

The  
secret  
ingredient  
of Hong Kong's  
success



Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會



▶ Once a small fishing village on the edge of a vast continent, Hong Kong is now one of the world's greatest international finance capitals.

Hong Kong is renowned for its speed and pace of change, its governance under "one country, two systems," its low taxes and laissez faire approach to business. It's a place where smart money flows and clever money grows.

An essential ingredient for Hong Kong's business and financial success is its professional

accountants. The Hong Kong Institute of Certified Public Accountants stands guard over the city's money flow and our members are known for their technical expertise, business acumen and high ethical standards. They understand the rules of global finance, shape the commercial scene and influence the way business is done.

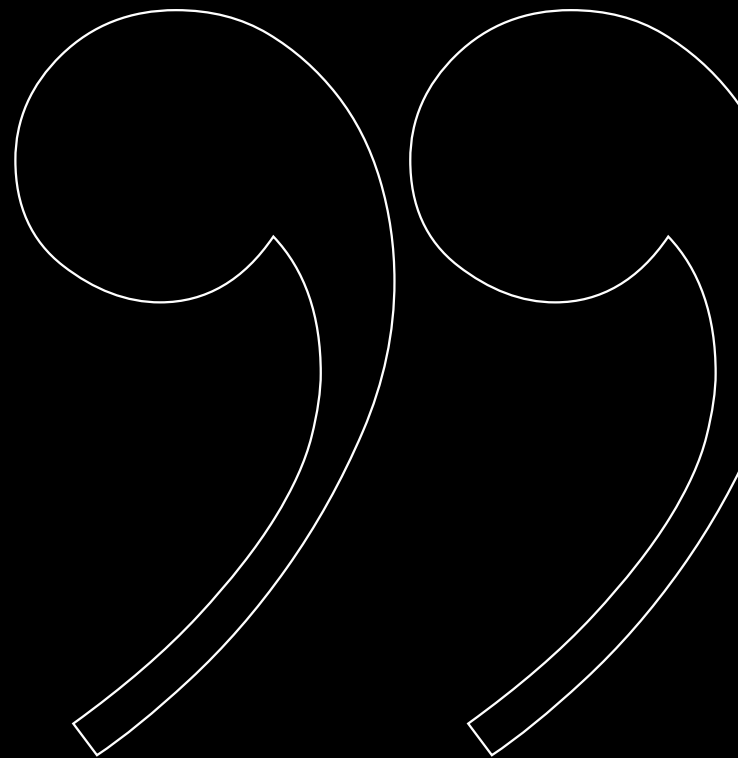
Businesses seek out our professionals to help them thrive – over borders and over time.

ESS.  
ingredient



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# Knowledge

▶ Our CPAs are truly international: Their qualification is recognized on five continents and with it they can operate across boundaries.

With their superb financial skills, our members run and advise a broad range of organizations, from the world's largest listed companies to Internet start-ups, from financial regulators to law enforcement agencies.

Some of our experienced members lead the Asia divisions of the world's largest professional firms

with headquarters in Hong Kong, while others are chief executives and chief financial officers of listed companies. Those working in government help set policy for our treasury system and ensure our tax dollars are efficiently spent.

Many of our members are the driving force behind companies or subsidiaries operating in the Pearl River Delta. Our members may be the most knowledgeable professionals in the world on doing business in China.

- ▶ Our members are CEOs, CFOs and leaders in their field





# Influence

▶ Our members hold a great deal of sway within the profession at the regional and international level. From the International Federation of Accountants to the International Accounting Standards Board and the Asian-Oceania Standard-Setters Group, our members contribute their views and expertise to shape

the direction of the profession and the financial markets they serve. We set local accounting, auditing and ethical standards based on international standards and we have influence with international and China accounting bodies and agencies.

▶ Our members  
see the details  
and the  
**big**  
picture, too



# Judgment

▶ Our members, be they auditors or professional accountants in business, safeguard shareholders' cash and interests. Sometimes this is difficult and our members work under tremendous pressure, which CPAs in other developed markets would find hard to fathom.

By actively managing assets and making tough decisions, they help keep cash flowing and

business moving. They make company capital work harder while at the same time reducing risk.

