

傳 真 Facsimile

To	Hong Kong Exchanges and Clearing Ltd		
Attn.	Corporate Communications Dept	From	
Date	24/9/07	Fax No.	2524-0149
Ref No.		Total Pages (including this)	11
Subject	Consultation Paper on Periodic Financial Reporting		

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QUESTIONNAIRE ON PERIODIC FINANCIAL REPORTING

The purpose of this questionnaire is to seek views and comments from market users and interested parties regarding the issues discussed in the Consultation Paper on Periodic Financial Reporting published by The Stock Exchange of Hong Kong Limited (the Exchange), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEx), in August 2007.

Amongst other things, the Exchange seeks comments regarding whether the current Main Board Listing Rules and Growth Enterprise Market (GEM) Listing Rules (together, the Rules) should be amended.

A copy of the Consultation Paper and this questionnaire can be obtained from the Exchange or at <http://www.hkex.com.hk/consul/paper/consultpaper.htm>.

Please return completed questionnaires no later than **5 November 2007** by one of the following methods:

By mail or
hand delivery
to: Corporate Communications Department
Re: Consultation Paper on Periodic Financial Reporting
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

By fax to: (852) 2524-0149

By email to: pfr@hkex.com.hk

The Exchange's submission enquiry number is (852) 2840-3844.

Please indicate your preference by ticking the appropriate boxes.

Where there is insufficient space provided for your comments, please attach additional pages as necessary.

Half-year reporting

Question 1: Do you agree that the time allowed for the release of half-year results announcements and reports should be shortened from three months to two months after the relevant financial period end?

Yes

No

Please state reasons for your views.

1. This is already the existing reporting requirement for the REITs under Rule 10.12 of the REIT Code. and other REITs in Hong Kong are at present adhering to the proposed change to the Listing Rules. The change will bring the different reporting requirements for listed issuers (under the Listing Rules) and REIT companies (under the REIT Code) in line with each other and promote a level playing field for the REITs which are also listed on the Hong Kong Stock Exchange.

2. We support the change as this will bring Hong Kong in line with the international practice adopted by other overseas stock exchanges.

Question 2: Do you agree that the new reporting deadlines should be introduced in phases; specifically:

(a) "large companies" (as defined pursuant to Question 3 below) being required to comply with the new Rules first; and

(b) to allow a transitional period of two years for other companies to meet the new deadlines?

Yes

No

Please state reasons for your views.

For transparency and good corporate governance reasons, most of the large companies should have already adopted the practice on a voluntary basis.

The transitional period of two years for other companies is considered reasonable to enable sufficient preparation for the implementation of the proposed changes.

Question 3: Do you agree that "large companies" should mean companies with a market capitalisation of \$10 billion or more as at 31 December 2006 and, in the case of issuers that are newly listed after 1 January 2007, those with an initial market capitalisation of \$10 billion or more on the date of listing? (For more detail, please see paragraph 21 of the Consultation Paper.)

Yes

No

Please state reasons for your views.

To set the threshold of "large companies" at HK\$10 billion should be in line with market expectation. It is also quite sensible given the approach will cover some 17.4% of listed issuers with some 95% of the total market capitalisation.

Question 4: Do you agree that the commencement dates for the accelerated reporting deadlines for half-year reporting for Main Board issuers should be:

- (a) "large companies" – half-year accounting periods ending on or after 30 June 2008;
 (b) other companies – half-year accounting periods ending on or after 30 June 2010?

Yes

No

Please state reasons for your views. Please also comment, including reasons, if you have other suggested commencement dates.

Same as Q2 above, most of the large companies should have already adopted the practice on a voluntary basis for transparency and good corporate governance reasons. The transitional period of two years for other companies is considered reasonable to enable sufficient preparation for the implementation of the proposed changes.

Annual reporting

Question 5: Do you agree that the time allowed for the release of annual results announcements and reports should be shortened from four months to three months after the relevant financial period end?

Yes

No

Please state reasons for your views.

1. Like other large companies, we already adopted the proposed practice on a voluntary basis. We believe this will enable our unitholders to appraise the position and performance of in a more timely fashion.

2. We support the change as it will bring Hong Kong more in line with the practice readily adopted by international overseas stock exchanges.

Question 6: Do you consider that the new three month reporting deadline should be introduced in phases such that:

- (a) "large companies" (as defined pursuant to Question 7 below) would be required to comply with the new Rules first; and
- (b) there would be a transitional period of two years for other companies to meet the new deadline?

Yes

No

Please state reasons for your views.

See same view stated as Q2 above.

Question 7: Do you agree that, for these purposes, "large companies" should have the same meaning set out in Question 3 above (and paragraph 21 of the Consultation Paper)?

Yes

No

Please state reasons for your views.

To set the threshold of "large companies" at HK\$10 billion should be in line with market

expectation. It is also quite sensible given the approach will cover some 17.4% of listed issuers with some 95% of the total market capitalisation.

Question 8: Do you agree that the commencement dates for the accelerated reporting deadlines for annual reporting for Main Board issuers should be:

- (a) "large companies" – annual accounting periods ending on or after 31 December 2008;
 (b) other companies – annual accounting periods ending on or after 31 December 2010?

