



24 October 2014

By email < response@hkex.com.hk > and by post

Our Ref.: C/CFC, M96926

Corporate Communications Department
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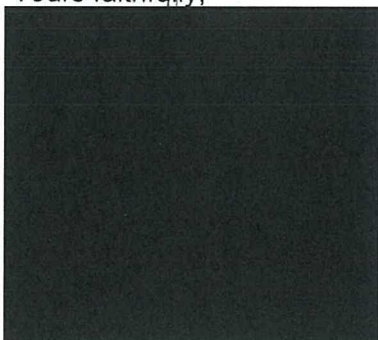
Dear Sirs,

**Re: Consultation Paper on Review of Listing Rules on Disclosure of
Financial Information with reference to the New Companies Ordinance
and Hong Kong Financial Reporting Standards and Proposed
Minor/Housekeeping Rule Amendments**

--- The Hong Kong Institute of Certified Public Accountants has considered the above consultation paper and our comments are set out in the questionnaire attached to this letter.

If you have any questions on this submission or wish to discuss it further, please contact the undersigned by phone on [REDACTED]

Yours faithfully,



Encl.

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEx website at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201408.pdf>.

Where there is insufficient space provided for your comments, please attach additional pages.

Chapter I: Proposed Rule amendments to align the requirements for disclosure of financial information in Main Board Rules Appendix 16 and GEM Rules equivalent with reference to the disclosure provisions in the New Companies Ordinance

1. Do you agree that all issuers (whether or not they are incorporated in Hong Kong) should include disclosures under the provisions of the New Ordinance which reflect alignment of those provisions of the Predecessor Ordinance captured in Main Board Rules Appendix 16 and GEM Rules equivalent as set out in paragraphs 70 to 73 of the Consultation Paper?

Yes

No

Please give reasons for your views.

We have the following comments on the drafting of the rules:

1. Main Board Listing Rules - Appendix 16, paragraph 32

Revised draft of this paragraph requires that in addition to contain a business review in the directors' report as set out in paragraphs 28 and 28A of Appendix 16, a listed issuer shall prepare and include in its annual report a discussion and analysis commenting on, as a minimum, those matters listed in this paragraph. Since a business review is a form of management discussion, we consider that the proposed wording may cause confusion. It is suggested that this paragraph be refined to give greater clarity as to how it interacts with the disclosure requirements set out in paragraphs 28 and 28A of Appendix 16 to avoid possible confusion.

The above also applies to the GEM Listing Rules equivalent, Chapter 18, paragraphs 18.07A , 18.07B and 18.41.

2. GEM Listing Rules - Chapter 18, note 3 to paragraph 18.03

We are of the view that this note does not technically reflect the requirements of the new Companies Ordinance (Cap 622) ("CO").

Section 431 of the CO sets out the period specified for the purposes of a company to lay the reporting documents (annual financial statements) in an annual general meeting or to send a copy of the reporting documents for the financial year to its members when no annual general meeting is to be held. In the case of a company which is neither a private company nor a company limited by guarantee, such specified period is a period of 6 months after the end of the accounting reference period to which the financial statements relate. The period specified in section 431 of the CO makes reference to the accounting reference period rather than the date of the annual general meeting. We consider that note 3 to paragraph 18.03 should be revised accordingly.

We believe that an overseas issuer has an obligation to comply with the law of the jurisdiction in which it is incorporated. As such, it is further recommended that, instead of imposing a six-month period on overseas issuers (on the same term as companies incorporated in Hong Kong), this note should provide for allowing issuers incorporated in overseas jurisdictions to comply with the law of their place of incorporation, in particular in the situation when they are required to adopt a specified period shorter than 6 months.

Similarly, the above comments apply to other relevant/equivalent paragraphs of the GEM Listing Rules and the Main Board Listing Rules, as appropriate.

