

Speech
Speech by SFST at HKICPA Best Corporate Governance Disclosure
Awards 2015 (English only)
Monday, November 30, 2015

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the Hong Kong Institute of Certified Public Accountants (HKICPA) Best Corporate Governance Disclosure Awards 2015 today (November 30):

Dennis (Ho), distinguished guests, ladies and gentlemen,

It is my great pleasure to join you all today at the HKICPA Best Corporate Governance Disclosure Awards Presentation Luncheon. I would like to congratulate the award winners in the various categories for their achievements in upholding the highest standards in corporate governance disclosure.

I would also like to congratulate the HKICPA on another successful year for the award. The HKICPA and the accounting professionals have been playing an instrumental role in contributing to the vibrant development of our economy and advocating the highest standards of corporate governance.

The organisation of the Best Corporate Governance Disclosure Awards is a prime example of the HKICPA's efforts in promoting corporate governance and raising the bar for corporate stewardship in Hong Kong. This annual event has gained in significance through the years since its inception in 2000. Indeed, it has become one of the most important awards in giving recognition to companies which exemplify the best corporate governance practices as shown in their annual financial reports.

This year, the number of annual reports subject to the initial scan has increased to over 600 from about 220 last year. This will improve the chances of identifying strong candidates not otherwise entering the competition or selected for review. The assessment criteria also take into account of the latest revisions to the Stock Exchange's Corporate Governance Code and Corporate Governance Report relating to risk management and internal control, which will come into effect from January 1, 2016.

In order to push for more extensive and meaningful disclosure, the HKICPA also published the Guide on Better Corporate Governance Disclosure last year. Among various important roles of the accountancy profession, auditors act as the key gatekeeper in assuring the integrity and accuracy of the financial reports of companies. We also rely on you to promote good corporate governance of companies by providing an independent view on the truthfulness and fairness of financial statements.

It is imperative to ensure that we have a robust regulatory regime for auditors of listed entities that is benchmarked against international standards and practices. This is particularly important given the international nature of our financial market, and during times of economic uncertainty.

With the support of the HKICPA and the Financial Reporting Council (FRC), the Government has embarked on a reform exercise to improve the regulatory regime for auditors of listed entities in Hong Kong. The key objective of the reform is to enhance the independence of the regulatory regime for listed entity auditors from the audit profession, bringing Hong Kong in line with international standards and practices.

Under the reform proposals, the FRC will become the independent auditor oversight body vested with direct inspection, investigation and disciplinary powers with regard to listed entity auditors, whilst the HKICPA will perform the statutory functions of registration and standards setting with respect to listed entity auditors under the new regime, subject to independent oversight by the FRC. The Government will continue the dialogue with the Institute and other relevant stakeholders in formulating the legislative proposals. We look forward to continued support from all stakeholders for the reform.

Finally, I would like to take this opportunity to congratulate once again the award winners this year. We look forward to the Institute's continued efforts in strengthening our corporate governance culture for the benefit of its members and Hong Kong as a whole. We are confident that the award winners will continue to inculcate the corporate governance spirit in our business community.

Thank you.

Ends