main Board.

The Institute believes that the GEM is not attractive to investors and to companies, probably because there is relatively little trading activity on the GEM and, therefore, any proposals to re-activate interest in this market need to identify and address the underlying issues. In this regard, we have reservations as to whether the current proposals to introduce new quantitative requirements for listing on the GEM, and streamline the process and procedures for transfers of listings from the GEM to the Main Board, will be effective.

We would reiterate the view expressed in our 27 April 2006 submission to Hong Kong Exchanges and Clearing Ltd. ("HKEx"), in response to the 2006 consultation on the proposed way forward for the GEM. In principle, we would favour retaining the GEM as a second board, but not positioning it primarily as a stepping-stone to the Main Board. Instead, more effort and resources should be invested in developing and promoting the GEM's own brand/image and establishing a more robust regulatory regime.

Notwithstanding the fact that the approach proposed in the current consultation paper does not represent the Institute's preferred approach, on the basis that it is considered by the HKEx and the SFC to be the best way forward for the GEM, we have provided, in an [Appendix](#) to this letter, comments on the more detailed questions set out in the consultation paper.



We hope you find our comments to be helpful. If you have any questions on this submission or wish to discuss it further, please do not hesitate to contact me at the Institute on 2287 7084.

Yours faithfully,

A handwritten signature in black ink that reads 'Peter Tisman'. The signature is written in a cursive, flowing style.

Peter Tisman
Director, Specialist Practices
Hong Kong Institute of Certified Public Accountants

PMT/ML/ay
Encl.