



Tsang sees leadership role for statutory bodies

Donald Tsang gave his first policy address as chief executive on 12 October, vowing to support the role of statutory bodies, such as the Hong Kong Institute of CPAs, in Hong Kong's development. Starting with a new phase of the Closer Economic Partnership Arrangement (CEPA), he promised to press ahead with measures to allow Hong Kong's service industries to operate in mainland China. Tsang has appointed three accountants to the government's Executive Council. These are Marvin Cheung, past president of the Institute (pictured with current president Edward K.F. Chow); David Li Kwok-po, head of the Bank of East Asia; and Charles Lee Yeh-kwong, chairman of the Hong Kong Stock Exchange. The Institute will continue to urge the government to move forward on liability reform and support the development of a goods and sales tax.

THE INSTITUTE IN BRIEF

- ▶ The Institute's president, **Edward K.F. Chow**, spoke in support of the proposed Financial Reporting Council Bill at a LegCo committee meeting on 27 September 2005. Under the Bill, the FRC will oversee investigations by the Audit Investigation Board into irregularities by auditors of listed companies. It will also monitor enquiries into financial reports by the Financial Reporting Review Committee.
- ▶ The Institute has received an award from the **Tung Wah Group of Hospitals** for its contribution to corporate social responsibility. The Institute has been cooperating with Tung Wah since June 2002 on the "Healthy Budgeting Family Counselling Programme," to provide financial advice and counselling to families in debt.
- ▶ The International Accounting Standards Committee has appointed **P.M. Kam**, a past president of the Institute, to the restructured Standards Advisory Council. The new committee comprises 40 members from around the world.
- ▶ Mark your diaries for 4 December, the date for **PlayStreet 2005**. Building on the success of the "Rich Kid, Poor Kid," programme, the event will last all afternoon in the Chater Road area. There is even a chance to raise money and reaffirm how play can help foster family values. *See page 33 for more details.*

AROUND HONG KONG

GOOD COMMUNICATION WITH MEMBERS ON PRACTICE REVIEW

The Institute's recent seminars on the practice review process were all well attended by practitioners and members. "Audit Documentation – Lessons from Practice Review Cases" was held on 6 August and 3 September, and a Discussion Forum on the revision of the Practice Review Programme followed on 27 September.

The seminars gave practitioners a better understanding of the requirements of SAS 230 "Documentation" and illustrated some of the deficiencies in past practice review cases. The forum allowed practitioners to review the progress of the revision of the Practice Review Programme, and offer feedback on the "Communication Paper on the Revision of the Practice Review Programme & Practice Review Questionnaire."

Paul Chan, vice president of the Institute and chairman of Small and Medium Practitioners Committee and Dr. Patrick L.T. Wong, deputy chairman of SMPC, chaired the events. Panelists for the seminars and forum included members of the Practice Review Committee, Ivy Chua, Elizabeth Law, Philip Fung and Dennis Wong, and SMPC member Albert Chan. Stephen Chan, executive director and Roger Lee, assistant director, Quality Assurance, were the Institute's representatives.



▶ The **Link REIT** is set to relaunch on 25 November. It's billed as the largest such offering yet attempted. Discussions between Hong Kong officials connected with the REIT and investment managers have reviewed various contingency plans in the event of another legal challenge.

▶ Local banks continue to oppose suggestions by the Hong Kong Monetary Authority to set **mortgage rates** against a reference composite index rather than prime lending rates.



▶ The **Joint Financial Intelligence Unit**, the government agency run by the Hong Kong Police Force and the Customs and Excise Department, has unveiled a new risk-based system for classifying suspected money laundering activities.

▶ **Martin Wheatley** made his first speech as chairman of the SFC by promising to consider reforms to the derivative warrants market.