

January 19, 2013
Clerk to Panel on Financial Affairs
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Sir/Madam,

Re: Proposal of Hong Kong Exchanges and Clearing Limited (“HKEx”) to Introduce After-hour Futures Trading

We are writing to make a submission to the Legislative Council Panel on Financial Affairs regarding the after-hours futures trading (“AHFT”) proposed by HKEx.

We consider that the introduction of AHFT is a very good initiative. It can benefit different groups of market participants and the market as a whole at least in the following ways:

1. It benefits the investing public by giving them the means to manage overnight market risks. With AHFT, investors can take immediate investment decisions in response to any market news and events occurred in the European and U.S. time zones
2. It benefits the brokerage industry by bringing in more business.
3. It stabilizes the market as a whole. With AHFT, some of the futures trading and hedging needs in response to the overnight news and events will be satisfied. As such, it will reduce the buying or selling pressure when the market open in the next morning and as a consequence, reduce the market volatility.

As a broker already operating night desks to service clients’ overseas trades, we have adequate risk management measures and operation procedures to support clients’ trades for AHFT and manage risk exposure of our clients. We are ready and look forward to having AHFT.

In fact, we would also like to point out that there are genuine needs from the investors for managing risk exposure during night time. If AHFT is not going to be introduced, it is very likely that other foreign exchanges will seize the opportunity and introduce the

service. Under such a circumstance, it will seriously affect Hong Kong's reputation as one of the most prominent financial market in the world.

Yours faithfully,

For and on behalf of

South China Financial Holdings Limited

Steve Chan

Chief Executive Officer