

HKSA 810  
Issued October 2009; revised March 2011,  
September 2014\*, August 2015\*\*

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Effective for engagements  
for periods beginning on or after 15 December 2009

*Hong Kong Standard on Auditing 810*

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# Engagements to Report on Summary Financial Statements

\*\* Conforming amendments have been made to this HKSA as a result of the new and revised HKSAs issued in Update 172, and will become effective for audits of financial statements for periods ending on or after 15 December 2016. The conforming amendments are underlined for easy reference.

\* Amendments have been made to this HKSA as a result of the Hong Kong Companies Ordinance (Cap. 622) which became effective on 3 March 2014. The amendments apply to the first financial year of companies that begins on or after the commencement date of the new Companies Ordinance and all subsequent financial years (i.e. typically the first set of financial statements covered would be for a financial period ending on or after 2 March 2015. Generally, for companies incorporated prior to 3 March 2014 with a calendar year end, the first applicable financial period is for the year ending 31 December 2015).

HKSA 810 was issued in October 2009 and revised in July 2010 (Update 90) and March 2011 (Update 105).



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**HONG KONG STANDARD ON AUDITING 810****ENGAGEMENTS TO REPORT ON SUMMARY FINANCIAL STATEMENTS**

(Effective for engagements for periods beginning on or after 15 December 2009)

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Hong Kong Standard on Auditing (HKSA) 810, “Engagements to Report on Summary Financial Statements” should be read in conjunction with HKSA 200, “Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing.”

## Introduction

### Scope of this HKSA

1. This Hong Kong Standard on Auditing (HKSA) deals with the auditor's responsibilities relating to an engagement to report on summary financial statements derived from financial statements audited in accordance with HKSAs by that same auditor.

### Effective Date

2. This HKSA is effective for engagements for periods beginning on or after 15 December 2009.

### Objectives

3. The objectives of the auditor are:
  - (a) To determine whether it is appropriate to accept the engagement to report on summary financial statements; and
  - (b) If engaged to report on summary financial statements:
    - (i) To form an opinion on the summary financial statements based on an evaluation of the conclusions drawn from the evidence obtained; and
    - (ii) To express clearly that opinion through a written report that also describes the basis for that opinion.

### Definitions

4. For purposes of this HKSA, the following terms have the meanings attributed below:
  - (a) Applied criteria – The criteria applied by management in the preparation of the summary financial statements.
  - (b) Audited financial statements – Financial statements<sup>1</sup> audited by the auditor in accordance with HKSAs, and from which the summary financial statements are derived.
  - (c) Summary financial statements – Historical financial information that is derived from financial statements but that contains less detail than the financial statements, while still providing a structured representation consistent with that provided by the financial statements of the entity's economic resources or obligations at a point in time or the changes therein for a period of time.<sup>2</sup> Different jurisdictions may use different terminology to describe such historical financial information.<sup>2a</sup>

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<sup>1</sup> HKSA 200, "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing," paragraph 13(f), defines the term "financial statements."

<sup>2</sup> HKSA 200, paragraph 13(f).

<sup>2a</sup> In Hong Kong, the Companies Ordinance permits a company incorporated in Hong Kong (other than those falling within the reporting exemption under Division 2 of Part 9) to send to every member of the company a summary financial report in place of the reporting documents, including a full set of the annual financial statements, under section 441 of the Companies Ordinance. The form and contents of a summary financial report are set out in sections 3 to 6 of the Companies (Summary Financial Reports) Regulation (Cap. 622E). Refer to Appendix 2 for details.

## Requirements

### Engagement Acceptance

5. The auditor shall accept an engagement to report on summary financial statements in accordance with this HKSA only when the auditor has been engaged to conduct an audit in accordance with HKSAs of the financial statements from which the summary financial statements are derived.<sup>2b</sup> (Ref: Para. A1)
6. Before accepting an engagement to report on summary financial statements, the auditor shall: (Ref: Para. A2)
  - (a) Determine whether the applied criteria are acceptable; (Ref: Para. A3-A7)
  - (b) Obtain the agreement of management that it acknowledges and understands its responsibility:
    - (i) For the preparation of the summary financial statements in accordance with the applied criteria;
    - (ii) To make the audited financial statements available to the intended users of the summary financial statements without undue difficulty<sup>2c</sup> (or, if law or regulation provides that the audited financial statements need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements, to describe that law or regulation in the summary financial statements); and
    - (iii) To include the auditor's report on the summary financial statements in any document that contains the summary financial statements and that indicates that the auditor has reported on them.
  - (c) Agree with management the form of opinion to be expressed on the summary financial statements (see paragraphs 9-11).
7. If the auditor concludes that the applied criteria are unacceptable or is unable to obtain the agreement of management set out in paragraph 6(b), the auditor shall not accept the engagement to report on the summary financial statements, unless required by law or regulation to do so. An engagement conducted in accordance with such law or regulation does not comply with this HKSA. Accordingly, the auditor's report on the summary financial statements shall not indicate that the engagement was conducted in accordance with this HKSA. The auditor shall include appropriate reference to this fact in the terms of the engagement. The auditor shall also determine the effect that this may have on the engagement to audit the financial statements from which the summary financial statements are derived.

### Nature of Procedures

8. The auditor shall perform the following procedures, and any other procedures that the auditor may consider necessary, as the basis for the auditor's opinion on the summary financial statements:

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<sup>2b</sup> For reporting under footnote 2a, when planning the audit of the annual financial statements of a company, the auditor ascertains whether a summary financial report will be prepared and whether the other information will be issued to accompany the summary financial report. For definitions of "annual financial statements" and "other information", refer to paragraph 10 in Appendix 2.

<sup>2c</sup> For reporting under footnote 2a, section 5(5) of the Companies (Summary Financial Reports) Regulation as set out in Appendix 3 is also applicable.

- (a) Evaluate whether the summary financial statements adequately disclose their summarized nature and identify the audited financial statements.
- (b) When summary financial statements are not accompanied by the audited financial statements, evaluate whether they describe clearly:
  - (i) From whom or where the audited financial statements are available; or
  - (ii) The law or regulation that specifies that the audited financial statements need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements.
- (c) Evaluate whether the summary financial statements adequately disclose the applied criteria.
- (d) Compare the summary financial statements with the related information in the audited financial statements to determine whether the summary financial statements agree with or can be recalculated from the related information in the audited financial statements.
- (e) Evaluate whether the summary financial statements are prepared in accordance with the applied criteria.
- (f) Evaluate, in view of the purpose of the summary financial statements, whether the summary financial statements contain the information necessary, and are at an appropriate level of aggregation, so as not to be misleading in the circumstances.
- (g) Evaluate whether the audited financial statements are available to the intended users of the summary financial statements without undue difficulty, unless law or regulation provides that they need not be made available and establishes the criteria for the preparation of the summary financial statements. (Ref: Para. A8)

### Form of Opinion

- 9. When the auditor has concluded that an unmodified opinion on the summary financial statements is appropriate, the auditor's opinion shall, unless otherwise required by law or regulation<sup>2d</sup>, use one of the following phrases: (Ref: Para. A9)
  - (a) The summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with [the applied criteria]; or
  - (b) The summary financial statements are a fair summary of the audited financial statements, in accordance with [the applied criteria].
- 10. If law or regulation prescribes the wording of the opinion on summary financial statements in terms that are different from those described in paragraph 9, the auditor shall:
  - (a) Apply the procedures described in paragraph 8 and any further procedures necessary to enable the auditor to express the prescribed opinion; and
  - (b) Evaluate whether users of the summary financial statements might misunderstand the auditor's opinion on the summary financial statements and, if so, whether additional

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<sup>2d</sup> For reporting under footnote 2a, refer to paragraph 11 in Appendix 2.

explanation in the auditor's report on the summary financial statements can mitigate possible misunderstanding.

