



To: Business / Finance Editors

For immediate release

**HKICPA and ACCA Discuss
Mutual Recognition Agreement**

***Institute Says Hong Kong Accountants Must Meet
High Professional Standards***

(HONG KONG, 21 September 2004) – Top executives from the Hong Kong Institute of Certified Public Accountants met today with representatives from the U.K.-based Association of Chartered Certified Accountants (ACCA) on negotiations regarding the process to establish whether the Institute would automatically allow ACCA members to join after June 2005.

The current mutual recognition agreements (MRAs) signed by the two accounting bodies are due to expire then, and the two sides are discussing professional qualification criteria. After today's discussion, the matter is referred to the Council of the Hong Kong Institute of CPAs for consideration.

The Hong Kong Institute of CPAs has been working to set the highest professional standards for Hong Kong accountants for more than a decade. The idea is to position Hong Kong as a regional centre of professional excellence, so that as Mainland China develops and its companies need international capital, Hong Kong's accounting profession is prepared at the highest international standard. Asking its recognition partners to demonstrate they match those standards is the latest step. It is negotiating with several well-known and respected accounting bodies simultaneously. The discussions with ACCA have proved the most challenging, according to the Institute's Council.

"Hong Kong is growing in importance as an international financial centre," says Winnie Cheung, Chief Executive & Registrar of the Institute. "Chinese companies are already tapping the international capital markets through Hong Kong and our goal is to make sure Hong Kong accountants meet the needs and expectations of international investors. There is a direct link between Hong Kong's accounting standards and its future as a capital market, especially in regard to China."

The Hong Kong Institute of CPAs is the only statutory licensing body for accountants in Hong Kong. Right now, it recognizes the qualifications of 14 overseas professional bodies. Ms. Cheung says the ACCA has done business with the Institute and its predecessor, the Hong Kong Society of Accountants, for some 20 years, but she says the Institute has grown with Hong Kong during the past two decades, and that the Institute decided in 1995 to raise the bar for the profession in alignment with the anticipated rapid development of Hong Kong and Mainland China in the 21st century. The Institute introduced its own rigorous qualifying programme, the Qualification Programme, in 1999, which is tailored to university graduates and is a competency-based learning programme with a requirement for recognised practical training.

Mr. Roger Best, President of the Hong Kong Institute of CPAs, notes that, “We are proud of our training and the plaudits it has won from the world’s top accounting organizations. We want our recognition partners to join us in turning out accountants that are highly skilled, with sound professional judgment and high ethical standards.”

The Hong Kong Institute of CPAs was behind legislation enacted on 8 September that authorised its name change and “Certified Public Accountant” designation, and that broadened oversight of accountants, a move designed to strengthen the regulatory regime for Hong Kong. A stronger regulatory environment is widely seen as crucial for maintaining Hong Kong’s standing in international capital markets.

The Institute recently developed closer ties with the profession on the Mainland through an agreement between the Hong Kong Institute of CPAs and the Chinese Institute of Certified Public Accountants (CICPA) signed by the HKSAR Financial Services and The Treasury Bureau and the Ministry of Finance of China, to allow mutual examination paper exemptions. This was negotiated through Hong Kong’s Closer Economic Partnership Arrangement (CEPA).

Ms. Cheung says the ultimate goal is shared standards with the Mainland. “One reason we are pushing hard on the issue of standards is that both the Institute and the CICPA hope China’s economy and its professions develop with the highest possible standards,” says Ms. Cheung.

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Editor’s Notes

About HKICPA

The Hong Kong Institute of Certified Public Accountants is Hong Kong’s only statutory licensing body of accountants with over 22,000 members and close to 10,000 registered students. Members of the Institute are entitled to the description *Certified Public Accountant* and to the designatory letters *CPA*.

The HKICPA boasts a long and distinguished heritage having evolved from the Hong Kong Society of Accountants that was established on the 1st January 1973.

The Institute operates under the Professional Accountants Ordinance, working in the public interest. It has wide ranging responsibilities that include maintenance of the quality of entry to the profession through its postgraduate Qualification Programme, promulgation of financial reporting, auditing and ethical standards in Hong Kong and development of the profession. It has responsibility for overseeing the regulation and promotion of efficient accounting practices in Hong Kong to safeguard Hong Kong’s leadership as an international financial centre.

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