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To: IAASB

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Subject: Invitation to Comment on the identified possible improvements to auditor's report by IAASB

I am writing to share with you our views on the possible improvements to auditor's report by IAASB.

As a whole I think the proposed improvements to auditor's report by IAASB can enhance the relevance and informational value of auditor's report. Because these proposed improvements by IAASB provide more information mastered by auditor to users of auditor's report, which will give additional values to users of audited financial statements and auditor's report and narrow the expectation and information gaps. However, I propose that the following adjustments be made to several specific subjects.

As to the specific topics, we provide our comments just on the

following topics of ITC.

Topic one: about Auditor Commentary

I think Auditor Commentary is the most efficient and effective way to transmit additional information mastered by auditor to users, and to take advantage of the skills and knowledge of auditor. The complexity of audited financial statements and simplification of standardized auditor's report limit users' comprehension of audited financial statements and auditor's report. Auditor Commentary can help users to find out and concentrate on the key aspects of the audited entity, which will provide additional values to users of auditor's report.

However, it is difficult to define specifically what should be addressed in Auditor Commentary. Because various audited entities have different key issues that should be included in Auditor Commentary. So the auditor's professional judgment should be exerted when auditor decides what should be entering into Auditor Commentary. Although to prescribe the specific matter in Auditor Commentary is unreasonable, it is necessary to give principle requirements. There are several principles should be followed: (1) The material business transaction that may influence the judgment of users who

utilize auditor's report and audited financial statements to help to make decision should be included in Auditor Commentary. (2) The existing material uncertainties which may affect the situation of audited entities in the future should be included. (3) The possible frauds discovered by auditor should be included. Meanwhile we suggest that a description of audit procedures be not included in Auditor Commentary. Because it is difficult to understand the implications of audit procedures for most users of auditor's report and audited financial statements. Including a description of audit procedures in Auditor Commentary may confuse most users of auditor's report and audited financial statements. In fact audit procedures have a closer relationship with responsibility of auditor, so a description of audit procedures could be included in Auditor's Responsibility section.

Topic two: about Auditor's Responsibility

I support the enhanced descriptions of the responsibilities of management, TCWG, and the auditor, especially that of the auditor. Most users of auditor's report often believe that there is no problem with audited financial statements if the auditor's report gives a "clean" or unqualified opinion. It is important to

alert the users of auditor's report and audited financial statements by enhanced descriptions of responsibility of the auditor. So we suggest that Auditor's Responsibility section be put before the Auditor's Opinion section. We are aware that the illustrative report has included a description of auditor's responsibility, which reminds of users that reasonable assurance is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement whenever exists. We agree with the expression of illustrative auditor's report.