

Firms to disclose share-stabilizing moves in report

In an effort to boost market transparency and investors' confidence, the mainland's two stock exchanges have asked listed-companies to disclose major profit variations and measures to stabilize share prices in the upcoming quarterly report, the Securities Times reported on Friday.

According to directives released today, the Shanghai and the Shenzhen stock exchange will require listed companies to disclose their third-quarter financial results before October 31.

During the accounting period, if a company's major accounting entries or financial indicators fluctuated more than 30 percent from a year ago, it should include reasons behind the variations in its report, according to the exchanges.

For the small-enterprise-board companies in the Shenzhen market, a forecast is due before October 15 if they see major profit changes in the first nine months. The companies should also present an estimation of full-year results in the third-quarter reports.

Shareholders of companies which have completed share-split reform should clarify whether they have fulfilled commitments in terms of share sale restriction. If shareholders have vowed to take measures to stabilize shares prices after they become tradable, they should disclose how the moves were carried out.

The quarterly report also welcomes additional share-holding commitments and moves by large shareholders or actual controllers of the listed companies to convince investors, the Shenzhen bourse said.

Affected by a series of negative impacts and uncertainties, major stock indices in China have plunged more than 60 percent from last year's peak. During the market slide, shares of many promising companies became attractive – even to their owners, as many shareholders vowed not to sell their holdings and some began to buy back stocks of listed units in the past few months.

Last week, the Central Huijin Investment Co Ltd, an investment arm of the Chinese government, increased shareholdings of 2 million shares for each of the three State owned lenders -- the Industrial and Commercial Bank of China, the Bank of China and the China Construction Bank. Huijin added it will buy more within the coming 12 months.

Statistics show that between August 28 and September 25, shareholders of 41 listed companies bought back altogether 238 million shares worth some 1.85 billion yuan.

To propel the momentum, the securities regulator revised rules recently cutting shareholders' no-trading period from 30 days to 10 days before the earnings release.

Given this revision, market analysts believe more share repurchases will happen before the quarterly report boom next month, as long as share prices of good companies remain at historic lows.

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