



PHOTOGRAPH BY COLIN BEHRE

Tsang in touch?

With Donald Tsang confirmed as the new chief executive, we wonder what's next for Hong Kong's accounting profession and the financial sector. On 16 June Tsang won the support of 714 of Hong Kong's 800 election committee members, thereby eliminating the need for a second round election. Since then Tsang has been busy touring teahouses and noodle shops from Yau Ma Tei to Causeway Bay, in an attempt to connect with the public more effectively than his predecessor. So how long before we can expect some fresh initiatives? Things are likely to move slowly until Tsang's first policy address, due in October. For now the cabinet line-up is unchanged, but the future direction of appointments remains hard to predict, given that Tsang has critics in both the pro-Beijing and opposition camps. The Hong Kong Institute of CPAs is keen to keep important initiatives and issues, such as professional liability reform, on the front burner. The Institute's president, Edward K. F. Chow, wrote to Tsang on 22 June to congratulate him on his election success while reminding him of the urgent need to address liability issues.

THE INSTITUTE IN BRIEF

- ▶ The visit by **Sir David Tweedie, chairman of the International Accounting Standards Board (IASB)** on 9 June proved to be a huge success, with 243 attendees at the International Financial Reporting Standards (IFRSs) forum and 126 sitting down at the CFO roundtable lunch. Panel discussions focused on the impact of standards governing investment properties – a particularly sensitive issue for Hong Kong companies – as well as standards on insurance and pensions. The event coincided with the launch of the Institute's HKFRS/IFRS Training Pack and Workshop programme, which will run over the next six months.
- ▶ On 7 June the Institute's **Mainland Business Interest Group** co-hosted an event with the Hong Kong Trade Development Council, entitled 'New Regulations on Foreign Invested Commercial Enterprises under CEPA.' To receive a copy of the handouts from this seminar, please contact the Mainland and International Relations Department at 2287 7065.
- ▶ On 24 May the Institute welcomed a group from the **Institute of Chartered Accountants of Nepal**. Their president, Pushpa Lal Shrestha, headed the visiting delegation.
- ▶ The Hong Kong Association of Accounting Technicians Limited (HKAAT), a subsidiary of the Institute, is **recruiting an Education and Training Manager**. This newly created position will assist the Secretary General in all matters relating to HKAAT examinations. Interested parties should visit <http://www.hkaat.org.hk/employment.html> for details.

NEWS AROUND HONG KONG

OPENING DOORS OVERSEAS

It's a busy time for the Institute, with recognition agreements with many accounting bodies being renegotiated. On 24 June, the Institute announced a new mutual recognition agreement with CPA Australia and is working with the Chartered Institute of Management Accountants (CIMA) in the United Kingdom on mutual examination paper exemptions. It has also signed an agreement with the Canadian Institute of Chartered Accountants (CICA), which would mean that for the first time the Institute's qualification would be recognised in North America. Earlier in May 2005, the Institute reached agreement with the Chinese Institute of CPAs (CICPA), for implementation of the Mutual Exam Paper Exemptions agreement. The agreements come at the end of a year-long review of the training programmes conducted by these overseas bodies, to identify and iron out discrepancies with the Institute's own Qualification Programme (QP). The Hong Kong Institute of CPAs already has reciprocal membership agreements with the chartered bodies of Australia, England and Wales, Ireland, New Zealand, Scotland, South Africa and Zimbabwe.

TEENS AND MONEY

Who'd have thought it? Three quarters of Hong Kong teenagers save money on a monthly basis, according to the results of research commissioned by the Institute. The new survey of teenagers' attitudes to money discovered that 50 percent of 15 to 18 year olds expect to receive a comfortable salary by the age of 25 – by which they mean a salary of at least HK\$20,000 per month. Females have lower expectations about their future earning potential, although a higher number – 23 percent compared with 13 percent of males – are already earning money in a part-time job. As part of its community service programme, the Institute will be launching further initiatives in the coming months aimed at promoting sensible financial management among young people.



▶ BDO has merged with two local CPA firms, KLL Associates and K.L. Lee and Partners, as it seeks to boost its capabilities and market share. BDO currently has 280 staff in Hong Kong, with 23 partners. The merger adds a further 50 staff, including three more partners.

▶ Hong Kong and China saw a 51 percent increase in initial public offerings during 2004, according to Ernst and Young's latest Global IPO Survey. Last year China (including Hong Kong) raised US\$16billion from 182 IPOs, making it the highest ranked market in Asia and second only to the U.S. among global markets.

▶ David Eldon, former HSBC chairman, has been appointed as a senior advisor on China matters to Sam DiPiazza, the global chief executive of PricewaterhouseCoopers.

▶ Someone has persuaded Richard Li that it is time for PCCW to re-enter the highly competitive mobile telephone market. The company acquired a 60 percent stake in Sunday Communications, which is currently hatching its 3G plans, on 13 June.

▶ Hong Kong's civil service cancelled a contract with IBM on 4 June after it fell behind schedule on implementation of a new accrual accounting system. The first phase of the rollout, for the government's Treasury department, was due to have been completed by 1 April.