

Listing procedures and documents

DS1-1 Given the Exchange has updated the audit terminology in the Listing Rules with reference to the Hong Kong Standards on Auditing (HKSA) on auditor reporting, the terms “modified opinion” and “modified report” are defined in Main Board (MB) Rule 1.01 / GEM Rule 1.01. However, there is no definition of “modification” in the Listing Rules. Please clarify the use of the term “modification”.

“Modification” is a generic term which should be read in the context of the Listing Rules.

Audit engagements

Where the financial information has been audited and an opinion has been expressed by the auditors / reporting accountants, then the term “modification” in the Listing Rules should refer to:

- (a) a modified opinion (i.e. a qualified opinion, an adverse opinion or a disclaimer of opinion); and/or
- (b) an emphasis of matter paragraph or a paragraph to highlight a material uncertainty related to going concern without modifying the opinion.

Review engagements

Where the financial information has been reviewed and a review conclusion has been expressed by the auditors / reporting accountants, then the term “modification” in the Listing Rules should refer to:

- (a) a modified review conclusion (i.e. qualified conclusion, an adverse conclusion or a disclaimer of conclusion); and/or
- (b) an emphasis of matter paragraph or a paragraph to highlight a material uncertainty related to going concern without modifying the review conclusion.

(Note: A review is substantially less in scope than an audit conducted in accordance with relevant HKICPA standards (or equivalent standards issued by IAASB and China Ministry of Finance). Currently, the applicable HKICPA standards for a review engagement are Hong Kong Standards on Review Engagements 2400 (Revised) and 2410.)

*MB Rules 1.01, 4.18 and App D1C - 42(2)
GEM Rules 1.01, 7.22 and App D1C - 42(2)
First released: March 2019; last updated: May 2024*

DS1-3 **What headline category should be used for announcements in relation to Mixed Media Offer (“MMO”)?**

For announcements in relation to MMO, the issuer must select the headline category “Mixed Media Offer” under “New Listing (Listed Issuers/New Applicants)”.

MB Rule 2.07C(3)

GEM Rule 16.18(2)

First released: November 2010

DS1-4 **What requirements must an issuer adhere to for posting announcements relating to MMO on its own website?**

An issuer must adhere to the requirements in the Class Exemption Notice requiring how access to the e-prospectus must be provided from the issuer’s website (e.g. sections 9A(3)(f),(g),(h) and 9A(10) of Class Exemption Notice).

MB Rule 2.07C(6)

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DS1-5 **What are the disclosure requirements under section 436 of the Companies Ordinance for a Hong Kong incorporated listed issuer in relation to the publication of non-statutory accounts under the Listing Rules, such as annual/interim results announcement, interim report, circulars or listing documents?**

The listed issuer must include a statement indicating that the statement of comprehensive income for a full financial year and/or the statement of financial position at a financial year end (**Statements**) presented in the account are not statutory financial statements under the Companies Ordinance. The listed issuer must also disclose whether (a) an auditor’s report had been prepared; and (b) the auditors gave a qualified or modified audit opinion on the Statements.

For details, please refer to Accounting Bulletin 6 “Guidance on the Requirements of Section 436 of the Hong Kong Companies Ordinance Cap. 622” issued by HKICPA.

MB Rules 4.29

GEM Rules 7.31

First released: February 2015; last updated: May 2024

DS1-6 **MB Rule 5.01(1) / GEM Rule 8.01(1) provides that the acquisition cost should be used as the carrying amount of an asset if the acquisition is made after the latest consolidated audited accounts. How should the acquisition cost be determined?**

The acquisition cost should be determined based on the appropriate accounting treatment used by the acquiror in preparing the financial statements.

MB Rule 5.01(1)

GEM Rule 8.01(1)

First released: October 2011; last updated: May 2024



DS1-7 Will an applicant's property interests be categorised into property activities if its core business is not property development or investment?

Yes. An applicant can engage in both property activities and non-property activities and should consider each property's use under MB Rule 5.01(2) (GEM Rule 8.01(2)). If a property is for letting or sale, it would be categorised into property activity.

MB Rule 5.01(2)
GEM Rule 8.01(2)

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DS1-8 How should an applicant identify properties up to the 10% limit under MB Rule 5.01A(1) (GEM Rule 8.01A(1))?

The Exchange would leave it to the applicant and its advisers to determine the method of identifying the properties comprising the 10% limit, subject to the 1% threshold under MB Rule 5.01A(1) (GEM Rule 8.01A(1)) and the general disclosure obligation under MB Rule 5.10 (GEM Rule 8.36).

In practice, an applicant generally identifies the carrying amount of each property interest and add up from the lowest values until the 10% limit is reached.

MB Rules 5.01A(1) and 5.10
GEM Rules 8.01A(1) and 8.36

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DS1-9 What is the timing reference point for the statement under MB Rule 5.01B(2)(b) (GEM Rule 8.01B(2)(b))?

The timing reference point for the statement is the listing document date.

MB Rule 5.01B(2)(b)
GEM Rule 8.01B(2)(b)

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DS1-10 How to determine the materiality of property interests to be disclosed under MB Rule 5.10 (GEM Rule 8.36)?

Applicant is expected to consider materiality taking into account all the relevant facts and circumstances. Below is a non-exhaustive list of factors the applicant may consider:

- (i) Whether the property interest (individually or in aggregate) is used for a reportable segment of the applicant. If so, whether it contributes a significant portion of revenue to the applicant;
- (ii) Whether there are any encumbrances on the property or use of the property that may, at any time, directly or indirectly impact the operations of the applicant's reportable segment;
- (iii) Whether there are any defects relating to the property or its operations that may have material impact on the applicant's business or operations (e.g. breach of environmental regulations or title defects); and
- (iv) Whether there is re-development potential for the property that may impact the applicant's financial position.



MB Rule 5.10
GEM Rule 8.36

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