

Amendments to Main Board Listing Rules

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“INTERPRETATION

...

1.01 Throughout this book, the following terms, save where the context otherwise requires, have the following meanings:

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<u>“China Accounting Standards for Business Enterprises” or “CASBE”</u>	<u>financial reporting standards and interpretations for business enterprises issued by the China Accounting Standards Committee of the China Ministry of Finance</u>
<u>“China Auditing Standards” or “CAS”</u>	<u>standards and interpretations issued by the China Auditing Standards Board of the China Ministry of Finance</u>
“Hong Kong Financial Reporting Standards” or “HKFRS”	<u>financial reporting standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They comprise (i) Hong Kong Financial Reporting Standards, (ii) Hong Kong Accounting Standards—(formerly Statement of Standard Accounting Practice), and (iii) Interpretations</u>
“International Financial Reporting Standards” or “IFRS”	<u>financial reporting standards and interpretations approved by the International Accounting Standards Board (“IASB”), and includes all International Accounting Standards (“IAS”) and interpretations issued under the former International Accounting Standards Committee (“IASC”) from time to time</u>
<u>“International Standards on Auditing” or “ISA”</u>	<u>standards and interpretations issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants</u>
<u>“practising accountant”</u>	<u>an individual, firm or company qualified for appointment as an auditor or reporting accountant of a company</u>

“reporting accountant” the professional accountant or practising accountant who is responsible for the preparation of the accountants’ report included in a listing document or circular in accordance with Chapter 4

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Reporting Accountants

4.03 All accountants’ reports must normally be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance for appointment as auditors of a company and who are independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants, provided that, in the case of a circular issued by a listed issuer in connection with the acquisition of an overseas company, the Exchange may be prepared to permit the accountants’ report to be prepared by a firm of practising accountants which is not so qualified but which is acceptable to the Exchange. Such a firm must normally have an international name and reputation and be a member of a recognised body of accountants.

...

Specific detail concerning financial information

4.05 ...

(4) Segment information

the income statement and balance sheet shall, in addition to that information required by rules 4.05(1) to 4.05(2), include segmental ~~the~~ information required by the accounting standards adopted for the preparation of its annual financial statements:—

- (a) ~~Statement of Standard Accounting Practice 26 segment reporting if the issuer prepares its annual financial statements in accordance with Hong Kong Financial Reporting Standards (HKFRS); or~~
- (b) ~~International Accounting Standard 14 reporting financial information by segment if the issuer prepares its annual financial statements in accordance with International Financial Reporting Standards (IFRS); or~~
- (c) China Accounting Standards for Business Enterprises (CASBE).

Note: The information required by this rule may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.

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Requirements applicable in all cases

4.08 ...

- (5) the accountants' report must be dated.

...

Disclosure

4.10 The information to be disclosed in respect of rules 4.04 to 4.09 must be in accordance with best practice which is at least that required to be disclosed in respect of those specific matters in the accounts of a company under the Companies Ordinance and ~~Hong Kong Financial Reporting Standards (HKFRS), or IFRS International Financial Reporting Standards~~ or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements and, in the case of banking companies, the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.

Accounting Standards

4.11 The financial history of results and the balance sheet included in the accountants' report must normally be drawn up in conformity with:—

- (a) Hong Kong Financial Reporting Standards (HKFRS); or
- (b) ~~International Financial Reporting Standards- (IFRS); or Listed issuers and listing applicants, which adopt IFRS, are required:—~~
- (i) ~~to disclose and explain differences of accounting practice between IFRS and HKFRS, which have a significant effect on their financial statements; and~~
- (ii) ~~to compile a statement of the financial effect of any such material differences.~~
- (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.

Notes: The issuer must apply one of these bodies of standards consistently and shall not change from one body of standards to the other.

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Definitions

14.04 For the purposes of this Chapter:-

(1) ...

Note 2(b) property development activity is being reported as a separate and continuing ~~business~~ segment (if not the only segment) in the issuer's latest published financial statements; and

2(c) the issuer's format for reporting segmental information ~~is in business segments~~, and its latest published annual financial statements have fully complied with the requirements of ~~Hong Kong Accounting Standard 14 or International Accounting Standard 14, as appropriate, which require, amongst others,~~ relevant accounting standards adopted for the preparation of its annual financial statements on reporting of segment revenue and segment expense.

...

Consideration

14.15 When calculating the consideration ratio:—

(1) the value of the consideration shall be the fair value of the consideration determined at the date of the agreement of the transaction in accordance with applicable ~~Hong Kong Financial Reporting Standards, or International Financial Reporting Standards~~ accounting standards adopted for the preparation of the listed issuer's annual financial statements. Normally, the fair value of the consideration should be the same as the fair value of the asset which is the subject of the transaction. Where there is a significant disparity between the fair value of the consideration and the fair value of the asset, the listed issuer must use the higher of the fair value of the consideration and the fair value of the asset as the numerator of the consideration ratio;

...

