

**HKEx GUIDANCE LETTER**  
**HKEx-GL82-15 (August 2015)**

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| <b>Subject</b>                       | <b>Disclosure of unaudited quarterly/ interim financial information in the listing document where the new listing applicant or any of its subsidiaries is listed on another exchange</b> |
| <b>Listing Rules and Regulations</b> | <b>Main Board Rules 2.13, 4.11, 8.06, 19.14 and 19.39<br/>GEM Rules 7.12, 7.13, 11.11 and 17.56</b>  |
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**Important note:** *This letter does not override the Listing Rules and is not a substitute for advice from qualified professional advisers. If there is any conflict or inconsistency between this letter and the Listing Rules, the Listing Rules prevail. You may consult the Listing Department on a confidential basis for an interpretation of the Listing Rules or this letter.*

**1. Purpose**

- 1.1 This letter provides guidance on disclosure of financial information in a listing document where the new Main Board/ GEM listing applicant or any of its subsidiaries is listed on another exchange. It supersedes Guidance Letter HKEx-GL1-06, Listing Decision HKEx-LD54-4 and Listing Decision HKEx-LD54-5.
- 1.2 The Exchange expects listing applicants to follow this letter when preparing their listing applications.

**2. Relevant Rules**

- 2.1 Main Board Rule 2.13/ GEM Rule 17.56 requires that:
- (a) the information contained in the listing document must be clearly presented and in the plain language format specified or recommended by the Exchange and/ or the Commission from time to time; and
  - (b) the information contained in the listing document must be accurate and complete in all material respects and not be misleading or deceptive.
- 2.2 The Listing Rules require the accountants' report to be prepared and drawn up in conformity with:-
- (a) Hong Kong Financial Reporting Standards (HKFRS) (see Main Board Rule 4.11/ GEM Rule 7.12);
  - (b) International Financial Reporting Standards (IFRS) (see Main Board Rule 4.11/ GEM Rule 7.12);

- (c) China Accounting Standards for Business Enterprises (CASBE) in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements (see Main Board Rule 4.11/ GEM Rule 7.12);
  - (d) generally accepted accounting principles in the United States of America (US GAAP) where the overseas Main Board listing applicant has a secondary listing on the Exchange (see Main Board Rule 19.39); or
  - (e) US GAAP where the overseas GEM listing applicant's principal activity does not consist of property development and/ or investment, and it has adopted US GAAP and is listed, or to be simultaneously listed on the New York Stock Exchange or the Nasdaq National Market of the United States of America (see GEM Rule 7.13).
- 2.3 Except for a case where US GAAP is allowed (see paragraphs 2.2(d) and 2.2(e) above), financial statements adopting financial reporting standards other than HKFRS, IFRS and CASBE<sup>1</sup> must include a statement showing the financial effect of any material differences between the financial statements and financial statements prepared using HKFRS, IFRS or CASBE<sup>1</sup> (see Main Board Rules 19.14 and 19.39/ GEM Rule 7.14).
- 2.4 Main Board 8.06/ GEM Rule 11.11 requires the latest audited financial period reported on by the reporting accountants in all cases to have ended not more than six months before the date of the listing document.

### **3. Guidance**

- 3.1 For the purpose of giving meaningful information to investors, audited financial information should be included in the listing document to the greatest extent possible. Selective disclosure of unaudited financial information prepared under the applicable accounting standards is not acceptable to the Exchange. However, the inclusion of the management discussion is not objectionable.
- 3.2 Where a new listing applicant or any of its subsidiaries is listed on another exchange and has published unaudited quarterly/ interim financial statements in accordance with the other exchange's rules and regulations that covers a period more recent than that required under the Listing Rules (see Main Board Rule 8.06/ GEM Rule 11.11), the listing applicant's Hong Kong listing document must include such unaudited information in the manner provided below:

#### ***Contents of unaudited financial statement***

- (a) at a minimum, the listing applicant's (or its subsidiary's) revenue and income information, even if that information is not published as part of a complete set of the listing applicant's (or its subsidiary's) financial statements;

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<sup>1</sup> Applicable to a PRC issuer that has adopted CASBE for the preparation of its annual financial statements. See paragraph 2.2(c) above.

- (b) at a minimum, in a condensed form with major line items from the listing applicant's (or its subsidiary's) latest audited financial statements, including major components of its assets, liabilities, and equity (in the case of the balance sheet); income and expenses (in the case of the income statement); and the major subtotals of cash flows (in the case of the cash flow statement);
- (c) comparative statements for the listing applicant's (or its subsidiary's) corresponding prior financial period, except that the requirement for comparative balance sheet information may be satisfied by presenting the year-end balance sheet;
- (d) selected note disclosure that will provide an explanation of events and changes that are significant to an understanding of the changes in financial position and performance of the listing applicant (or its subsidiary) since the reporting date of the last audited financial information;

***Reconciliation statement***

- (e) there must be:
  - (i) description of the ways, if any, in which the listing applicant's (or its subsidiary's) accounting principles, practices and methods used in preparing such unaudited quarterly/ interim financial information vary materially from those prepared using HKFRS, IFRS, CASBE<sup>1</sup>, as the case may be; and
  - (ii) quantification of any material variations;

***Level of assurance of the unaudited financial information***

- (f) an auditor's report on the unaudited quarterly/ interim financial information prepared in the manner provided below:
  - (i) at least reviewed by an independent auditor in accordance with the standards established by:
    - the Hong Kong Institute of Certified Public Accountants
      - Hong Kong Standard on Review Engagements 2400 "*Engagement to Review Historical Financial Statements*"; or
      - Hong Kong Standards on Review Engagements 2410 "*Review of Interim Financial Information performed by the Independent Auditor of the Entity*"; or
    - the International Auditing and Assurance Standards Board
      - International Standard on Review Engagements 2400 "*Engagement to Review Historical Financial Statements*"; or

- International Standards on Review Engagements 2410 “*Review of Interim Financial Information performed by the Independent Auditor of the Entity*”

as amended from time to time; and

- (ii) in any of the above cases, include as part of the review, the financial effect of the material differences between the unaudited quarterly/ interim financial information and financial statements prepared using HKFRS, IFRS or CASBE<sup>1</sup>, as the case may be.

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