

The Listing Unit
11th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

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29 March 2004

Dear Sir

**Exposure of Draft Code on Corporate Governance Practices (the "Code") and
Corporate Governance Report (the "Report")**

On behalf of the ACCA (Association of Chartered Certified Accountants) Hong Kong,
we are writing to submit our comments regarding the draft Code and the Report.

Proposed implementation timetable

We agree to the proposed implementation timetable, apart from that we would like
to highlight concerns where listed issuers may be required to amend their
Memorandum and Articles of Association ("M&A"), which is subject to members'
voting, to ensure compliance with the Code. An example is that an issuer's M&A
may need an amendment in order to fulfil the requirement for every director to retire
by rotation at least once every three years, as stipulated in paragraph A.4.2 of the
Code.

Presentation and format of the draft Code and the Report

We recommend that in order to provide listed issuers with a clearer picture of what
to comply, the Code should only include the "code provisions" and the
"recommended best practices" should be separately disclosed in a new appendix to
the Listing Rules. This avoids confusions caused to listed issuers in respect of their
obligations.

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Wording of the provisions of the Code

Paragraph A.5.6 – Under this provision, each director should disclose to the issuer at the time of his appointment, and on a periodic basis, an indication of the time involved in the public companies or organisations where he / she held an office. We appreciate that the rationale of the requirement is to ensure that the number of posts held by a director would not adversely affect his / her contribution to a particular listed issuer and the shareholder could also evaluate if a director is devoting reasonable time to the company. However, we consider that the time involvement depends on the nature and the complexity of issues arising, which may vary from time to time. As such, it may be practically difficult for a director to provide such information, which however may not be an indicator to assess whether there is a negative impact on the director's contribution to a particular listed issuer.

Paragraph C.1.2 – The provision states that the directors should acknowledge their responsibilities for preparing the accounts, and there should be a statement by the auditors about their reporting responsibilities. It is however not clearly stated in the draft Code that whether such acknowledgement should be in the form of a separate additional statement signed by directors such as the statement of directors as required in Singapore, to be included under the accounts.

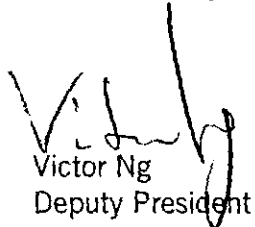
Paragraph C.3.2(c) and C.3.6(c) – It is required under the Code provision C.3.2(c) that the terms of reference of an audit committee include developing and implementing policy on the engagement of external auditor to supply non-audit services. However, such responsibility is duplicated as a recommended best practice under paragraph C.3.6(c). We would like the issue to be clarified.

Paragraph C.3.6(b)(iii) and C.3.6(f) – We consider that having a meeting with the auditor, at least annually, to discuss matters relating to any issues arising from the audit and any other matters the auditor may wish to raise (recommended best practice under C.3.6(b)(iii)), and reviewing the external auditor's management letter (recommended best practice under C.3.6(f)) are very important in helping the audit committee to monitor the integrity of the financial statements of an issuer. As such, we consider that these two requirements should be included under the Code provisions rather than the recommended best practices.

Mandatory Disclosure Requirements in the Report – Listed issuers are required to prepare a narrative statement of how they have applied the principles in the Code. We suggest that further elaboration and / or guidelines may be required in order to help issuers to produce such statement.

Should you wish to clarify any of the above issues, please do not hesitate to contact myself or Ms Sonia Khao, Head of Technical Services (Hong Kong) at 2524 4988.

Yours faithfully



Victor Ng
Deputy President