



羅兵咸永道

BY EMAIL: commentletters@hkiipa.org.hk

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

13 March 2015

Dear Sir/Madam

Exposure Draft of Accounting Bulletin 6 Guidance on the Requirements of Section 436 of the Hong Kong Companies Ordinance CAP.622 "Requirement in connection with publication of 'specified financial statements' and 'non-statutory accounts'"

We are pleased to respond to the invitation by the Financial Reporting Standards Committee to comment on behalf of PricewaterhouseCoopers on the Exposure Draft of Accounting Bulletin 6 Guidance on the Requirements of Section 436 of the Hong Kong Companies Ordinance CAP.622 "Requirement in connection with publication of 'specified financial statements' and 'non-statutory accounts'".

We consider that guidance contained in the Exposure Draft is comprehensive in general. We set out below our recommendations and questions.

Introduction paragraph 3 states that Section 436 applies to 'specified financial statements' and 'non-statutory accounts' for financial years beginning on or after 3 March 2014. When applying it to 'specified financial statements', it is easy to understand that annual audited financial statements for the statutory purpose for financial years ended on 31 March 2015 or later are subject to the requirements of Section 436.

As for the 'non-statutory accounts' included in listing documents or Stock Exchange circulars, there are usually 3 sets covering the most recent 3 financial year ends, and/or pro-forma financial information for the most recent financial year end. It will be helpful if the Accounting Bulletin can provide examples to illustrate to which financial years Section 436 is applicable, especially in the transitional period when Section 436 becomes newly effective. Readers may have questions as to how they should disclose the statements for 'non-statutory accounts' when only the 'non-statutory accounts' for one financial year (e.g. 31 December 2015) out of the 3 sets (the other 2 for the financial years ended 31 December 2013 and 2014) are seemingly subject to the requirements of Section 436. Currently, Examples 6-9 assume that 'non-statutory accounts' for all the relevant financial years are subject to the requirements of Section 436. Alternatively, you may consider to elaborate in paragraphs the practical application for such situation in the transitional period.

It would be useful, if the Bulletin clarified whether a pro forma statement of the assets and liabilities (i.e. not a complete statement of financial position, as it is presented without the equity part) as disclosed in an investment circular (SEHK Main Board Listing Rule 14.67(6)(a)(ii)) could be regarded as "non-statutory accounts" within the meaning of section 436(6).



羅兵咸永道

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
13 March 2015

For notifiable transactions, the SEHK Listing Rules (Main Board Appendix 1B para 31(3)) requires the issuer to set out the following information in its circular:

- (i) financial information of the listed issuer for the last three financial years with respect to the profit and losses, financial record and position, set out as comparative table; and
- (ii) the latest published annual accounts of the issuer.

The above information may be incorporated in the circular by reference to the issuer's other documents published under the Listing Rules.

It is not clear if the information set out in point (i) above will be regarded as "non-statutory accounts" and must be accompanied by a section 436(3) statement, and whether the answer to this will be different if such information is "incorporated by reference" instead of being extracted and set out in the circular.

For the information required by point (ii) above, if the issuer chooses to reproduce its latest annual accounts in the circular, would these be regarded as "specified financial statements" and thus must be accompanied by the auditors' report on those financial statements? Alternatively, if the latest annual accounts of the issuer are incorporated by cross reference, should the cross reference include the auditors' report on those financial statements?

If you have any questions on the content of this letter, please contact Clarry Chan (+852 2289 2169).

Yours faithfully

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers