



16 March 2020

Further Guidance on the Joint Statement in relation to Results Announcements in light of the COVID-19 Pandemic

The Securities and Futures Commission (SFC) and The Stock Exchange of Hong Kong Limited (the Exchange) are releasing further guidance for listed issuers with 31 December financial year end on the publication of their preliminary results and annual reports.

The SFC and the Exchange issued a [Joint Statement](#) on 4 February 2020 and a set of [Frequently Asked Questions](#) (FAQ) on 28 February 2020 to provide guidance on the publication of preliminary results announcements due on 31 March 2020. The Joint Statement encouraged listed issuers to consult with the Exchange on the financial information that an issuer may publish if it is unable to obtain agreement from its auditors on its preliminary results, with a view to minimising disruptions to trading while ensuring that the investing public continues to receive sufficient information to make informed investment decisions. Since then, the Exchange has been in active dialogue with issuers with a 31 March reporting deadline and has given specific guidance to them regarding the financial information that they plan to publish.

The challenges arising from the COVID-19 pandemic are unprecedented and the SFC and the Exchange are cognizant of the challenges that market participants have been facing under the circumstances. In view of the severity of the outbreak, it is necessary and appropriate to encourage market participants to accord priority to the health and safety of all concerned, including the accounting and other personnel of listed issuers and auditors carrying out their work. Listed issuers should assess what is reasonable in fulfilling their reporting obligations in light of their individual circumstances and the SFC and the Exchange will strive to provide assistance as far as possible.

We note that some issuers wish to have further clarification on some aspects of the Joint Statement, including additional guidance on Q.3 of the FAQ as to what would suffice as material financial information necessary to enable trading in the issuer's securities to continue (Material Financial Information). Accordingly, the SFC and the Exchange are issuing further guidance as follows:

Guidance for issuers unable to publish a preliminary results announcement in accordance with the Rules by 31 March 2020

As explained in Q.1 and Q.2 of the FAQ, if by 31 March 2020 an issuer is able to publish a preliminary results announcement without agreement with its auditors, or its management accounts, then the Exchange will normally not suspend trading in its securities. In all other cases the issuer should consult the Exchange as soon as possible to discuss its individual circumstances.

Further to the Exchange's guidance in Q.3 of the FAQ, to allow trading in an issuer's securities to continue, the issuer should publish Material Financial Information which includes:

- Key financial figures such as assets, liabilities, income and expenses, and changes in shareholders' equity; and
- Narrative discussions of its financial position and performance during the year to supplement the financial figures provided, including the impact of any material events and any material transactions that have taken place.

In all cases, the announcement should also explain how and why the travel and other restrictions have affected the issuer's ability to meet its reporting deadline.

Guidance on publication of annual reports due by 31 March 2020 (GEM issuers) and 30 April 2020 (Main Board issuers)

The SFC and the Exchange recognise that the COVID-19 pandemic has caused prolonged operational difficulties amongst issuers and professional services firms, and have therefore decided on the following arrangements for the publication of annual reports due by 31 March 2020 (GEM issuers) and 30 April 2020 (Main Board issuers).

An issuer may defer the publication of its annual report initially for up to 60 days from the date of this statement if the issuer has published, on or before 31 March 2020, (i) its preliminary results with its auditors' agreement in compliance with Main Board Rule 13.49 or GEM Rule 18.49 (as applicable); (ii) its preliminary results without its auditors' agreement pursuant to the Joint Statement (Q.1 of the FAQ); (iii) its management accounts (Q.2 of the FAQ); or (iv) Material Financial Information (see above and Q.3 of the FAQ)¹.

An issuer deferring the publication of its annual report as outlined above must: (i) announce an estimation of when it expects to publish its annual report with an explanation of the factors that it considered in arriving at such estimation, and (ii) keep the market informed of the expected publication date of its annual report along with other updates as appropriate.

The SFC and the Exchange appreciate that it is uncertain when the travel restrictions and other precautionary measures against the COVID-19 pandemic can be lifted and that an extension beyond the 60-day period mentioned above (further extension) may be warranted in some cases. The Exchange will consider applications for a further extension solely on a case-by-case basis having regard to the individual circumstances of the issuer. To apply for a further extension, an issuer must provide the Exchange with: (i) an explanation of why such further extension is necessary (e.g. why the necessary accounting or other information remains unavailable or why its auditors continue to be unable to obtain the verification needed to provide assurance to the required standards); (ii) the details of its plans to prepare and publish its annual report; and (iii) its proposed announcement in relation to such further extension (including any updated financial and operational information that it is able to provide to the market in the interim). The Exchange will assess each application taking into account, among other things: (i) the need for the market to be adequately informed as to the issuer's financial position and performance; and (ii) the comparability of available information for traded stocks.

¹ The SFC and the Exchange will not take disciplinary action against a listed issuer (or its professional advisors involved in the reporting and audit processes) solely because there are material differences between the financial information published in accordance with the Joint Statement and later audited financial statements. See Q.5 of the FAQ.

Issuers are reminded that they need to separately comply with any additional requirements that apply under the laws and regulations of their jurisdiction of incorporation and their articles of association, especially with regards to holding Annual General Meetings. An extension granted by the Exchange would not modify, exempt or defer any requirements that apply under the laws and regulations of their jurisdiction of incorporation and their articles of association. Issuers should consult their professional advisers as necessary. See Q.10 of FAQ.

Ends