



香 港 上 市 公 司 商 會
THE CHAMBER OF HONG KONG LISTED COMPANIES

September 30, 2004

Secretariat, Constitutional Development Task Force
Constitutional Affairs Bureau
3/F, Main Wing
Central Government Offices
Lower Albert Road
Hong Kong

Dear Sirs,

Re : Proposed Amendments in Respect of the Method for Forming of the Legislative Council in 2008

We refer to the Third Report of the Constitutional Development Task Force published in May 2004 and the consultation contained therein regarding proposed amendments in respect of the method for forming of the Legislative Council in 2008. The Chamber of Hong Kong Listed Companies (the "Chamber") would like to present its views specifically on the proposed amendments in respect of the number of seats returned by functional constituency elections and of the composition of the Election Committee.

Introduction of the Chamber

The Chamber is the only business organization established for, and represents the interests of, listed companies on The Hong Kong Stock Exchange, both on the Main Board and the Growth Enterprise Market. Our members comprise companies of various sizes, among them are blue chip companies and leading enterprises such as Sun Hung Kai Properties, Standard Chartered Bank, Hopewell Holdings, Shun Tak, K. Wah, Techtronics, Fountain Set, Chen Hsong, etc., all of which are highly committed to the economic and social developments of Hong Kong.

Listed Companies in Hong Kong

The Chamber believes that it is in the general public's interest that a sustainable growth in the local economy is of utmost importance to the prosperity and stability of Hong Kong. It is also true that listed companies in Hong Kong have long been significant and core contributors to our economic success and are highly committed in upholding Hong Kong's position as a world-class international financial and commercial center. These enterprises, engaging in a wide spectrum of businesses, have put in enormous resources and substantial investments in the local economy and have also been a driving force behind the thriving economic growth of China. They have not only provided numerous employment opportunities both locally and in the mainland, but have also notably helped upgrade the living standards in both areas. We would also like to point

out that, besides making remarkable economic contributions, a great number of senior executives from these listed companies have given much concerns in the developments and reforms of Hong Kong's political and social policies. With their commitments and commercial expertise, we strongly believe that these business leaders are willing to and capable of generating invaluable contributions to Hong Kong's political and social developments. Furthermore, a notable number of Chinese-based enterprises, attracted by our favorable financial market environment, have in recent years succeeded in applying for listed status in Hong Kong. According to the Exchange, the number of these Hong Kong-listed Chinese enterprises is expected to grow rapidly in the near future. Unfortunately, these enterprises, although as committed as their Hong Kong counterparts in the local economic development, lack also the ways and means of participating in the local political arena and thus hindering their participation in the Hong Kong Government's policy reforms. This situation, to a certain extent, will be detrimental to the long-term economic development of Hong Kong.

Establishing Political Representation for Listed Companies

Given the above, the Chamber is of the opinion that there is insufficient representation of listed companies in the existing political system, limiting their channels for effective communications and in voicing out their opinions on issues affecting our economic developments and monetary affairs. We therefore would like the Constitutional Development Task Force to consider the Chamber's request that Hong Kong listed companies be given representations in the Legislative Council and in this regard, that at least two seats be established to represent the interests of listed companies in Hong Kong as a new functional constituency under the Legislative Council electorate in 2008. We believe that such establishment will provide listed companies in Hong Kong with the proper channel for voicing out their opinions and, in turn, providing supports to the Government in various policy reforms. It is foreseeable that the proposed creation of seats for listed companies will not only strengthen the commitments of both the local and mainland enterprises to Hong Kong, but will, as a whole, also largely benefit Hong Kong's economic and social developments in the long run.

Size and Composition of the Election Committee

As for the question raised by the Task Force regarding the number of members and the composition of the Election Committee, the Chamber proposes the following changes:

- Increase the number of the Election Committee's members by 400 – 600 seats, i.e. from the existing 800 seats to a total of 1,200 – 1,400 seats;
- Among the increased number of seats on the Election Committee, 200 of which should be allotted to the District Council in order to encourage more active participation and to foster political party development;
- In order to maintain the principle of balanced representation, we suggest that the remaining new seats be evenly allotted to the other three sectors within the composition of the Election Committee.



Number of Election Committee Members Required for Nomination

With regard to the question of the number of Election Committee members required for nomination of the Chief Executive, we believe that, with the proposed increase in the number of seats on the Election Committee, it will become possible for more candidates to be nominated. We therefore recommend that:

- The existing number of not less than 100 Election Committee members required for a valid nomination of the Chief Executive be increased to 160;
- An Election Committee member be allowed to nominate more than one candidate.

This, we think, will help enlarge the supportive base of the candidate and will positively encourage more candidates to enter the election.

Conclusion

We would like to point out that the main concern of our above suggestions does not emphasize purely on the composition of the Election Committee, but more importantly, on the long-term development of democracy in Hong Kong. We consider that these proposed changes to the existing electoral structure are only interim measures and that we would call on the Government to work positively and constructively with political parties, the business sector and the community on laying down the milestone for the establishment of democracy in Hong Kong before the change of the HKSAR Chief Executive in the year 2007. We believe that a true democratic constitutional reform will serve best for the prosperity and stability of Hong Kong in the long run.

Your due consideration to the above views is much appreciated.

Yours faithfully,
For and on behalf of
The Chamber of Hong Kong Listed Companies

(Signed)

Jay Chun
Chairman