

Your Ref.: CB1/BC/13/04
Our Ref.: LC/RC/O5/169

8th September 2005

Ms. Connie Szeto
for Clerk to Bills Committee
Legislative Council
Legislative Council Building
8 Jackson Road
Central, Hong Kong

Dear Ms. Szeto,

Re: Bills Committee on Financial Reporting Council Bill

Thank you for your letter dated 1st August 2005 inviting me to submit my views on the Financial Reporting Council Bill (the "Bill").

I fully support the legislative efforts to set up an independent statutory body to oversee the work of the auditors and the financial reporting of listed companies. I believe this may tighten the independent regulation of the audit profession and improve public confidence in corporate reporting, corporate governance, accounting and auditing of listed companies.

Basically, I agree that the Bill has been comprehensively drafted to meet its objectives. My comments are as follows:

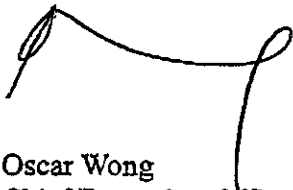
1. In order to instill public confidence, the investigation of suspected cases of accounting irregularities and corporate scandals have to be conducted effectively. Further, membership of the Council should include a balanced representation of the interested parties.
2. Possible complex cases of accounting irregularities may put pressure on the Council in respect of manpower, expertise, time and costs. I noted that there are suggestions from the Administration that the Council members may hire external expertise to assist in the investigation of large corporate scandal case. The procedures for hiring external expertise have not been set out in the Bill. It would be useful if certain guidelines are available in this regard.

.../2

3. The Council may publish the investigation or enquiry reports submitted by the Investigation Board or the Review Committee. The power to publish reports should be exercised with due care and the publication of reports should not prejudice subsequent proceedings or those persons affected by the publication. It would be helpful if the rights of the persons being affected can be further elaborated, for example, their right to be given reasonable opportunity to make representation prior to the publication of the report.
4. Persons being investigated should be properly informed of their rights, for example, their right to legal representation.

In case you wish to clarify any of the above issues, please feel free to contact myself at 2280 8008.

Yours sincerely,



Oscar Wong
Chief Executive Officer