Figures used in total assets, profits and revenue calculations

...

14.17 The profits (see rule 14.13) and revenue (see rule 14.14) figures to be used by a listed issuer for the basis of the profits ratio and revenue ratio must be the figures shown in its accounts. Where a listed issuer has discontinued one or more of its operating activities during the previous financial year and has separately disclosed the profits and revenue from the discontinued operations in its accounts in accordance with applicable ~~Hong Kong Financial Reporting Standards, or International Financial Reporting Standards,~~ accounting standards adopted for the preparation of the listed issuer's annual financial statements, the Exchange may be prepared to accept the exclusion of such profits and revenue for the purpose of the profits ratio and revenue ratio respectively.

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14.19 In calculating total assets, the Exchange may require the inclusion of further amounts where contingent assets are involved.

Note: Contingent assets normally refer to assets that will have to be acquired by a listed issuer pursuant to an agreement upon occurrence or non-occurrence of certain event(s) after the listed issuer has entered into the agreement. Such event(s) is /are normally beyond the control of the listed issuer and the parties to the transaction. Contingent assets must be determined in accordance with applicable ~~Hong Kong Financial Reporting Standards~~, ~~or International Financial Reporting Standards~~ accounting standards adopted for the preparation of the listed issuer's annual financial statements.

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Very substantial disposal circulars

14.68 A circular issued in relation to a very substantial disposal must contain:—

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(2) (a) on a disposal of a business, company or companies:

(i) financial information of either:

(A) the business, company or companies being disposed of; or

(B) the listed issuer's group with the business, company or companies being disposed of shown separately as (a) disposal group(s) or (a) discontinuing operation(s),

for the relevant period (as defined in the note to rule 4.06(1)(a)). The financial information must be prepared by the directors of the listed issuer using accounting policies of the listed issuer and must contain at least the income statement, balance sheet, cash flow statement and statement of changes in equity.

The financial information must be reviewed by the listed issuer's auditors or reporting accountants according to the relevant standards published by the Hong Kong Institute of Certified Public Accountants or the International Auditing and Assurance Standards Board of the International Federation of Accountants or the China Auditing Standards Board of the China Ministry of Finance. The circular must contain a statement that the financial information has been reviewed by the issuer's auditors or reporting accountants and details of any qualifications or modifications in the review report; and

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**ISSUERS INCORPORATED
IN THE PEOPLE'S REPUBLIC OF CHINA**

Preliminary

19A.01 ...

- (3) The purpose of this Chapter is to clarify that the Exchange Listing Rules apply as much to PRC issuers as they do to Hong Kong and overseas issuers, subject to the additional requirements, modifications and exceptions set out or referred to in this Chapter. Among such requirements are that (a) PRC issuers are expected to present their annual accounts in accordance with ~~Hong Kong or international accounting standards~~ HKFRS, IFRS or CASBE; (b) the articles of association of PRC issuers must contain provisions which will reflect the different nature of domestic shares and overseas listed foreign shares (including H shares) and the different rights of their respective holders; and (c) disputes involving holders of H shares and arising from a PRC issuer's articles of association, or from any rights or obligations conferred or imposed by the Company Law and any other relevant laws and regulations concerning the affairs of the PRC issuer, are to be settled by arbitration in either Hong Kong or the PRC at the election of the claimant.

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Chapter 4 — Accountants' Reports and Pro Forma Financial Information

19A.08 The reporting accountants for a PRC issuer must normally be qualified and be independent to the same extent as required under rule 4.03 for the reporting accountants of any other issuer. The Exchange also accepts a firm of practising accountants which has been approved by the China Ministry of Finance and the China Securities Regulatory Commission as being suitable to act as an auditor or a reporting accountant for a PRC incorporated company listed in Hong Kong.

19A.09 A report will not normally be regarded as acceptable unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong or under International Standards on Auditing or China Auditing Standards.

19A.10 Reports for PRC issuers will normally be required to conform with the requirements as to accounting standards set out in rules 4.11 to 4.13, ~~except that PRC issuers, which adopt IFRS, will not be required to comply with the requirements in (b)(i) and (ii) of rule 4.11.~~

Note: A report for a PRC issuer may, in addition, present in a separate part of the report financial information conforming with applicable PRC accounting rules and regulations provided that the report contains a statement of the financial effect of the material differences (if any) from either of the accounting standards referred to in rule 4.11, as the case may be.

...

Annual report and accounts and auditors' report

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19A.31...

