

香港聯合交易所有限公司  
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref: CRO20180601-019

1 June 2018

To: Main Board Listed Issuers (Attn: Authorised Representatives)  
GEM Listed Issuers (Attn: Authorised Representatives)  
Market Practitioners

Dear Sirs

## Publication of the Financial Statements Review Programme Report 2017

We have today published the Financial Statements Review Programme Report 2017. This is our ninth report of the series and the [report](#) is available under the “Listing – Rules and Guidance – Other Resources – Listed Issuers – Exchange’s Review of Issuer’s Annual Disclosure – Financial Statements Review” section of the HKEX website.

We expect all the directors and other persons responsible for financial reporting to take a closer look at their financial reports and act on the recommendations in this report, in particular:

- **Assessing impairment of tangible and intangible assets (including goodwill)** – Directors and management are responsible for performing proper analysis and exercising judgement to assess the reasonableness of key assumptions applied in impairment testing so that assumptions applied (such as growth rates and discount rates) are not overly optimistic. They should not rely solely on professional valuers or other experts without carrying out sufficient due diligence; and
- **Impact of applying key HKFRSs in issue but not yet effective** – Hong Kong Financial Reporting Standard (“HKFRS”) 9 “Financial Instruments” and HKFRS 15 “Revenue from Contracts with Customers” were already effective when issuers issued their annual reports for the year ended 31 December 2017 but did not apply to those reports. Nevertheless, issuers should have disclosed in those reports more entity-specific qualitative and quantitative information, such as the stage of implementation they are at; accounting policy choices expected to be applied by the management; and the amount and nature of expected impacts for financial statement line items affected. Issuers that have not yet done so should now consult their professional advisers and perform a detailed review of these key HKFRSs as they need to apply these standards in their next interim financial statements.

If you have any questions on the above, please contact our case officers.

Yours faithfully  
For and on behalf of  
The Stock Exchange of Hong Kong Limited

*[Signed]*

David Graham  
Chief Regulatory Officer and Head of Listing