

# PANEL OF INQUIRY ON PENNY STOCKS INCIDENT

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8 August 2002

Mr David Webb  
Editor, Webb-site.com

  
Hong Kong

Dear Mr Webb,

As the Financial Secretary announced on 31 July 2002, Mr Robert Kotewall and Mr Gordon C K Kwong have been appointed to form an independent panel of inquiry to look into the circumstances relating to the preparation and release of the Consultation Paper on Proposed Amendments to the Listing Rules relating to Initial Listing and Continuing Listing Eligibility and Cancellation of Listing Procedures ("the Consultation Paper") made public by the Hong Kong Exchanges and Clearing Limited on 25 July 2002. As the Secretary to the Panel, I am writing on behalf of Mr Kotewall and Mr Kwong to inform you of the work of the Panel as well as to seek your kind assistance in the inquiry.

The terms of reference of the Panel are –

- (a) To examine the existing procedures for the preparation and making of new or amended Hong Kong Exchanges and Clearing Limited (HKEx) rules and regulations, including the process of consultation with the trade and the public;
- (b) Having regard to the findings in (a), to review the arrangements for the preparation and release of the Consultation Paper;
- (c) To make recommendations as to the measures to be adopted to improve where necessary the coordination in and procedures for the preparation and making of similar rules and regulations in the future, including the process of consultation with the trade and the public; and


- (d) To submit a report with conclusions and recommendations to the Financial Secretary by 10 September 2002.

To discharge its responsibility, the Panel has been in touch with parties concerned to obtain copies of all relevant documents, seek written statements and, where appropriate, arrange interviews. In this connection, the Panel noted in some media reports that you have expressed views on the preparation and release of the Consultation Paper. The Panel would appreciate –

- (a) any comments you may have on the Incident; and
- (b) suggestions on room for improvement in the preparation and release of similar rules and regulations in the future, including the process of consultation with the trade and the public.

As the Panel is working against a tight deadline, Mr Kotewall and Mr Kwong would appreciate your early response, if any. Thank you.

Yours sincerely,



(Ms Michelle LI)

Secretary, Panel of  
Inquiry on Penny Stocks Incident