

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1023/18-19

(These minutes have been seen  
by Hon Kenneth LEUNG, the  
Hong Kong Institute of  
Certified Public Accountants  
and the Administration)

Ref : CB1/BC/4/18

**Bills Committee on Professional Accountants (Amendment) Bill 2018**

**Minutes of third meeting  
on Friday, 22 February 2019, at 10:45 am  
in Conference Room 3 of the Legislative Council Complex**

**Members present** : Hon Charles Peter MOK, JP (Chairman)  
Hon James TO Kun-sun  
Hon Starry LEE Wai-king, SBS, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP  
Hon CHAN Chun-ying, JP

**Attendance by  
invitation** : Agenda item II

Hong Kong Institute of Certified Public Accountants

Ms Tracy WONG  
Director, Admission

Mr Kenneth NG  
Legal Counsel

**Public officer  
Attending** : Financial Services and the Treasury Bureau

Mr Billy AU  
Principal Assistant Secretary for Financial Services  
and the Treasury (Financial Services)<sup>4</sup>

**Clerk in attendance:** Mr Desmond LAM  
Chief Council Secretary (1)3

**Staff in attendance:** Ms Clara TAM  
Assistant Legal Adviser 9

Mr Joey LO  
Senior Council Secretary (1)8

Ms May LEUNG  
Legislative Assistant (1)3

Miss Zoe YIP  
Clerical Assistant (1)3

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Action

**I. Confirmation of minutes of meeting**

(LC Paper No. CB(1)585/18-19 -- Minutes of meeting held on 17 December 2018)

The minutes of meeting held on 17 December 2018 were confirmed.

**II. Meeting with the Hong Kong Institute of Certified Public Accountants and the Administration**

(LC Paper No. CB(1)591/18-19(01) -- List of follow-up actions arising from the discussion at the meeting on 18 January 2019

LC Paper No. CB(1)591/18-19(02) -- Hon Kenneth LEUNG's response to issues raised at the meeting on 18 January 2019

LC Paper No. CB(1)591/18-19(03) -- Hong Kong Institute of Certified Public Accountants' response to issues raised at the meeting on 18 January 2019

LC Paper No. CB(1)591/18-19(04) -- Administration's response to issues raised at the meeting on 18 January 2019

- LC Paper No. CB(1)591/18-19(05) --- Further submission from Hong Kong Accounting Professionals Association dated 11 February 2019
- LC Paper No. CB(1)614/18-19(01) -- Submission from Hong Kong Mid-Tier Firm Alliance dated 19 February 2019
- LC Paper No. CB(1)591/18-19(06) -- Extracts from the Professional Accountants Ordinance (Cap. 50) prepared by the Legal Service Division)

Draft amendments to the Bill

- (LC Paper No. CB(1)474/18-19(01) -- Draft amendments proposed by Hon Kenneth LEUNG
- LC Paper No. CB(1)480/18-19(01) -- Hong Kong Institute of Certified Public Accountants' response to the draft amendments proposed by Hon Kenneth LEUNG
- LC Paper No. CB(1)591/18-19(07) -- Administration's response to the draft amendments proposed by Hon Kenneth LEUNG)

*Relevant papers*

- (LC Paper No. CB(3)99/18-19 -- The Bill
- LC Paper No. CB(1)341/18-19(01) -- Marked-up copy of the Bill prepared by the Legal Service Division (Restricted to members only)
- (issued vide LC Paper No. CB(1)338/18-19 on 14 December 2018) -- Legislative Council Brief provided by Hon Kenneth LEUNG

- LC Paper No. CB(1)401/17-18(03) -- Hon Kenneth LEUNG's paper on "Background Brief on the Professional Accountants (Amendment) Bill 2018" for the meeting of the Panel on Financial Affairs on 5 January 2018
- LC Paper No. LS12/18-19 -- Legal Service Division Report
- LC Paper No. CB(1)341/18-19(02) -- Paper on Professional Accountants (Amendment) Bill 2018 prepared by the Legislative Council Secretariat (background brief)
- LC Paper No. CB(1)341/18-19(03) -- Assistant Legal Adviser's letter dated 9 November 2018 to Hon Kenneth LEUNG
- LC Paper No. CB(1)341/18-19(04) -- Hon Kenneth LEUNG's reply to Assistant Legal Adviser's letter dated 9 November 2018)

