
QUESTIONNAIRE ON ACCEPTANCE OF MAINLAND ACCOUNTING AND AUDITING STANDARDS AND MAINLAND AUDIT FIRMS FOR MAINLAND INCORPORATED COMPANIES LISTED IN HONG KONG

We invite interested parties to respond to the Consultation Paper on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong, which can be downloaded from the HKEx website at http://www.hkex.com.hk/consul/paper/cp200908_e.pdf.

This Questionnaire contains the Personal Information Collection and Privacy Policy Statement; Part A: General Information of Respondents; and Part B: Consultation Questions.

All responses should be made in writing by completing and returning to HKEx both Part A and Part B of this Questionnaire no later than **23 October 2009** by one of the following methods:

By mail or
hand delivery to

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Re: Consultation Paper on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong

By fax to

(852) 2524-0149

By e-mail to

response@hkex.com.hk

Please mark in the subject line:

“Re: Consultation Paper on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong”

Our submission enquiry number is (852) 2840-3844.

The name of persons who submit comments together with the whole or part of their submissions may be disclosed to members of the public. If you do not wish your name to be published please indicate so in Part A.

Personal Information Collection and Privacy Policy Statement

Provision of Personal Data

1. Your supply of Personal Data to HKEx is on a voluntary basis. "Personal Data" in these statements has the same meaning as "personal data" in the Personal Data (Privacy) Ordinance, Cap 486, which may include your name, identity card number, mailing address, telephone number, email address, login name and/or our opinion.

Personal Information Collection Statement

2. This Personal Information Collection Statement is made in accordance with the guidelines issued by the Privacy Commissioner for Personal Data. It sets out the purposes for which your Personal Data will be used after collection, what you are agreeing to in respect of HKEx's use, transfer and retention of your Personal Data, and your rights to request access to and correction of your Personal Data.

Purpose of Collection

3. HKEx may use your Personal Data provided in connection with this consultation paper for purposes relating to this consultation and for one or more of the following purposes:
 - administration, processing and publication of the consultation paper and any responses received;
 - performing or discharging HKEx's functions and those of its subsidiaries under the relevant laws, rules and regulations;
 - research and statistical purposes; and
 - any other purposes permitted or required by law or regulation.

Transfer of Personal Data

4. Your Personal Data may be disclosed or transferred by HKEx to its subsidiaries and/or regulator(s) for any of the above stated purposes.
5. To ensure that the consultation is conducted in a fair, open and transparent manner, any response together with your name may be published on an "as is" basis, in whole or in part, in document form, on the HKEx website or by other means. In general, HKEx will publish your name only and will not publish your other Personal Data unless specifically required to do so under any applicable law or regulation. If you do not wish your name to be published or your opinion to be published, please state so when responding to this paper.

Access to or Correction of Data

6. You have the right to request access to and correction of your Personal Data in accordance with the provisions of the Personal Data (Privacy) Ordinance. HKEx has the right to charge a reasonable fee for processing any data access request. Any such request for access to and/or correction of your Personal Data should be addressed to the Personal Data Privacy Officer of HKEx in writing by either of the following means:

By mail to: Personal Data Privacy Officer
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Re: Consultation Paper on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong

By email to: pdpo@hkex.com.hk

Retention of Personal Data

7. Your Personal Data will be retained for such period as may be necessary for the carrying out of the above-stated purposes.

Privacy Policy Statement

8. HKEx is firmly committed to preserving your privacy in relation to Personal Data supplied to HKEx on a voluntary basis. Personal Data may include names, identity card numbers, telephone numbers, mailing addresses, e-mail addresses, login names, opinion etc, which may be used for the stated purposes when your Personal Data are collected. The Personal Data will not be used for any other purposes without your consent unless such use is permitted or required by law or regulation.
9. HKEx has security measures in place to protect against the loss, misuse and alteration of Personal Data supplied to HKEx. HKEx will strive to maintain Personal Data as accurately as reasonably possible and Personal Data will be retained for such period as may be necessary for the stated purposes and for the proper discharge of the functions of HKEx and those of its subsidiaries.

