

HONG KONG INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Minutes of the **44th Annual General Meeting** held at 5:30 p.m., Thursday, 15 December 2016 in the Auditorium, 27th floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

- Chairman : Ms. CHEUNG Wing Han, Ivy, FCPA (President)
- Council Members Present : Ms. Mabel M.B. CHAN, CPA (Vice President)
Mr. Eric TONG, FCPA (Vice President)
Mr. Dennis HO, FCPA (Immediate Past President)
Mr. Raymond CHENG, FCPA
Ms. Jennifer H.Y. CHEUNG, FCPA
Ms. Ada CHUNG, FCPA (Rep. of the Financial Secretary)
Mr. Johnson KONG, FCPA
Mr. LAM Chi Yuen, Nelson, FCPA
Mr. LAW Fu Yuen, Patrick, FCPA
Mr. Andrew Y.S. MAK (Appointed lay member)
Mr. Martin SIU, CPA (Director of Accounting Services)
Mr. TAM Wing-pong (Appointed lay member)
Mr. Alec C.C. TONG, CPA (Co-opted member)
Mr. Richard TSE, FCPA
Mr. Kim Man WONG, CPA
Mr. WONG Hin Wing, Simon, FCPA
Ms. Wendy W.Y. YUNG, CPA (Co-opted member)
- Apologies : Ms. Melissa BROWN (Appointed lay member)
Prof. CHO LUNG Pui Lan, Stella, FCPA
Mr. Andrew FUNG (Appointed lay member)
Mr. Stephen LAW, CPA
- Chief Executive & Registrar : Mr. DING Wai Chuen, Raphael, FCPA
- Other members present : 40

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

The Chairman proposed, Mr. Clement Chan seconded and members present unanimously agreed by a show of hands 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 conducted the third annual membership survey and the results indicated that members having stable incomes, positive job prospects and mobile roles. The survey also reflected that many members would like to develop new skills to meet the changing business environment where members are expected to assume more unconventional accountant's role.

- The Institute continued to provide relevant training, structured and otherwise to support its members. Over 63,000 enrolments were recorded (equivalent to more than 3,200 CPD hours). The training included IT series which helped members get up to speed with the latest development in technology and data analytics. Structured training included the piloted Financial Controllership Programme which would officially be launched next year based on the positive feedback.
- As all major projects under the Sixth Long Range Plan were already up and running and no immediate need to use the generated surplus, the Council had decided to offer a membership fee rebate and encouraged members to use it for professional learning.
- The Institute issued a consultation on the new Qualification Programme, aiming to train accountants for the future, and provided more opportunities for students of different backgrounds to become CPAs. The feedback was supportive and a position paper would be published in January 2017.
- To engage with our tech-savvy members, the Institute launched its official Facebook page and set up a LinkedIn page. Both social media platforms had accumulated a good exposure and usage rate over the past year.
- The Institute continued to work with Mainland authorities in relation to members carrying out audits of Chinese enterprises listed outside of China and in particular the access of audit working papers. Allowing members who meet certain criteria to become partners of CPA firms throughout China under the CEPA arrangements was a breakthrough.
- The Institute supported the International Federation of Accountants to develop principles on balanced financial regulation which are instrumental to a healthy operation of businesses. The Institute also held a conference on future readiness of the profession with the Institute of Chartered Accountants in England and Wales and a seminar on ethics with the Institute of Chartered Accountants of Scotland.
- The Institute reinforcing its international engagement with international accounting bodies and the International Auditing and Assurance Standards Board held its board meeting at the Institute in September.
- The Institute continued its ongoing engagement with the government to address outstanding issues on audit regulatory reform and the bill preparation process.
- The Institute furthered its vision of making a difference to society by visiting the boards of NGOs to advise them on good governance practices through the Hong Kong Council of Social Services' programmes.
- Entering the 17th year, the Institute's annual Best Corporate Governance Awards focused on good governance practices and introduced new awards to encourage wider participation.

Before closing, the President accorded a vote of thanks to the two Vice Presidents, the Immediate Past President, fellow Council members, committee members and volunteers for their support and commitment. The President also thanked the Chief Executive and his management team for their professionalism and dedication.

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

The Chairman proposed, Mr. Wilson Fung seconded and members present unanimously agreed by a show of hands that the auditor's report be taken as read.

The Chairman invited the Chief Executive to give a brief account of the Institute's financial performance during the reporting period.