Disclosure of pecuniary interest

2. The Chairman drew members' attention to Rule 83A of the Rules of Procedure which provided that members should not speak on a matter in which they had a direct or indirect pecuniary interest, except where they disclosed the nature of that interest.
3. The Bills Committee deliberated (Index of proceedings attached at **Annex**).

Follow-up actions to be taken by Mr Kenneth LEUNG

4. In view of the concern that the prohibited use of the description "professional accounting" or "專業會計" as proposed in the Bill, which was arguably descriptive in nature, might cause serious and widespread repercussion on the survival of small and medium-sized accounting firms and other practitioners providing legitimate accounting-related services, Hon Kenneth LEUNG was requested to provide a written response on whether he would propose an amendment to the Bill to delete the abovementioned description from the prohibited descriptions as proposed in the Bill.

*(Post-meeting note: Mr Kenneth LEUNG's response was issued to members vide LC Paper No. CB(1)665/18-19(02) on 11 March 2019.)*

### **III. Any other business**

#### Date of next meeting

5. Members agreed to hold a further meeting to continue the scrutiny of the Bill.

*(Post-meeting note: The next meeting was subsequently scheduled for Monday, 11 March 2019 at 4:30 pm.)*

6. There being no other business, the meeting ended at 11:36 am.

Council Business Division 1  
Legislative Council Secretariat  
7 May 2019

**Proceedings of the third meeting of  
the Bills Committee on Professional Accountants (Amendment) Bill 2018  
on Friday, 22 February 2019, at 10:45 am  
in Conference Room 3 of the Legislative Council Complex**

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
000350 – 000604	Chairman	Opening remarks.	
000605 – 001435	Chairman Mr Kenneth LEUNG	Briefing by Mr Kenneth LEUNG on his response to the issues raised at the meeting on 18 January 2019 (LC Paper No. CB(1)591/18-19(02)).	
001436 – 002215	Chairman Director, Admission of Hong Kong Institute of Certified Public Accountants ("D/HKICPA")	Briefing by D/HKICPA on HKICPA's response to the issues raised at the meeting on 18 January 2019 (LC Paper No. CB(1)591/18-19(03)).	
002216 – 002453	Chairman Administration	Briefing by Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) 4 on the Administration's response to the issues raised at the meeting on 18 January 2019 (LC Paper No. CB(1)591/18-19(04)).	
002454 – 003102	Chairman Mr James TO	Referring to paragraph 2 and 3 of the further submission from Hong Kong Accounting Professionals Association ("HKAPA") dated 11 February 2019 (LC Paper No. CB(1)591/18-19(05)), Mr James TO made the following observations –  (a) he shared HKAPA's concern that the prohibited use of the description "professional accounting" or "專業會計" as proposed in the Bill, which was arguably descriptive in nature, might cause serious and widespread repercussion on the survival of small and medium-sized accounting firms and other practitioners providing legitimate accounting-related services;  (b) he agreed with HKAPA's view that the existing provisions under section 42(1) of the Professional Accountants Ordinance (Cap. 50) ("PAO") already prohibited any individual or body corporate which was not a CPA or a practice unit registered under PAO from providing auditing services, and	

