

2009 DEC 29 AM 11:20

The Chief Executive and Registrar  
Hong Kong Institute of CPA  
37th Floor, Wu Chung House  
213 Queen's Road East  
Wan chai  
Hong Kong

29th December, 2009

Dear Sir,

**Re: Invitation to comment - consultation paper on proposed changes to auditing practices (comments due by 1 March 2010)**

I write to response your letter dated 17th December, 2009.

I think I can understand and agree the principals regarding the proposed changes on requirements of ordinary residence, mainland auditing, recent auditing experience and registered firms and other proposals. However, I would like to suggest the following points for your considerations

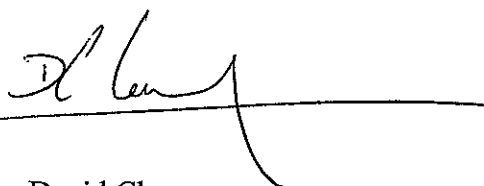
1. It seems that the criteria proposed to be adopted for meeting the requirements of Registered Audit Practice is not well defined in the statement. It is important to get it to be defined clearly in the document because the whole concept is depending on the criteria to be used.
2. What is the "fit and proper" & "competency requirements" for an audit practice in the new regime? It is linked with question 1, being a condition for getting the registered audit practice to be registered;
3. What is "ongoing eligibility assessments" for existing practice units? Comparing to the existing annual declaration, what are the differences in terms of implementation? How to and who is eligible determining "eligibility"?
4. It is disappointing noting from your statement that the driver of the proposed change is to raise public trust in the audit quality that is being done by the existing practicing certificate holders. This statement seems questioning the quality of existing PC holder who has satisfied examinations and audit experience for being as an auditor. What is the value of a Practicing Certificate if the holder is not allowed to sign on audit accounts? And what is the point of paying annual fee for a certificate which is not allowed to sign on audit accounts?

5. What are the considerations for the conversion for those PC holders who are the auditors for many years but only on a part time basis? They are experienced professional auditors but can only afford to work on audit practice on a part time basis. Sometime, it may be difficult for a PC holder to get and renew the audit business every year, but would commit on audit work should an opportunity arises. So how to get him registered as Registered Audit Practice under the new regime?

I think that the above should be the concerns of all Practising Certificate Holders who have taken many years of efforts for getting PC and be trained as an auditor; in particular, special consideration should be given for those PC holders who had taken the Practising Certificate Examination.

Many thanks for your consideration. I am looking forward to seeing your response through your revised statement.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D. Cheung', is written over a horizontal line. The signature is fluid and cursive.

David Cheung