

Jenny Ng

Subject: FW: HKICPA ED of AB6 on section 436 of New CO (Comments for consideration)

From: Steve Ong [mailto:SteveOng@HKEX.COM.HK]

Sent: Wednesday, February 04, 2015 8:20 PM

To: Ambrose Wong

Cc: ComMem-DEALY Nigel Derrick; ComMem-MORLEY Catherine Susanna; Winnie Chan

Subject: HKICPA ED of AB6 on section 436 of New CO (Comments for consideration)

Dear Ambrose,

Please find below some comments I have received from a colleague of mine on the subject ED, for your further consideration:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/FinancialReporting/ed-pdf-2015/i2c_edab6.pdf

These comments are for internal use only – please do not post on HKICPA website.

Thanks.

Best regards,
Steve

Comments on HKICPA ED of AB6 on section 436 of New CO.

1) Appendix 1 – definition

“*Stock Exchange Circular* means a circular, announcement or notice or equivalent document that is required to be published under the *Listing Rules or GEM Rules* of the *SEHK* or a stock exchange outside of Hong Kong concerning, but not limited to, matters such as, a 'Major transaction', a 'Very substantial disposal or acquisition' or a 'Reverse takeover'.” (see suggested amendment highlighted in red)

2) Appendix 2 – Example 8 **Seeking a listing or issue of shares or debentures**

“The [financial information]# contained in this [Prospectus]*[Listing Document]* does not constitute the Company's statutory annual consolidated financial statements for any of the financial years ended 31 December 20XX, 20XY and 20XZ but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for all three years to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on the financial statements for all three years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.”

(Generally, in most of the cases, the Company/listing applicant is newly incorporated and has not issued any statutory accounts. For example Target Insurance (Holdings) Limited (Stock Code 6161) at <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/1231/LTN20141231031.pdf>. The two paragraphs

shading in yellow do not/may not reflect the normal situations. Suggest HKICPA to consider modifying the illustration, where appropriate)

Please see Accountants' Report (Page I-1) which disclosed that

"The Company was incorporated in Hong Kong with limited liability on 28 August 2014 under the Hong Kong Companies Ordinance (Cap. 622). Pursuant to a group reorganisation as detailed in the paragraph headed "Corporate Reorganisation" in Appendix V to the Prospectus (the "Reorganisation"), which was completed on 1 December 2014, the Company became the holding company of the subsidiary now comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no audited financial statements have been prepared for the Company as it has not been involved in any significant business transactions since its incorporation other than the Reorganisation."

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