

保險業監理處

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In reply please quote this ref. **INS/LEG/3/5**  
**INS/LEG/4/1**

17 November 2005

來函檔號 Your ref.

電話 Tel. 2867 2564

To : Chief Executives of all authorized insurers

Dear Sirs,

**Companies (Amendment) Ordinance 2005**

As you may be aware, the Companies (Amendment) Ordinance 2005 (“Amendment Ordinance”), which was gazetted on 8 July 2005, has been enacted by the Legislative Council. The Amendment Ordinance amends the provisions of the Companies Ordinance relating to the accounts of a company. It also introduces consequential amendments to the Insurance Companies Ordinance.

**Amendments to Companies Ordinance (“CO”)**

The Amendment Ordinance introduces, inter alia, the following major amendments to the CO :

- (a) it amends the definition of the term “subsidiary” in the CO for the purposes of group accounts. In this connection, the new terms of “subsidiary undertaking”, “parent company” and “parent

undertaking” have been introduced. According to the newly added section 2B and Twenty-third Schedule, the term “undertaking” includes body corporates, partnerships and other unincorporated associations; and

- (b) it introduces “true and fair view override” provisions to the effect that if compliance with the requirements of the CO does not result in a true and fair view of the state of affairs of the company or the group, the directors should depart from these requirements to the extent necessary to give a true and fair view. Additional information in order to present a true and fair view should be given in the accounts or in a statement annexed to the accounts. Particulars of any such departure, the reasons for it and its effect should be given in the accounts or statement.

### **Consequential Amendments to Insurance Companies Ordinance (“ICO”)**

The Amendment Ordinance also introduces consequential amendments to Parts 1, 2, 3 and 4 of the Third Schedule to the ICO in relation to the preparation of accounts and statements by insurers. Under the consequential amendments to the ICO, a reference in these Parts to “holding company” and “subsidiary/subsidiary company” shall be deemed to include “parent company” and “subsidiary undertaking” respectively. The term “parent company” or “subsidiary undertaking” shall be construed in accordance with section 2B of the CO as read with the Twenty-third Schedule to that Ordinance.

### **Commencement**

The commencement day of the Amendment Ordinance has been appointed. Its provisions will apply in relation to a company for its financial years beginning on or after 1 January 2006. I am therefore writing to remind you that your accounts and statements with financial year beginning on or after 1 January 2006 that have to be prepared in accordance with the provisions of the CO or the ICO should comply with the provisions of the Amendment Ordinance as applicable.

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## **Enquiries**

If you have any enquiries regarding the amendments in relation to the CO, you may contact the Companies Registry direct. If you have any questions on the consequential amendments in relation to the ICO, you may call our Ms Fion Tam at 2867 2552 or Ms Frances Tong at 2867 2564.

Yours faithfully,

(Richard Yuen)  
Commissioner of Insurance

c.c. Appointed auditors of authorized insurers  
Chairman, The Hong Kong Federation of Insurers