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Effective for engagements for which the
terms of engagement are agreed
on or after 1 January 2022

Practice Note 720

Acting as Scrutineer at a General Meeting of a Listed Issuer

* PN 720 has been updated due to conforming changes to Hong Kong Standard on Related Services (HKSRS) 4400 (Revised), *Agreed-Upon Procedures Engagements* which will be effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022.



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

PRACTICE NOTE 720

ACTING AS SCRUTINEER AT A GENERAL MEETING OF A LISTED ISSUER

(Issued July 2005; revised December 2021*, February 2023; Effective for engagements for which the terms of engagement are agreed on or after 1 January 2022)

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Practice Note (PN) 720, *Acting as Scrutineer at a General Meeting of a Listed Issuer* should be read in the context of the *Amended Preface to the Hong Kong Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements* which sets out the application and authority of PNs.

Introduction and Purpose

1. The purpose of this Practice Note, which has been prepared in consultation with The Stock Exchange of Hong Kong Limited (SEHK) and the Securities & Futures Commission (SFC), is to provide guidance to certified public accountants (practising) (“practitioners”) who have been requested by a listed issuer to act as scrutineer when a poll is called at a general meeting.
2. The Main Board Listing Rule 13.39(5) and GEM Listing Rule 17.47(5) state that if voting at a general meeting is taken on poll, the listed issuer shall announce the results of the poll (including:
 - (i) the total number of shares entitling the holder to attend and vote for or against the resolution at the meeting,
 - (ii) the total number of shares entitling the holder to attend and vote only against the resolution at the meeting,
 - (iii) the number of shares represented by votes for and against the relevant resolution),by way of an announcement which is published in the newspapers on the business day following the meeting. The listed issuer shall appoint its auditors, share registrar or external accountants who are qualified to serve as auditors for the listed issuer as scrutineer for the vote-taking and state the identity of the scrutineer in the announcement. The listed issuer shall confirm in the announcement whether or not any parties that have stated their intention in the listed issuer’s circular to shareholders to vote against the relevant resolution or to abstain have done so at the general meeting.
3. Taking into account the nature of the engagement, practitioners would perform an agreed-upon procedures engagement when acting as scrutineer at a general meeting of a listed issuer. Accordingly, practitioners will carry out their work in accordance with Hong Kong Standard on Related Services (“HKSRs”) 4400 (Revised), *Agreed-Upon Procedures Engagements* .
4. HKSRs 4400 (Revised) introduced requirements and application material to provide more clarity in the agreed-upon procedures report. Practitioners are reminded to read HKSRs 4400 (Revised) for the requirements.
5. In particular, practitioners should refer to paragraphs 21 – 23 and A28 – A38 of HKSRs 4400 (Revised) for the engagement acceptance and continuance conditions. Practitioners shall include the terms as set out in paragraph 24 of HKSRs 4400 (Revised) in the engagement letter. Among the terms, the engagement letter shall include the purpose of the engagement and the intended users of the agreed-upon procedures report as identified by the engaging party. An illustrative engagement letter for an agreed-upon procedures engagement can be found in Appendix 1 to HKSRs 4400 (Revised).

Scope of Work

6. Practitioners’ responsibility as scrutineer will normally be limited to the work performed below.
 - (i) To obtain the results of the votes cast (for example, the total of votes cast for and against each motion) included in the poll results summary prepared by the listed issuer and check the additions of the totals included in the summary.
 - (ii) To compare the individual details of votes cast included in the summary to the poll forms collected and provided by the listed issuer. This would not be expected to be carried out on a test basis.

7. Practitioners will not in any way act as management. It is the directors' responsibility to undertake any poll and vote-taking, and to ensure that such are carried out properly in compliance with all applicable laws and regulations and that adequate controls are in place to ensure the completeness, authenticity and accuracy of the votes cast and the poll results. The directors are also responsible for ensuring the completeness and accuracy of the details of the poll results included in the announcement on the poll.
8. Practitioners will not be required to report, as part of their procedures, on the listed issuer's procedures over the process of registration of the shareholders and authorized proxies, the distribution and collection of poll forms, the safeguarding of vote collection boxes, the counting process of the poll forms and the input of the poll results into the poll results summary. Practitioners will state in the engagement letter that their work should not be relied upon in any way as confirmation of any voter's entitlement to vote.
9. Although practitioners will not be required to report on the matters set out in paragraph (6) above, they will gain an understanding, through observation and enquiry, of the listed issuer's above procedures. Furthermore, observation and enquiry will also include ensuring that counters of the listed issuer:
 - (a) are present when the ballot boxes are opened;
 - (b) open all sealed envelopes;
 - (c) check validity and signature for each ballot paper;
 - (d) tabulate the valid and void papers;
 - (e) confirm the votes; and
 - (f) prepare the necessary report.

