

27 September 2006

RE: LETTER TO THE LEGCO PANEL ON FINANCIAL AFFAIRS

Dear sirs

As an individual investor, I'm totally disappointed with the surveillance system of the stock market of Hong Kong.

Being one of the cash clients of Wing Yip Company Ltd, a securities company suspended by the Securities and Futures Commission (hereafter refers as "SFC") since August 7, 2006 due to the misconduct of its owner, I find it hopeless in getting assistance from both SFC and the appointed administrator PricewaterhouseCoopers (hereafter refers as "PC") after the case was disclosed.

We have received a letter dated August 25, 2006 from PC quoting "An application is now being prepared to the court to seek the necessary directions for the allocation and distribution of the securities. The Administrators hope to finalise the court application and file it with the court within the next two weeks... The Administrators will write to you again to keep you informed of the progress of the administration as appropriate." After receiving this letter, we received no further news regarding the progress of the case from PC and all of us (cash clients of Wing Yip Co. Ltd.) expected that the court application should have already been sent to the court. However, when we checked with PC since last week, they told us that the application, which has been rejected once by SFC, is still pending the second approval from SFC before submitting to the court. Since then, every time we called up PC, a different date was set as a deadline for submission of the application to the court. Unfortunately, up till yesterday (September 26, 2006) we were told that the application is still pending by SFC and that PC has no idea when it will be sent to the court. On the other hand, SFC said that they only give comments to PC which implied that it is not them who have held up the case. They even asked us to push PC to speed up the case. It gives me the feelings that both parties are very irresponsible, unhelpful and unprofessional in handling the case while putting the blames on each other. This may due to the fact that there is no independent third party to supervise the progress of the claim. As you may know, the longer time it takes to close the case, the larger sum of administrator fee will have to be paid to PC. In previous cases, usually this fee was paid by the clients of the suspended securities company which I think it is not fair and reasonable as we are victims of the case. We have suffered since the suspension as we cannot sell our stocks, which actually are our assets, while some of the stock prices have been going down sharply during this period of time. As long as we cannot get our stocks back, we will only suffer more and more in time. In reviewing of the case, I find out a few questions:

1. SFC is supposed to protect the benefits of the investors by effectively monitoring the operation and well beings of all the securities companies. However, every now and then, misconducts were found in both medium- or small-sized securities companies which finally led to the suspension of those companies. As a result, those who actually suffered were the individual investors. In short, it is actually the incompetence of SFC which leads to the loss of individual investors. The loss is not only in terms of money but also loss in the confidence in investing in the stock market of Hong Kong which is well renowned as an international commercial centre where a secured and stable investing environment is expected. While our government is trying to attract more investors from overseas, it even cannot protect the benefits of local investors. Isn't it ridiculous?
2. Once a suspension has started and an administrator has been appointed, should there be a third party to monitor the progress of the claim, i.e. to speed up the claim so as to limit the administrator fee and to reduce the loss of the suffered clients?
3. In every single stock trade, a certain amount of money is paid by each investor to contribute to the Investor Compensation Fund (hereafter refers as "ICF"). However, when there is a claim occurs, only a maximum amount of HK\$150,000 will be paid per claimant which actually is not sufficient to compensate the loss of those long-term/experienced investors. Since investors have already suffered a lot from the suspension of a securities company, they should not be responsible to pay for the administrator fee as it was induced by the incompetence of SFC. On the contrary, such fee should be paid by ICF, which can also act as a compensation to the suffered investors.

Thank you for your kind attention.

Yours sincerely,

Desperate investors of Wing Yip Co. Ltd.