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致 To Corporate Communications Department Hong Kong Exchanges and Clearing Limited	由 From Mr. Neil McGee Group Finance Director Hongkong Electric Holdings Ltd.
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題目 Subject Consultation Paper on Periodic Financial Reporting	
內容 Message	

In response to the consultation paper on periodic financial reporting, please find completed questionnaire together with submission on the issue of quarterly reporting.

Regards

Neil McGee

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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.

HONG KONG COMPANIES NEED TO ISSUE REPORTS IN TWO LANGUAGES WHICH
LEADS TO THE TIME REQUIRED TO PRODUCE REPORTS

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.

ALL COMPANIES LISTED BY THE MAIN BOARD SHOULD HAVE THE
SAME REPORTING DEADLINES

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.

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.

ALL COMPANIES LISTED ON THE MAIN BOARD SHOULD HAVE THE SAME REPORTING DEADLINES

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.

HONG KONG COMPANIES NEED TO ISSUE REPORTS IN TWO LANGUAGES. IN ADDITION THE ADOPTION OF NEW ACCOUNTING STANDARDS MEANS AUDITORS HAVE A GREATER WORK LOAD WHICH IMPACTS THEIR ABILITY TO MEET ALL THEIR CLIENTS REPORTING DEADLINES

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.

ALL COMPANIES LISTED ON THE MAIN BOARD SHOULD HAVE THE SAME REPORTING DEADLINES

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.

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.

ALL COMPANIES LISTED ON THE MAIN BOARD SHOULD HAVE THE SAME REPORTING DEADLINES

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.

SEE ATTACHED COMMENTS

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.

SEE ATTACHED COMMENTS

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.

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.

THIS WILL SAVE ON COSTS AND TIME

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.

ALL COMPANIES LISTED ON THE MAIN BOARD SHOULD HAVE THE SAME REPORTING REQUIREMENTS

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.

ALL COMPANIES LISTED ON THE MAIN BOARD SHOULD HAVE THE SAME REPORTING REQUIREMENTS

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.

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.

[Empty box for reasons]

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.

[Empty box for reasons]

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.

SEE ATTACHED COMMENTS

Name : NEIL M'GEE Title : FINANCE DIRECTOR
Company Name : ADWELONIC ELECTRIC HOLDINGS LIMITED
Contact Person : NEIL M'GEE Tel. No. : _____
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HONGKONG ELECTRIC HOLDINGS LIMITED
香港電燈集團有限公司

COMMENTS ON THE CONSULTATION PAPER REGARDING THE
INTRODUCTION OF QUARTERLY REPORTING

1. Hong Kong has been able to attract companies to list on the Stock Exchange in Hong Kong because of its simple, straight forward and cost effective regulatory regime. The introduction of quarterly reporting in Hong Kong will increase regulatory requirements and costs which will discourage new listings in Hong Kong while the benefits of quarterly reporting are not clear.
2. Hong Kong accounting standards are being standardized with international financial reporting standards (IFRS). Listed companies will be adopting many new IFRS standards effective 1st January 2009. Following the 2008 year end audit, auditors will be engaged with listed companies in the review and adoption of the new IFRS standards effective 1st January 2009. This task will be made much more difficult in terms of time and cost if at the same time auditors are also involved in a quarterly report for the first quarter of 2009.
3. The demand on the time of directors, audit committee members and auditors will be increased as a result of quarterly reporting which will place an additional burden on them. The time requirements will discourage qualified persons from taking up positions as directors or audit committee members at a time where more such persons are required as the number of listed companies in Hong Kong increase.
4. In terms of financial reporting, Hong Kong investors have to-date been well served by the current interim and financial year end reporting requirements. These requirements have allowed management to focus on the Company's business rather than having to provide updates on a quarterly basis. The current listing rules contain sufficient provision for updating announcements to be made outside the interim/final results announcements if required.

5. The forty-five day from quarter end reporting timetable is too short considering the reporting requirements and the need to issue the report in two languages. Hong Kong's particular circumstances should be recognized in determining the time scale for issuing quarterly reports.

In summary, Hong Kong has benefited from its current cost effective regulatory reporting requirements. One need only look at the impact on the New York Stock Exchange of increased regulatory requirements which has resulted in an increased number of new listings both in London and Hong Kong. It is not without significance that neither London nor Hong Kong require quarterly reporting. For Hong Kong to maintain its position as an exchange of choice, it needs to maintain its simple and cost effective regulatory regime and it should not make quarterly reporting a requirement in Hong Kong.