The Chief Executive informed the meeting that the Institute has a sound financial year. The Group, namely, HKICPA and HKIAAT, recorded a \$10.8 million surplus before tax versus \$18.1 million surplus in 2014/15.

On the income side, the Chief Executive advised that a marginal increase was recorded during the year. He also highlighted the following items in his report:

- Subscription income had increased by \$2 million due to a growth of Institute membership.
- A reduction of \$3.8 million was recorded upon the adjustment of a one-off rebate in 2015 which was deferred to the 2015/16 financial year under the new HKFRS 15.
- Given the education landscape was changing resulting in the interest in HKIAAT qualification dropping quite significantly, the income generated by examination enrolments was affected with only a slight increase of \$691K. This was one of the reasons which drove the Institute to review its QP process and to incorporate the HKIAAT qualification into its foundation level.
- The Institute organised various events last year including hosting the IFRS conference and the Cross-straits, Hong Kong and Macau Accounting Profession Conference which contributed to the increase in sponsorship income.
- The penalty and costs recovery from disciplinary proceedings had decreased given the nature of income was quite unpredictable.
- Income from other items had decreased by around \$1.3 million, as compared to last year, due to a reduction of \$1.2 million interest income after uplifting the Institute's Renminbi deposits during the year.
- Among the \$15 million other income received during the year, around \$7 million was collected from members for the Financial Reporting Council ("FRC") and passed to FRC on a back-to-back basis.

The Chief Executive further advised the meeting that the total expenses of the year had increased by 3.9% mainly due to adjustments of staff salaries. Other expenses items basically balanced out each other.

The Chairman invited comments from members on the statement of accounts.

In the absence of any comments from the floor, the Chairman proposed, Ms. Loretta Fong seconded and members present unanimously resolved by a show of hands that the statement of accounts for the year ended 30 June 2016 be approved.

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

The Chairman proposed, Ms. Loretta Fong seconded and members present unanimously resolved by a show of hands 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 for the seven vacancies this year, the Registrar had received 15 nominations. The Registrar received 4,720 valid returns of which 1,497 members voted by means of hardcopy ballot forms and 3,223 electronically.

The Chairman declared that pursuant to Professional Accountants By-Laws 3(5), the following seven candidates were elected to the Council to serve on two years until the conclusion of the 46th Annual General Meeting in 2018:

Mr. CHENG Chung Ching, Raymond
Ms. FONG Wan Huen
Mr. KONG Chi How, Johnson
Mr. KUNG Yiu Fai, Ronald
Mr. Charbon LO
Prof. LUNG Pui Lan, Stella
Mr. Eric TONG

The Chairman further said that under section 12 of the Professional Accountants Ordinance, the following seven Council members would continue in office for one further year until the conclusion of the 45th Annual General Meeting in 2017:

Ms. CHAN Mei Bo, Mabel
Ms. CHEUNG Hok Yan, Jennifer
Mr. LAM Chi Yuen, Nelson
Mr. LAW Cheuk Kin, Stephen
Mr. LAW Fu Yuen, Patrick
Mr. WONG Hin Wing
Mr. WONG Kim Man

The Chairman informed the meeting that while she would cease to be the President and an elected member of the Council, she would hold office in the capacity as the Immediate Past President of the new Council until the conclusion of the next Annual General Meeting in 2017.

The Chairman went on to explain that there were two ex-officio members, namely, Ms. Ada Chung, Registrar of Companies representing the Financial Secretary, and Mr. Martin Siu, Director of Accounting Services serving on the Council.

In addition, there were four lay persons appointed by the Chief Executive of the HKSAR to serve on the Council: Ms. Melissa Brown, Mr. Andrew Fung, Mr. Andrew Mak and Mr. Tam Wing-pong. Ms. Brown and Mr. Tam had recently been re-appointed to the Council to serve another two-year term up to 30 November 2018, while Mr. Fung and Mr. Mak would serve the second year of their two-year term in the coming year.

The Chairman also extended a vote of thanks to the following retiring Council members, Mr. Dennis Ho, Immediate Past President; Mr. Richard Tse, elected Council member; Mr. Alec Tong and Ms. Wendy Yung, co-opted Council members for their past contributions to the Council.

5. Any other 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. However, if any members wished to express their views on any subjects of interest which did not form part of the AGM, they might do so.

In the absence of any views from the floor and there being no further business, the Chairman declared the meeting closed at 5:50 p.m..

CHEUNG WING HAN, IVY
CHAIRMAN

22 December 2016