

7057

1 November 2007

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

Dear Sirs,

Consultation Paper on Periodic Financial Reporting

We are responding to the invitation to provide comments on the proposed changes to the listing rules contained in the Consultation Paper on Periodic Financial Reporting.

We welcome the proposal to introduce quarterly reporting for issuers listed on the main board and the shortening of reporting deadlines of all entities listed on the Exchange. We believe the new requirements enhance corporate transparency which reinforces investors' confidence to the Hong Kong securities market.

However, we envisage there may be resistance from the commercial sector. The Exchange may consider the opinion from the commercial sector when finalizing the implementation timetable so as to ensure a smooth transition to the more stringent reporting deadlines.

Unlike half-yearly reports, we note that the presentation of quarterly reports is not required to comply with IAS 34/HKAS *Interim Financial Reporting* under the proposed requirements of the consultation paper. IAS 34/HKAS 34 provides not only the presentation and disclosure requirements but also the measurement and recognition principles to be applied in preparing a set of interim (including quarterly) financial statements. Since the proposed disclosures in the quarterly reports are highly similar to the requirements of IAS 34/HKAS 34, the Exchange may consider mandating the application of IAS 34/HKAS 34 to quarterly reports. Application of IAS 34/HKAS 34 will ensure the accounting for quarterly and half-yearly financial statements are consistent.

Should you wish to discuss our comments further, please contact me at

Yours faithfully,

MT Shum
Chief Executive Director

RECEIVED - 7 NOV 2007