

**Frequently Asked Questions Series 31 (Released on 6 February 2015 / Last Updated in ~~February~~  
2020 January 2024)**

**Questions relating to the 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**

**Status of “Frequently Asked Questions”**

The following frequently asked questions (FAQs) are designed to help issuers understand and comply with the Listing Rules, particularly in situations not explicitly set out in the Rules or where further clarification may be desirable.

Users of the FAQs should refer to the Rules themselves and, if necessary, seek qualified professional advice. The FAQs are not substitutes for the Rules. If there is any discrepancy between the FAQs and the Rules, the Rules prevail.

In formulating our “answers”, we may have assumed certain underlying facts, selectively summarised the Rules or concentrated on one particular aspect of the question. They are not definitive and do not apply to all cases where the scenario may at first appear similar. In any given case, regard must be had to all the relevant facts and circumstances.

The Listing Division may be consulted on a confidential basis. Please contact the Listing Division at the earliest opportunity with any queries.

No.	Main Board Rules	GEM Rules	Query	Response
1.			Withdrawn in February 2020	
2.			Withdrawn in February 2020	
3.			Withdrawn in February 2020	
4.			Withdrawn in February 2020	
5.	Paragraphs 28(2)(d) and	Rules 18.07A(2)(d)	How should the discussion and analysis of an issuer's	According to section 388 and Schedule 5 of the New Companies Ordinance, a business review under the New Companies Ordinance must be part of a directors' report.

	<p>32 of Appendix <del>46</del>D2 <i>(Updated in December 2023)</i></p>	<p>and 18.41</p>	<p>performance and the business review be presented in the annual report? Would it be appropriate to include a cross reference in the issuer's business review to its discussion and analysis?</p>	<p>Therefore, it cannot be part of the discussion and analysis unless the discussion and analysis forms part of a directors' report. However, the law does not mention whether cross referencing is prohibited.</p> <p>The Exchange does not propose to dictate the way issuers present their business review and discussion and analysis as long as the issuer provides in its periodic financial reports the disclosures required under both paragraphs 28(2)(d) and 32 of Main Board Rules Appendix <del>46</del>-D2 (GEM Rules 18.07A(2)(d) and 18.41).</p> <p>If the discussion and analysis information has been disclosed in a business review in the directors' report, there is no need to repeat the disclosures in a separate section of the annual report.</p> <p><i>(Updated in December 2023)</i></p>
<p>6.</p>	<p>Paragraphs 28(2)(d), 45(3) and 46(3) of Appendix <del>D2</del>46 <i>(Updated in December 2023)</i></p>	<p>Rules 18.07A(2)(d), 18.50(2) and 18.78(3)</p>	<p>Is an issuer required to disclose in its preliminary results announcement a business review under the New Companies Ordinance?</p>	<p>No. Under the New Companies Ordinance, a business review is only required to be included in the annual reports of issuers, not in their preliminary results announcements. There is no change to the disclosure requirements for the preliminary results announcement. It is up to issuers to decide how they would like to present the disclosures to meet the Listing Rule requirements in their preliminary results announcements.</p>

				<p>(Note: to avoid confusion with the term “business review” used under the New Companies Ordinance, the term “a business review” under paragraph 45(3) of Main Board Rules Appendix <del>16D2</del> (GEM Rule 18.50(2)) (annual results announcement) and paragraph 46(3) of Main Board Rules Appendix <del>16-D2</del> (GEM Rule 18.78(3)) (interim results announcement) has been changed to “a commentary”.)</p>
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*(Updated in December 2023)*