Chapter II: Proposed Rule amendments to streamline the disclosure requirements of financial information in the Listing Rules with reference to Hong Kong Financial Reporting Standards

2. Do you agree with the proposed revision of Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent in order to streamline the Listing Rules and to avoid potential duplications with the accounting standards?

Yes

No

Please give reasons for your views.

3. Do you agree with the proposed repeal of the disclosure requirements in relation to financial conglomerates in Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent?

Yes

No

Please give reasons for your views.

The proposed repealed items have been covered by FRS disclosure requirements either as a specific required disclosure item or information of a similar nature is required.

4. Do you agree with the proposed repeal of Main Board Rules Appendix 15 and GEM Rules equivalent in relation to bank reporting?

Yes

No

Please give reasons for your views.

The proposed repealed items have been covered by FRS or Banking (Disclosure) Rules requirements.

Chapter III: Other financial information disclosures related proposed Rule amendments

5. Do you agree with the proposed Rule amendments to require an issuer to publish an announcement as soon as practicable after the directors decide to revise the published financial statements and the reason leading to the revision of the financial statements?

Yes

No

Please give reasons for your views.

6. Do you agree with the proposed Rule amendment to require disclosure in results announcements where an issuer has made a prior period adjustment to correct a material error?

Yes

No

Please give reasons for your views.

7. Do you agree with the proposed Rule amendments to Main Board Rules Appendix 16 and GEM Rules equivalent to provide references to disclosure requirements relating to periodic financial reports currently required in other parts of the Listing Rules?

Yes

No

Please give reasons for your views.

Chapter IV: Proposed Rule amendments consequential to the enactment of the New Companies Ordinance

8. Do you agree that the Listing Rules should be amended to align the notice period requirements for companies incorporated in Bermuda and the Cayman Islands with the relevant requirements under the New Ordinance?

Yes

No

Please give reasons for your views.

9. Do you support the proposal to allow companies incorporated in Bermuda and the Cayman Islands to convene general meetings on shorter notice on the same terms as companies incorporated in Hong Kong (i.e. in accordance with the relevant provisions of the New Ordinance)?

Yes

No

Please give reasons for your views.

We have no strong view on this proposal.

Nevertheless, we would assume that by introducing this proposed amendment to the Listing Rules, the Stock Exchange is satisfied that the reasons for not including similar provisions in the current Listing Rules are no longer valid /applicable.

Chapter V: Proposed minor Rule amendments

10. Do you agree with the proposal to amend Main Board Rule 13.45(1) and GEM Rules equivalent to require issuers to announce the expected payment dates for their dividends or other distributions as described in paragraph 143 of the Consultation Paper?

Yes

No

Please give reasons for your views.

11. Do you agree with the proposal to amend Main Board Rule 5.03 and GEM Rules equivalent to clarify that a property valuation is required for the circular of any connected transaction that involves an acquisition or disposal of any property interest or property company?

Yes

No

Please give reasons for your views.

12. Do you agree with the proposal to amend Main Board Rules 14.66(8) and 14A.70(15) and GEM Rules equivalent to remove the requirement to disclose information about competing interests of directors of the issuer's subsidiaries and their close associates in transaction circulars?

Yes

No

Please give reasons for your views.

13. Do you agree with the proposal to amend the GEM Rules to include a new GEM Rule 17.49A to require trading suspension for issuers that fail to publish their financial results announcements as described in paragraph 153 of the Consultation Paper?

Yes

No

Please give reasons for your views.

14. The Exchange invites your comments regarding whether the manner in which (i) the proposed Rule amendments consequential to the enactment of the New Ordinance as set out in Chapter IV (see paragraphs 116 to 137 of the Consultation Paper) and (ii) the proposed housekeeping Rule amendments set out in Chapter VI, have been drafted will give rise to any ambiguities or unintended consequences.

No specific comments.

15. Do you have any other comments in respect of the matters discussed in the Consultation Paper? If so, please set out your additional comments.

NIL

- End -