



公 司 註 冊 處
COMPANIES REGISTRY

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來函檔號 YOUR REF.:

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Mr. Steve Ong
Director, Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East,
Wanchai,
Hong Kong

Dear Steve,

**Seeking Input to Questions Raised by
IASB-US FASB Financial Crisis Advisory Group ("the FCAG")**

I refer to your letter dated 20 March 2009 in respect of the captioned matter. We have considered the seven questions raised by the FCAG from the perspective of the Companies Ordinance, Cap 32 of the laws of Hong Kong ("CO"), and in the light of the recommendations made in the context of the rewrite of CO. The comments which follow should not therefore be taken as reflecting the position of the Administration as a whole.

We support in principle the improvement of financial crisis-related accounting and reporting. Under the rewrite of the CO, there will be a new requirement for directors of all companies (public or private, other than companies satisfying certain criteria) to prepare a more analytical and forward-looking business review in their reports which should include, among other things –

- a fair review of the business of the company;
- a description of the principal risks and uncertainties facing the company;
- particulars of any important events affecting the company which have occurred since the end of the financial year;
- an indication of likely future developments in the business of the company; and
- a balanced and comprehensive analysis of the development, performance or position of the business of the company using, where appropriate, financial as well as non-financial key performance indicators.

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Though not in the form of financial statements, disclosure of such information serves the purpose of promoting transparency for investors and other resource providers, and bringing their awareness to antecedent and current business and financial risks faced by the company.

Furthermore, by the requirement to prepare annual financial statements or consolidated financial statements, as the case may be, in accordance with applicable accounting standards, companies would be required to comply with the evolving financial crisis-related accounting and reporting requirements if so incorporated into the accounting standards.

Other than as aforesaid, we are not in a position to comment on the individual questions raised as they are technical in nature from an accounting point of view.

If you envisage that the implementation of any conclusions reached by this consultation require any amendment to the CO or its Schedules, please let me know.

Thank you for your kind attention.

Yours sincerely,

(Mrs Christine Sit)
for Registrar of Companies