- (2) a firm of practising accountants acceptable to the Exchange which has an international name and reputation and is a member of a recognised body of accountants; or
- (3) a firm of practising accountants acceptable to the Exchange which is a joint venture approved or otherwise permitted by the China Securities Regulatory Commission or other competent authority in the PRC to act as an auditor of a listed company in the PRC and at least one of whose principal joint venture partners is either qualified under (1) or acceptable under (2); or
- (4) a firm of practising accountants which has been approved by the China Ministry of Finance and the China Securities Regulatory Commission as being suitable to act as an auditor or a reporting accountant for a PRC incorporated company listed in Hong Kong.

19A.32 The accounts must be audited to a standard comparable to that required ~~by the~~ in Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants or under International Standards on Auditing or China Auditing Standards.

19A.33....

- (2) in the case where consolidated accounts are prepared, of the state of affairs, the profit or loss, and the cash flows of the PRC issuer and the group of which the PRC issuer is the holding company.

19A.34 The report of the auditors must indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.

19A.35 If the PRC issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange.

19A.36 If the PRC issuer's primary listing is or is to be on another stock exchange, an auditors' report which conforms to the requirements of the International Standards on Auditing ~~issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants~~ or China Auditing Standards is acceptable.

...

19A.39 References in Chapter 14 to an issuer’s “accounts” shall mean, in the case of a PRC issuer, the latest published audited accounts or consolidated accounts of such issuer which have been prepared in accordance with ~~either Hong Kong accounting~~ Financial Reporting Standards, or International accounting Financial Reporting Standards or China Accounting Standards for Business Enterprises as provided for in rule 19A.10 or rule 19A.31, as the case may be.

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Appendix 7 Part C

Information to accompany annual report and accounts

9. (1)...
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(h) if the Issuer is incorporated or otherwise established in Hong Kong, a statement by the directors as to the reasons for any significant departure from applicable standard accounting practices ~~in Hong Kong~~;

9.4 The Exchange supports the policy of the Hong Kong Institute of Certified Public Accountants in formulating and publishing financial reporting standards for Hong Kong. The Exchange expects the accounts of issuers incorporated or otherwise established in Hong Kong to comply with Hong Kong Financial Reporting Standards, ~~or International Financial Reporting Standards.~~

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Appendix 15

BANKING REPORTING

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1. At least the following information shall be contained in interim reports, annual reports, preliminary announcements of results, listing documents and circulars:

...

(III) Segment information

Information required by the accounting standards adopted by the issuer for the preparation of its annual financial statements:-

(a) ~~Statement of Standard Accounting Practice 26 if it prepares its annual financial statements in accordance with standard accounting practices in Hong Kong~~ Financial Reporting Standards (HKFRS); or

(b) ~~International Accounting Standard 14 if it prepares its annual financial statements in accordance with~~ International Financial Reporting Accounting Standards (IFRS); or

- (c) ~~the relevant accounting standards dealing with segment reporting in Generally Accepted Accounting Principles in the United States of America (US GAAP) if it prepares its annual financial statements in accordance with US GAAP; or~~
- (d) China Accounting Standards for Business Enterprises (CASBE).

...

2. In the case of interim reports, ~~the following additional information:~~

- ~~(i) for Hong Kong incorporated issuers those matters set out in rule 13.48 and any other information required by the Hong Kong Monetary Authority in relation to interim reports (where applicable); or~~
- ~~(ii) for overseas incorporated issuers those matters set out in rule 13.48 and any other information required by the Hong Kong Monetary Authority in relation to interim reports (where applicable); or~~
- ~~(iii) for PRC incorporated issuers those matters set out in rule 13.48 and any other information required by the Hong Kong Monetary Authority in relation to interim reports (where applicable); and~~

3. In the case of annual reports, ~~the following additional information:~~

- ~~(i) for Hong Kong incorporated issuers those matters set out in rule 13.47 and any other information required by the Hong Kong Monetary Authority in relation to annual reports (where applicable); or~~
- ~~(ii) for overseas incorporated issuers those matters set out in rule 13.47 and any other information required by the Hong Kong Monetary Authority in relation to annual reports (where applicable); or~~
- ~~(iii) for PRC incorporated issuers those matters set out in rule 13.47 and any other information required by the Hong Kong Monetary Authority in relation to annual reports (where applicable).~~

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Appendix 16

Requirement for all Financial Statements

2. ...

- (6) accounting policies and explanatory notes.

2.1 *Annual accounts of a listed issuer are required, subject to Notes 2.4 and 2.5, to conform with either:—*

- (a) *Hong Kong Financial Reporting Standards (“HKFRS”); or*
- (b) *International Financial Reporting Standards (“IFRS”); ~~or Listed issuers and new applicants, which adopt IFRS are required:—~~*
 - ~~(i) to disclose and explain differences of accounting practice between IFRS and HKFRS, which have a significant effect on their financial statements; and~~

~~(ii) to compile a statement of the financial effect of any such material differences.~~

(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.