During the observation and enquiry of the listed issuer's procedures on the poll, practitioners are encouraged to select a sample of shareholders/authorized proxies and compare the identity to the information on the members' register and/or proxy form.

10. The procedures that practitioners will perform will not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance will be expressed. Furthermore, practitioners will also include in their engagement letter that the engagement cannot be relied upon to identify or disclose whether fraud or errors, or illegal acts exist or have been undertaken.
11. Under HKSRS 4400 (Revised), independence is not normally a requirement for agreed-upon procedures engagements; however, the terms or objectives of an engagement may require practitioners to comply with certain independence requirements. In this regard, there is no objection to practitioners who are auditors acting as scrutineers in general meeting provided that they observe the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants.

12. Where practitioners are not required to be independent and have not otherwise agreed in the terms of engagement to comply with independence requirements in relation to acting as scrutineer for a poll in respect of their reappointment as auditors, a statement to that effect would be made in their agreed-upon procedures report. However, practitioners will refrain from accepting appointment as scrutineer for a poll in respect of their reappointment where the reappointment is contested. If practitioners are required to be independent or have agreed in the terms of engagement to comply with independence requirements, the agreed-upon procedures report should include a statement on compliance with the relevant independence requirements. The statement shall also identify those independence requirements.

Reporting

13. The agreed-upon procedures report will be addressed to the board of directors and will state the findings of agreed-upon procedures performed in respect of the poll results summary, including details of errors or exceptions found, in accordance with HKSRS 4400 (Revised). It will also state that no assurance engagement has been performed on the poll results summary and accordingly, no assurance is expressed thereon by practitioners. In addition, if practitioners when carrying out their work are of the view that irregularities or differences of view occur on the poll, such irregularities and differences of view will be included in the agreed-upon procedures report.
14. In accordance with HKSRS 4400 (Revised), the agreed-upon procedures report should include the identification of the purpose of the report and a statement that the report may not be suitable for another purpose. Accordingly, the agreed-upon procedures report shall state this. The agreed-upon procedures report will be for the listed issuer's information only and it shall not be copied, referred to or disclosed in whole or in part to any other persons and this should be stated including expressly disclaiming any liability to any such party in this respect. However, it will be necessary to allow the listed issuer to disclose the contents and/or send a copy of the report to the regulators upon request.
15. The name of practitioners, as scrutineer, will normally be identified in the listed issuer's public announcement of the poll results to be issued on the business day following the relevant general meeting. Practitioners will normally agree to this provided that the following in respect of the scope of their work is included in the announcement:

Scope of work of ABC & Co.

The poll results were subject to scrutiny by ABC & Co., Certified Public Accountants (Practising), whose work was limited to certain procedures requested by the Company to agree the poll results summary prepared by the Company to poll forms collected and provided by the Company to ABC & Co. The work performed by ABC & Co. in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants nor did it include provision of any assurance or advice on matters of legal interpretation or entitlement to vote.

16. Practitioners will request the listed issuer to entitle them, as scrutineer, to review, comment on the appropriateness of, and object to, the contents of any of the listed issuer's announcement containing references to the practitioners prior to its issuance. Furthermore, practitioners will request the listed issuer to take account of their comments and objections and to agree that the listed issuer's announcement shall not be finalized or published without having obtained their prior written consent. If a situation arises where the listed issuer's announcement is published without taking into account the practitioners' comments and objections and without having obtained their prior written consent, they will be required to write to the listed issuer's audit committee regarding the discrepancies and request the audit committee to inform the SEHK of such matter.

Representations by Management

17. Practitioners will obtain written representations from management of the listed issuer on the results of the poll in the relevant general meeting.

