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June 6, 2005

Mrs. Sharon Tong  
Clerk to the Bills Committee  
Legislative Council Building  
8 Jackson Road  
Central, Hong Kong

**Re: Revenue (Abolition of Estate Duty) Bill**

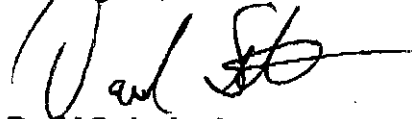
Dear Mrs. Tong

We understand that the Bills Committee will be considering the Revenue (Abolition of Estate Duty) Bill on June 6, 2005.

Morgan Stanley agrees with the government that the Estate Duty in Hong Kong should be abolished. We believe that the existing Estate Duty can be easily avoided by large investors who go to the effort of holding their Hong Kong assets through certain corporate and/or trust structures. Thus, the existing estate duty primarily is borne by those who do not have sufficient assets or sophistication to plan around the tax. The economic inefficiency created by this duty is not appropriate in Hong Kong, where tax simplicity is an important hallmark of our society.

If we can answer any other questions, please let us know.

Best regards,



David Sutherland  
Managing Director  
Morgan Stanley Asia Ltd.