Such challenges call for sharp judgment. Our CPAs are trained to scrutinize the details in any given situation and make sense of the bigger picture, to see through tricky situations and explain the circumstances and options to all parties involved.



# Ethics

► Our members treasure their CPA designation and the respect and public trust it brings. Hence, they put ethics above all else.

They are guardians of corporate governance in Hong Kong, mainland China and many parts of the world. Multinational corporations and

investors trust that our members help raise the tone of business by boosting governance, and they pay a premium to work with our members.

Overall, this helps make Hong Kong a good place to do business and good business enriches people's lives.

▶ CPAs are  
trusted  
and known  
for their  
integrity

- ▶ Our members do accounting, auditing, tax, IPO, merger and acquisition and “crime scene investigation”



# Expertise

▶ In a complex world of cross-border flows of money and business, our members use their knowledge and management skills to help business grow.

- Financial reporting, audit, business assurance, corporate financing, treasury and taxation are the core skills of CPAs, who provide investors with the professional expertise they rely upon and trust to make decisions.
- Our members are also the guardians of corporate governance. They ensure healthy business with sound internal control.
- Accountants specializing in tax use their analytical skills and legal knowledge to abide by the rules, helping companies save money.
- Corporate restructuring specialists reorganize a business, anticipate and prevent cash flow crises and keep credit flowing.
- Forensic accounting experts investigate the scenes behind fraud and corporate failure, get to the bottom of murky business and unravel complex situations.
- Corporate finance experts use their skills to secure the best deals for companies and investors.