11. If, in the case of paragraph 10(b), the auditor concludes that additional explanation in the auditor's report on the summary financial statements cannot mitigate possible misunderstanding, the auditor shall not accept the engagement, unless required by law or regulation to do so. An engagement conducted in accordance with such law or regulation does not comply with this HKSA. Accordingly, the auditor's report on the summary financial statements shall not indicate that the engagement was conducted in accordance with this HKSA.

**Timing of Work <sup>2e</sup> and Events Subsequent to the Date of the Auditor's Report on the Audited Financial Statements**

12. The auditor's report on the summary financial statements may be dated later than the date of the auditor's report on the audited financial statements. In such cases, the auditor's report on the summary financial statements shall state that the summary financial statements and audited financial statements do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial statements that may require adjustment of, or disclosure in, the audited financial statements. (Ref: Para. A10)
13. The auditor may become aware of facts that existed at the date of the auditor's report on the audited financial statements, but of which the auditor previously was unaware. In such cases, the auditor shall not issue the auditor's report on the summary financial statements until the auditor's consideration of such facts in relation to the audited financial statements in accordance with HKSA 560 <sup>3</sup> has been completed.

**Auditor's Report on Summary Financial Statements**

*Elements of the Auditor's Report*

14. The auditor's report on summary financial statements shall include the following elements:<sup>4</sup> (Ref: Para. A15)
  - (a) A title clearly indicating it as the report of an independent auditor. (Ref: Para. A11)
  - (b) An addressee. (Ref: Para. A12)
  - (c) An introductory paragraph that:
    - (i) Identifies the summary financial statements on which the auditor is reporting, including the title of each statement included in the summary financial statements; (Ref: Para. A13)
    - (ii) Identifies the audited financial statements;

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<sup>2e</sup> For reporting under footnote 2a, the auditor normally carries out his/ her work on the summary financial report at the same time as completing the annual audit rather than after its completion, so that the auditor's report on the summary report and the auditor's report on the annual financial statements can be issued at the same time. The auditor therefore encourages the directors to take this into account when they are planning the timetable for the preparation of the annual financial statements.

<sup>3</sup> HKSA 560, "Subsequent Events."

<sup>4</sup> Paragraphs 17-18, which deal with circumstances where the auditor's report on the audited financial statements has been modified, require additional elements to those listed in this paragraph.

- (iii) Refers to the auditor's report on the audited financial statements, the date of that report, and, subject to paragraphs 17-18, the fact that an unmodified opinion is expressed on the audited financial statements;
  - (iv) If the date of the auditor's report on the summary financial statements is later than the date of the auditor's report on the audited financial statements, states that the summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial statements; and
  - (v) A statement indicating that the summary financial statements do not contain all the disclosures required by the financial reporting framework applied in the preparation of the audited financial statements, and that reading the summary financial statements is not a substitute for reading the audited financial statements.
- (d) A description of management's<sup>5</sup> responsibility for the summary financial statements, explaining that management<sup>6</sup> is responsible for the preparation of the summary financial statements in accordance with the applied criteria.
  - (e) A statement that the auditor is responsible for expressing an opinion on the summary financial statements based on the procedures required by this HKSA.
  - (f) A paragraph clearly expressing an opinion (see paragraphs 9-11).
  - (g) The auditor's signature.
  - (h) The date of the auditor's report. (Ref: Para. A14)
  - (i) The auditor's address.
15. If the addressee of the summary financial statements is not the same as the addressee of the auditor's report on the audited financial statements, the auditor shall evaluate the appropriateness of using a different addressee. (Ref: Para. A12)
16. The auditor shall date the auditor's report on the summary financial statements no earlier than: (Ref: Para. A14)
- (a) The date on which the auditor has obtained sufficient appropriate evidence on which to base the opinion, including evidence that the summary financial statements have been prepared and those with the recognized authority have asserted that they have taken responsibility for them,<sup>6a</sup> and
  - (b) The date of the auditor's report on the audited financial statements.

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<sup>5</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

<sup>6</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

<sup>6a</sup> For reporting under footnote 2a, since the auditor's responsibility is to report on the summary financial report as prepared by the directors, the auditor would not date the auditor's report on the summary financial report earlier than the date on which the summary financial report is approved by the directors.

*Modifications to the Opinion, Emphasis of Matter Paragraph or Other Matter Paragraph in the Auditor's Report on the Audited Financial Statements (Ref: Para. A15)*<sup>6b</sup>

17. When the auditor's report on the audited financial statements contains a qualified opinion, an Emphasis of Matter paragraph, or an Other Matter paragraph, but the auditor is satisfied that the summary financial statements are consistent, in all material respects, with or are a fair summary of the audited financial statements, in accordance with the applied criteria, the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 14:
  - (a) State that the auditor's report on the audited financial statements contains a qualified opinion, an Emphasis of Matter paragraph, or an Other Matter paragraph; and
  - (b) Describe:
    - (i) The basis for the qualified opinion on the audited financial statements, and that qualified opinion; or the Emphasis of Matter or the Other Matter paragraph in the auditor's report on the audited financial statements; and
    - (ii) The effect thereof on the summary financial statements, if any.
  
18. When the auditor's report on the audited financial statements contains an adverse opinion or a disclaimer of opinion, the auditor's report on the summary financial statements shall, in addition to the elements in paragraph 14:
  - (a) State that the auditor's report on the audited financial statements contains an adverse opinion or disclaimer of opinion;
  - (b) Describe the basis for that adverse opinion or disclaimer of opinion; and
  - (c) State that, as a result of the adverse opinion or disclaimer of opinion, it is inappropriate to express an opinion on the summary financial statements.

*Modified Opinion on the Summary Financial Statements*<sup>6c</sup>

19. If the summary financial statements are not consistent, in all material respects, with or are not a fair summary of the audited financial statements, in accordance with the applied criteria, and management does not agree to make the necessary changes, the auditor shall express an adverse opinion on the summary financial statements. (Ref: Para. A15)

**Restriction on Distribution or Use or Alerting Readers to the Basis of Accounting**

20. When distribution or use of the auditor's report on the audited financial statements is restricted, or the auditor's report on the audited financial statements alerts readers that the audited financial statements are prepared in accordance with a special purpose framework, the auditor shall include a similar restriction or alert in the auditor's report on the summary financial statements.

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<sup>6b</sup> Section 4(1) of the Companies (Summary Financial Reports) Regulation requires that a summary financial report of a company must contain a statement from the company's auditor as to whether the auditor's report for that financial year is qualified or otherwise modified, or includes a reference to any matter to which the auditor drew attention by way of emphasis without qualifying the report; and if the auditor's report is qualified or otherwise modified, set out the full auditor's report and any further material necessary for the understanding of the qualification or other modification. Sections 4(2) – (4) further set out different situations of modified auditor's report. Refer to Illustration 6 in Appendix 1, paragraphs 15 and 16 in Appendix 2, and section 4 in Appendix 3 for details.

<sup>6c</sup> For reporting under footnote 2a, refer to paragraphs 11,13 and 16 in Appendix 2.

