

Dear Sir,

We refer to the captioned subject and may comment as follows:

1. I am of the opinion that there is a need for differential reporting in Hong Kong.
2. Differential reporting should certainly based on a benefit: cost criterion
3. The three surrogates are appropriate.
4. It depends on how you define small entities. In my opinion, differential reporting should be applied to all private companies if all shareholders agree.
5. I support HKSA to lobby for a change in the law allowing private companies who do not have public accountability to exempt from preparing consolidated financial statement if all the shareholders agree.
6. The Para 24 and 25 criteria seems appropriate.
7. Basically, I agree with the suggested criteria for defining small entity. For company with property leasing activity only, I suggest the total assets to be \$100 million. Do you count also the factory workers in China? In my opinion, it should be excluded.
8. yes.
9. I support the selective application of differential reporting approach.
10. There should also be exemption for SSAP10 and SSAP21 ,SSAP 32. For SSAP13, the exemption amount should be increased to HK\$100 million
11. I would suggest that a committee to set up to review the requirement of differential reporting under each SSAP.
12. No.

Your sincerely,

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