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HKICPA

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The Registrar
Hong Kong Institute of CPAs
37/F Wu Chung House
213 Queen's Road east
Wanchai, Hong Kong.

Re: CONSULTATION PAPER ON PROPOSED CHANGES TO AUDITING PRACTICES ("Consultation Paper")

Pursuant to paragraph number 24 of the Consultation Paper, the institute will restructure fees and levy single Registered Audit Practice fee and adjust practicing certificate fees. Our opinion is that the fee and levy as well as the Practising certificate fees should be in accordance to (i) the size of the practice (based on number of audit staff / turnover / number of clients and the like), (ii) the number of listed companies clients engaged, (iii) the number of companies of public interests, etc. instead of a fixed lump sum.

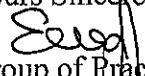
Pursuant to paragraph number 25 of the Consultation Paper, Registered Audit Practices will be subject to ongoing eligibility assessments. Our opinion is that the ongoing eligibility assessments should be in accordance to (i) the size of the practice (based on number of audit staff / turnover / number of clients and the like), (ii) the number of listed companies clients engaged, (iii) the number of companies of public interests, etc. instead of a very complicated ongoing eligibility assessments.

According to paragraph number 26 of the Consultation Paper, if an Authorized Signatory fails to meet the competency requirements, his name will be removed from the list of Authorized Signatories in the register of Registered Audit Practices. It is not clear whether this would affect the HKICPA membership status of that member.

The proposal has not mentioned the length of the transitional period or grace period. We suggest the transitional period or grace period should not be less than 3 years.

To conclude, we strongly recommend that the FEE, LEVY & PRACTISING CERTIFICATE FEE, ONGOING ELIGIBILITY ASSESSEMENTS should be adjustable in accordance with (i) the size of the practice (based on number of audit staff / turnover / number of clients and the like), (ii) the number of listed companies clients engaged, (iii) the number of companies of public interests, etc.

Yours Sincerely,


Group of Practice Certificate Holders
Eva, Simon, Ricky & Donald

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