



November 5, 2007

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Dear Sirs,

Re: Consultation Paper on Periodic Financial Reporting

We refer to your Consultation Paper on Periodic Financial Reporting issued in August 2007 and would like to set out our concerns as follows:-

Time allowed for half-year and annual reporting shorten by one month

Mandatory quarterly reporting within 45 days subsequent to quarter end

- The proposed new deadlines are 31st March for annual results reporting and 31st August for half-year results reporting, also covering publishing annual and interim reports. We consider that the time frame is too tight given that the annual / interim results must be cleared by auditors and/or audit committee and board of directors before we proceed on typesetting, Chinese translation, printing and publishing the annual and interim reports.
- The time frame for quarterly reporting is too aggressive given that lots of work (including financial closing, audit committee review, directors' board approval, results announcement, Chinese translation and publishing reports) must be completed within 45 days, 15 days less than that allowed for half-year reporting.

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New/revised accounting standards effective in January 2009 onwards

- Since 2005, the Hong Kong Institute of Certified Public Accountants (“HKICPA”) has been introducing numerous new/revised mandatory accounting standards to comply with International Accounting Standards. Currently, 2 new/revised accounting standards will become effective in January 2009 and more than 20 exposure drafts are undergoing consultation. We expect compulsory adoption of many new/revised accounting standards, which will require our due care, significant learning time and additional resources for financial reporting in 2009 onwards and continuous restatement of the relevant comparative figures.
- Under the proposed new reporting deadlines, we have to complete 2008 annual results reporting on or before 31st March 2009 and then report 1st quarter 2009 results 45 days later, incorporated with changes from those new/revised new accounting standards effective from January 2009. It will impose soaring high risk and undue pressure to our accounting professional staff, management, audit committee and directors for the 1st quarter 2009 results reporting. Same cases will happen for the 1st quarter results reporting of subsequent few years.

Resources constraints

- Currently, we are facing global trend that accounting professional bodies gradually convert local accounting standards to International Accounting Standards, including Mainland China. Together with the booming economy in Mainland China and the Asia-Pacific region, the salary levels of qualified accountants and auditors in Hong Kong have been significantly increasing in recent few years in line with the serious shortage of these professionals.
- To comply with the proposed new reporting requirements and to mitigate the reporting risk of errors, we may have to offer even more competitive salary level to maintain our existing professional staff and recruit more experienced professionals in view of the tremendous time pressure.
- Management / directors may have to engage independent auditors to perform detailed review on quarterly results to ensure due compliance with the new reporting requirements and accuracy of quarterly financial statements to be released. Costs to be charged by the auditors will also be increasing with their continuous shortage of professional staff. Whether they can provide timely assurance service of good quality is another question under their shortage of professional staff.

Financial statements of foreign operations

- Given our substantial foreign operations (in Mainland China, Australia, UK, Canada, etc.), we believe that we are facing extreme challenges and difficulties to review and consolidate their financial statements under the above-mentioned issues of shortened time allowed, numerous new / revised accounting standards, and the constrained resources.

Any additional benefits from quarterly reporting?

- The current listing rules requirements have ensured timely release of financial information to investors, including:
 - comprehensive interim and annual results reporting within 3 and 4 months subsequent to the half-year/year end, respectively.
 - immediate disclosures of share, discloseable, major, very substantial and connected transactions.
 - immediate disclosures of price sensitive information.
- While quarterly reporting cannot serve as an effective tool for enhancing corporate governance (see US listed company scandals and bankruptcy in recent years), investors may focus on short-term quarterly results and discourage long-term investments and developments by listed companies.
- We could not see any additional benefits to be derived from implementation of quarterly reporting.

Competitive advantage of Hong Kong Stock Exchange

- Following imposition of Sarbanes Oxley and mandatory quarterly reporting by New York Stock Exchange ("NYSE") and Nasdaq Stock Market ("NASDAQ"), London Stock Exchange has seen an increase in new listing. New listing candidates have opted for London Stock Exchange without excessive reporting requirements, rather than NYSE and NASDAQ with complicated and rigid requirements.
- Hong Kong Stock Exchange has attracted new listing candidates with appropriate level of reporting requirements allowing listed companies a choice of quarterly or biannual reporting.
- The proposed mandatory quarterly reporting may dampen the competitive advantage of Hong Kong Stock Exchange to new listing candidates. They may look for other big stock exchanges without excessive reporting requirements. In the long run, Hong Kong may gradually lose its stature as a leading worldwide financial center.

Yours faithfully,

For and on behalf of

CHEUNG KONG INFRASTRUCTURE HOLDINGS LIMITED

Chan Loi Shun, Dominic
Chief Financial Officer

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