

11 November 2025

**BY HAND AND BY EMAIL**

Hong Kong Exchanges and Clearing Limited  
8<sup>th</sup> Floor, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

Dear Sirs,

**Consultation Paper on Review of Chapter 15A - Structured Products**

Ernst & Young is pleased to respond in this letter to the request of The Stock Exchange of Hong Kong Limited for feedback on the Consultation Paper. Terms used in this letter shall have the same meanings as in the Consultation Paper.

Our focus is on the proposals regarding disclosure of financial information.

We note that the Exchange proposes to impose a mandatory requirement for issuers of structured products and (in case of guaranteed issues) guarantors that have subsidiaries to publish consolidated financial statements in their annual reports and interim reports. The Exchange also proposes to require the inclusion of such information in listing documents. The Exchange has stated in paragraph 151 of the Consultation Paper that the proposal brings the relevant requirement in line with those adopted by the Hong Kong listed equity market and the Selected Overseas Exchanges.

We agree with the proposal to require consolidated financial statements. However, upon reviewing the current and proposed Rule wording relating to periodic financial disclosure requirements in Appendix III to the Consultation Paper, we note that the proposed Rule wording may result in structured product issuers/guarantors disclosing more financial information (at the parent company level) than listed equity issuers in their annual reports and interim reports.

The following is the proposed wording for paragraph 5 of Appendix E5 to the Listing Rules "Continuing Obligations: Structured Products" set out in Appendix III to the Consultation Paper:

“5. An issuer (and, in the case of guaranteed issues, the guarantor) shall, whilst any structured products issued by the issuer are listed on the Exchange:-

(1) publish on the Exchange’s website:-

(a) as soon as practicable after its publication elsewhere but, in any event, not later than four months after the period to which it relates, the issuer’s and, in the case of guaranteed issues, the guarantor’s annual report including its audited annual financial statements and, where the issuer and/or the guarantor are holding companies, the issuer’s and/or the guarantor’s audited consolidated financial statements, each together with the auditor’s report;

(b) as soon as practicable after its publication elsewhere or the date of its preparation but, in any event, not later than three months after the period to which it relates, the issuer’s and, in the case of guaranteed issues, the guarantor’s interim financial report in respect of the first six months of its financial year including its interim financial statements and, where the issuer and/or the guarantor are holding companies, the issuer’s and/or the guarantor’s consolidated interim financial statements; ...”

The proposed wording above requires the publication of both the parent company’s standalone financial statements and the consolidated financial statements. It also seems to require separate auditor’s reports for the annual financial statements of the parent company and the group respectively, depending on what the word “each” relates to - parent company/consolidated financial statements or issuer/guarantor (c.f. the proposed wording for paragraph 10 of Appendix D1D to the Listing Rules “Contents of Listing Documents: Structured Products” relating to the auditor’s report for the issuer’s and guarantor’s consolidated financial statements where the word “each” is not used).

The proposed rules for paragraphs 10 and 11 of Appendix D1D “Contents of Listing Documents: Structured Products” do not explicitly require disclosure of any parent company financial statements at the listing document stage when a structured product is issued - only consolidated financial statements are required if the issuer and/or the guarantor are holding companies. For equity issuers listed in Hong Kong, parent company balance sheet is required to be disclosed as a note to the annual consolidated financial statements in the annual report (to mirror the disclosure requirements of the Companies Ordinance in Hong Kong), rather than the whole set of parent company financial statements and any separate/explicit auditor’s report/opinion thereon; and no parent company financial information is required in the interim report.

We have reviewed the financial statements of the 16 existing structured product issuers (and, for guaranteed issues, the relevant guarantors) displayed on their structured product websites. For issuers/guarantors that published consolidated financial statements, most of them did not include any financial information of the parent company in their interim financial statements. These issuers/guarantors included various amounts of parent company financial information in their annual consolidated financial statements and only a few of them had auditor's reports/opinions explicitly covering both the consolidated financial statements and the parent company financial information. Some issuers/guarantors are listed on the Exchange and other overseas exchanges having different financial disclosure requirements, and their financial disclosures are governed by the relevant company legislation and securities regulation applicable to equity issuers.

We believe that the financial disclosure proposals are meant to align the Listing Rules with existing practices, rather than bringing about substantial changes. Issuers/guarantors have been releasing consolidated financial statements, adhering to a three-month window of releasing interim financial statements, publishing financial statements for both issuers and guarantors, and making documents available in both English and Chinese languages. We agree with the proposal to bring the continuing financial disclosure obligations of structured product issuers/guarantors in line with those of equity issuers. However, the proposed explicit requirement to publish financial statements of both the parent company and the group (and the respective auditor's reports on annual financial statements, if that is the intention) may impose a more stringent obligation for structured product issuers/guarantors as compared to equity issuers.

We suggest that the Listing Rules should make it mandatory for annual reports and interim reports to contain consolidated financial statements if the structured product issuers/guarantors have subsidiaries but not explicitly require such issuers/guarantors to also include financial statements of the parent company (and the audit opinion on parent company annual financial statements) by simply changing the relevant underlined words "and" in paragraphs 5(1)(a) and (b) quoted above to "or".

Regarding the effective date of the upcoming rule changes, we trust the Exchange will specify an effective date by reference to the accounting period for the financial disclosure requirements.

Should you have any questions on our comments, please do not hesitate to contact [REDACTED]

Yours faithfully,



*Certified Public Accountants*  
Hong Kong