Part A General Information of the Respondent

All fields are mandatory, except the fields with an asterisk (*) if you are an individual respondent.

Name / Company Name*	:	
Contact Person:*	:	<input type="text" value="Paul Mok"/>
Title*	:	
Phone Number	:	<input type="text"/>
E-mail Address	:	<input type="text"/>

If you **do not wish** to disclose the above information to the public, please check the box here:

I do not wish to disclose the information above.

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please make your comments by replying to questions below against proposed changes discussed in the Consultation Paper at the hyperlink: http://www.hkex.com.hk/consul/paper/cp200908_e.pdf.

Where there is insufficient space provided for your comments, please attach additional pages.

Consultation Questions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong

1. Do you agree with the proposed framework?

Yes.

No.

Please state the reasons for your views.

Please refer to the attached supplement

2. If the proposed framework is adopted, do you agree that the effective commencement date for the new rules should be **1 January 2010** and should apply to annual accounting periods beginning on or after **1 January 2010**?

Yes.

No.

Please state the reasons for your views.

3. What are your views on the likely effect of the proposed new Rules to implement the framework (see **Appendix 6** to the Consultation Paper)? Please provide qualitative and quantitative data. Please state the reasons for your views.

Nil

4. Do you have any other comments or suggestions or alternative approaches?

Yes.

No.

Please state the reasons for your views.

- End -

**CONSULTATION PAPER
ON ACCEPTANCE OF MAINLAND ACCOUNTING AND AUDITING
STANDARDS AND MAINLAND AUDIT FIRMS FOR MAINLAND
INCORPORATED COMPANIES LISTED IN HONG KONG
AUGUST 2009**

1. The extra compliance costs currently incurred by Mainland incorporated companies listed in Hong Kong in following Hong Kong accounting and auditing standards and using Hong Kong audit firms are a necessary evil under the principle of “One Country, Two Systems”.

It is because the bourses in Mainland China and in Hong Kong operate under different financial, economic and legal systems and environments being kept independent from each other by the Basic Law.

2. It may be argued that the convergence of accounting and auditing standards in the Mainland and Hong Kong has rendered the “Two Systems” superfluous. While I welcome the convergence, I would give the Mainland accountants and auditors more time to hone their skills. How the rules are written is one thing; how they are interpreted and implemented is quite another.

The issue of interpretation and implementation of the converged standards takes place in two areas. Firstly, how the accounting standards will be interpreted and implemented by the accountants of the preparers. Secondly, how the auditing standards will be interpreted and applied by the auditors.

3. Currently, investors in Hong Kong stock markets find comfort, on the topic of interpretation and application of accounting standards, in having Hong Kong auditors or a practicing accountant of good standing as the auditors of companies listed in Hong Kong.

Care must be taken to ensure that the recommendations in the consultation paper will not lead to a decline in financial reporting standards in Hong Kong and will not relegate Hong Kong from an international financial centre to a lower league.

4. In terms of investor protection, investors of the Hong Kong stock market will have to be assured that under the recommended arrangement, if Akai were a Mainland incorporated company listed in Hong Kong, the shareholders or liquidator would still have the same recourse to legal proceedings against its auditors with the same ease in Hong Kong.

5. The objective is to avail of the opportunities offered by the recommendations in the consultation paper to help uplift the accounting and auditing standards in relation to Mainland incorporated companies listed in Hong Kong. Hong Kong regulators, including the HKICPA, should make recommendations and take actions to help the relevant Mainland accounts preparers and auditors reach a standard comparable to that commonly accepted in the international financial community.
6. I agree with the proposed framework and hope the above-mentioned concerns could be addressed at the same time.

Prepared by : Paul Mok
Date : 21 October 2009
Note : The above views represent those of Paul Mok only, not of any organisations to which he is related.