

HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Minutes of the **38th Annual General Meeting** held on Friday, 17 December 2010 in the Auditorium, 27th floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong at 5:30 p.m.

- Chairman : Mr. Wilson Fung (President)
- Council Members : Mr. Chew Fook Aun (Vice-President)
Mr. Tsai Wing Chung, Philip (Vice-President)
Mr. Paul F. Winkelmann (Immediate Past President)
Mr. Clement Chan
Ms. Mabel M.B. Chan
Mr. Ambrose Cheung Wing Sum (Appointed member)
Ms. Susanna Chiu
Prof. Cho Lung Pui Lan, Stella
Mr. Jack S.L. Chow
Ms. Ada Chung (Rep. of FS)
Mr. Ding Wai Chuen, Raphael
Mr. Ronald Kung
Mr. K.T. Li (Director of Accounting Services)
Mr. Ma Chun Fung, Horace
Mr. Doug Oxley
Mr. Keith Pogson
Mr. John C. Poon (Appointed member)
Ms. Edith Shih (Appointed member)
- Chief Executive & Registrar : Ms. Winnie C.W. Cheung
- Other members present : 41

There being a quorum, the Chairman called the meeting to order.

In the interest of time, the Chairman proposed, Mr. William Tsang seconded and the majority of members present agreed that the Notice of the Meeting be taken as read.

1. **President's address**

The President updated members on the Institute's developments during the year as follows:

- The Institute was in a sound financial position such that it could invest in capacity building projects to enhance and expand the Institute's support and service to its members and extend its Qualification Programme in China.

- The Institute had worked with the Ministry of Finance and the China Securities Regulatory Commission on cross-border regulatory matters together with Hong Kong regulators on the recent announcement of H share accounting and auditing arrangements.
- Mutual recognition agreements ("MRA") with the Canadian Institute of Chartered Accountants, ACCA and CPA Australia had been renewed. A MRA with the US International Qualifications Appraisal Board was close to completion. The Institute also obtained the 4th examination paper exemption from the PRC CPA Uniform Examination for its members.
- The Institute had adopted the clarified International Standards on Auditing issued by the international Federation of Accountants. The adoption of these improved standards placed Hong Kong on equal footing with all major financial centres. The Institute also adopted IFRS for SMEs which gave private companies a reporting option that was less onerous than full IFRS.
- Two rounds of consultations with members and stakeholders on the registration of audit practices were held and proposals at the final stages were formed.
- The Institute was re-evaluating its regulatory regime with stress tests and benchmarks against international standards. This was crucial to maintain Hong Kong's status as a premier capital market and listings destination.
- The Institute continued exerting its influence over public issues such as the government's budget and the Companies Bill. Its input was sought after and expertise was demanded in matters affecting Hong Kong's overall well-being.
- The Institute's first specialist qualification and designation, which was in Insolvency, was launched. Professionals active in this field who passed the Diploma in Insolvency would be entitled to use "SQ (Insolvency)" after their names and those who reached the level of the insolvency designation, which was limited to CPAs who had the required years of relevant experience, were entitled to use the credential "SD (Insolvency)" after their names.
- To help the SMPs, a public education advertising campaign warning small businesses against the dangers of using unlicensed accountants was run. Technical support was also provided to the SMPs through the SMP resource centre and increased professional development courses.
- The Institute's corporate social responsibility programme again received international recognition. The "Rich Kid, Poor Kid" documentary programme won three global awards for visual excellence in corporate communications. Its second children's book *May Moon Rescues the World Economy* was published and was widely lauded.

Before closing, the President accorded a vote of thanks to the two vice presidents, immediate past president and fellow Council members for their dedication and commitment. The President also thanked the Chief Executive and her Management team for their professionalism and enthusiasm.

2. **To receive the annual report and approve the statement of accounts**

In the interest of time, the Chairman proposed, Mr. Dennis Ho seconded and the members present unanimously agreed that the Auditors' Report be taken as read.

The Chairman invited comments from members on the statement of accounts and there were no questions from the floor.

The Chairman proposed, Mr. Edward Chow seconded and the members present unanimously resolved that the statement of accounts for the year ended 30 June 2010 be approved.

3. **To appoint an auditor of the Institute under Professional Accountants By-law 42(1)**

The Chairman proposed, Mr. Paul M.P. Chan seconded and the members present unanimously resolved to appoint Mazars CPA Limited as the Institute's auditor until the next Annual General Meeting.

4. **To elect seven Council Members in accordance with sections 12 and 13 of the Professional Accountants Ordinance**

The Chairman informed the meeting that an e-voting system had been introduced for the election of Council members since 2005, and members of the Institute might cast their votes in hardcopy or electronic forms. For the 7 vacancies this year, the Registrar had received a total number of valid votes from 4,164 members of which 1,750 members returned their completed ballot forms and 2,414 members cast their votes electronically.

