



7th June, 2018

BY HAND

Legislative Council Secretariat,
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Sirs,

COMPANIES (AMENDMENT) BILL 2018

I write on behalf of Li, Tang, Chen & Co. CPA (Practising) in support of the Companies (Amendment) Bill 2018 (“Bill”) proposed by the Government of the Hong Kong Special Administrative Region for the amendments in the Companies Ordinance. As far as our profession is concerned, we will experience the benefit and impact from the following amendments:

1. The key amendment in the Bill is to include holding companies with non-Hong Kong subsidiaries to be able to prepare simplified financial statements in accordance with the “Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard” (“SME-FRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This will provide more flexibility to small to medium-sized entities (“SMEs”) to reduce their compliance costs, as a majority of our clients is SMEs.
2. Under the current Companies Ordinance, if a group of companies is not qualified as a group of small private companies because not every company in the group is qualified as a small private company, the holding company may still be eligible for the reporting exemption if members of each relevant company in the group agree to adopt simplified reporting and no member objects. The HKSAR now proposes that the adoption of simplified reporting should require a resolution by members of the holding company only. This will enable more of our clients to prepare simplified financial reporting under the SME-FRS.

In light of the above, the Bill has full support from my firm. We truly entrust that the Legislators would vote for the Bill.

Your kind attention to this matter will be much appreciated.

Yours faithfully,

Li Tang Chen & Co.