

7th December 2007

By Hand and by email: e-DI@sfc.hk

SFC (Electronic Submission of DI Notices)
8/F, Chater House
8 Connaught Road Central
Hong Kong

Attention: Supervision of Markets Division

Dear Sirs,

Re: Consultation Paper on the Proposal to Mandate Electronic Submission of Disclosure of Interests Notices (“Consultation Paper”)

We refer to the Consultation Paper and would provide our input as follows:-

1. Summary
Swire Pacific Limited (“Swire”), Cathay Pacific Airways Limited (“CX”) and Hong Kong Aircraft Engineering Company Limited (“HAECO”) support the proposal to make electronic submission of Disclosure of Interests (“DI”) notices mandatory (the “Proposal”).
2. Status
All DI filings prepared by Swire, CX and HAECO and their holding company (where applicable) are submitted online to the Stock Exchange.

However, other substantial shareholders of Swire, CX and HAECO normally file their DI notices to the Stock Exchange and the respective listed corporations by fax.
3. Suggestions
 - (a) Overall
To ease the implementation process and to improve the overall utility and value of the DI system, additional event codes are recommended so that ultimately:
 - (i) the “complete list of directors” generated by the DI system will provide information substantially the same as that required to be disclosed in the listed corporation’s annual report (under paragraph 13(1) of Listing Rules Appendix 16) and interim report (under paragraph 41(2) of Listing Rules Appendix 16).

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- (ii) the “consolidated list of substantial shareholders” generated by the DI system will provide information substantially the same as that required to be disclosed in the listed corporation’s annual report (under paragraph 13(3) of Listing Rules Appendix 16) and interim report (under paragraph 41(2) of Listing Rules Appendix 16).

(b) “Through-train / one-stop shop”

Mandatory e-filing does not eliminate the need to print the DI notice for faxing to the listed corporation.

It will be encouraging and convenient if a DI filing received by the Stock Exchange will be automatically copied / forwarded to the listed corporation.

This may be achieved by:

- (i) the listed corporation maintaining a separate email account (e.g. DI-NOTICE@swirepacific.com) for receiving DI notices forwarded by the Stock Exchange; and
- (ii) the Stock Exchange using a specific email address for forwarding DI notices to listed corporations for the purpose of setting spam filters so that only emails from this specific email address will be accepted.

Remarks:

The issuer should receive the full DI notice rather than a notification of a DI notice (with certain identification information removed) having been published on the Stock Exchange website.

(c) More Codes

Although it would not be possible (and may indeed be confusing) to devise separate codes for every possible type of interest and at every stage of a series of complex transactions relating to the securities of a listed corporation, additional codes are certainly needed. This may require modification of the existing DI system, particular the consolidation process in generating information for “complete list of directors” and “consolidated list of substantial shareholders”.



For instance, the following additional codes are suggested:

(i) Form 3A – Director’s / Chief Executive’s Notice: Notification of Interests in Shares of Listed Corporation

A voluntary event code for cessation of director / chief executive of the listed corporation should be added.

Under the Securities and Futures Ordinance (“SFO”), when directors / chief executives of a listed corporation cease to be directors / chief executives, they are neither required to file DI notices upon their cessation as directors / chief executives nor to file any subsequent changes in their interests in the securities of the listed corporation. The number of DI notices filed by past directors and chief executives is accumulating in the DI system, which is becoming increasingly misleading to the public viewer (who may be misled to believe that a past director remains as a current director or that he still holds an interest in the listed corporation).

(ii) Form 3B – Director’s / Chief Executive’s Notice: Notification of Interests in Shares of an Associated Corporation of a Listed Corporation

Voluntary event codes should be added for the following:

- (1) cessation of director/chief executive of the listed corporation; and
- (2) cessation of a corporation being an associated corporation of the listed corporation.

Under the SFO, when:

- (1) directors/chief executives of a listed corporation cease to be directors, or
- (2) an associated corporation ceases to be an associated corporation of the listed issuer,

they are neither required to file DI notices upon the occurrence of such events nor to file any subsequent changes in their interests in the securities of associated corporations or past associated corporations of the listed corporation.

The number of DI notices filed by past directors and chief executives and in respect of past associated corporations is accumulating in the DI system, which is becoming increasingly misleading to the public viewer (who may be misled to believe that a past director remains as a current director or that he still holds interests in associated corporations of the listed corporation or that a past associated corporation remains as an associated corporation).

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- (iii) A general voluntary event code should be added for both Form 3A and Form 3B to cater for other events which do not trigger mandatory filing requirements. This provides the flexibility for updating the registers maintained under Section 336 of the SFO so that percentage figures on share interests may be updated (for disclosure in annual report and interim report) following allotment of new shares or share repurchases or other circumstances.
- (iv) A voluntary event code on change of name of an associated corporation may be added so that voluntary notices filed under this code may be consolidated with previous notices filed under the name of that associated corporation. (This may require a modification of Form 3B.)
- (v) If the DI system may be relied upon for the purpose of preparing / checking annual reports and interim reports by listed corporations, there will be great incentives for company secretaries of listed corporations to support mandatory e-filing of DI notices.
- (vi) The simultaneous change of the definition of "business day" to exclude Saturday and the implementation of mandatory e-filing of DI notices will be most welcome.

(d) Registers of Interests

The registers maintained under Section 336 of the SFO are useful in the preparation and auditing process for the disclosure of interest information in the annual / interim reports as required under Listing Rules Appendix 16.

The registers will need to be physically maintained irrespective of whether such maintenance is a statutory requirement.


(e) Voluntary Maintenance Forms

In order for the DI notices to be correctly processed / suppressed in the consolidation process of the DI system for generating the "complete list of directors" and the "consolidated list of substantial shareholders", a general voluntary maintenance form should be introduced for the issuers to lodge with the Stock Exchange so that the following may be reported and input in the DI system:

- (i) cessation of directors;
- (ii) change of names of substantial shareholders or directors or associated corporations or their identification numbers; and

- (iii) suppression of redundant / obsolete DI notices, e.g. by reporting to the Stock Exchange that DI notice with reference number 2101 and event date 21st June 2007 should be suppressed by DI notice with reference number 2302 and event date 31st August 2007.

Yours sincerely,
For SWIRE PACIFIC LIMITED
CATHAY PACIFIC AIRWAYS LIMITED
HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED



David Fu
Company Secretary