



香港工業總會
FHKI

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Federation of Hong Kong Industries

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19 August 2011

Ms Connie Szeto
Clerk to the Bills Committee on Companies Bill
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Ms Szeto,

Companies Bill – Preparation of Simplified Financial and Directors' Reports


Thank you for your letter of 28 July 2011 inviting our views on the suggestion for further relaxing the criteria for private companies to prepare simplified financial and directors' reports.

Having thoroughly considered the issue in question, the Federation of Hong Kong Industries is of the view that in addition to the relaxation proposed in the Companies Bill, private companies or groups of any size should be allowed to opt to prepare simplified financial and directors' reports if the members holding 75% of the voting right so resolve and no member objects. We believe this further relaxation can help reduce the administrative burden on private companies and make its compliance less costly. Moreover, with this arrangement, the legislation can maintain a right balance between facilitating compliance and company transparency and accountability. This is highly important as local companies have found Hong Kong's regulatory environment increasingly onerous.

We also wish to suggest that periodic reviews be conducted by the Government on the revenue, asset and employee requirements for private companies to qualify as small companies, so as to ensure that timely adjustments to the thresholds could be made to meet the prevailing conditions in the economy. In order to shorten the legislative process, consideration may be given to empowering the Government to make such changes by way of subsidiary legislation.

We hope the Bill Committee will take our views into account when deliberating on the issue.

Yours sincerely,


Roy Chung
Chairman