The Chairman declared that pursuant to Professional Accountants by-law 3(5), the following seven members by order of their surname were elected to the Council in accordance with sections 12 and 13(1)(b) of the Professional Accountants Ordinance:

Certified public accountants in full time practice as
certified public accountants (practising) _____

Mr. Chan Kam Wing, Clement
Mr. Cheng Chung Ching, Raymond
Mr. Chow Siu Lui

Mr. Ho Chiu Ping, Dennis and
Mr. Tsai Wing Chung, Philip

Certified public accountants otherwise than in full time
practice as certified public accountants (practising)

Prof. Cho Lung Pui Lan, Stella and
Mr. Doug Oxley

The Chairman informed the meeting of the composition of the new Council for the ensuing year. In addition to the 14 elected members including himself and two ex-officio members, four lay persons had been appointed to the Council by the Chief Executive of the HKSAR and up to two co-opted Council members would be selected by the new Council.

The Chairman advised the meeting that Mr. K.T. Li, Director of Accounting Services, an ex-officio member of Council, would retire from the government services in January 2011 and his vacancy would be taken up by his successor when appointed.

The Chairman further advised the meeting that the Chief Executive of the HKSAR had re-appointed Ms. Catherine Leung on 1 December 2010 and Mr. Ambrose Cheung on 16 December 2010 to the Council for another term of two years. The Chairman thanked the incumbent lay members: Mr. Ambrose Cheung, Ms. Catherine Leung, Mr. John Poon and Ms. Edith Shih for their continuous service and contributions.

The Chairman also extended a vote of thanks to the five retiring Council members, Mr. Paul F. Winkelmann, Mr. Chew Fook Aun, Mr. Stephen Law, Mr. K.T. Li and Ms. Nancy S.L Tse for their contributions and support to the work of the Council.

5. Special Business

The meeting considered one proposed resolution to amend the Professional Accountants By-laws. The Chairman informed members that there were some minor amendments to the Chinese version of the proposed resolution which were not material and did not affect the substance of the resolution.

The Chairman proposed, Mr. Raymond Cheng seconded and the members present unanimously resolved that the amendments to the proposed resolution be adopted.

As the Institute did not receive any request under by-law 18(3) for a poll to be taken, the amended resolution was voted on by a show of hands by members of the Institute present at the meeting.

The Chairman then, in accordance with by-law 18(6), appointed five certified public accountants, namely, Mr. Yip Ngai Shing, Mr. Nip Ngo Hin, Francis, Ms. Chan Yuk Wan, Ms. Chung Man Shu, Mr. Lau Ting Fun and Mr. Tsang King Pong, Arith who were all present at the meeting, as the scrutineers.

The Chairman proposed and Mr. William Tsang seconded, the amended Resolution enabling members of the Council, including those who participated in a meeting by telephone, video conferencing or other electronic means, to vote by ballot at a Council meeting was put to vote by members present by a show of hands.

Upon completion of the counting of votes, the Chairman invited Mr. Yip Ngai Shing, on behalf of the scrutineers, to announce the voting results.

Mr. Yip reported that the number of votes cast on the amended Resolution were as follows:

<u>For</u>	<u>Against</u>	<u>Abstained</u>
47	0	0

The Chairman declared that the amended Resolution was carried unanimously by members present and voting at the meeting.

6. **Any other ordinary business**

The Chairman informed the meeting that no official notification of any items to be discussed had been received and, as such, the meeting had no other business. The Chairman invited members to express their views on any subjects of interest before the close of the meeting.

Mr. Edward Chow made the following remarks:

- With over 62% of Institute members being professional accountants in business ("PAIB"), it was sad to note that one of the vice presidents of the Institute, who is a PAIB, failed to be re-elected back to the Council and that only two PAIBs returned at the 2010 Council election and both were academics including Professor Stella Cho who might not be a resident in Hong Kong.
- Four of the candidates running at the election, two being elected and two failed, did not have proven service records at the Institute.
- The co-opted members of the Council did not see it fit to put their names forth to run the election.

- He urged the new leadership and new Council to review the Professional Accountants by-laws to ensure that a level-playing field would be provided in the Council composition, in particular, to the non-practising members in light of their representativeness.

Prof. Stella Cho responded to Mr. Chow's views as follows:

- Academics is also a type of Institute members.
- She was born in Hong Kong and is a permanent resident. She has her permanent home and her family members in Hong Kong as well. Although her work base was moved to China, she commuted one to three times every week back to Hong Kong for business. In this connection, she considered herself a permanent resident in Hong Kong.

The Chairman thanked Mr. Chow for his views and agreed that the new Council would consider his suggestions.

There being no further business, the Chairman declared the meeting closed at 6:15 p.m..

WILSON FUNG
CHAIRMAN

12 January 2011