## Comparatives

21. If the audited financial statements contain comparatives, but the summary financial statements do not, the auditor shall determine whether such omission is reasonable in the circumstances of the engagement. The auditor shall determine the effect of an unreasonable omission on the auditor's report on the summary financial statements. (Ref: Para. A16)
22. If the summary financial statements contain comparatives that were reported on by another auditor, the auditor's report on the summary financial statements shall also contain the matters that HKSA 710 requires the auditor to include in the auditor's report on the audited financial statements.<sup>7</sup> (Ref: Para. A17)

## Unaudited Supplementary Information Presented with Summary Financial Statements

23. The auditor shall evaluate whether any unaudited supplementary information presented with the summary financial statements is clearly differentiated from the summary financial statements. If the auditor concludes that the entity's presentation of the unaudited supplementary information is not clearly differentiated from the summary financial statements, the auditor shall ask management to change the presentation of the unaudited supplementary information. If management refuses to do so, the auditor shall explain in the auditor's report on the summary financial statements that such information is not covered by that report. (Ref: Para. A18)

## Other Information in Documents Containing Summary Financial Statements

24. The auditor shall read the other information included in a document containing the summary financial statements and related auditor's report to consider whether there is identify a material inconsistencyes between the other information and, if any, with the summary financial statements. If, ~~on reading the other information,~~ the auditor identifies a material inconsistency, the auditor shall determine whether the summary financial statements or the other information needs to be revised. If, ~~on reading the other information,~~ the auditor becomes aware of an apparent material misstatement of fact that the other information needs to be revised, the auditor shall discuss the matter with management. (Ref: Para. A19)

## Auditor Association

25. If the auditor becomes aware that the entity plans to state that the auditor has reported on summary financial statements in a document containing the summary financial statements, but does not plan to include the related auditor's report, the auditor shall request management to include the auditor's report in the document. If management does not do so, the auditor shall determine and carry out other appropriate actions designed to prevent management from inappropriately associating the auditor with the summary financial statements in that document. (Ref: Para. A20)
26. The auditor may be engaged to report on the financial statements of an entity, while not engaged to report on the summary financial statements. If, in this case, the auditor becomes aware that the entity plans to make a statement in a document that refers to the auditor and the fact that summary financial statements are derived from the financial statements audited by the auditor, the auditor shall be satisfied that:
  - (a) The reference to the auditor is made in the context of the auditor's report on the audited financial statements; and

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<sup>7</sup> HKSA 710, "Comparative Information—Corresponding Figures and Comparative Financial Statements."

- (b) The statement does not give the impression that the auditor has reported on the summary financial statements.

If (a) or (b) are not met, the auditor shall request management to change the statement to meet them, or not to refer to the auditor in the document. Alternatively, the entity may engage the auditor to report on the summary financial statements and include the related auditor's report in the document. If management does not change the statement, delete the reference to the auditor, or include an auditor's report on the summary financial statements in the document containing the summary financial statements, the auditor shall advise management that the auditor disagrees with the reference to the auditor, and the auditor shall determine and carry out other appropriate actions designed to prevent management from inappropriately referring to the auditor. (Ref: Para. A20)

## Conformity and Compliance with International Standards on Auditing

27. As of October 2009 (date of issue), this HKSA conforms with International Standard on Auditing (ISA) 810 "Engagements to Report on Summary Financial Statements". Compliance with the requirements of this HKSA ensures compliance with ISA 810.
28. Additional local explanations and guidance are provided in footnotes 2a, 2b, 2c, 2d, 2e, 6a, 6b, 6c and the Appendices 1, 2 and 3.

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## Application and Other Explanatory Material

### Engagement Acceptance (Ref: Para. 5-6)

- A1. The audit of the financial statements from which the summary financial statements are derived provides the auditor with the necessary knowledge to discharge the auditor's responsibilities in relation to the summary financial statements in accordance with this HKSA. Application of this HKSA will not provide sufficient appropriate evidence on which to base the opinion on the summary financial statements if the auditor has not also audited the financial statements from which the summary financial statements are derived.
- A2. Management's agreement with the matters described in paragraph 6 may be evidenced by its written acceptance of the terms of the engagement.

### Criteria (Ref: Para. 6(a))

- A3. The preparation of summary financial statements requires management to determine the information that needs to be reflected in the summary financial statements so that they are consistent, in all material respects, with or represent a fair summary of the audited financial statements. Because summary financial statements by their nature contain aggregated information and limited disclosure, there is an increased risk that they may not contain the information necessary so as not to be misleading in the circumstances. This risk increases when established criteria for the preparation of summary financial statements do not exist.
- A4. Factors that may affect the auditor's determination of the acceptability of the applied criteria include:
- The nature of the entity;
  - The purpose of the summary financial statements;
  - The information needs of the intended users of the summary financial statements; and

- Whether the applied criteria will result in summary financial statements that are not misleading in the circumstances.
- A5. The criteria for the preparation of summary financial statements may be established by an authorized or recognized standards setting organization or by law or regulation. Similar to the case of financial statements, as explained in HKSA 210,<sup>8</sup> in many such cases, the auditor may presume that such criteria are acceptable.
- A6. Where established criteria for the preparation of summary financial statements do not exist, criteria may be developed by management, for example, based on practice in a particular industry. Criteria that are acceptable in the circumstances will result in summary financial statements that:
- (a) Adequately disclose their summarized nature and identify the audited financial statements;
  - (b) Clearly describe from whom or where the audited financial statements are available or, if law or regulation provides that the audited financial statements need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements, that law or regulation;
  - (c) Adequately disclose the applied criteria;
  - (d) Agree with or can be recalculated from the related information in the audited financial statements; and
  - (e) In view of the purpose of the summary financial statements, contain the information necessary, and are at an appropriate level of aggregation, so as not to be misleading in the circumstances.
- A7. Adequate disclosure of the summarized nature of the summary financial statements and the identity of the audited financial statements, as referred to in paragraph A6(a), may, for example, be provided by a title such as “Summary Financial Statements Prepared from the Audited Financial Statements for the Year Ended 31 December 20X1.”

**Evaluating the Availability of the Audited Financial Statements** (Ref: Para. 8(g))

- A8. The auditor’s evaluation whether the audited financial statements are available to the intended users of the summary financial statements without undue difficulty is affected by factors such as whether:
- The summary financial statements describe clearly from whom or where the audited financial statements are available;
  - The audited financial statements are on public record; or
  - Management has established a process by which the intended users of the summary financial statements can obtain ready access to the audited financial statements.

**Form of Opinion** (Ref: Para. 9)

- A9. A conclusion, based on an evaluation of the evidence obtained by performing the procedures in paragraph 8, that an unmodified opinion on the summary financial statements is appropriate enables the auditor to express an opinion containing one of the phrases in

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<sup>8</sup> HKSA 210, “Agreeing the Terms of Audit Engagements,” paragraphs A3 and A8-A9.

paragraph 9. The auditor's decision as to which of the phrases to use may be affected by generally accepted practice in the particular jurisdiction.

**Timing of Work and Events Subsequent to the Date of the Auditor's Report on the Audited Financial Statements** (Ref: Para. 12)

A10. The procedures described in paragraph 8 are often performed during or immediately after the audit of the financial statements. When the auditor reports on the summary financial statements after the completion of the audit of the financial statements, the auditor is not required to obtain additional audit evidence on the audited financial statements, or report on the effects of events that occurred subsequent to the date of the auditor's report on the audited financial statements since the summary financial statements are derived from the audited financial statements and do not update them.

**Auditor's Report on Summary Financial Statements**

*Elements of the Auditor's Report*

Title (Ref: Para. 14(a))

A11. A title indicating the report is the report of an independent auditor, for example, "Report of the Independent Auditor," affirms that the auditor has met all of the relevant ethical requirements regarding independence. This distinguishes the report of the independent auditor from reports issued by others.

Addressee (Ref: Para. 14(b), 15)

A12. Factors that may affect the auditor's evaluation of the appropriateness of the addressee of the summary financial statements include the terms of the engagement, the nature of the entity, and the purpose of the summary financial statements.

Introductory Paragraph (Ref: Para. 14(c)(i))

A13. When the auditor is aware that the summary financial statements will be included in a document that contains other information, the auditor may consider, if the form of presentation allows, identifying the page numbers on which the summary financial statements are presented. This helps readers to identify the summary financial statements to which the auditor's report relates.