Example Engagement Letter, Representation Letter and Engagement Report

18. An example engagement letter is set out in Appendix 1 to this Practice Note.
19. An example letter of representations is set out in Appendix 2 to this Practice Note.
20. An example agreed-upon procedures report is set out in Appendix 3 to this Practice Note.

Effective Date

21. This Practice Note is effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022.

APPENDIX 1

Example Engagement Letter

(Effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022)

The following is an example of an engagement letter for an agreed-upon procedures engagement that illustrates the relevant requirements and guidance contained in this Practice Note. This letter is not authoritative and is intended only to be a guide that may be used in conjunction with the considerations outlined in this Practice Note. It will need to be adapted according to the requirements and circumstances of individual agreed-upon procedures engagements. It is drafted to refer to an agreed-upon procedures engagement for a single reporting period and would require adaptation if intended or expected to apply to a recurring engagement. It may be appropriate to seek legal advice that any proposed letter is suitable¹.

To the Board of Directors of [XYZ Company]:

You have requested that we perform an agreed-upon procedures engagement on acting as scrutineer of [XYZ Company] (the “Company”) with respect to the poll undertaken in the general meeting to be held on [date]. This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services that we will provide. Our engagement will be conducted in accordance with the Hong Kong Standard on Related Services (“HKSRS”) 4400 (Revised), *Agreed-Upon Procedures Engagements* and with reference to Practice Note (“PN”) 720, *Acting as Scrutineer at a General Meeting of a Listed Issuer* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In performing the agreed-upon procedures engagement, we will comply with the ethical requirements of the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”) and we agree to comply with the independence requirements applicable to audits of financial statements as set out in the Code.

An agreed-upon procedures engagement performed under HKSRS 4400 (Revised) involves our performing the procedures agreed with you, and communicating the findings in the agreed-upon procedures report. Findings are the factual results of the agreed-upon procedures performed. You acknowledge that the procedures are appropriate for the purpose of the engagement. We make no representation regarding the appropriateness of the procedures. This agreed-upon procedures engagement will be conducted on the basis that the Company is responsible for all votes cast, proxy forms and voter’s entitlement to vote on which the agreed-upon procedures are performed. Further, this agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

The procedures that we will perform are solely for the purpose of assisting you in satisfying the requirement of the [Main Board Listing Rule 13.39(5)/GEM Listing Rule 17.47(5)]² issued by The Stock Exchange of Hong Kong Limited (“SEHK”). Accordingly, our report will be addressed to you and our report may not be suitable for another purpose.

1. Responsibilities of directors

- 1.1 As directors of the Company, you are responsible for establishing and maintaining adequate systems of internal control to ensure that the poll is carried out properly and to ensure the completeness, authenticity and accuracy of the votes cast and the results of the poll.
- 1.2 You are responsible for ensuring the completeness and accuracy of the information included in the summary of the poll results and in any announcement of the results of the poll, and also ensuring each voter’s entitlement to vote.

¹ The auditor may consider it appropriate to include a limitation of liability clause with his firm’s risk management policies.

² Delete where not applicable.

- 1.3 You will confirm to us that all proxy forms have been properly received and all votes cast are legally valid, and that the poll results are complete and accurate.
- 1.4 You will make available to us:
- (a) all written policies, internal memoranda, correspondences and working papers relating to the vote-taking; and
 - (b) other information necessary for us to perform the agreed-upon procedures as set out in our scope of work in section 2 below.

2. Scope of our work

- 2.1 You have requested us to act as scrutineer for any vote-taking to be taken place during the Company's general meeting to be held on [date]. The scope of our work as scrutineer will be limited to the procedures agreed with you as set out in this section below. In carrying out our work, we will not in any way act as management. Your responsibilities as directors of the Company have been set out in section 1 above.
- 2.2 We have agreed to perform the following procedures and report to you the findings resulting from our work:
- (a) Obtain the results of the votes cast (for example, the total of votes cast for and against each motion) included in the poll results summary prepared by the Company and check the additions of the totals included in the summary.
 - (b) Compare the individual details of votes cast included in the summary to the poll voting forms collected and provided to us by the Company.

The procedures are to be performed between [date] and [date].

- 2.3 Our engagement cannot be relied upon to identify or disclose whether fraud or errors, or illegal acts exist or have been undertaken. However, we will inform you of any such matters which come to our attention.