Time marker	Speaker	Subject(s)	Action required
		<p>using the specified descriptions "certified public accountant", "CPA" or "會計師" in its name, so that there was no need to further tighten up the use of specified descriptions which were similar in meaning to "professional accountant" or "certified public accountant" to address concerns about acts of bogus accountants/CPAs; and</p> <p>(c) among the additional specified descriptions proposed in the Bill, he found the prohibited use of the descriptions "registered accounting" or "註冊會計" and "certified accounting" or "認可會計" by non-qualified individuals/body corporates acceptable, as the descriptions tended to imply that relevant qualification was held by the individuals/body corporates hailing themselves as such. It would be easier for the prosecution to establish the facts whether the individuals/body corporates concerned had the intention to mislead with the use of such descriptions.</p>	
003103 – 003727	Chairman Mr CHAN Chun-ying D/HKICPA	<p>Mr CHAN Chun-ying also found the prohibited use of the descriptions "registered accounting" or "註冊會計" and "certified accounting" or "認可會計" by non-qualified individuals/body corporates as proposed in the Bill acceptable. He however expressed concern that if the description "professional accounting" or "專業會計" was to be deleted from the prohibited descriptions as proposed in the Bill, it might give rise to doubt about whether the title of PAO should also be amended.</p> <p>D/HKICPA advised that the exclusive use of the description "professional accountant" or "專業會計師" (which referred to a qualification, vis-à-vis "professional accounting"/"專業會計" which was a description) by HKICPA members had been adopted since 1973 when PAO was enacted. As such, there should not be a problem with the title of PAO even if the description "professional accounting" was to be deleted from the prohibited descriptions as proposed in the Bill.</p> <p>In response to Mr CHAN's enquiry, D/HKICPA</p>	

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		<p>confirmed that as stated in Mr Kenneth LEUNG's response to the matters raised at the meeting on 18 January 2019, it would be unlikely for HKICPA to refer to the Police a complaint against a body corporate or a firm using the description "professional accounting" in its name if the subject body corporate or firm did not have the intention to mislead or reasonably cause any person into believing that it was a practice unit registered under PAO.</p> <p>In response to the Chairman's enquiry, D/HKICPA agreed that when compared to the description "professional accounting" or "專業會計", the descriptions "registered accounting" or "註冊會計" and "certified accounting" or "認可會計", which were currently not prohibited for use by non-HKICPA members/non-practice units in their name, would be more misleading to cause any person to believe that the entities using such descriptions were members/practice units registered with HKICPA and subject to its regulation under PAO.</p>	
003728 – 004455	Chairman Ms Alice MAK Mr James TO D/HKICPA	<p>Ms Alice MAK reiterated her support for the Bill given an increasing number of crimes involving money lending business activities by financial intermediaries operating under the name of an "accounting firm" ("會計事務所"), causing the general public to believe that such intermediaries provided professional accounting services. She was of the view that the Bill would serve to educate the public not to blindly trust any company hailing themselves as an accounting firm.</p> <p>In response to Ms Alice MAK's and the Chairman's enquiry, D/HKICPA advised that the Registration and Practising Committee ("RPC") of HKICPA would revisit in the first half of 2019 the suggestion of requiring its practice units to display their registration numbers together with their names at all times, and would revert to the Legislative Council (i.e. the relevant Panel) on the outcome of the discussion.</p>	
004456 – 004930	Chairman Mr Kenneth LEUNG Mr James TO	Mr Kenneth LEUNG said that there were established international legal precedents that the description "accountant" or "會計師" should	



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		<p>not be limited to the exclusive use by a certain group. Nevertheless, given that the description "accountant" could also be rendered as "會計" in addition to "會計師" in Chinese, the Bill sought to clarify the situation by proposing the prohibited use of the description "professional accounting" or "專業會計", among other descriptions.</p> <p>In response to members' concern that the prohibited use of the description "professional accounting" or "專業會計" which might cause serious repercussion on the survival of small and medium-sized accounting firms providing legitimate accounting-related services, Mr Kenneth LEUNG was requested to provide a written response on whether he would propose an amendment to the Bill to delete the description "professional accounting" or "專業會計" from the prohibited descriptions as proposed in the Bill.</p>	<p>Mr Kenneth LEUNG to follow up as per paragraph 4.</p>
004931 – 005514	Chairman Mr James TO Mr Kenneth LEUNG	<p>Discussion on the legislative timetable.</p> <p>Meeting arrangement.</p>	