

羅兵咸永道有限公司

PricewaterhouseCoopers Ltd.  
21/F, Edinburgh Tower  
15 Queen's Road Central  
Hong Kong  
Telephone (852) 2289 8888  
Facsimile (852) 2810 9888  
www.pwchk.com

By Fax and Email

The Hon. James Tien Pei-chun, GBS, JP  
Chairman of the Bills Committee  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong SAR  
The People's Republic of China

30 December 2005

**Revenue (Profits Tax Exemption for Offshore Funds) Bill 2005 (the "Bill")**

Dear Sirs,

We refer to your letter dated 6 December 2005 inviting submissions on the Administration's proposed Committee Stage Amendments ("CSAs") to the Bill.

We are pleased to offer our full support for the Bill together with the proposed CSAs (the "Revised Bill") as they are generally in line with the views expressed by various deputations over the course of the past months. We also consider that the Revised Bill has also adequately addressed the concerns raised by the investment management industry participants and other relevant interested parties who provided their comments, concerns, insights and suggestions in relation to the first and second consultation papers, the original draft Bill, the Supplementary notes and the Notes on the proposed CSAs.

Having reviewed the documents attached to your letter, we noted that there are a few minor technical issues that need to be clarified by the Administration before the Revised Bill is enacted into law. These are mainly practical and interpretational issues. Nevertheless, we believe that they can be satisfactorily dealt with by a Departmental Interpretation and Practice Note to be issued by the Inland Revenue Department ("IRD") in due course. We have written to Mr. YY Chu of the IRD and Ms. Dorothy Ma of FSTB under separate cover in this regard.

This has been a lengthy process but now that it is reaching its conclusion, we would like to express our belief that the Administration adopted the correct approach in consulting with industry participants before drafting the detailed legislative provisions. Once again, we are pleased to say that we offer our full support for the Revised Bill and believe that enactment of the Revised Bill represents an important step by the Administration towards developing Hong Kong as a financial centre on the global stage and encouraging further growth in the hugely important investment management industry here.

We hope you find our comments useful and look forward to seeing the Revised Bill passed into law as early as possible.

Yours faithfully  
For and on behalf of PricewaterhouseCoopers Ltd.

  
Florence Yip  
Asia Pacific Tax Leader  
Investment Management Industry Group