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## ***Hong Kong***

### ***Local stock exchange***

#### ***The Stock Exchange of Hong Kong Limited***

***<http://www.hkex.com.hk/>***

### **Rules for listed filings**

#### **IFRS required or permitted for listed companies?**

Permitted for consolidated and standalone/separate financial statements.

The new Hong Kong Companies Ordinance (“HKCO”) (Chapter 622) which was effective from March, 3 2014 requires companies incorporated in Hong Kong to prepare financial statements (standalone or consolidated, as applicable) that give a true and fair view.

Companies incorporated in Hong Kong are expected to prepare financial statements which comply with the statements of standard accounting practice issued or specified by Hong Kong Institute of Certified Public Accountants (“HKICPA”). Currently, HKICPA has issued Hong Kong Financial Reporting Standards (“HKFRS”), HKFRS for private entities (similar to IFRS for SMEs) or SMEs-FRS. However, it does not specify any other accounting standards such as IFRS which can be applicable to financial statements. While HKFRS have been converged with IFRS, differences remain primarily in respect of transitional provisions.

Accordingly, companies that are required to comply with HKCO who wish to use IFRS should seek legal advice to ensure compliance with HKCO. The same applies to filing of financial statements for tax purposes in Hong Kong as the filing is required by the HKCO.

#### **Version of IFRS**

IFRS as published by the IASB

#### **Are subsidiaries of foreign companies or foreign companies listed on local exchanges subject to different rules?**

Yes. There are additional requirements in respect of certain jurisdictions such as Bermuda. Refer to Appendix 13 of Main Board Listing Rules and Appendix 11 of GEM Listing Rules for details.

### **Rules for statutory filings**

#### **Is IFRS or IFRS for SMEs required, permitted or prohibited for statutory filings?**

Companies must use statements of standard accounting practice issued or specified by HKICPA, which is strongly influenced by IFRS.

Companies incorporated in Hong Kong are required by the Hong Kong Companies Ordinance to prepare financial statements (standalone or consolidated, as applicable) that give a true and fair view. Normally, companies incorporated in Hong Kong are expected to prepare financial statements under local GAAP (HKFRS), HKFRS for private entities (similar to IFRS for SMEs) or SMEs-FRS.

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While HKFRS have been converged with IFRS, differences remain primarily in respect of transitional provisions. However, HKFRS has not been fully converged with IFRS for SMEs. The key difference is primarily on income tax. The recognition and measurement principles in section 29 Income Tax of IFRS for SMEs is replaced by the extant version of HKAS 12 Income Taxes and an exception for deferred tax on investment property under HKFRS for private entities.

Accordingly, companies that are required to comply with HKCO who wish to use IFRS should seek legal advice to ensure compliance with HKCO. The same applies to filing of financial statements for tax purposes in Hong Kong as the filing is required by the HKCO.

### **Version of IFRS**

IFRS and IFRS for SMEs as adopted locally

**In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS?**

No

### **IFRS conversion plans**

#### **Plans for converging**

Not applicable

#### **Other useful websites**

Hong Kong Institute of Certified Public Accounts  
<http://www.hkicpa.org.hk/>

### **Tax information**

#### **Type of tax regime**

Quasi-dependent: Taxable profit is principally based on the legal entity statutory accounts, with a number of adjustments provided in the tax law.

#### **Comments on tax regime**

The taxable income is based on the local GAAP (HKFRS) statutory accounts, with a number of adjustments required. There is little difference between HKFRS and IFRS.

#### **Plans for IFRS converging as the basis of tax reporting**

Not applicable