2.2 An issuer must apply one of the bodies of standards referred to in Note 2.1 consistently and shall not normally change from one body of standards to the other unless there are reasonable grounds to justify such a change. All reasons for any such change must be disclosed in the annual accounts.

2.3 ~~Listed issuers and new applicants incorporated in the People's Republic of China, which adopt IFRS, are not subject to the requirements of (b)(i) and (ii) in Note 2.1 above. In the cases of issuers established in the People's Republic of China, annual accounts may also present in a separate part thereof financial information conforming with applicable PRC accounting rules and regulations so long as such accounts contain a statement of the financial effect of the material differences (if any) from either of the accounting standards referred to in Note 2.1.~~
[Repealed 15 December 2010]

2.4 An overseas issuer, which has a secondary listing on the Exchange, may prepare annual accounts drawn up in conformity with Generally Accepted Accounting Principles in the United States of America ("US GAAP").

....

2.6 Where the Exchange, in exceptional circumstances, allows the annual accounts of an overseas issuer to be drawn up otherwise than in conformity with ~~either of the accounting standards~~ referred to in Note 2.1, the Exchange will normally require the annual accounts to contain a statement of the financial effect of the material differences (if any) from either ~~of the accounting standards~~ — HKFRS or IFRS referred to in Note 2.1 above.

...

Basic Financial Information

4. ...

(3) Segment information

The income statement and balance sheet of a listed issuer shall, in addition to that information required by paragraphs 4(1) and (2), include ~~the segmental information required by the accounting standards adopted for the preparation of its annual financial statements:~~—

- (a) ~~Statement of Standard Accounting Practice 26 if it prepares its annual financial statements in accordance with Hong Kong Financial Reporting Standards (HKFRS); or~~
- (b) ~~International Accounting Standard 14 if it prepares its annual financial statements in accordance with International Financial Reporting Standards (IFRS); or~~
- (c) ~~the relevant accounting standards dealing with segment reporting in Generally Accepted Accounting Principles in the United States of America (US GAAP) if it prepares its annual financial statements in accordance with US GAAP.; or~~
- (d) China Accounting Standards for Business Enterprises (CASBE).

5. In the accounting policies section a listed issuer shall state which body of accounting standards have been followed in the preparation of its financial statements. Where applicable, a listed issuer should include a statement by the directors as to the reasons for any significant departure from an accounting standard that forms part of this body of accounting standards.

Information in annual reports

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7. A listed issuer shall include in its financial statements the segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—
- (1) ~~Statement of Standard Accounting Practice 26 if it prepares its annual financial statements in accordance with Hong Kong Financial Reporting Standards (HKFRS); or~~
 - (2) ~~International Accounting Standard 14 if it prepares its annual financial statements in accordance with International Financial Reporting Standards (IFRS); or~~
 - (3) ~~the relevant accounting standards dealing with segment reporting in Generally Accepted Accounting Principles in the United States of America (US GAAP) if it prepares its annual financial statements in accordance with US GAAP.; or~~
 - (4) China Accounting Standards for Business Enterprises (CASBE).

8. (1)...

...

- (3) Where a listed issuer includes in its annual report particulars of a related party transaction or continuing related party transaction (as the case may be) in accordance with applicable accounting standards adopted for the preparation of its annual financial statements, ~~the Statement of Standard Accounting Practice “Related Party Disclosures” or Hong Kong Accounting Standard “Related Party Disclosures”~~, as appropriate, issued by the Hong Kong Institute of Certified Public Accountants or ~~applicable International Financial Reporting Standards~~, it must specify whether or not the transaction falls under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) in Chapter 14A of the Exchange Listing Rules. The listed issuer must also confirm whether or not it has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.

...

38. Except where a change in accounting policy is required by an accounting standard issued during the interim period, a listed issuer must prepare its interim report in accordance with the same accounting standards that it adopted in the preparation of its most recent published annual financial statements or for a newly listed company in its prospectus. Where there have been any significant departure from such accounting standards, then the listed issuer shall include a statement setting out particulars of, and reasons for, the departure. A listed issuer should comply with the relevant standard on interim reporting in respect of its half-year reports in accordance with the requirements under HKFRS, IFRS or CASBE which is adopted for the preparation of that prepares its annual financial statements, ~~in accordance with Hong Kong Financial Reporting Standards should comply with Statement of Standard Accounting Practice 25 “Interim Financial Reporting” in respect of its interim report. A listed issuer that prepares its annual financial statements in accordance with International Financial Reporting Standards should comply with International Accounting Standard 34 “Interim Financial Reporting” in respect of its interim report.~~

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