

F042



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

5 November 2007

Dear Sir

Consultation Paper on Periodic Financial Reporting

We refer to your letter dated 31 August 2007. On behalf of ACCA (the Association of Chartered Certified Accountants) Hong Kong, we have completed the questionnaire as attached.

Should you have any questions, kindly please do not hesitate to contact us on 2524 4988.

Yours faithfully

Morison Chan
President

Enclosures

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The Association of Chartered Certified Accountants 特許公認會計師公會

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.

We agree that timely information helps shareholders and potential investors in making informed and timely investment decisions. We also agree that the proposal is in line with international practices and will enhance Hong Kong's position as an international financial centre.

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.

Although we are in principle more of the view that consistent treatment should be applied to all listed companies regardless of which board listed issuers they are, we understand that in reality, listed issuers of relatively smaller size will have more resources constraints. As such, we agree to allow a transitional period of two years for other companies to meet the new deadlines. We consider that a transitional period of two years is a reasonable timeframe for a listed issuer to ensure all the policies and required systems to be in place to meet the new requirements.

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.

We acknowledge the statistics provided in the consultation document and have no particular comment on how to define "large companies".

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.

Listed issuers need a reasonable preparatory period to ensure that all required workforce, company's policies and systems are in place to meet the new requirements. Should the new rules be announced not earlier than 1 January 2008 and "large companies" are required to comply the accelerated reporting deadlines for half-year accounting periods ending on or after 30 June 2008, the rules will have a retrospective effect for these "large companies" listed issuers with their half-year accounting periods beginning on a date earlier than the announcement of the new rules. We are of the view that it may be more appropriate to follow the international practice of setting any new rule effective upon its announcement, such as the International Financial Reporting Standards.

Accordingly, we recommend that the rule should come into effect for financial periods beginning on or after the first day in the following month after the date of its announcement. For example, assuming the rule changes is announced in March 2008, large companies need to comply with the deadline for their half-year accounting periods commencing on or after 1 April 2008. And "other companies" will be required to comply with the new requirements for their half-year accounting periods commencing on or after 1 April 2010.

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.

We agree that timely information helps shareholders and potential investors in making informed and timely investment decisions. We also agree that the proposal is in line with international practices and will enhance Hong Kong's position as an international financial centre.

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.

Although we are in principle more of the view that consistent treatment should be applied to all listed companies regardless of which board listed issuers they are, we understand that in reality, listed issuers of relatively smaller size will have more resources constraints. As such, we agree to allow a transitional period of two years for other companies to meet the new deadlines. We consider that a transitional period of two years is a reasonable timeframe for a listed issuer to ensure all the policies and required systems to be in place to meet the new requirements.

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.

We acknowledge the statistics provided in the consultation document and have no particular comment on how to define "large companies".

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.

As mentioned in Question 4, should the new rules be announced not earlier than 1 January 2008, the proposal means that the rule will have a retrospective effect for listed issuers with financial periods beginning on a date earlier than the announcement of the new rules. We are of the view that it may be more appropriate to follow the international practice of setting any new rule effective upon its announcement, such as the International Financial Reporting Standards.

We therefore recommend that the rule should be effective for financial periods commencing on or after the first day of the following month after the date of its announcement. For example, assuming the rule changes are announced in March 2008, large companies will need to comply with the deadline for their annual accounting periods commencing on or after 1 April 2008. And "other companies" will be required to comply with the new requirements for their annual accounting periods commencing on or after 1 April 2010.

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.

We agree that the proposal will improve transparency and bring Hong Kong reporting standards in line with international practices.

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.

As the proposed requirement is consistent with the international practice, we have no further comment.

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.

We consider information relating to "current quarter" as well as the "cumulative year-to-date", together with comparative figures for the previous year are adequate. The proposed additional disclosures will make the disclosures unduly complex and difficult to read. Hence, we do not agree to these proposed additional disclosure requirements.

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.

We support this proposed requirement as it is environmental friendly.

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.

Although we are in principle more of the view that consistent treatment should be applied to all listed companies regardless of which board listed issuers they are, we understand that in reality, listed issuers of relatively smaller size will have more resources constraints. As such, we agree to allow a transitional period of two years for other companies to meet the new deadlines. We consider that a transitional period of two years is a reasonable timeframe for a listed issuer to ensure all the policies and required systems to be in place to meet the new 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.

As mentioned in Questions 4 and 8, we are of the view that it may be more appropriate to follow the international practice of setting any new rule effective upon its announcement, such as the International Financial Reporting Standards.

We note that it is targeted to require listed issuers to start mandatory quarterly reporting in the first quarter immediately after their first interim reporting under the new rules. Taking this rationale into consideration, we recommend that the rule should be effective for financial periods commencing on or after the first day of the sixth month after the date of its announcement. For example, assuming the rule changes are announced in March 2008, large companies will need to comply with the deadline for their three months quarterly accounting periods commencing on or after 1 September 2008. And "other companies" will be required to comply with the new requirements for their annual accounting periods commencing on or after 1 September 2010.

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.

We agree that consistent treatment should apply to all listed companies regardless of on which Board they are listed.

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.

Please refer to our comments in Question 16 as the GEM issuers are required to comply with the new disclosure requirements on a same date as "other companies".

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.

We agree that consistent treatment should be applied to all listed companies.

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.

We consider that all listed companies should comply with a set of consistent requirements.

However, we note that GEM Board listed issuers are currently required to published their interim results with 45 days while it is proposed that Main Board listed issuers are required to publish their interim results with 60 days. There is no proposal in the consultation document to align such requirement. We recommend that the half-yearly reporting deadline for GEM Board listed issuers should also be aligned so as to standardise the reporting requirements for all listed issuers.

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Address : _____