Date of the Auditor's Report (Ref: Para. 14(h), 16)

A14. The person or persons with recognized authority to conclude that the summary financial statements have been prepared and take responsibility for them depend on the terms of the engagement, the nature of the entity, and the purpose of the summary financial statements.

Illustrations (Ref: Para.14, 17-18,19)

A15. The Appendix to this HKSA contains illustrations of auditors' reports on summary financial statements that:

- (a) Contain unmodified opinions;
- (b) Are derived from audited financial statements on which the auditor issued modified opinions; and
- (c) Contain a modified opinion.

**Comparatives** (Ref: Para. 21-22)

- A16. If the audited financial statements contain comparatives, there is a presumption that the summary financial statements also would contain comparatives. Comparatives in the audited financial statements may be regarded as corresponding figures or as comparative financial information. HKSA 710 describes how this difference affects the auditor's report on the financial statements, including, in particular, reference to other auditors who audited the financial statements for the prior period.
- A17. Circumstances that may affect the auditor's determination whether an omission of comparatives is reasonable include the nature and objective of the summary financial statements, the applied criteria, and the information needs of the intended users of the summary financial statements.

**Unaudited Supplementary Information Presented with Summary Financial Statements** (Ref: Para. 23)

- A18. HKSA 700<sup>9</sup> contains requirements and guidance to be applied when unaudited supplementary information is presented with audited financial statements that, adapted as necessary in the circumstances, may be helpful in applying the requirement in paragraph 23.

**Other Information in Documents Containing Summary Financial Statements** (Ref: Para. 24)

- A19. HKSA 720 (Revised)<sup>10</sup> contains requirements and guidance ~~relating regarding the auditor's responsibilities relating to reading other information in a financial statement audit engagement included in a document containing the audited financial statements and related auditor's report, and responding to material inconsistencies and material misstatements of fact.~~ Adapted as necessary in the circumstances, they may be helpful in applying the requirement in paragraph 24.

**Auditor Association** (Ref: Para. 25-26)

- A20. Other appropriate actions the auditor may take when management does not take the requested action may include informing the intended users and other known third-party users of the inappropriate reference to the auditor. The auditor's course of action depends on the auditor's legal rights and obligations. Consequently, the auditor may consider it appropriate to seek legal advice.

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<sup>9</sup> HKSA 700, "Forming an Opinion and Reporting on Financial Statements," paragraphs 46-47.

<sup>10</sup> HKSA 720 (Revised), "The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements."

**Appendix 1**

(Ref: Para. A15)

**Illustrations of Reports on Summary Financial Statements**

- Illustration 1: An auditor's report on summary financial report prepared in accordance with section 439 of the Hong Kong Companies Ordinance and complies with the requirements of Part 2 of the Hong Kong Companies (Summary Financial Reports) Regulation. An unmodified opinion is expressed on the audited financial statements. The auditor's report on the summary financial report is dated later than the date of the auditor's report on the financial statements from which summary financial statements are derived.
- Illustration 2: An auditor's report on summary financial statements prepared in accordance with criteria developed by management and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. An unmodified opinion is expressed on the audited financial statements.
- Illustration 3: An auditor's report on summary financial statements prepared in accordance with criteria developed by management and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. A qualified opinion is expressed on the audited financial statements.
- Illustration 4: An auditor's report on summary financial statements prepared in accordance with criteria developed by management and adequately disclosed in the summary financial statements. The auditor has determined that the applied criteria are acceptable in the circumstances. An adverse opinion is expressed on the audited financial statements.
- Illustration 5: An auditor's report on summary financial report prepared in accordance with section 439 of the Hong Kong Companies Ordinance and complies with the requirements of Part 2 of the Hong Kong Companies (Summary Financial Reports) Regulation. An unmodified opinion is expressed on the audited financial statements. The auditor concludes that it is not possible to express an unmodified opinion on the summary financial report.
- Illustration 6: An auditor's report on summary financial report prepared in accordance with section 439 of the Hong Kong Companies Ordinance and complies with the requirements of Part 2 of the Hong Kong Companies (Summary Financial Reports) Regulation. A qualified opinion is expressed on the audited financial statements.

**Illustration 1:**

**Circumstances include the following:**

- **An unmodified opinion is expressed on the audited financial statements.**
- **The summary financial report is prepared in accordance with section 439 of the Hong Kong Companies Ordinance and complies with the requirements of Part 2 of the Hong Kong Companies (Summary Financial Reports) Regulation.**
- **The auditor's report on the summary financial statements is dated later than the date of the auditor's report on the financial statements from which the summary financial statements are derived.**

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL REPORT

TO THE MEMBERS OF ABC LIMITED

(incorporated in [Hong Kong] with limited liability)<sup>1a</sup>

The summary financial report of ABC Limited ("the Company") set out on pages ... to ..., includes the [summary financial statements] of the Company for the year ended 31 December 20X1. The [summary financial statements] of the Company set out on pages ... to ... which comprise the summary statement of financial position<sup>1b</sup> as at 31 December 20X1, the summary statement of comprehensive income<sup>1b</sup> [and summary income statement]<sup>1c</sup> [summary statement of changes in equity and summary statement of cash flows] for the year then ended, and related notes are derived from the audited financial statements of the Company for the year ended 31 December 20X1. We expressed an unmodified audit opinion on those financial statements in our report dated 15 February 20X2. Those financial statements, and the summary financial report, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The [summary financial statements] do not contain all the disclosures required by Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Reading the [summary financial statements], therefore, is not a substitute for reading the audited financial statements of the Company.

### **Directors'<sup>1</sup> Responsibility for the Summary Financial Report**

Under the Hong Kong Companies Ordinance, the directors are responsible for the preparation of a summary financial report in accordance with section 439 of the Hong Kong Companies Ordinance and the Hong Kong Companies (Summary Financial Reports) Regulation. In preparing the summary financial report, sections 3(1) and (2) of the Hong Kong Companies (Summary Financial Reports) Regulation requires that the summary financial report must contain the information derived from the annual financial statements and the auditor's report thereon and the directors' report for the year

<sup>1a</sup> In Hong Kong, it is a common practice to disclose the place of incorporation of the company.

<sup>1b</sup> Sections 3(3)(a) and (b) of the Hong Kong Companies (Summary Financial Reports) Regulation states that a summary financial report of a company must contain all the information and particulars included in the company's statement of financial position and statement of comprehensive income; or the company's consolidated statement of financial position and consolidated statement of comprehensive income if the company is a holding company.

<sup>1c</sup> Sections 3(3)(c) and (d) of the Hong Kong Companies (Summary Financial Reports) Regulation states that if the company's reporting documents for the financial year include a separate income statement in addition to the company's statement of comprehensive income, the summary financial report must contain all the information and particulars included in the income statement; or if the company is a holding company and its reporting documents for the financial year include a separate consolidated income statement in addition to the company's consolidated statement of comprehensive income, the summary financial report must contain all the information and particulars included in the consolidated income statement.

<sup>1</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

ended 31 December 20X1 and contain such information and particulars set out in sections 3(3), 5 and 6 of the Hong Kong Companies (Summary Financial Reports) Regulation, and be approved by the board of directors.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial report based on our procedures, which were conducted in accordance with Hong Kong Standard on Auditing 810, "Engagements to Report on Summary Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants. We are also required to state whether the auditor's report on the annual financial statements for the year ended 31 December 20X1 is qualified or otherwise modified.

### **Opinion**

In our opinion, the summary financial report:

- a. is consistent with the annual financial statements and the auditor's report thereon and the directors' report of the Company for the year ended 31 December 20X1 from which it is derived; and
- b. complies with the requirements of Part 2 of the Hong Kong Companies (Summary Financial Reports) Regulation.

XYZ & Co.

