

HKEx LISTING DECISION

Cite as HKEx-LD37-2 (October 2003) (Updated in September 2009)

[Withdrawn in April 2019; Superseded by HKEX-GL35-12]

Summary	
Name of Party	Company A - a listing applicant
Subject	Whether non-inclusion of profit forecast in IPO prospectus acceptable
Listing Rule	Rules 11.17 to 11.19
Decision	Acceptable, subject to standard undertaking from sponsor and underwriters ¹

Summary of Facts

Company A did not propose to include a profit forecast in its IPO prospectus and sought confirmation from the Exchange as to whether this would be acceptable.

Analysis

The question of whether to include a profit forecast in an IPO prospectus is essentially a commercial one for the issuer and its advisers to decide. For this reason, there is no provision in the Listing Rules requiring a profit forecast to be included in an IPO prospectus or other listing document, its inclusion being purely voluntary. Furthermore, the Exchange would not expect the absence of a profit forecast to constitute a risk factor in the prospectus.

Where the prospectus does not include a profit forecast, it is entirely a matter for the issuer and its advisers themselves to determine whether the prospectus should contain an explanation as to why no profit forecast is included.

However, where no profit forecast is included in the prospectus, the sponsor and each of the underwriters will need to provide the Exchange with an undertaking in the standard form not to include, before the issuer is listed, any profit forecast or financial information of a similar nature relating to the issuer in any brokerage or analyst report prepared by them.¹

Decision

The inclusion of a profit forecast in Company A's prospectus was purely voluntary. Its non-inclusion was therefore acceptable. The Exchange would not expect such non-inclusion to constitute a risk factor in the prospectus and it would be entirely a matter for Company A and its advisers to determine whether the prospectus should contain an explanation for such non-inclusion.

If no profit forecast was to be included, the sponsor and each of the underwriters would need to provide the standard undertaking to the Exchange.¹

Note:

- 1. The practice to require each sponsor and underwriter to submit a standard form undertaking as described in this listing decision where no profit forecast is contained in the prospectus was removed in June 2009. (Added in September 2009)*