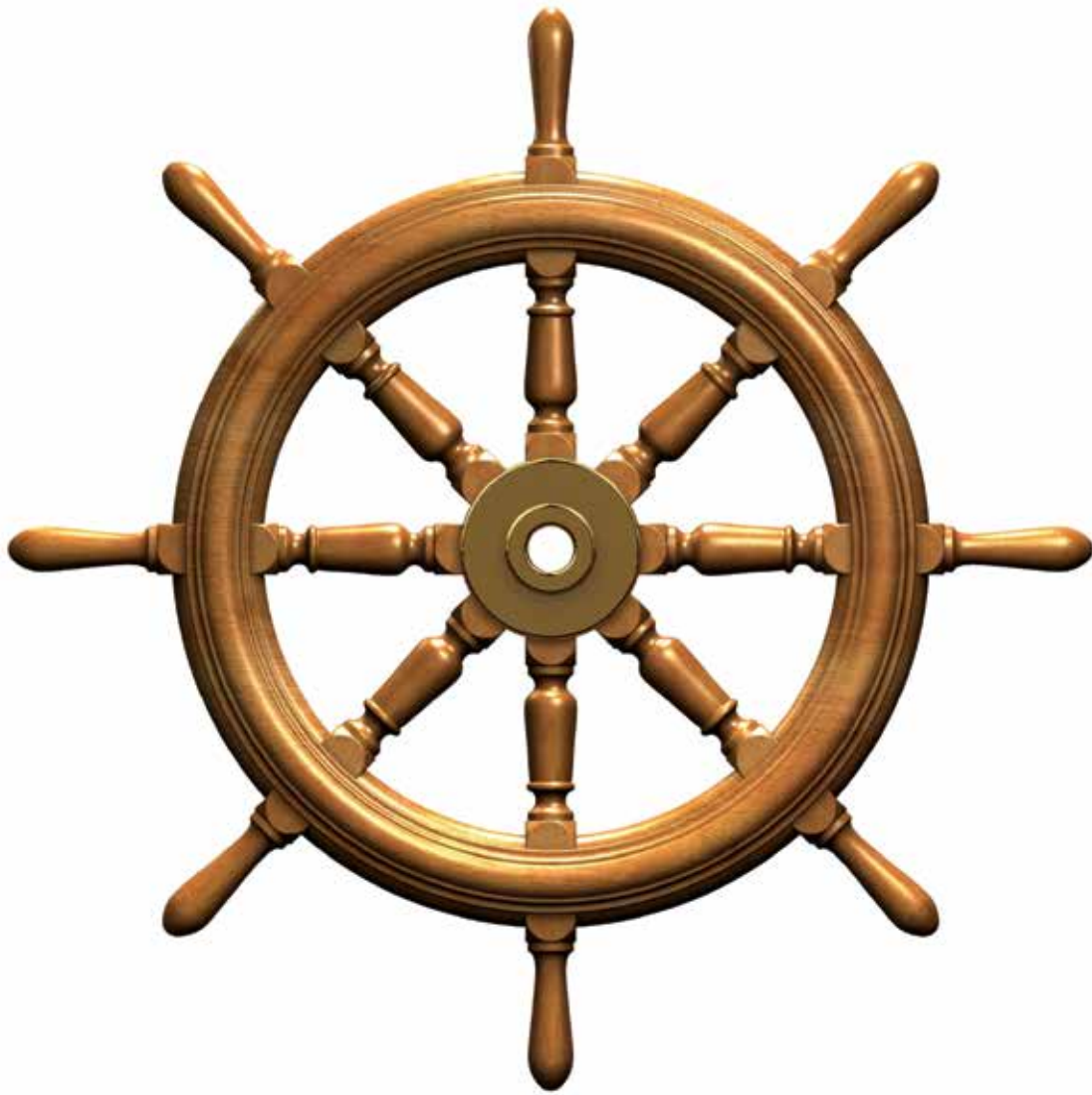
# Leadership

▶ The Hong Kong Institute of CPAs prepares members for the challenges they face at work:

- We help set international accounting, audit and assurance, and ethical **standards**. This includes issuing guidance and helping our members apply these standards.
- Through our **advocacy**, we represent the accounting profession at the highest levels to government, other regulators and international accounting organizations, shaping the issues which affect our members. We add our

voice to the deliberations of groups such as the G20 through our membership in the International Federation of Accountants and the Global Accounting Alliance, of which we are a founding member. Regionally, we have clout in standard setting through our membership in the Asian-Oceanian Standard-Setters Group, which lobbies the Asian point of view to international standard setters like the International Accounting Standards Board.





- We build the accountancy profession with our world-class **Qualification Programme** to train the next generation of CPAs. Our **continuing professional development** programme and regular updates help train accountants, keeping their skills fresh, relevant and valuable.
- We work in partnership with prestigious accounting institutes in the world's major capital markets, giving our members recognition and membership support in Australia, New Zealand, Canada, Germany, Japan, South Africa, the United Kingdom and the United States through the **Global Accounting Alliance**.
- Our unparalleled links with the accounting profession in **mainland China** means our members can serve as conduits of change in the amazing transformation of companies there. Our Institute is the foremost expert on Chinese accounting standards outside of mainland China.

▶ Our CPAs are  
China  
experts

# China



► To open the door for capital flow, we are helping China converge with international standards so that investors can easily compare the financial statements of Chinese companies with those prepared under International Financial Reporting Standards as set by the International Accounting Standards Board and adopted in most major jurisdictions.

We frequently meet with Mainland authorities such as the Ministry of Finance to discuss the needs of our members doing business there. At the same time, we learn the concerns of the Chinese authorities and how we might work to resolve those on their behalf. As the Mainland becomes more closely aligned with the world's capital markets, we serve as a close liaison with other parties, including international standard setters and regulators, in finding solutions to difficult conundrums.

In Hong Kong, we keep members updated

on Mainland laws, regulations, accounting and auditing issues through seminars, forums, publications and electronic means. In turn, our members bring company executives up to date with regulatory changes taking place in China and throughout the world. Members can get advice free of charge from our China desk in Shenzhen, office in Beijing and contacts in Guangzhou and Zhuhai.

The Mainland has a strong need for our CPA members who understand the often complex accounting, internal control and capital market requirements. Hong Kong accountants help Mainland companies adopt international accounting standards and boost governance by introducing cost accounting, budget planning and internal control. They bring new ideas for ways to make the company's capital work harder and to reduce financial risk.

▶ Our first  
interest is

public  
interest

# Trust and responsibility

▶ The Institute and our members work for the greater good of Hong Kong.

As the only statutory licensing body of CPAs in Hong Kong, the Institute must safeguard public interest and public trust. This means our members put the profession above themselves in all ventures.