Certified Public Accountants (Practising) [or Certified Public Accountants]

[Auditor's address]

[Date of the auditor's report]

**Illustration 2:**

**Circumstances include the following:**

- **An unmodified opinion is expressed on the audited financial statements.**
- **Criteria are developed by management and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.**

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

TO THE MEMBERS OF ABC LIMITED

(incorporated in [Hong Kong] with limited liability)<sup>1d</sup>

The summary financial statements of ABC Limited ("the Company") set out on pages ... to ..., which comprise the summary statement of financial position as at 31 December 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the Company for the year ended 31 December 20X1. We expressed an unmodified audit opinion on those financial statements in our report dated 15 February 20X2.<sup>2</sup>

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in the preparation of the audited financial statements of ABC Limited for example, the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.] Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

**Management's<sup>3</sup> Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in Note X.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Hong Kong Standard on Auditing 810, "Engagements to Report on Summary Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants.

**Opinion**

In our opinion, the summary financial statements derived from the audited financial statements of the Company for the year ended 31 December 20X1 are consistent, in all material respects, with (or *a fair summary of*) those financial statements, on the basis described in Note X.

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<sup>1d</sup> In Hong Kong, it is a common practice to disclose the place of incorporation of the company.

<sup>2</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial statements from which it is derived, the following sentence is added to this paragraph: "Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements."

<sup>3</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

ENGAGEMENTS TO REPORT ON SUMMARY FINANCIAL STATEMENTS

XYZ & Co.

Certified Public Accountants (Practising) [or Certified Public Accountants]

[Auditor's address]

[Date of the auditor's report]

**Illustration 3:**

**Circumstances include the following:**

- **A qualified opinion is expressed on the audited financial statements.**
- **Criteria are developed by management and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.**

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

TO THE MEMBERS OF ABC LIMITED

(incorporated in [Hong Kong] with limited liability)<sup>3a</sup>

The summary financial statements of ABC Limited ("the Company") set out on pages ... to ..., which comprise the summary statement of financial position as at 31 December 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the Company for the year ended 31 December 20X1.<sup>4</sup> We expressed a qualified audit opinion on those financial statements in our report dated 15 February 20X2 (see below).

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in the preparation of the audited financial statements of ABC Limited for example, the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.] Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

**Management's<sup>5</sup> Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in Note X.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Hong Kong Standard on Auditing 810, "Engagements to Report on Summary Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants.

**Opinion**

In our opinion, the summary financial statements derived from the audited financial statements of the Company for the year ended 31 December 20X1 are consistent, in all material respects, with (or *a fair summary of*) those financial statements, on the basis described in Note X. However, the summary financial statements are misstated to the equivalent extent as the audited financial statements of the Company for the year ended 31 December 20X1.

<sup>3a</sup> In Hong Kong, it is a common practice to disclose the place of incorporation of the company.

<sup>4</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial statements from which it is derived, the following sentence is added to this paragraph: "Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements."

<sup>5</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

ENGAGEMENTS TO REPORT ON SUMMARY FINANCIAL STATEMENTS

The misstatement of the audited financial statements is described in our qualified audit opinion in our report dated 15 February 20X2. Our qualified audit opinion is based on the fact that the Company's inventories are carried in the statement of financial position in those financial statements at xxx. Management has not stated the inventories at the lower of cost and net realizable value but has stated them solely at cost, which constitutes a departure from Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Company's records indicate that had management stated the inventories at the lower of cost and net realizable value, an amount of xxx would have been required to write the inventories down to their net realizable value. Accordingly, cost of sales would have been increased by xxx, and income tax, net income and shareholders' equity would have been reduced by xxx, xxx and xxx, respectively. Our qualified audit opinion states that, except for the effects of the described matter, those financial statements present fairly, in all material respects, (or *give a true and fair view of*) the financial position of the Company as at 31 December 20X1, and (of) its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

XYZ & Co.

Certified Public Accountants (Practising) [or Certified Public Accountants]

[Auditor's address]

[Date of the auditor's report]

**Illustration 4:**

**Circumstances include the following:**

- **An adverse opinion is expressed on the audited financial statements.**
- **Criteria are developed by management and adequately disclosed in Note X. The auditor has determined that the criteria are acceptable in the circumstances.**

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

TO THE MEMBERS OF ABC LIMITED

(incorporated in [Hong Kong] with limited liability)<sup>5a</sup>

The summary financial statements of ABC Limited ("the Company") set out on pages ... to ..., which comprise the summary statement of financial position as at 31 December 20X1, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of the Company for the year ended 31 December 20X1.<sup>6</sup>

The summary financial statements do not contain all the disclosures required by [describe financial reporting framework applied in the preparation of the audited financial statements of ABC Limited for example, the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.] Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

**Management's <sup>7</sup> Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in Note X.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Hong Kong Standard on Auditing 810, "Engagements to Report on Summary Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants.

**Denial of Opinion**

In our report dated 15 February 20X2, we expressed an adverse audit opinion on the financial statements of the Company for the year ended 31 December 20X1. The basis for our adverse audit opinion was [describe basis for adverse audit opinion]. Our adverse audit opinion stated that [describe adverse audit opinion].

Because of the significance of the matter discussed above, it is inappropriate to express an opinion on the summary financial statements of the Company for the year ended 31 December 20X1.

<sup>5a</sup> In Hong Kong, it is a common practice to disclose the place of incorporation of the company.

<sup>6</sup> When the auditor's report on the summary financial statements is dated later than the date of the auditor's report on the audited financial statements from which it is derived, the following sentence is added to this paragraph: "Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements."

<sup>7</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

ENGAGEMENTS TO REPORT ON SUMMARY FINANCIAL STATEMENTS

XYZ & Co.

Certified Public Accountants (Practising) [or Certified Public Accountants]

[Auditor's address]

[Date of the auditor's report]

**Illustration 5:**

**Circumstances include the following:**

- **An unmodified opinion is expressed on the audited financial statements.**
- **The summary financial report is prepared in accordance with section 439 of the Hong Kong Companies Ordinance and complies with the requirements of Part 2 of the Hong Kong Companies (Summary Financial Reports) Regulation.**
- **The auditor concludes that it is not possible to express an unmodified opinion on the summary financial statements.**

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL REPORT  
TO THE MEMBERS OF ABC LIMITED

(incorporated in [Hong Kong] with limited liability)<sup>7a</sup>

The summary financial report of ABC Limited ("the Company") set out on pages ... to ..., includes the [summary financial statements] of the Company for the year ended 31 December 20X1. The [summary financial statements] of the Company set out on pages ... to ... which comprise the summary statement of financial position<sup>7b</sup> as at 31 December 20X1, the summary statement of comprehensive income<sup>7b</sup> [,][and summary income statement]<sup>7c</sup> [, summary statement of changes in equity and summary statement of cash flows] for the year then ended, and related notes are derived from the audited financial statements of the Company for the year ended 31 December 20X1. We expressed an unmodified audit opinion on those financial statements in our report dated 15 February 20X2.<sup>8</sup>

The [summary financial statements] do not contain all the disclosures required by the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Reading the [summary financial statements], therefore, is not a substitute for reading the audited financial statements of the Company.

**Directors'<sup>9</sup> Responsibility for the Summary Financial Report**

Under the Hong Kong Companies Ordinance, the directors are responsible for the preparation of a summary financial report in accordance with section 439 of the Hong Kong Companies Ordinance and the Hong Kong Companies (Summary Financial Reports) Regulation. In preparing the summary

<sup>7a</sup> In Hong Kong, it is a common practice to disclose the place of incorporation of the company.

<sup>7b</sup> Sections 3(3)(a) and (b) of the Hong Kong Companies (Summary Financial Reports) Regulation states that a summary financial report of a company must contain all the information and particulars included in the company's statement of financial position and statement of comprehensive income; or the company's consolidated statement of financial position and consolidated statement of comprehensive income if the company is a holding company.

