

Our Ref : KM/EH/QAD/pw

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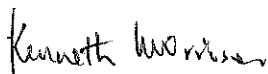
Hon. Paul Chan Mo-Po, MH, JP  
Chairman  
Bills Committee on Companies Bill  
Room 805, legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Sir,

We have been informed by the Chief Executive of the Hong Kong Institute of Certified Public Accountants ("HKICPA") that clause 399 of the Companies Amendment Bill ("the Bill"), if passed, would impose a criminal sanction on an auditor if the auditor knowingly or recklessly omits a required statement in the audit report. In this respect, we write to raise our objection to this clause and request that it either be removed altogether or, at least, be amended, such that any alleged omission on the part of the auditor would need to have been made dishonestly or with intent to defraud before a prosecution could be initiated. We repeat the reasons for this objection which are set out in the submission from the HKICPA to the Bill Committee dated 24 May 2012, a copy of which is attached. In particular, we consider that this clause, as currently drafted, would impose a considerable, unreasonable and inequitable burden on auditors and therefore should only be considered in conjunction with the review and reform of auditors' liabilities as a whole.

We hope that the Bill Committee can give due consideration to the above and make appropriate changes to the Bill accordingly.

Yours faithfully,  
For and on behalf of  
Mazars CPA Limited



**Kenneth Morrison**  
Managing Director

Enc.

MAZARS CPA LIMITED

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