

HKE_x LISTING DECISION

HKE_x-LD31-2(July 2002) (Updated in July 2003; further updated for rule reference in September 2009; withdrawn in March 2011; and superseded by GL25-11 in October 2011)

Summary	
Name of Party	Company A- an applicant for new listing
Subject	Maximum allowable time gap between latest financial year-end and proposed listing date
Listing Rule	Rule 4.04
Decision	Maximum allowable time gap is three months

Summary of Facts

Company A proposed to be listed in April of a certain year (year T). Its financial year ended on 31 December. The accountants' report included the combined results of the group covering three years ended 31 December of the year T-2 and the ten months ended 31 October of the year T-1.

The question arose as to whether Company A would have to update its accountants' report to include at least the financial information up to 31 December of the year T-1.

Analysis

Rule 4.04 of the Listing Rules requires, among other things, that, in the case of a new applicant, the accountants' report must include the results of the issuer or, if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the listing document.

A new listing applicant proposing to issue its listing document shortly after the expiration of the latest financial year may experience difficulty in producing audited accounts within such a short period of time. It may therefore apply for a waiver of this requirement. For consistency, it was necessary to lay down the maximum allowable time gap between the latest financial year-end and the proposed listing date, in excess of which such a waiver would not be granted.

Paragraph 8 of a listed issuer's Listing Agreement [*now Rule 13.46(1)*] with the

Exchange requires the listed issuer to despatch to its shareholders its annual report no later than four months after its financial year-end. Based on the same principle, namely that an issuer should require no more than four months to produce audited accounts for the latest financial year, the Exchange has determined that no waiver of Rule 4.04 would be granted where the proposed listing date is more than three months after the latest financial year-end. In other words, the maximum allowable time gap between the latest financial year-end and the proposed listing date is three months.

Decision

No waiver of Rule 4.04 would be granted to Company A, which would have to update its accountants' report to include at least the financial information up to 31 December of the year T-1.