

The Hong Kong Association of Online Brokers Limited

The Hong Kong Association of Online Brokers Chairman's Report (2008-2009)

I am pleased to present my report on The Hong Kong Association of Online Brokers Limited ("HKAOB"). During the period of 2008/2009, I represented OSK Securities Hong Kong Limited and served as Chairman.

I was elected the Chairman of HKAOB at the Association's regular Executive Committee meeting held on December 17, 2008 to fill the remaining term of Mr. Douglas Chen of SHK Online Limited. On behalf of HKAOB, we would like to express our gratitude to Mr. Chen for his contributions and his effort in leading the Association to successfully achieve its objectives.

During the period of 2008/2009, HKAOB continues to perform its function as the central contact point of market regulators and provide the forum for discussion of issues relating to the online securities and futures industry. In order to fulfill the objectives of the Association, we have:

1. kept a close communication with market regulators and worked with them to continuously improve the legal and regulatory framework of the online trading industry.
2. responded to market consultations on various issues relating to the online trading industry.
3. participated in delegations organized by the Financial Services and Treasury Bureau to visit major cities in Mainland China. (Ms. Angela Yau of Guoco Capital Limited and Mr. Oliver Ng of BOCI Securities Limited represented HKAOB in a delegation visiting Guangzhou in respect of the new CEPA arrangement. Ms. Angela Yau also represented HKAOB in the delegation visiting various government departments in Shanghai.)

4. made submission to market regulators regarding our views on various issues of the industry. (A letter expressing our view on the “Extended Black-out Period” which prohibited directors from dealing in their own companies’ shares was sent to Securities and Futures Commission in January 2009 showing our support to request Listing Committee of HKEx to reconsider the issues and carry out more thorough consultation. This submission was initiated and led by Mr. Vincent Lee of Tung Tai Securities Company Limited. The proposal for the implementation of the “Extended Black-out Period” was overturned subsequently. In June 2009, a letter was sent to the Listing Division of HKEx seeking clarification on the Appendix 6 of the Placing Guidelines. The project was initiated and led by Ms. Angela Yau of Guoco Capital Limited.)
5. participated in joint functions organized together with other industry organizations. (The first function was the Chinese New Year Cocktail 2009 jointly organized by HKAOB together with The Institute of Securities Dealers Limited, The Hong Kong Institute of Financial Analysts and Professional Commentators Limited, Hong Kong Securities Professionals Association and Hong Kong Securities & Futures Industry Staff Union. Another joint function with the same four organizations was the dinner gathering with the HKEx Chief Executive Designate --- Mr. Charles Li in June 2009.)

On the membership front, both Peace Town Securities Limited and Polaris Securities (Hong Kong) Limited have withdrawn their membership. Also, invitation has been sent to Infocast Limited for the application of Associate Membership. Total number of members now stands at 18 (16 full members and 2 associate members). In the coming AGM, the Executive Committee is going to propose an increase in the maximum number of Executive Committee members from 15 to 25. This proposal will be put forward for voting in the AGM.

Looking forward, with the fast growing online trading activities, the Executive Committee has decided to adopt a more active approach in recruiting new members. Also, with the intelligence and experience on online trading pooled in HKAOB, we are planning to spend more time and effort in establishing and recommending industry best practices and

standards. We believe that these best practices and standards will be the best references for the regulators to set up relevant statutory industry requirements in future.

Finally, I would like to thank all the members for their contributions and support. During past years, we have built up our market recognition as well as a strong foundation for future development. Let us continue our effort to work with the succeeding Chairman in building a better future for the online trading industry.

Steve Chan
Chairman

August 26, 2009