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THE ASSOCIATION
OF INTERNATIONAL
ACCOUNTANTS

HONG KONG BRANCH

Room 1002, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong
Tel: (852) 2945 4982 Fax: (852) 2845 7495 E-mail: asia@aiakhkbranch.com Website: www.aiakhkbranch.com
G.P.O. Box 6778, Hong Kong

Ref: TL/03106

The Hon Audrey Eu Yuet-mee, SC, JP
Chairman of the Bill Committee
Legislative Council
Legislative Council Building
8 Jackson Road, Central
Hong Kong

19 September 2003

Dear Miss Eu,

Views on Companies (Amendment) Bill 2003

Thank you for your letter dated 24 July 2003 inviting the Association of International Accountants Hong Kong Branch to submit its views on the Companies (Amendment) Bill 2003.

We have reviewed and studied the Companies (Amendment) Bill 2003 and largely agree that the amendments to the Companies Ordinance serve to enhance flexibility and versatility for the improvement of the prospectus regime to facilitate market development. In addition it will enhance corporate governance standards by strengthening remedies for shareholders and aligning the definition of subsidiary for the purposes of preparing group accounts with a concept closer to the wider one adopted in the International Accounting Standards and to modernise the registration regime for overseas companies and incorporation procedures. Although we supported the amendments, we are quite concerned about the burden of compliance due to the amended Companies Ordinance and the possibility of additional costs that may be incurred.

On behalf of the Association, we would like to express our thanks for being invited to present our comments and views.

Yours sincerely,

Phileas K.W. Fok MBA FAIA FHKSA FCCA MSCA ATIIHK MHKSI
Chairman of Accounting & Tax Sub-Committee
The Association of International Accountants
Hong Kong Branch