

HKEx LISTING DECISION
HKEx-LD38-2012 (published in October 2012)

Summary	
Name of Party	Company A – a Main Board listing applicant whose A-shares were also listed on a PRC stock exchange
Subject	Whether to grant a waiver from strict compliance with the requirement to issue an interim report under Rule 13.48(1)
Listing Rules	Rules 13.48(1), 13.49(6); Paragraph 3 of Practice Note 10 of the Rules
Decision	The Exchange agreed to waive Rule 13.48(1) subject to the conditions in paragraph 10

SUMMARY OF FACTS

1. The A-shares of Company A were listed on a stock exchange in the People’s Republic of China (the ‘PRC’). Its prospectus would include an accountants’ report for the three financial years ended 31 December of Year 3 and the three months ended 31 March of Year 4. It intended to list on the Exchange in September of Year 4.
2. Company A published its interim results and report for the six months ended 30 June of Year 4 (prepared under PRC Generally Accepted Accounting Principles) on the website of the PRC stock exchange in August of Year 4. Company A was not required to send a hard copy of its interim report to its A-share shareholders under A-share regulatory requirements. Under Listing Decision HKEx-LD54-4¹, Company A would include the following information on its interim results in its prospectus:
 - a. its unaudited interim results for the six months ended 30 June of Year 4 with comparative figures for the six months ended 30 June of Year 3 prepared under International Financial Reporting Standards, and the corresponding management discussion and analysis; and

¹ Listing Decision HKEx-LD54-4 is about the financial information that a listing applicant is required to include in its prospectus if it has published unaudited interim results on another exchange on which its shares are listed.

- b. the Reporting Accountants' review report on the interim results in accordance with the standard² promulgated by Hong Kong Institute of Certified Public Accountants.
3. Company A submitted that full compliance with Rule 13.48(1) would not provide any new information to its shareholders or potential investors but would incur unnecessary costs, given that the relevant financial information for the six months ended 30 June of Year 4 in the interim report would be disclosed in its prospectus. Accordingly, it applied for a waiver of Rule 13.48(1).

THE ISSUE RAISED FOR CONSIDERATION

4. Whether to grant Company A a waiver of Rule 13.48(1)

APPLICABLE LISTING RULES OR PRINCIPLE

5. Rule 13.48(1) requires an issuer to send to its shareholders an interim report or a summary interim report in respect of the first six months of the financial year within three months after the end of that period.
6. Rule 13.49(6) requires an issuer to publish an interim results announcement in respect of the first six months of the financial years within two months after the end of that period.
7. Paragraph 3 of Practice Note 10 of the Rules provides that in the event that the results for the interim period (containing financial information required for interim results announcements under paragraph 46(1) of Appendix 16) have been included in the prospectus for the purpose of applying for a listing on the Exchange, there will be no obligation to separately publish the results.

THE ANALYSIS

8. Paragraph 3 of Practice Note 10 of the Rules only exempts Company A from publishing an interim results announcement under Rule 13.49(6). However, Company A was still required under Rule 13.48(1) to send to its shareholders an interim report or a summary interim report given that its listing date was within three months after the interim period.

² Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

9. In determining whether a Rule 13.48(1) waiver should be granted, the Exchange noted Company A's submission that the relevant financial information for the six months ended 30 June of Year 4 in the interim report would be disclosed in its prospectus.

THE DECISION

10. Having considered the submission mentioned in paragraph 3 above, the Exchange granted a Rule 13.48(1) waiver in respect of its Year 4 interim report provided that Company A:
 - a. included in its prospectus (i) the unaudited financial information in respect of the six months ended 30 June of Year 4 with comparative figures for the six months ended 30 June of Year 3 prepared under International Financial Reporting Standards, and the corresponding management discussion and analysis; and (ii) the Reporting Accountants' review report on the above interim financial information;
 - b. was not in breach of its articles or laws and regulations of its place of incorporation or other regulatory requirements, regarding its obligation to publish and distribute interim reports and accounts; and
 - c. included in its prospectus a statement that it would comply with the Model Code for Securities Transactions and Code on Corporate Governance set out in Appendices 10 and 14 to the Rules respectively for the year ending 31 December of Year 4.