

## **AFRC Chairman Dr Kelvin Wong's Speech on AFRC Launch Ceremony**

Good evening the Honorable Paul Chan, Financial Secretary, distinguished guests, fellow board members, colleagues, ladies, and gentlemen,

On behalf of the FRC board, it is my honor and privilege to extend our warmest welcome to you all at this launch ceremony.

The purposes of tonight's event are three. First, to introduce our new identity and logo, what it stands for, and to share this pivotal moment with all our key stakeholders. Second, to share our corporate video which commemorates our 16-year journey, from a pure investigator to independent regulator of the PIE auditors, and soon to become a full-fledged independent regulator of the accounting profession; and inaugurates the launch of the AFRC. Finally, to express our thanks to our key stakeholders who have supported our mission and works.

While we are counting down to become the Accounting and Financial Reporting Council on 1<sup>st</sup> October, it is important for us to review and reflect our mission and the road of reform we have gone through in the past 16 years.

Sound financial reporting is the lifeblood of our economy and the foundation on which public trust is based. Since October 2019, the FRC has been building a firm foundation to ensure we can discharge our duty effectively.

Under the AFRC regime, as an effective independent regulator, we will focus on the following three areas. First, as the defender of law, we will spearhead and lead the accounting profession to constantly raise the level of quality of professional accountants, and thus promote public trust, enhance public confidence, and protect public interests. Second, as a promoter of governance, we need to shape a competitive environment that will create long-term impact and to provide guidance to regulatees and stakeholders as a thought leader to drive influence and impact. Third, we will leverage on the power of Dialogue, Understanding and Collaboration to identify and address the expectations of the public, the challenges of the profession, and the requirements of other stakeholders.

As we will soon regulate small to medium size practitioners, we are fully aware of the challenges they face. According to the recent annual survey conducted by International Federations of Accountants (IFAC), the critical challenges are the attraction of new clients, keep up with new regulations and standards, pressure on lower audit fees, rising costs, technology development, staff retention, and succession plan.

Despite all these challenges, I have undoubted faith and confidence in our future. HK is a vibrant IFC and business hub. I don't think there is a better place to focus on collaboration than Hong Kong, which is more than a city. It is a spirit of constant adaptation to whatever challenges and difficulties we might have faced. It is a spirit of doing things better and smarter, a city with strong ethics and business integrity. Together we create more opportunities by shaping values and standards to create meaning, trust, hope, optimism, and hence results, not only for ourselves today, but for our young generations tomorrow.

The FRC wouldn't have been able to discharge its duties without the supports of our key stakeholders. On behalf of our board, I want to convey the following thanks to all of you and I look forward to your continual supports to ensure the AFRC can better promote a healthy development of the accounting professions through our regulations. Our grateful thanks to the HKSAR Government for their vision, trust, confidence, and staunch support to the FRC for our first reform in 2019 to become the independent regulator of PIE auditors; and the further reform in 2022 to further expand our remit to the accounting profession.

Our heartfelt thanks to our former chairpersons, former and current members of the Board, Committees, Honorary Advisory Panel, Process Review Panel, and Financial Report Review Panel for their guidance and contributions toward building a firm foundation for the FRC.

Our sincere thanks to the community of Financial Regulators in Hong Kong and the Mainland, for their collaboration and co-operation in matters of high public interest. Our joint effort not only results in better investor protection but further strengthens public trust to our markets.

Our warm thanks to the HKICPA for working with us seamlessly to ensure a smooth transition of the Further Reform. And we look forward to working even closer between us in future.

Our particular thanks to the PIE auditors who have been supportive to our functions since 2019.

My special thanks to our Management and staffs. Your wholehearted dedication to our mission and gritty performance amidst the Further Reform have demonstrated your staunchest passion and commitment to the AFRC!

My Extra thanks to our Corporate Communications team and our PR agents in their orchestration of all the hard works leading to today's Event. From simple concept to solid construct, from fancy dream to practical reality.

Finally, my additional thanks to our young professionals who took part passionately in our corporate video. They are the firm voice of our young generation, the assured voice to the public, the ringing voice of the AFRC regime.

In conclusion, I would like you to remember two panaceas for our future relationship, cooperation, and communication. First, I petition your support to cooperate with the AFRC. Let's work together for the accounting professions to ensure financial reports are trusted and the accountants are respected! This is our common goal, isn't it? We may achieve it, or we may not! But our story is found in the process of trying. Second, I appeal for communication as it is a powerful tool to understand and be understood. To tackle the challenges of an ever-changing environment, a golden rule is "audit", a Latin word which means "to listen".

As a token of our appreciation and to celebrate the rebranding of AFRC, we have prepared some souvenirs that may remind you of our new logo. In the confectionary, you will find a carrot and a stick, a metaphor for the use of a combination of reward and punishment to induce a desired behaviour. But let me share with you a secret, we have prepared more carrots than sticks. This reflects our confidence on the professions. I do hope you enjoy the carrots.

Lastly, taking this opportunity, and to celebrate the formation of New China with new zeal, new hopes, and new opportunities, may I wish all of you a happy China National Day and my humbled wishes to the prosperity of our Country. I wish you all a pleasant and delightful evening. Thank you.