Trust brings responsibility. The Institute regulates the profession in four broad areas: **qualification and registration, standard setting, quality assurance** of audit practices, and **investigation and disciplinary** action.

In standard setting, the Institute is converged with financial reporting standards set by the International Accounting Standards Board. It is working with Mainland authorities to maintain ongoing convergence with the standards that are already adopted by more than 100 jurisdictions around the world.

For auditing and ethics, the Institute follows standards set by the International Federation of Accountants. Our members are using these standards to stay on par with international developments.



# Becoming a CPA

► The making of a professional is a lengthy process. The Hong Kong Institute of CPAs is charged, by statute, with regulating the quality of entry to the profession. We do this through our Qualification Programme, whereby university graduates earn the respected designation of CPA.

After graduating from a university accredited or recognized by the Institute, candidates begin course work of four modules which are reinforced by module examinations and a final exam that tests the integrated knowledge of the four

modules. Candidates participate in workshops that simulate workplace situations. They work under a supervisor or employer authorized by the Institute to gain three years mentoring experience and only then are they qualified to enter our membership and work as CPAs.

During this intensive training, CPAs learn ethics and judgment, and gain an understanding about the importance of the trust placed with them. They take away from their Qualification Programme specialized skills but more importantly, a professional mind-set.

# It's a lifetime commitment

▶ Accounting is a demanding, dynamic profession and our members must constantly refresh their skills. To help them do this, the Institute runs a broad education programme called continuing professional development. Members are required to take at least 120 hours of training, from technical

to communications skills, over a three-year period. Failure to do so results in the revocation of membership.

Our research shows our classes are highly regarded and enjoyable for members, who take advantage of our own training premises in our Wanchai offices.