Yes

No

Please state reasons for your views. Please also comment, including reasons, if you have other suggested commencement dates.

Same as Q4 above.

Mandatory quarterly reporting for Main Board issuers

Question 9: Do you agree that mandatory quarterly reporting should be introduced for Main Board issuers?

Yes

No

Please state reasons for your views.

1. REITs in Hong Kong are heavily regulated by SFC under the REIT Code. Under Chapter 10 of the REIT Code, the manager is under a general obligation to keep holders informed of any material information pertaining to the scheme in a timely and transparent manner in order to enable holders to appraise the position of the scheme. The existing disclosure and reporting regime under the REIT Code is considered adequate for the protection of investors.

2. The operating history of REITs in Hong Kong is relatively short (ranging from "less than 6 months" to "less than two years"). We opined that it is too early to conduct review on the proposed introduction of mandatory quarterly reporting to REITs. We support that review should be done at certain stage but we believe focus for the time being should be diverted to foster favourable conditions for the growth of REITs market in Hong Kong. We take the view that review process should be conducted at a later stage so that the regulators will be in a better position to collating views and expectation from a more developed REIT market with more and diverse market participants.

3. We opined that the market responses given to the 2002 Consultation Paper (as set out in Table 2 of Chapter 1 of this Consultation Paper) are still valid concerns for the market participants, which will not be repeated here again. To supplement on the point regarding the seasonal fluctuation may be misleading, REITs' quarterly performance (rental reversion rate being one of the performance indicators) will, to a certain degree, be affected by the number of leases subject to renewal during a particular quarter. It gives rise to same concern.

Question 10: Do you agree that Main Board issuers should publish their quarterly reports within 45 days after the period end?

Yes

No

If you believe that a reporting deadline for quarterly reporting other than 45 days is more appropriate, please state your preference. Please also state reasons for your views.

Same as Q9 above.

Question 11: Do you agree that quarterly reports of Main Board issuers should include as a minimum all the information set out in Table 8 of the Consultation Paper?

Yes

No

Please state reasons for your views. Please also comment, together with reasons, on those items which you believe may be considered to be added to Table 8.

We do not support the proposal.

Question 12: Do you agree that a condensed consolidated income statement in a quarterly report should contain the following information, together with prior year comparatives:

- (a) current quarter results; and
- (b) cumulative year-to-date results?
- Yes
- No

Please state reasons for your views.

Question 13: Do you believe that the following information, together with prior year comparatives, should also be provided in the condensed consolidated income statement in the quarterly report for a third quarter (see paragraphs 60 and 61 of the Consultation Paper):

- (a) the first quarter results; and
- (b) immediately preceding quarter results?
- Yes
- No

Please state reasons for your views.

Question 14: Do you agree that printing and mailing of hard copies of quarterly reports to all shareholders and holders of the company's other securities should not be required but listed issuers should be required to publish their quarterly reports on the HKEx website and the listed issuer's own website?

- Yes
- No

Please state reasons for your views.

The following view is given assuming mandatory quarterly reporting will be in place -

1. ESS is already launched and running well. To both issuers and investors, website disclosure should be regarded as the most cost efficient and convenient venue for disseminating quarterly reporting. This will enhance overseas investors to have timely access to the company's information same as the local investors.

2. Paperless is also the world trend for environmental reason.

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Question 15: Do you agree that the new quarterly reporting requirements should be introduced in phases with:

- (a) "large companies" (as defined pursuant to Question 3 above) being required to comply with the new Rules first; and
- (b) other companies allowed a transitional period of two years to meet the new deadlines?
- Yes
- No

Please state reasons for your views.

Same reason as Q2 and Q6 above (assuming mandatory quarterly reporting will be in place).

Question 16: Do you agree that the commencement dates for the new quarterly reporting requirements for Main Board issuers should be:

- (a) "large companies" – three months quarterly accounting periods ending on or after 30 September 2008; and
- (b) other companies – three months quarterly accounting periods ending on or after 30 September 2010?
- Yes
- No

Please state reasons for your views. Please also comment, including reasons, if you have other suggested commencement dates.

Same as Q9 above.

Alignment of GEM Rules to proposed Main Board Rules on quarterly reporting

Question 17: Do you agree that the same disclosure and publication requirements for quarterly reporting should apply to Main Board and GEM issuers?

- Yes
- No

Please state reasons for your views.

No particular view

Question 18: Do you agree that GEM issuers should be required to comply with the new disclosure requirements starting from their three months quarterly accounting periods ending on or after 30 September 2010?

Yes

No

Please state reasons for your views.

No particular view

Question 19: Do you agree that the reporting deadline for the new GEM quarterly reports should be the same as the reporting deadline for Main Board quarterly reports even if that means extending the reporting deadline for GEM quarterly reports?

Yes

No

Please state reasons for your views.

No particular view

Question 20: Do you have any other comments in respect of the issues discussed in the Consultation Paper? If so, please set out your additional comments.

No particular view

Name : _____ Title : _____

Company Name : _____

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