

Audit requirements

Most companies to be listed on the Main Board must have an Accountants' Report that covers three financial years, although exemptions are provided in certain cases. For a listing on the GEM, companies must provide financial information for the last 24 months. An Accountants' Report is a report from the Reporting Accountants that sets out certain prescribed financial information about the company seeking a listing. If the primary listing is on the HKEx, the Accountants' Report can be prepared in accordance with either Hong Kong Financial Reporting Standards or International Financial Reporting Standards. The Reporting Accountants must provide an opinion that the financial information in the Accountants' Report presents fairly the results and financial position of the company for the period covered.

The Reporting Accountants prepare the Accountants' Report based on the company's audited financial statements. The Reporting Accountants may make adjustments to the underlying financial statements if they deem it necessary, in which case a Statement of Adjustments, reconciling the figures from the underlying audited financial statements to the figures in the Accountants' Report, must also be prepared for filing with the regulatory authorities.

The latest audited financial information presented in the Accountants' Report must be no older than six months from the date of the prospectus. Accordingly, depending on the date of the prospectus, additional audited interim financial information may need to be presented in the Accountants' Report. If this is the case, then comparative interim financial information must also be presented. Although such comparative interim financial information does not need to be audited, it must be reviewed by the Reporting Accountants.