



By email < [response@hkex.com.hk](mailto:response@hkex.com.hk) > and by post

31 August 2009

Our Ref.: C/CFC, M65180

Corporate Communications Department  
Hong Kong Exchanges and Clearing Limited  
12th Floor, One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

Dear Sirs,

**Re: [Consultation paper on proposed changes to filing and checklist requirements for listing of equity securities](#)**

The Hong Kong Institute of Certified Public Accountants (“the Institute”) has considered the above-referenced consultation paper, which seeks comments on proposals to simplify and streamline the filing and checklist requirements for initial public offerings and the filing requirements for listing of additional equity securities by listed issuers.

We support, in principle, the Stock Exchange’s initiatives to streamline and clarify the filing procedures for the listing of equity securities, and to remove requirements for filing unnecessary documents. The proposals will help reduce the amount of paperwork and lower costs, which, in turn, will be of benefit to the listing of equity securities in Hong Kong.

Notwithstanding our broad support for the change, we have concerns regarding the proposal at Appendix I, section III, to require a listing applicant to file a profit forecast as a supporting document for a working capital sufficiency statement.

Specifically, the main board listing rules paragraph 9.11(10), which prescribes documents that a new applicant must lodge with the Exchange in connection with its listing application, will be amended to state, “irrespective of whether the listing document contains a profit forecast ..., two copies of a draft of the board’s profit forecast memorandum covering the first financial year after the date of listing and cash flow forecast memorandum covering at least 12 months from the date of listing with principal assumptions, accounting policies and calculations for the forecast.”

The profit forecast memorandum and working capital sufficiency statement serve different purposes and cover two different financial periods. For example, if a listing applicant is to be listed in November 2009, with a financial year ending on 31 December 2009, the profit forecast memorandum would cover the financial period from January to December 2009, while the working capital sufficiency statement would cover at least the financial period from November 2009 to November 2010.



Given the above, we do not see a profit forecast memorandum as being an appropriate supporting document for the working capital sufficiency statement. Based on the rationale set out in the consultation document, it is unclear that the benefits of requesting an additional document for the purpose of supporting the working capital sufficiency statement, where no profit forecast is included in the listing document, would justify the incremental costs. In our view, it should be sufficient for the working capital sufficiency statement to be supported by a cash flow forecast memorandum.

If you have any questions on this submission, please feel free to contact me at the Institute on 2287 7084.

Yours faithfully,

A handwritten signature in black ink that reads 'Peter Tisman'. The signature is written in a cursive, slightly stylized font.

Peter Tisman  
Director, Specialist Practices

PMT/ML/ay