



To: Assignment/Business Section Editor
(For Immediate Release)

Hong Kong Institute of CPAs Issues Guidance for Investment Circulars

New Rules Help Accountants Working on IPOs

(HONG KONG, 30 March 2006) — New standard and guidelines on investment circulars will help accountants and directors perform their roles when working with investment bankers and other parties in initial public offerings, the Hong Kong Institute of Certified Public Accountants announced today.

The new standard and guidelines will be effective from 1 April 2006.

“These standard and guidelines on investment circulars are important in that accountants play a central role in IPOs and that role is getting bigger as more and more companies choose to list in Hong Kong,” says Winnie C.W. Cheung, Chief Executive of the Institute. “These are additional foundation stones for Hong Kong’s growth as a capital market.”

The standard and guidelines were developed after a lengthy consultation with the Hong Kong Stock Exchange Limited, the Securities and Futures Commission and the broader reporting community.

Until now, Hong Kong’s reporting accountants used UK guidance when reporting on pro forma financial information included in prospectuses.

The new Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” explains what reporting accountants do when reviewing pro forma financial information and the type of report they give. The new Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” explains how the listing company’s past financial information would look if certain transactions such as a very substantial acquisition of a business or company had taken place.

HKSIR 300 and AG 7 are available on the Institute’s website at:
http://www.hkicpa.org.hk/ebook/HKSA_Members_Handbook_Master/volumell/ag7.pdf;
and http://www.hkicpa.org.hk/ebook/HKSA_Members_Handbook_Master/volumell/hksir300.pdf

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Editor's Notes

About Hong Kong Institute of Certified Public Accountants

The Hong Kong Institute of CPAs is the only body authorised by law to register and grant practising certificates to Certified Public Accountants in Hong Kong. The Institute has more than 25,000 members and nearly 10,000 registered students. Members of the Institute are entitled to the description *Certified Public Accountant* and to the designatory letters *CPA*.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate CPA Qualification Programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

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