

HKE_x GUIDANCE LETTER

HKE_x-GL60-13 (July 2013) **Updated in September 2014** – effective for applications submitted on or after 1 October 2013

Subject	Guidance on confirmations required on Expert Opinions in Application Proofs and subsequent draft listing documents (excluding any report, opinion or statement issued by the Reporting Accountant which is covered by Guidance Letter HKE_x-GL58-13)
Listing Rules and Regulations	Main Board Rules 3A.01(3), 5.07, 9.03(3), 18.24(2) GEM Rules 6A.01(3), 8.30, 12.09, 18A.24(2)
Related Publications	HKE_x-GL56-13-Guidance on (i) disclosure requirements for substantially complete Application Proofs; (ii) a 3-day checklist for disclosure matters that the Exchange will check in Application Proofs prior to acceptance; and (iii) publication of Application Proofs and Post Hearing Information Packs on the Exchange's website
Author	IPO Transactions

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 the confirmation required in relation to any opinion, statement or report purported to be made by an expert who is named as an expert in a listing document (the “**Expert Opinion**”) which forms part of the expert section (as that term is defined in Main Board Rule 3A.01(3) (GEM Rule 6A.01(3))). For the avoidance of doubt, an Expert Opinion can be in the form of a report, opinion or statement which is included in a listing document.
- 1.2 The Exchange expects applicants to follow this guidance letter when preparing their listing applications. An applicant that does not follow this guidance may render the listing application not considered substantially complete as required under the Listing Rules.
- 1.3 This letter does not apply to any report, opinion or statement issued by the Reporting Accountants as it is covered by Guidance Letter HKE_x-GL58-13.

2. Relevant Listing Rules

- 2.1 Main Board Rule 3A.01(3) (GEM Rule 6A.01(3)) defines expert section as any part of the listing document purporting to be made on the authority of an expert or purporting to be a copy of or extract from a report, opinion, statement or valuation of an expert where the expert gives consent for the inclusion in the listing document of the copy or extract and the listing document includes a statement that he has given and has not withdrawn such consent. Examples of an expert include a Competent Person, Competent Evaluator, property valuer, legal advisor, internal control consultant, financial advisor and any person whose profession gives authority to a statement made by such person who is named as an expert in a listing document.
- 2.2 Main Board Rule 5.07 (GEM Rule 8.30) requires that the effective date which a property was valued must not be more than three months before the date of the listing document.
- 2.3 Main Board Rule 18.24(2) (GEM Rule 18A.24(2)) requires that a Competent Person's Report or Valuation Report must have an effective date less than six months before the date of the listing document (meaning the date at which resources and reserves under Chapter 18 of Main Board Rules (Chapter 18A of GEM Rules) are estimated or valued must be less than six months before the expected date of issue of the listing document based on the applicant's listing timetable submitted with the Application Proof).
- 2.4 The new Main Board Rule 9.03(3) (GEM Rule 12.09), effective on 1 October 2013, provides that an applicant must submit an Application Proof to the Exchange with its listing application form. The information prescribed in the listing application and the Application Proof must be substantially complete except for information that by its nature can only be finalized and incorporated at a later date. If the Exchange decides the information is not substantially complete, the Exchange will not continue to review any documents relating to the application. All documents, including the Form A1/5A will be returned to the sponsor.

3. Guidance

- 3.1 In the case of a report as opposed to a statement or opinion, a signed copy of the Expert Opinion such as a property valuation report, Competent Person's Report or Valuation Report will not be required to be issued when the Application Proof is submitted. However, whether the Expert Opinion is in the form of a report or just an opinion or statement, the relevant expert will be required to provide a confirmation to the applicant and a copy to the sponsor, the Exchange and the Securities and Futures Commission at the same time when the Application Proof is submitted that no material change is expected to the relevant Expert Opinion in the Application Proof based on the work done as of the date of confirmation.
- 3.2 If the Expert Opinion needs to be updated to comply with the validity period requirement under Main Board Rule 5.07 (GEM Rule 8.30) or Main Board Rule 18.24(2) (GEM Rule 18A.24(2)), the expert is required to provide a new confirmation to the applicant and a copy to the sponsor, the Exchange and the Securities and Futures Commission at the same time the new Expert Opinion is included in the listing document.

3.3 It is acceptable for the expert's confirmation to be made subject to unforeseen events occurring after submission of the Application Proof which are outside the control of the expert.

Examples of these events are :

- Change in valuation due to a new policy or law announced by the relevant authority from time to time;
- Epidemic of infectious disease (such as the outbreak of SARS) that will significantly impact the valuation;
- Change in portfolio which is the subject matter of the Expert Opinion due to an acquisition and/or a disposal made after submission of the Application Proof; and
- Update of the Expert Opinion to comply with the validity period requirement under Main Board Rule 5.07 (GEM Rule 8.30) or Main Board Rule 18.24(2) (GEM Rule 18A.24(2)), as the case may be.

3.4 A suggested template of the expert's confirmation is set out in the Appendix.

Effective Date

3.5 This Guidance Letter will be effective from 1 October 2013.

Suggested template of an expert's confirmation is as follows :

Letterhead of the Expert

1. This confirmation is made in respect of the draft [*name of the report / opinion or statement made by us*] (the "**draft Expert Opinion**") which is included in the Application Proof / listing document of [XYZ] (the "Company") dated [date].
2. This confirmation is subject to unforeseen events occurring after submission of the Application Proof / listing document which is outside our control.
3. Subject to the events referred to in paragraph 2 above, we confirm that no material change is expected to be made to the draft Expert Opinion included in the Application Proof / listing document.

Signed by : _____
(Name of the expert)

Date : _____