<sup>7c</sup> Sections 3(3)(c) and (d) of the Hong Kong Companies (Summary Financial Reports) Regulation states that if the company's reporting documents for the financial year include a separate income statement in addition to the company's statement of comprehensive income, the summary financial report must contain all the information and particulars included in the income statement; or if the company is a holding company and its reporting documents for the financial year include a separate consolidated income statement in addition to the company's consolidated statement of comprehensive income, the summary financial report must contain all the information and particulars included in the consolidated income statement.

<sup>8</sup> When the auditor's report on the summary financial report is dated later than the date of the auditor's report on the audited financial statements from which it is derived, the following sentence is added to this paragraph: "Those financial statements, and the summary financial report, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements."

<sup>9</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

financial report, section 3(1) and (2) of the Hong Kong Companies (Summary Financial Reports) Regulation requires that the summary financial report must contain the information derived from the annual financial statements and the auditor's report thereon and the Directors' report for the year ended 31 December 20X1, and contain such information and particulars set out in sections 3(3), 5 and 6 of the Hong Kong Companies (Summary Financial Reports) Regulation, and be approved by the board of directors.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial report based on our procedures, which were conducted in accordance with Hong Kong Standard on Auditing 810, "Engagements to Report on Summary Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants. We are also required to state whether the auditor's report on the annual financial statements for the year ended 31 December 20X1 is qualified or otherwise modified.

**Basis for Adverse Opinion**

[Describe matter that caused the summary financial report not to be consistent, in all material respects, with (or a *fair summary of*) the audited financial statements, in accordance with section 439 of the Hong Kong Companies Ordinance and Part 2 of the Hong Kong Companies (Summary Financial Reports) Regulation.]

**Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the summary financial report referred to above:

- a. is not consistent with the annual financial statements and the auditor's report thereon and the directors' report of the Company for the year ended 31 December 20X1 from which it is derived; and
- b. does not comply with the requirements of Part 2 of the Hong Kong Companies (Summary Financial Reports) Regulation.

XYZ & Co.

Certified Public Accountants (Practising) [or Certified Public Accountants]

[Auditor's address]

[Date of the auditor's report]

**Illustration 6:**

**Circumstances include the following:**

- **A qualified opinion is expressed on the audited financial statements.**
- **The summary financial report is prepared in accordance with section 439 of the Hong Kong Companies Ordinance and complies with the requirements of Part 2 of the Hong Kong Companies (Summary Financial Reports) Regulation.**
- **The auditor's report on the summary financial statements is dated later than the date of the auditor's report on the financial statements from which the summary financial statements are derived.**

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL REPORT

TO THE MEMBERS OF ABC LIMITED

(incorporated in [Hong Kong] with limited liability)<sup>10</sup>

The summary financial report of ABC Limited ("the Company") set out on pages ... to ..., includes the [summary financial statements] of the Company for the year ended 31 December 20X1. The [summary financial statements] of the Company set out on pages ... to ... which comprise the summary statement of financial position<sup>11</sup> as at 31 December 20X1, the summary statement of comprehensive income<sup>11</sup> [,] [and summary income statement<sup>12</sup>] [, summary statement of changes in equity and summary statement of cash flows] for the year then ended, and related notes are derived from the audited financial statements of the Company for the year ended 31 December 20X1. We expressed a qualified audit opinion on those financial statements in our report dated 15 February 20X2 (see below). A copy of the qualified auditor's report [and the further material necessary for the understanding of the qualification]<sup>13</sup> [has/ have] been set out on pages ... to ... of the summary financial report.<sup>14</sup>

The [summary financial statements] do not contain all the disclosures required by the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Reading the [summary financial statements], therefore, is not a substitute for reading the audited financial statements of the Company.

<sup>10</sup> In Hong Kong, it is a common practice to disclose the place of incorporation of the company.

<sup>11</sup> Sections 3(3)(a) and (b) of the Hong Kong Companies (Summary Financial Reports) Regulation states that a summary financial report of a company must contain all the information and particulars included in the company's statement of financial position and statement of comprehensive income; or the company's consolidated statement of financial position and consolidated statement of comprehensive income if the company is a holding company.

<sup>12</sup> Sections 3(3)(c) and (d) of the Hong Kong Companies (Summary Financial Reports) Regulation states that if the company's reporting documents for the financial year include a separate income statement in addition to the company's statement of comprehensive income, the summary financial report must contain all the information and particulars included in the income statement; or if the company is a holding company and its reporting documents for the financial year include a separate consolidated income statement in addition to the company's consolidated statement of comprehensive income, the summary financial report must contain all the information and particulars included in the consolidated income statement.

<sup>13</sup> Section 4(1) of the Hong Kong Companies (Summary Financial Reports) Regulation states that a summary financial report of a company must contain a statement from the company's auditors as to whether the auditors' report for that financial year is qualified or otherwise modified, or includes a reference to any matter to which the auditor drew attention by way of emphasis without qualifying the report; and if the auditors' report is qualified or otherwise modified, set out the full auditors' report and any further material necessary for the understanding of the qualification or other modification.

<sup>14</sup> When the auditor's report on the summary financial report is dated later than the date of the auditor's report on the audited financial statements from which it is derived, the following sentence is added to this paragraph: "Those financial statements, and the summary financial report, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements."

## Directors'<sup>15</sup> Responsibility for the Summary Financial Report

Under the Hong Kong Companies Ordinance, the directors are responsible for the preparation of a summary financial report in accordance with section 439 of the Hong Kong Companies Ordinance and the Hong Kong Companies (Summary Financial Reports) Regulation. In preparing the summary financial report, section 3(1) and (2) of the Hong Kong Companies (Summary Financial Reports) Regulation requires that the summary financial report must contain the information derived from the annual financial statements and the auditor's report thereon and the directors' report for the year ended 31 December 20X1, and contain such information and particulars set out in sections 3(3), 5 and 6 of the Hong Kong Companies (Summary Financial Reports) Regulation, and be approved by the board of directors.

### Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial report based on our procedures, which were conducted in accordance with Hong Kong Standard on Auditing 810, "Engagements to Report on Summary Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants. We are also required to state whether the auditor's report on the annual financial statements for the year ended 31 December 20X1 is qualified or otherwise modified.

### Opinion

In our opinion, the summary financial report:

- a. is consistent with the annual financial statements and the auditor's report thereon and the directors' report of the Company for the year ended 31 December 20X1 from which it is derived; and
- b. complies with the requirements of Part 2 of the Hong Kong Companies (Summary Financial Reports) Regulation.

However, we were unable to obtain sufficient appropriate audit evidence regarding an investment in a foreign associate as stated in the audited financial statements of the Company for the year ended 31 December 20X1.

This inability to obtain sufficient appropriate audit evidence is described in our qualified audit opinion in our report dated 15 February 20X2. Our qualified audit opinion is based on the fact that the Company's investment in DEF Limited, a foreign associate acquired during the year and accounted for by the equity method, is carried at xxx on the statement of financial position as at 31 December 20X1, and the Company's share of DEF Limited's net income of xxx is included in the Company's income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Company's investment in DEF Limited as at 31 December 20X1 and the Company's share of DEF Limited's net income for the year because we were denied access to the financial information, management, and the auditors of DEF Limited. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Our qualified audit opinion states that, except for the effects of the described matter, those financial statements give a true and fair view of the financial position of the Company as at 31 December 20X1, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared<sup>16</sup> in compliance with the Hong Kong Companies Ordinance.

<sup>15</sup> Or other term that is appropriate in the context of the legal framework in the particular jurisdiction.

