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**BY EMAIL AND BY HAND**

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

14 June 2012

Ref: AAU/06142012/001/tc

Dear Paul,

**Section 399 of the Companies Bill - Offences relating to contents of auditor's report**

BDO Limited is a corporate practice registered under the Professional Accountants Ordinance. BDO Limited is the Hong Kong member firm of BDO International Limited, a global accountancy network ranked fifth worldwide, with over 1,100 offices in more than 130 countries and over 48,000 people providing advisory services throughout the world.

We have reviewed Clause 399 of the Companies Bill and read the submissions of the Hong Kong Institute of Certified Public Accountants (HKICPA) dated 13 June 2012 (copy attached), 24 May 2012 and 21 December 2011 respectively.

We make this submission supporting the HKICPA's position in its above submissions that:

1. Its objection to clause 399 as currently drafted, both in relation to the wording of the offence itself and the uncertainty over which individuals may be held liable.
2. Clause 399 is either to be removed altogether or, at least, be amended, such that the omission would need to have been made dishonestly or with intent to defraud before a prosecution could be initiated.

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3. Clause 399 should better be considered as part of the package of the overall review of auditors' responsibilities and liabilities, which we understand is the case in the UK when a similar provision was introduced as part of the Companies Act 2006.

If you need any clarification about our submission, please do not hesitate to contact our Mr Stephen Chan, Director and Head of Risk at [stephenchan@bdo.com.hk](mailto:stephenchan@bdo.com.hk) or 2218 8231.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Albert Au', written over a faint, illegible stamp or background.

Albert Au  
Chairman & Chief Executive