
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.

Please see the attachment.

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.

Please see the attachment.

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.

Please see the attachment.

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.

Please see the attached.

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.

Please see the attached.

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.

Please see the attached.

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.

Please see the attached.

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.

Please see the attached.

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.

Please see the attached.

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.

Please see the attached.

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.

Please see the attached.

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.

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.

Please see the attached

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.

Please see the attached

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 do not have comments on the proposed changes to the GEM Listing Rules.

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 see our response to Question 17.

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.

Please see our response to Question 17.

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.

Please see the attached.

Name : Ralph Keung Title : Deputy Managing Director
Company Name : China Resources Enterprise, limited
Contact Person : Tony Wu Tel. No. : _____
E-mail Address : _____ Fax No. : _____

Comments on questions in the "Questionnaire on Periodic Financial Reporting"

Question 1

We disagree on the shortening of the reporting period since under the Hong Kong reporting system, apart from a half-year results announcement, a printed interim report containing additional information other than that disclosed in the half-year results announcement needs to be prepared and sent to each shareholder of the company. Apart from the additional information, considerable amount of time is also needed for the layout design, typesetting, translation and bulk printing of the interim report. This practice differs from other major world stock markets having a shorter reporting timeframe for half-year results where a plain monolingual presentation of information filed with the regulatory bodies and published electronically suffices. In our opinion, it is inappropriate at the time being to shorten the reporting period of half-year results in the absence of further changes in the Listing Rules towards simpler requirements in ways of presentation and delivery of information.

Alternatively, with the latest Electric Disclosure Project introduced by the Exchange in June this year, we propose the Exchange to consider just the shortening of the reporting period on publication of half-year results announcements to two months while keeping the three month period for the publication of interim report on half-year results. We believe this represents a fair balance between timely disclosure of information and workload on listed issuers. Information that is mostly used for company appraisals and investment decisions has been contained in the half-year results announcement, which will then be available one month earlier, while other details will be provided in the interim report within three months after the financial half-year end date.

Questions 2, 3 & 4

We do not see any reason to draw a difference amongst listed companies since shareholders of large and small companies should be treated equally. Therefore, we believe the proposed changes in the Listing Rules should be applied consistently to all listed companies.

Question 5

Similar to our arguments in Question 1 above, the burden of preparation of printed copies of annual reports renders us to disagree with the Exchange's proposal. While we have not performed on the same sample size of listed companies contained in the Exchange's Consultation Paper, we have separately checked the dates of release of yearly results announcements and annual reports of the 40 Hang Seng Index constituent companies on the Exchange's website for their most recent financial years. We note that while 29 out of 40 companies announced their yearly results within three months after their year end dates, only 5 out of these companies could also release their annual reports within this three month period. Therefore, we are of the opinion that information under paragraphs 30 and 31 and Table 6 in the Consultation Paper, which was based on dates of announcements only, is not adequate to justify a shortening of reporting period of the yearly results, especially for annual reports.

Comments on questions in the "Questionnaire on Periodic Financial Reporting"

We propose the Exchange to consider just a shortening of the reporting period on publication of yearly results announcements to three months while keeping the four month period for the publication of annual reports on yearly results. This again represents our view that a balance must be maintained between timely disclosure of information and workload on the listed issuers. We believe information mostly used for investment decisions has been adequately contained in the results announcement, which will then be available to shareholders and investors one month earlier, while other details, such as directors' attendance in board meetings, will be contained in the annual report within four months after the financial year end date.

Questions 6, 7 & 8

Please refer to our response to Questions 2 to 4 above.

Question 9

We propose that quarterly reporting should be left voluntary since it may not be appropriate for some listed companies to publish quarterly results, for example, companies engaging in industries having notably seasonal fluctuations may produce misleading results.

Questions 10 & 11

Since the information required to be disclosed in quarterly reports does not differ significantly from that found in half-year results announcements, we believe a reporting period of within two months after relevant quarter ends will be more appropriate. Alternatively, a trade-off should be made between the timeliness and the amount of information disclosed. We believe shareholders and investors in general are mostly concerned with a company's profit performance, on which their investment decisions are made, rather than its balance sheet and cash flow statement. Therefore, if a 45-day reporting time is adopted, we would suggest the exclusion of condensed consolidated balance sheet and condensed consolidated cash flow statement in the disclosure requirements of a quarterly report.

Questions 15 & 16

Please refer to our response to Questions 2 to 4 above.

Comments on questions in the "Questionnaire on Periodic Financial Reporting"

Question 20

Since the word "interim" has the meaning of "during the time that comes between", defining "interim report" to mean "a half-yearly report" limits the true meaning of the words, especially a quarterly report is also a type of interim report in general language. Therefore, we would suggest to replace all the use of the word "interim" by "half-yearly" in various rules of the Listing Rules where the intended meaning refers to half-year results or reporting without the need to add a less-than-complete definition of "interim report".