<sup>16</sup> Section 4(2) of the Hong Kong Companies (Summary Financial Reports) Regulation states that if the auditor's report of a company contains a statement that, in the auditor's opinion, the financial statements for a financial year of the company have not been properly prepared in compliance with the Ordinance, and in particular –

- (a) a true and fair view of the financial position and financial performance of the company has not been given; or
- (b) for a company that is required to prepare annual consolidated financial statements, a true and fair view of the financial position and financial performance of the company, and all the subsidiary undertakings, as a whole has not been given,

[In addition, the information given in the directors' report for the year ended 31 December 20X1 is not consistent with the [summary financial statements] of the Company for the year ended 31 December 20X1 to the equivalent extent as the financial statements of the Company for the year ended 31 December 20X1. The inconsistencies are described in our report dated 15 February 20X2. [*State the details of the inconsistencies.*]<sup>17</sup>

In respect alone the inability to obtain sufficient appropriate audit evidence regarding an investment in a foreign associate as described above:

- we were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information and explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.<sup>18</sup>

XYZ & Co.

Certified Public Accountants (Practising) [or Certified Public Accountants]

[Auditor's address]

[Date of the auditor's report]

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a summary financial report for that financial year must contain that statement.

<sup>17</sup> Section 4(3) of the Hong Kong Companies (Summary Financial Reports) Regulation states that if the auditor's report of a company contains a statement that, in the auditor's opinion, the information in a director's report for a financial year is not consistent with the financial statements for the financial year, a summary financial report for that financial year must contain that statement.

<sup>18</sup> Section 4(4) of the Hong Kong Companies (Summary Financial Reports) Regulation states that if the auditor's report for a financial year of a company contains—

- (a) a statement that, in the auditor's opinion—
  - (i) adequate accounting records have not been kept by the company; or
  - (ii) the company's financial statements are not in agreement with its accounting records in any material respect;
- (b) a statement that the auditor has failed to obtain all the information or explanations that, to the best of the auditor's knowledge and belief, are necessary and material for the purpose of the audit; and
- (c) a statement giving the particulars that are required to be, but have not been, contained in the financial statements, as required by section 407(4) of the Ordinance,

a summary financial report for that financial year must contain those statements.

**Appendix 2**

(Ref: Para. 4(c))

**Additional Local Guidance for Auditors to Report on Summary Financial Report****Hong Kong Companies Ordinance**

1. The Hong Kong Companies Ordinance (Cap. 622) (CO) was enacted on 12 July 2013 and commenced operation on 3 March 2014. Under section 439 of the CO, the directors of a company may prepare for a financial year a financial report, in summary form, derived from the reporting documents for the financial year (a copy of which is required to be sent to every member of the company under section 430). Under section 441, the summary financial report may be sent to member instead of the reporting documents under section 430. An extract of the relevant provisions of the law on the form and contents of the summary financial report is set out in Appendix 3.

**Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules)**

2. Main Board Listing Rule 13.46 states that the issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with the relevant provisions set out in the predecessor CO and in the Companies (Summary Financial Reports of Listed Companies) Regulation or, in the case of overseas issuers, with provisions no less onerous than the aforementioned provisions for listed issuers incorporated in Hong Kong.
3. The Listing Rules (Chapter 1) define a summary financial report as one which complies with section 141CF(1) of the predecessor CO.
4. Section 141CF(1) of the predecessor CO is replaced by Section 439 of the CO with effect from 3 March 2014.
5. Companies (Summary Financial Reports of Listed Companies) Regulation is replaced by the Companies (Summary Financial Reports) Regulation with effect from 3 March 2014.

**Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the GEM Listing Rules)**

6. The GEM Listing Rules (Chapters 18 and 31) state that a listed issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with the relevant provisions set out in the predecessor CO and in the Companies (Summary Financial Reports of Listed Companies) Regulation or, in the case of overseas issuers, with provisions no less onerous than the aforementioned provisions for listed issuers incorporated in Hong Kong.
7. The GEM Listing Rules (Chapter 1) define a summary financial report as one which complies with section 141CF(1) of the predecessor CO.
8. Section 141CF(1) of the predecessor CO is replaced by Section 439 of the CO with effect from 3 March 2014.
9. Companies (Summary Financial Reports of Listed Companies) Regulation is replaced by the Companies (Summary Financial Reports) Regulation with effect from 3 March 2014.

**Definitions**

10. For the purpose of this appendix, the following definitions apply:
- (a) annual financial statements - a complete set of financial statements for a financial year, the components of which are:
    - (i) statement of financial position;
    - (ii) income statement / statement of profit or loss / statement of profit or loss and other comprehensive income;
    - (iii) statement of changes in equity;
    - (iv) statement of cash flows; and
    - (v) a summary of significant accounting policies and other explanatory information; and
  - (b) other information - financial and non-financial information, in addition to that legally required to be included in the summary financial report under Part 2 of the Companies (Summary Financial Reports) Regulation, which is issued by the directors to accompany the summary financial report.

**Form of Opinion**

11. Section 4(5) of the Companies (Summary Financial Reports) Regulation requires that the auditor forms an opinion as to whether the summary financial report is consistent with the reporting documents (defined by section 357(2) of the CO as the annual financial statements for the year, directors' report for the year and the auditor's report) from which it is derived and whether it complies with the requirements of Part 2 (i.e. sections 3 to 6) of the Companies (Summary Financial Reports) Regulation.

**Consistency with the Annual Financial Statements, Directors' Report and Auditor's Report**

12. The auditor states whether in his/ her opinion the summary financial report is consistent with the annual financial statements, directors' report and auditor's report. The auditor is not required to form an opinion on whether the summary financial report gives a true and fair view. It is in any event most unlikely that the summary financial report could give a true and fair view in any practical situation, as much of the detailed information from which it has been extracted is not presented. Members and other users do not, therefore, have the same expectations of the summary financial report as they do of the annual financial statements.
13. Matters which may give rise to an inconsistency include:
- (a) information which has been inaccurately extracted from the annual financial statements, directors' report and auditor's report; and
  - (b) information which, in the auditor's opinion, has been summarised in a manner which is not consistent with the annual financial statements, directors' report and auditor's report.

**Compliance with Part 2 of the Companies (Summary Financial Reports) Regulation**

14. In order to give the opinion required by section 4(5) of the Companies (Summary Financial Reports) Regulation (paragraph 11 above), the auditor gives consideration to the specific and detailed requirements of Part 2 of the Companies (Summary Financial Reports) Regulation. The auditor includes within the scope of his/ her examination all matters required to be included in the summary financial report by Part 2 of the Companies (Summary Financial Reports) Regulation.

15. Under section 4(1) of the Companies (Summary Financial Reports) Regulation, the summary financial report must contain a statement from the auditor as to whether the auditor's report for that financial year is qualified or otherwise modified (including situations set out in sections 4(2) – (4) of the Companies (Summary Financial Reports) Regulation), or includes a reference to any matter to which the auditor drew attention by way of emphasis without qualifying the report; and if the auditor's report is qualified or otherwise modified, set out in the summary financial report the full auditor's report and any further material necessary for the understanding of the qualification or other modification. Therefore, where such a qualification or other modification includes a reference to a note to the annual financial statements but does not reproduce the relevant information contained in that note, that information is also reproduced in the summary financial report to accompany the auditor's report on the annual financial statements.
16. An inconsistency between the summary financial report and the annual financial statements, directors' report and auditor's report also means that the summary financial report is not properly derived from them and does not comply with the Companies (Summary Financial Reports) Regulation, it therefore leads to a qualification of the auditor's report on the summary financial report on the grounds of non-compliance with the requirements of Part 2 of the Companies (Summary Financial Reports) Regulation as well as on the grounds of the inconsistency.