3. Our Agreed-Upon Procedures Report

- 3.1 As part of our engagement, we will issue our report, which will describe the agreed-upon procedures and the findings of the procedures performed. *[Insert appropriate reference to the expected form and content of the agreed-upon procedures report in accordance with PN 720.]*
- 3.2 Our report will be addressed to the Board of Directors of the Company and will state our findings of agreed-upon procedures performed in respect of the poll results summary, including details of errors or exceptions found, in accordance with HKSRS 4400 (Revised) and with reference to PN 720. It will also state that we have not performed an assurance engagement on the poll results summary and accordingly express no assurance thereon. In addition, if when carrying out our work we are of the view that irregularities or differences of view occur on the poll, such irregularities and differences of view will be included in the agreed-upon procedures report.
- 3.3 In accordance with HKSRS 4400 (Revised), our report should include the identification of the purpose of the report and a statement that the report may not be suitable for another purpose. Accordingly, our report will state this. Our report will be for the information of the Board of Directors of the Company only and it should not be copied, referred to or disclosed in whole or in part to any other persons and we expressly disclaim any liability to any such party in this respect. However, we will allow you to disclose the contents and/or send a copy of the report to the SEHK and Securities and Futures Commission upon their request.

- 3.4 We understand that our name, as scrutineer, will be identified in the Company's public announcement of the poll results to be issued on the business day following the general meeting. We will agree to this provided that the following in respect of our scope of work is included in the announcement.

"Scope of work of ABC & Co.

The poll results were subject to scrutiny by ABC & Co., Certified Public Accountants (Practising), whose work was limited to certain procedures requested by the Company to agree the poll results summary prepared by the Company to poll forms collected and provided by the Company to ABC & Co. The work performed by ABC & Co. in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants nor did it include provision of any assurance or advice on matters of legal interpretation or entitlement to vote."

- 3.5 We will be entitled to review, comment on the appropriateness of, and object to, the contents of any announcement by the Company containing references to ABC & Co. prior to its issuance. The Company will take account of our comments and objections and the Company agrees that the announcement by the Company will not be finalized or published without having obtained our prior written consent. If a situation arises where the announcement by the Company is published without taking into account our comments and objections and without having obtained our prior written consent, we will write to your audit committee regarding the discrepancies and request the audit committee to inform the SEHK of such matter.

[4. Fee]³

[Insert other information, such as billings and other specific terms, as appropriate.]

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our engagement, including the specific procedures which we have agreed will be performed and that they are appropriate for the purpose of the engagement.

Yours faithfully,

ABC & Co.
Certified Public Accountants (Practising) [or Certified Public Accountants]

Acknowledged and agreed on behalf of the Board of Directors of [XYZ Company] by:

[Signature]
[Name and Title]
[Date]

³ Delete where not applicable.

APPENDIX 2

Example Letter of Representations

(To auditors)

(Date)

Dear Sirs

We refer to your report dated [date] on the results of the agreed-upon procedures on the poll undertaken in the general meeting of [XYZ Company] (the "Company") held on [date] (the "poll").

We confirm to the best of our knowledge and belief the following representations given to you in connection with your above report:

- 1 We are responsible for establishing and maintaining adequate systems of internal control to ensure that the poll is carried out properly and to ensure the completeness, authenticity and accuracy of the votes cast and the results of the poll.
- 2 We are also responsible to ensure the completeness and accuracy of the information included in the summary of the poll results and in any announcement of the results of the poll, and ensure each voter's entitlement to vote.
- 3 We confirm that all proxy forms have been properly received and all votes cast are legally valid, and that the poll results are complete and accurate.
- 4 We have made available to you
 - (a) all written policies, internal memoranda, correspondences and working papers relating to the vote-taking; and
 - (b) other information necessary for you to perform the agreed-upon procedures as stated in the engagement letter dated [date].
- 5 We confirm the poll outcome as [included in the attached summary][follows]¹:

	For	Against	Spoilt votes/abstention
Motion 1			
Motion 2			
etc.			

Yours faithfully,

By Order of the Board

Name:

Name:

Position:

Position:

¹ If the agreed-upon procedures report is issued on the same day as the poll is taken, the details of votes cast may need to be manually included on the representation letter.

