

Your Ref: CB(3)/PAC/R49

3rd March 2008

The Chairman
Public Accounts Committee
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central, Hong Kong

Attn: Dr Hon Philip Wong Yu-hong

Dear Sir,

**The Director of Audit's Report on the
results of value for money audits (Report No.49)**

I refer to the letter from my solicitors Messrs. Richards Butler in association with Reed Smith LLP to you dated 9th January 2008.

You indicated at the beginning of the hearing on 10th January 2008 that I should not have supplied information or expressed opinions to the Committee through lawyers. So that the Committee can have before it all the relevant evidence and for the avoidance of doubt, by this letter I adopt all the contents of my solicitors' letter, which should be treated as part of my evidence given to the Committee.

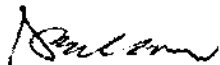
Moreover, may I respectfully remind you of the Clerk to the PAC's letter dated 10th December 2007 to me before the hearing:

"I am directed to clarify that the holding of the public hearings on the Director of Audit's reports is part of the Committee's established process for gathering evidence relevant to the reports for the purposes specified in the second paragraph. The Committee is not concerned with allegations against any person. Hence, there is no question of making allegations against you at the hearings."

That being the stated position, it would be wholly unfair to me if any adverse findings or criticisms are made against me in the final report. In this regard, I hereby reserve all my legal rights.

I thank you for your kind attention.

Yours faithfully,



Grace LEE CHAN Ka Yan

c.c. Ms. Clara Chong