7.	Rules 4.05(2)(a) and (b), Note 2 to Rule 4.05(2), paragraph 4(2)(a) and (b) of Appendix <del>46D2</del> , Note 4.2 of Appendix <del>46D2</del> <i><u>(Updated in December 2023)</u></i>	Rules 7.04(2)(a) and (b), Note 2 to Rule 7.04(2), Rules 18.50B(2)(a) and (b), Note to Rule 18.50B(2)	The relevant Rules requires, among other things, the ageing analysis be presented on the basis of the date of the relevant invoice or demand note.  For issuers in industries that do not issue invoices to their customers, but have sales and purchase contracts with its customers which set out the agreed payment schedule, how should they present their ageing analysis of accounts receivable and accounts payable?	These issuers should present the ageing analysis based on the payment schedule set out in the sales and purchase contracts. [Updated in February 2020]
8.	Paragraphs 45(9) and 46(10) of Appendix <del>46D2</del> <i><u>(Updated in December 2023)</u></i>	Rules 18.50(10) and 18.78(9)	If a results announcement contains prior period adjustments, should an issuer select the headline category “Prior Period Adjustments due to Correction of Material Errors”?	Yes, only if the issuer and its auditors decide that the prior period adjustments are made due to correction of material errors. Please note that issuers should not select this headline category if a prior period adjustment is made due to the adoption of a new accounting standard. [Updated in February 2020]
9.	Paragraphs 45(9) and 46(10) of Appendix <del>D246</del>	Rules 18.50(10) and 18.78(9)	Does a prior period adjustment made due to a correction of a	Issuers have to determine whether such adjustment constitutes “inside information” under Part XIVA of the SFO on a case-by-case basis. If it is “inside information”, the issuer

			material error in a results announcement constitute “inside information” under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“SFO”)?	should release it to the market as soon as the directors become aware of it. Under such circumstances, issuers have to select both the “Inside Information” and “Prior Period Adjustments due to Correction of Material Errors” headline categories. [Updated in February 2020]
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10.			Withdrawn in February 2020	
11.			Withdrawn in February 2020	
12.			Withdrawn in February 2020	
13.	13.48,13.49(1), 13.49(6), 14.66 to 14.69,11.03 & 11.04,11.16 to 11.19, 14.61 & 14.62,4.25 to 4.29	18.49, 18.53,18.78, <del>18.79</del> , 19.66 to 19.69, 14.03 &14.06, 14.29 to 14.31, 19.61 & 19.62, 7.27 to 7.31 <del>18.66,</del>	What are the disclosure requirements under Section 436 of the <del>New</del> -Companies Ordinance for a Hong Kong incorporated issuer in relation to the publication of non-statutory accounts in its:  (a) Annual/interim results announcement; and  (b) interim report, quarterly results announcement / financial report, circulars or listing documents?	The 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 (the “Statements”) presented in the account are not statutory financial statements under the <del>New</del> -Companies Ordinance. The issuer must also disclose whether (i) an auditor’s report had been prepared; and (ii) 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 Hong Kong Institute of Certified Public Accountants at:  <a href="https://www.hkicpa.org.hk/-/media/HKICPA-Website/Members-Handbook/volumell/ab6.pdf">https://www.hkicpa.org.hk/-/media/HKICPA-Website/Members-Handbook/volumell/ab6.pdf</a>  (Updated the hyperlink to Accounting Bulletin 6 in October 2019)  [Updated in <del>February 2020</del> January 2024]

14.	Paragraph 28.2 of Appendix 46D2 <u><i>(Updated in December 2023)</i></u>	Note 2 under Rule 18.07A	<p>The Companies (Amendment) (No.2) Ordinance 2018 has added sections 390(4) to (7) (“<b>New Sections</b>”) to the Companies Ordinance (Cap. 622). The New Sections deal with compliance (by a holding company incorporated in Hong Kong) with the requirement to disclose in its own directors’ report the names of the directors of its subsidiaries (“<b>Requirement</b>”). The New Sections allow a list of the names of the directors of the subsidiaries of the holding company (i) to be kept at the holding company’s registered office and be made available for inspection by the members free of charge during business hours; or (ii) to be made available on the holding company’s website. The New Sections came into effect on 1 February 2019 (“<b>Effective Date</b>”). For details, please refer to the Companies Registry website: <a href="https://www.cr.gov.hk/en/compani">https://www.cr.gov.hk/en/compani</a></p>	<p>The New Sections facilitate compliance with the Requirement by holding companies incorporated in Hong Kong. They do not apply to holding companies incorporated outside Hong Kong. Accordingly, the Listing Rules do not require issuers incorporated outside Hong Kong to comply with the New Sections after the Effective Date.</p> <p>Issuers incorporated in Hong Kong are required to comply with the New Sections after the Effective Date.</p>
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