

Spring Cocktail

17 February 2014

President's remarks

Distinguished guests, council members, committee members, ladies and gentlemen. Welcome to the Hong Kong Institute of Certified Public Accountants spring cocktail.

Kung hei fat choi and may the year of the horse bring you great fortune and success like strong galloping horses .

恭祝大家東成西就、如意吉祥、萬事勝意，身體健康。

A warm welcome to everyone.

As you may know, the Institute has been accounting for Hong Kong since 1973. Forty-one years ago, the Institute started out with some 500 members whose strength has multiplied more than 70 folds to becoming Hong Kong's largest professional body currently with more than 36,000 members and 17,000 students. Our Qualification Programme, a one-hundred percent home-grown training programme formulated to groom world-class CPAs, though launched less than 15 years ago, has already trained more than 9,000 graduates and is now recognized on five continents. Last year, the Institute completed its Sixth Long Range Plan and mapped out the direction of the Institute, and that of the profession, for the next five years and beyond.

Despite its relatively small size, Hong Kong is a key player on the stage of world accounting. From taking part in setting global accounting standards to signing recognition agreements with international accounting bodies and contributing to the economic miracle that Hong Kong is famous for, the Institute has proven itself a force to be reckoned with. Through the years, the Institute has not only transformed public awareness of what accountants do, it has also faithfully discharged its statutory duty in safeguarding public interests.

On the international front, as a top-rated accounting body, the Institute is accorded great respect as a founding member of the International Federation of Accountants and the Global Accounting Alliance. It is also a member and current chair of the Asian-Oceanian Standard-Setters Group.

The Institute has also been widely credited for its many strategic decisions that helped to shape Hong Kong's success as an international financial centre. At the beginning of this millennium, the Institute made an important and far-sighted decision ahead of other financial centres in Europe and Australia, which was to converge with International Financial Reporting Standards. Three years of hard work succeeded in achieving full convergence in 2005. This, together with our world renowned stock exchange, has turned Hong Kong into one of the world's most sought after listing destinations.

On the regulatory front, we also took an active part in assisting the HKSAR government to set up the Financial Reporting Council, a step that introduced independent investigation of auditing and financial reporting irregularities of Hong Kong-listed companies.

The Institute has championed the audit regulation reform movement in Hong Kong. Let there be no doubt, the Institute is ready, able and willing to embrace changes to align Hong Kong with positive international trends and we support the set up of an independent oversight body for auditors of listed companies. However, the Institute will not stand for inefficient and unnecessary changes. With the long term protection of public interests in mind, the Institute will only use reason, fact, and objectivity in its discourse with the government and other stakeholders on these issues.

Last October, the Institute initiated a three-month member consultation, including an on-line survey, and collected survey responses from more than 4,500 members and written responses from 40 individuals and firms. As president of the Institute, I would like to thank all participants for their time and effort as their contributions have been invaluable in ensuring the reform meets the needs of the profession and that of Hong Kong.

There is general support for the Institute's position with some different views expressed in a couple of areas.

To accomplish an optimal reform most suitable for Hong Kong, we'll work closely with the government and stakeholders to achieve a system that establishes an independent body with direct regulatory powers supplemented by oversight over certain areas of the Institute's functions. We accept that for the new system to meet international benchmarks the independent body must have powers to carry out inspections of listed company auditors and that for regulation to be effective that body must have appropriate sanctioning powers. However, we believe that the new system should not sacrifice procedural fairness for efficiency. We are strongly of the view that there should be segregation between investigation/inspection and sanctioning functions and that all decisions on granting or restricting licences should only be taken after proper procedures and hearings.

A number of responses to the consultation have supported taking this period of reform to also pursue professional liability limitation. Our professional liability reform is also crucial for the long-term healthy and balanced development of our profession. Under the reform, risks and liabilities should be rationally apportioned and controlled with appropriate safeguards in place to protect commercial users, big corporations, general investors and the public, while allowing fair and just limits and assumption of professional liabilities by auditors. This trend will be the way forward as the limitation of liability has clearly been put in place by our counterparts in different countries and financial centres and has proven to be effective and necessary for the overall good and benefit of the investing public, listed companies, big and small market players, as well as the accounting profession itself. It is very encouraging to see how the reform issue has brought out the opinions and insights of our individual members, while bringing us together closer as a profession. The healthy attendance numbers of our forums, seminars and briefing sessions reflect the importance of this issue to the profession.

With global markets and economies becoming increasingly competitive and complex, Hong Kong's accounting profession needs to continuously stay ahead of the curve. Whether it is audit regulation or liability reform that strengthens Hong Kong as an attractive listings destination, or cross-border regulation allowing the city to maintain its role as the gateway to the Mainland, the Institute will always be at the forefront spearheading whatever is good for the profession and beneficial to Hong Kong.

Last but not the least, I would like to thank all our volunteers for their dedication and contribution. We would not have been able to achieve all these without you. I would also like to extend our gratitude to our honored guests from the government, regulatory bodies, business, academia, and professional organizations for being with us here today.

As the year of the horse gets on its way, may the Institute reach greater heights in its path of success. Now let us enjoy ourselves tonight and have fun together. Happy new year and thank you.

We are delighted to have with us today Secretary for Financial Services and Treasury, Professor KC Chan. He is a long-time friend and supporter of the Institute and may I invite him to say a few words. Professor Chan, please.