# Openness

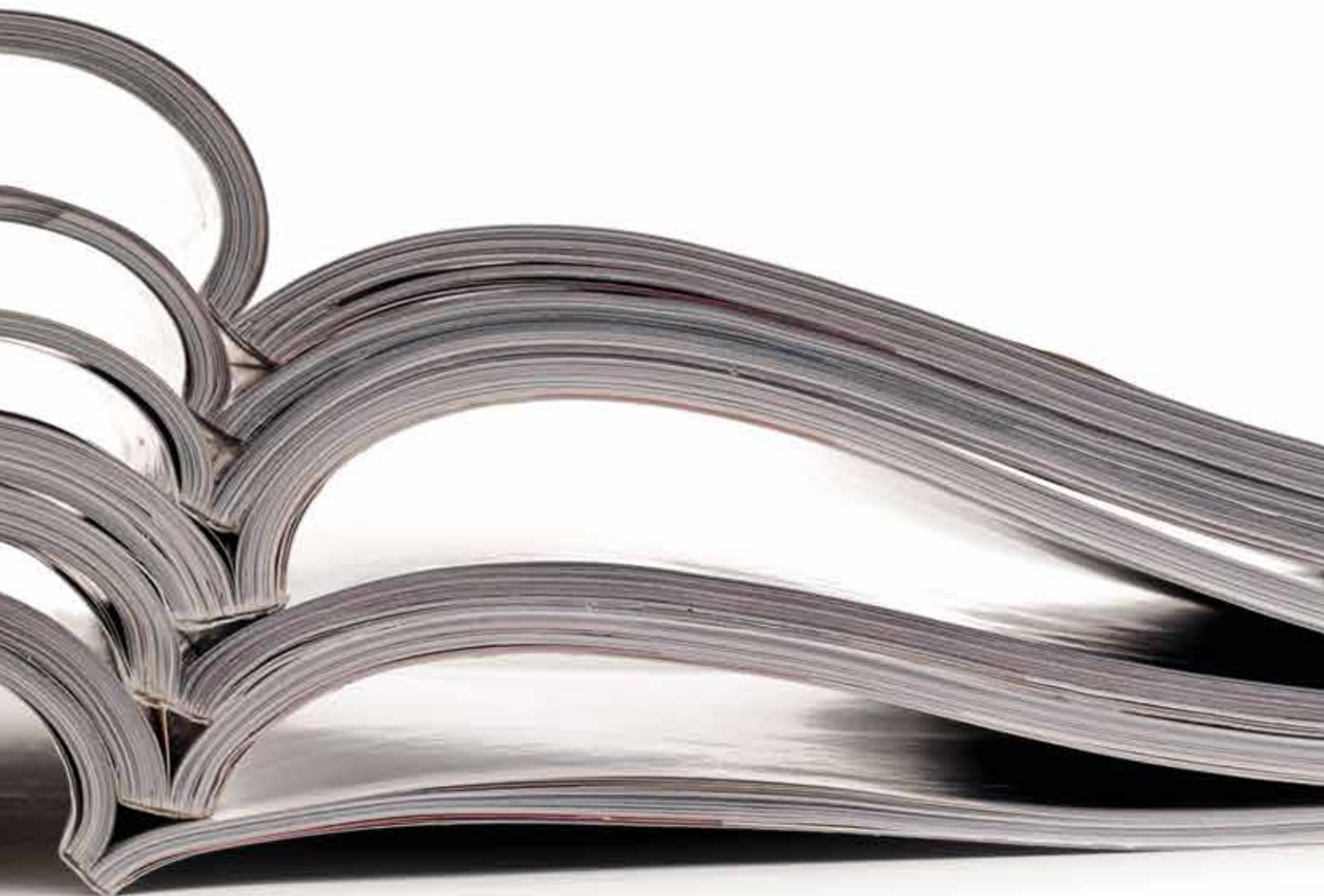




► After the accounting scandals early in the decade, many jurisdictions took away the profession's self-regulatory powers and placed them in the hands of the government. In Hong Kong, the Institute voluntarily opened its Council and regulatory committees and boards to greater oversight by government-appointed non-accountants and funded, with other market regulators, an independent body, the Financial

Reporting Council.

While the Institute still disciplines members, the FRC has powers of investigation over the audits and financial reports of listed companies. In addition, the Disciplinary Committees, which are convened when circumstances demand, have a majority of non-accountants appointed by the government and their proceedings are open to the public.





# Quality

► The Institute carries out regular practice review of audit practices to ensure quality. This quality assurance programme is built and operated in line with international benchmarks. Audit firms complete an annual self assessment questionnaire, which is reviewed by the full-time practice review team at the Institute. The team then decides which

firms might have risks in their practices; they are then inspected and given suggestions. All practices are inspected on a rolling basis.

For more than two decades, the Institute has operated a comprehensive professional standards monitoring programme which performs continuous reviews of published financial statements of listed companies.

# Our history

▶ Beginning in 1973 with a staff of 12 and a membership of 566 at our first annual meeting, the Institute is now in the premier league of international accounting bodies. It has over 38,000 members and is a clear and respected voice in local, regional and international business and professional circles. We speak on behalf of members to advocate their point of view.

Through more than four decades of dedication and perseverance, we have made sometimes difficult decisions to raise the bar for the accounting profession, for our members and for Hong Kong.

We work hard to live up to the high standards that our founders set for us and to make certain that those who follow will do the same.

As the only statutory licensing body of accountants in Hong Kong, we register accountants and issue practising certificates, regulate the professional conduct and standards of members, set code of ethics and standards of accounting and auditing, regulate the quality of entry to the profession, grant specialist designations and provide continuing education and other services to members.

- ▶ CPAs are “success ingredients” in business and in the social fabric of Hong Kong



# Our brand

► To show that a CPA is a “success ingredient” in business and in society, the Hong Kong Institute of CPAs is harnessing the skills of our members to make a difference to Hong Kong’s families. Our “Rich Kid, Poor Kid” programme sends CPAs into primary and secondary schools to teach even the youngest of our children about money. The programme began in 2005 and reached thousands

of children every year to give them an early start on good values and good money habits.

As the voice of the profession, the Institute’s spokespeople are in regular contact with the news media, giving interviews about developments in the profession, including changes in accounting standards or tax developments, as well as public policies and market developments.



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# Our logo

▶ The Institute's logo signifies a bold optimism and readiness to embrace change. The four distinctive wings provide balance and symbolize reaching for new heights. One of the wings of the

logo is coloured the red of Hong Kong's bauhinia flag, representing our vital role as the guardian of Hong Kong's financial system.





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