APPENDIX 3

Example Agreed-Upon Procedures Report

(Effective for agreed-upon procedures engagements for which the terms of engagement are agreed on or after 1 January 2022)

For purposes of this illustrative agreed-upon procedures report, the following circumstances are assumed:

- The Company is the engaging party, the responsible party and the intended user.
- No exceptions were found.
- The practitioner did not engage a practitioner's expert to perform any of the agreed-upon procedures.
- There is a restriction on the use and distribution of the report.
- The practitioner is the auditor of the financial statements of the Company. The practitioner has agreed with the directors of the Company that the practitioner's compliance with the independence requirements applicable to audits of financial statements is appropriate for the purpose of the agreed-upon procedures engagement. The practitioner has agreed to include, in the terms of engagement, compliance with the independence requirements applicable to audits of financial statements for the purpose of the agreed-upon procedures engagement.
- The practitioner included a reference to the date when the agreed-upon procedures were agreed in the terms of the engagement.

AGREED-UPON PROCEDURES REPORT ON ACTING AS SCRUTINEER OF THE COMPANY WITH RESPECT TO THE POLL UNDERTAKEN IN THE GENERAL MEETING ON [DATE]

To: Board of Directors of [XYZ Company]

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report is solely for the purpose of assisting [XYZ Company] (the "Company") in satisfying the requirement of the [Main Board Listing Rule 13.39(5)/GEM Listing Rule 17.47(5)]¹ issued by The Stock Exchange of Hong Kong Limited and may not be suitable for another purpose. This report is intended solely for the Company, and should not be used by, or distributed to, any other parties.

Directors' Responsibilities

The directors of the Company have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The directors of the Company are responsible for ensuring (a) completeness, authenticity and accuracy of all votes cast and the results of the poll; (b) completeness and accuracy of the information in the summary of the poll results in any announcement of the results of the poll; (c) each voter's entitlement to vote and (d) all proxy forms have been properly received and all votes cast are legally valid, and that the poll results are complete and accurate (collectively the "votes cast, proxy forms and voter's entitlement to vote"), on which the agreed-upon procedures are performed.

¹ Delete where not applicable.

Practitioner’s Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the Hong Kong Standard on Related Services (HKSRS) 4400 (Revised), *Agreed-upon Procedures Engagements* and with reference to Practice Note 720, *Acting as Scrutineer at a General Meeting of a Listed Issuer* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the directors of the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. Our work and this report do not constitute confirmation of votes cast, proxy forms and voter’s entitlement to vote nor confirmation of, or advice on, any legal matters or matters subject to legal interpretation. We make no representation regarding the appropriateness of the agreed-upon procedures. We expressly disclaim any liability or duty to any other party for the content in this report.

As agreed with you, the Company is responsible for ensuring the completeness and authenticity of all votes cast and proxy forms and for ensuring each voter’s entitlement to vote.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements of the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”) and the independence requirements in Part 4A, Chapter A of the Code.

[In relation to the poll in respect of the reappointment of auditors, we declare that we are the auditors of the Company seeking reappointment.]¹

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*², and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed upon with the directors of the Company in the terms of engagement dated [date], on acting as scrutineer of the Company with respect to the poll undertaken in the general meeting on [date].

Procedures	Findings
1. We obtained the results of the votes cast included in the poll results summary prepared by the Company attached to this report and checked the additions of the totals included in the summary.	1. We found the additions of the totals to be correct.

¹ Delete where not applicable.

² Hong Kong Standard on Quality Management (“HKSQM”) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* replaces HKSQC 1. Practitioners are required to have systems of quality management designed and implemented in accordance with HKSQM 1 by 15 December 2022.

2. We compared the individual details of votes cast included in the summary to the poll voting forms collected and provided to us by the Company.	2. We found the individual details of votes cast included in the summary agreed to the poll forms collected and provided to us by the Company.
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For the purpose of this report, the following convention has been adopted in presenting our procedures and findings:

- The phrase “compared” means agreed to and found to be in agreement unless otherwise noted. Such agreed amounts and percentages are deemed to be in agreement if differences are attributable to rounding.

ABC & Co.
Certified Public Accountants (Practising) [or Certified Public Accountants]
[Date]
[Address]