**Appendix 3****Extracts of the Relevant Sections of the Companies Ordinance and the Companies (Summary Financial Reports) Regulation on the Form and Contents of Summary Financial Report****Companies Ordinance -****439. Directors may prepare financial report in summary form**

- (1) The directors of a company may prepare for a financial year a financial report, in summary form, derived from the reporting documents for the financial year, a copy of which is required to be sent to every member of the company under section 430.
- (2) A financial report prepared under subsection (1)—
  - (a) must contain the information prescribed by the Regulation; and
  - (b) must comply with other requirements prescribed by the Regulation.
- (3) If subsection (2) is contravened—
  - (a) a director who failed to take all reasonable steps to secure compliance with that subsection commits an offence and is liable to a fine of \$300,000; and
  - (b) a director who wilfully failed to take all reasonable steps to secure compliance with that subsection commits an offence and is liable to a fine of \$300,000 and to imprisonment for 12 months.
- (4) If a person is charged with an offence under subsection (3)(a), it is a defence to establish that the person had reasonable grounds to believe, and did believe, that a competent and reliable person—
  - (a) was charged with the duty of ensuring that subsection (2) was complied with; and
  - (b) was in a position to discharge that duty.

**440. Summary financial report to be approved and signed**

- (1) A summary financial report—
  - (a) must be approved by the directors; and
  - (b) must be signed on the directors' behalf by a director.
- (2) Every copy of a summary financial report sent to a member under this Division or otherwise circulated, published or issued by the company must state the name of the director who signed the report on the directors' behalf.
- (3) If, as respect any summary financial report a copy of which is circulated, published or issued by the company, subsection (1) is contravened, the company, and every responsible person of the company, commit an offence, and each is liable to a fine at level 4.
- (4) If subsection (2) is contravened, the company, and every responsible person of the company, commit an offence, and each is liable to a fine at level 4.

**441. Company may send copy of summary financial report to member**

- (1) If a company is required to send a copy of the reporting documents for a financial year to a member under section 430, the company may send a copy of the summary financial report for the financial year (if any) to the member instead.
- (2) If a company sends a copy of the summary financial report for a financial year to a member under subsection (1), the copy must be sent during the period within which a copy of the reporting documents for the financial year would be required to be sent to the member by the company under section 430.

**Companies (Summary Financial Reports) Regulation**

***Part 2 Summary Financial Report***

**3. Form and contents of summary financial report: general**

- (1) A summary financial report for a financial year of a company must contain the information derived from the reporting documents for the financial year of the company.
- (2) A summary financial report for a financial year of a company must contain the information and particulars set out in subsection (3).
- (3) The information and particulars referred to in subsection (2) are—
  - (a) all the information and particulars included in the following statements of the company relating to the financial year—
    - (i) statement of financial position; and
    - (ii) statement of comprehensive income;
  - (b) if the company is a holding company, all the information and particulars included in the following statements of the company relating to the financial year—
    - (i) consolidated statement of financial position; and
    - (ii) consolidated statement of comprehensive income;
  - (c) if the company's reporting documents for the financial year include a separate income statement in addition to the company's statement of comprehensive income, all the information and particulars included in the income statement;
  - (d) if the company is a holding company and its reporting documents for the financial year include a separate consolidated income statement in addition to the company's consolidated statement of comprehensive income, all the information and particulars included in the consolidated income statement; and
  - (e) all the information and particulars—
    - (i) included in the directors' report of the company for the financial year as required under—
      - (A) sections 388 and 390 of the Ordinance; and
      - (B) the Companies (Directors' Report) Regulation; and
    - (ii) contained in the notes to the financial statements for the financial year as prescribed by the Disclosure Regulation.

**4. Form and contents of summary financial report: auditor's report and opinion**

- (1) A summary financial report for a financial year of a company must—
- (a) contain a statement from the company's auditor as to whether the auditor's report for that financial year is qualified or otherwise modified, or includes a reference to any matter to which the auditor drew attention by way of emphasis without qualifying the report; and
  - (b) if the auditor's report is qualified or otherwise modified, set out the full auditor's report and any further material necessary for the understanding of the qualification or other modification.
- (2) If the auditor's report of a company contains a statement that, in the auditor's opinion, the financial statements for a financial year of the company have not been properly prepared in compliance with the Ordinance, and in particular—
- (a) a true and fair view of the financial position and financial performance of the company has not been given; or
  - (b) for a company that is required to prepare annual consolidated financial statements, a true and fair view of the financial position and financial performance of the company, and all the subsidiary undertakings, as a whole has not been given,

a summary financial report for that financial year must contain that statement.

- (3) If the auditor's report of a company contains a statement that, in the auditor's opinion, the information in a director's report for a financial year is not consistent with the financial statements for the financial year, a summary financial report for that financial year must contain that statement.

- (4) If the auditor's report for a financial year of a company contains—
- (a) a statement that, in the auditor's opinion—
    - (i) adequate accounting records have not been kept by the company; or
    - (ii) the company's financial statements are not in agreement with its accounting records in any material respect;
  - (b) a statement that the auditor has failed to obtain all the information or explanations that, to the best of the auditor's knowledge and belief, are necessary and material for the purpose of the audit; and
  - (c) a statement giving the particulars that are required to be, but have not been, contained in the financial statements, as required by section 407(4) of the Ordinance,

a summary financial report for that financial year must contain those statements.

- (5) A summary financial report of a company must contain an opinion from the company's auditor as to whether—
- (a) the report is consistent with the reporting documents from which the report is derived; and
  - (b) the report complies with the requirements of this Part.

**5. Form and contents of summary financial report: other matters**

- (1) - (2) (Repealed L.N. 48 of 2013)
- (3) If a company is not required to prepare annual consolidated financial statements, a summary financial report of the company must contain, in a prominent position (but not necessarily on the front cover) of the report, a statement to the effect that—
- (a) the report only gives a summary of the information and particulars contained in the reporting documents of the company from which the report is derived; and

- (b) a member of the company may obtain from the company free of charge a copy of the reporting documents if a request is made on or before the specified date.
- (4) If a company is required to prepare annual consolidated financial statements, a summary financial report of the company must contain, in a prominent position (but not necessarily on the front cover) of the report, a statement to the effect that—
  - (a) the report only gives a summary of the information and particulars contained in the reporting documents of the company, and its subsidiary undertakings, from which the report is derived; and
  - (b) a member of the company may obtain from the company free of charge a copy of the reporting documents if a request is made on or before the specified date.
- (5) A summary financial report for a financial year of a company must contain, in a prominent position (but not necessarily on the front cover) of the report, a statement about how a member of the company may obtain from the company free of charge a copy of the reporting documents from which the report is derived.
- (6) This section does not prohibit a company from including in its summary financial report for a financial year any other information or particulars which
  - (a) the company considers appropriate; and
  - (b) is not inconsistent with the reporting documents of the company for the financial year from which the report is derived.
- (7) In this section—

**specified date** (指明日期)—

- (a) if a company is required to hold an annual general meeting in accordance with section 610 of the Ordinance in respect of a financial year, means the day immediately before the expiry of a period of 6 months after the date of the annual general meeting on which a copy of the reporting documents is to be laid;
- (b) if a copy of the reporting documents is laid at a general meeting subsequent to an annual general meeting, means the day immediately before the expiry of a period of 6 months after the date of the subsequent meeting; or
- (c) if, by virtue of section 612(2) of the Ordinance, a company is not required to hold an annual general meeting in accordance with section 610 of the Ordinance in respect of a financial year, means the day immediately before the expiry of a period of 6 months after the date on which a copy of the reporting documents for the financial year is sent under section 430(3) of the Ordinance.

## 6. Other requirements in relation to form of summary financial report

Subject to this Regulation, a company may specify any other requirements in relation to the form of its summary financial report that the company considers appropriate.