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**FRC** The Financial  
Reporting Council  
財務匯報局

Our ref : ORG3/HKEX/GEN/2/2  
Directline :   
Email : 

  
**URGENT**

19 February 2008

By courier

**Hong Kong Exchanges and Clearing Limited**  
12<sup>th</sup> Floor  
One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong

Attn: Mr. Richard William, Head of Listing

Dear Sirs,

**Combined Consultation Paper on Proposed Changes to the Listing Rules**

We are responding to the invitation to provide comments on the proposed changes to the listing rules contained in the Combined Consultation Paper on Proposed Changes to the Listing Rules published in January 2008. We identified issue item no. 3 "Qualified accountants" as the only substantive policy issue relevant to the functions of the Financial Reporting Council according to the Financial Reporting Council Ordinance and our comments on this issue are discussed below.

Under the current listing rules, there is a requirement for all listed issuers to have a qualified accountant who is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") or a similar body of accountants recognized by the HKICPA for the purpose of granting exemptions from the examination requirement for membership of HKICPA in their senior management. The consultation question is whether or not the requirement should be removed from both the Main Board Rules and the GEM Rules.

We considered that a listed issuer should have a qualified accountant in its senior management, but not necessarily a member of the HKICPA or an accounting body recognized by the HKICPA. A qualified accountant possesses the requisite skills to assist a listed issuer in fulfilling its continuing financial reporting obligations and in developing and maintaining effective internal controls for proper financial reporting. Given all financial reports must be prepared in compliance with either the Hong Kong Financial Reporting Standards ("HKFRS") or the International Financial Reporting Standards ("IFRS") under the current listing rules and the HKFRS became fully converged with the IFRS as from 1 January 2005, the Exchange may consider the required qualified



accountant of a listed issuer should be an accountant who has qualified in a jurisdiction which has adopted or converged with the IFRS. This may reduce discrimination against accountants with alternative accounting qualifications. Our Council is of the view that if the requirement for a qualified accountant is removed, it may give a wrong message that the Exchange considers accounting and financial expertise is not essential to the corporate governance of listed entities.

Should you wish to discuss our comments further, please contact the undersigned at [REDACTED]

Yours faithfully,

[REDACTED]  
[REDACTED]  
MT Shum  
Chief Executive Officer [REDACTED]