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Secretary for Financial Services and the Treasury
Financial Services and the Treasury Bureau
(Attn: Mr Alan LO, PAS(FS)4)
18/F, Tower 1
Admiralty Centre
18 Harcourt Road
Hong Kong

By Fax (2865 6778) and By Post

24 December 2004

Dear Mr LO

Companies (Amendment) Bill 2004 ("the Bill")

I refer to your letter of 23 November 2004.

Section 2(1) of the 23rd Schedule of the Bill sets out the various criteria under which an undertaking is defined to be a parent undertaking ("parent undertaking") in relation to another undertaking ("subsidiary undertaking "). It appears that more that one undertaking can satisfy the criteria and become the parent undertakings of a subsidiary undertaking. Please clarify the policy intent in this aspect and the obligation of these parent undertakings under the Companies Ordinance (Cap. 32) in preparing the group accounts.

It is appreciated that your reply in both Chinese and English could reach us by close of play, 5 January 2005.

Yours sincerely

(Monna LAI)
Assistant Legal Adviser