Fellow members, ladies and gentlemen,

Welcome to the 32nd Annual General Meeting of the Hong Kong Institute of Certified Public Accountants.

The Council's Annual Report and the Statement of Accounts were posted to you on November 15.

This has been an extraordinary year, and I am not referring to the misunderstandings we had with ACCA, although that did place an additional burden on us all in what was an already extremely busy and exciting year. On re-reading our Annual Report I do not think it gives full justice to the extent of change, accomplishments, and commitment that has characterised the Institute in 2004. In order to more fully communicate to you all of those, let me take you through a personal view of what has made this an exceptional year, and a year that we can all be proud of.

I will start with the passage of the Professional Accountants (Amendment) Ordinance. This Bill was the brainchild of the Institute, and my predecessors, Alvin Wong and David Sun, took responsibility for – and deserve enormous credit for – developing it. The effort continued into this year, and with the admirable assistance of our past LegCo representative, Dr. The Hon. Eric Li, we were able to have the Bill passed right at the end of LegCo in July.

The Bill created consequences. The first was the change of name. We employed re-branding consultants and they worked extensively with Council during the first half of the year to help us develop our new brand and identity. I am grateful to our Council for their participation in the four additional Council meetings that I squeezed in during this time to deal specifically with this matter.
The second was the creation of four lay positions on Council to be appointed by the Chief Executive. I am pleased to note their appointment with effect from December 15. They are Mr. Paul Chow Man-yiu, Mr. C.K. Chow, Mr. Edward Cheng Wai-sun and Ms. Sophia Kao ching-chi. It is a reflection of the standing that our Institute has in the community, and the importance that is attached to our work, that our government has appointed such distinguished people to our Council. We are extremely grateful to the administration for finding such capable and talented people, and we are also grateful that each of them has accepted the position.

I am also pleased to note that, notwithstanding the very short notice, both Mr. Paul Chow, and Mr. C.K. Chow are able to join us this evening. Welcome both of you.

On the regulatory front, we have engaged in significant dialogue with government on the establishment of an Independent Investigation Board and a Financial Reporting Review Panel. We held a Members Forum during the year for members who will be affected by these – quite profound – changes to explain in detail the nature of the changes and the consequences. Draft Instructions are currently being prepared and we expect legislation to be passed in 2005.

With regard to standard-setting, we have completed our mission of converging our accounting, auditing and ethical standards with the relevant international standards. We are anticipating the passage of a Companies Ordinance (Amendment) Bill in LegCo in early 2005 that will change the statutory definition of subsidiary. Then Hong Kong companies can fully comply with International Financial Reporting Standards. We are also actively working with the FSTB and the Bills Committee to ensure the passage of this Bill.

An integral part of all of the regulatory changes is the need to completely revamp our Practice Review programme. Right now it is random and educational and it needs to become a programme that is risk-based and regulatory in nature. At the beginning of the year we embarked on the journey necessary to effect this change. We appointed consultants to develop a practice unit questionnaire which will form the basis of risk assessment and selection for review. Council has recently agreed to appoint further consultants to work with us to complete the development of the overall
programme. We expect to have everything completed for roll-out at the end of 2005.

Again on the regulatory front, we have been working with government to re-write the accounting and auditing provisions of the Companies Ordinance. This work is producing recommendations for some significant changes, and government will issue a consultation paper in early 2005.

On the International Recognition front we have had an extremely successful year. Our Membership and Cooperation Agreement with ICAEW was negotiated in response to a recognition that the RMAs we already had with the Chartered bodies was available only to our QP graduates and not our members generally. We also entered into a Mutual Examination Paper Exemptions Agreement with CICPA to help our members gain membership of CICPA. Again, we recognize that this is of benefit only to our QP graduates. We have on our agenda the need to broaden the scope of this agreement so that more of our members can benefit.

Of course no discussion of international recognition would be complete without touching on our own recognition policy. This was changed during the year to coincide with our re-branding. I, and Council, have no doubt that the policy is the correct one. However, hindsight tells me that our communication of this policy could have been handled better. It is regrettable that we and ACCA ended up airing our grievances with each other publicity. I am pleased to say we are now back on track, our communications are cordial, and we have even exchanged X'mas cards. We are now proceeding at full speed with evaluations of CPA Australia, ACCA, AIA and others.

Finally, I would like to announce that we have recently received confirmation from the Canadian Institute of Chartered Accountants' Independent Qualification Assessment Board. They have completed an evaluation of our CPA QP and they will be recommending to the Provincial Institutes the recognition of our qualification. We are currently drafting a MRA and, once some final questions are resolved, will look forward to signing an agreement with the Canadian Institute of Chartered Accountants in the new year. This will – for the first time – give our members access to practice rights in North America.
Other events of note during the year were:

- Our LegCo elections. The Institute supported this by holding a forum for our members at which the candidates presented themselves. Our congratulations go to Mandy Tam, our new LegCo representative, and we look forward to working with her in the future.

- The commissioning, by IFAC, of Peter H.Y. Wong to perform a study on the challenges of implementing international standards. Peter’s report was published in early November.

- The election of Eric Li to the IFAC Council. A classic example of not being able to keep a good man down. Again we look forward to supporting Eric and working with him as he fulfills his responsibilities at IFAC.

- The publication of our guide entitled, “Corporate Governance for Public Bodies – A Basic Framework”, is a continuing demonstration of our commitment to promoting good corporate governance in Hong Kong.

Let me now thank a few people. Firstly, our new Chief Executive and Registrar, Winnie Cheung. To put it mildly, Winnie was thrown in at the deep end, and she has performed beyond all expectations. The Institute is indeed fortunate to have her leading the secretariat. Winnie, thank you.

Next, members on Council. You have shown leadership; you have risen to the challenges that have been thrown at you; and you have given me enormous support. You are all a credit to our profession, thank you.

As you know, we operated numerous Boards’ committees, task forces and working groups. The Institute cannot achieve what it does without the endless support of the over 300 members who donate their time to these various bodies. Speaking now as an ordinary member of the Institute, I know that the Institute could not be where it is today without that continuous support, and I thank each and everyone of you who contribute to the overall success of the Institute.
Finally, I would like to thank my two Vice-Presidents, Edward and Paul. Competitors in many respects, but first and foremost professionals who are dedicated to the Institute and to the profession.

It has been a honour and a privilege to have served you as President, I have received considerable support from many, many of you during the year and I ask that you provide the new leadership with a similar level of support.

- End -