



THE
LAW SOCIETY
OF HONG KONG
香港律師會

Companies Bill
Consultation on the Qualifying Criteria for Private
Companies to Prepare Simplified Financial and Directors
Report

The Law Society has reviewed the Consultation Paper and makes the following submissions:

We support the proposal that all private companies should be given the flexibility to adopt simplified or full financial and directors' reporting. Financial reports of a private company are prepared primarily for its members. If members agree that they do not need to review full reports there are no overriding reasons to disallow their companies from preparing simplified reports. A private company may prepare full reports on a voluntary basis as it sees fit.

We therefore support Option 2 as set out in the Consultation Paper.

We note FSTB said in the consultation (para. 13) that in comparable jurisdictions such as the UK and Singapore there is no mechanism for large private companies to opt for simplified reporting. It is worth noting, however, that annual accounts are not required to be filed at the Companies Registry by private companies in Hong Kong, whereas private companies in the UK and Singapore must file their annual accounts with the local companies registry (subject to certain local exemptions), which thereby become public information.

The Law Society of Hong Kong
Company Law Committee
17 January 2012
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