



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

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

Hong Kong Institute of CPAs Announces Convergence to International Standards on Ethics

A New and Dynamic Approach to Professional Ethics

(Hong Kong, 8 December 2005) — The Hong Kong Institute of CPAs announced today that it has converged its professional ethics requirements with the International Code of Ethics for Professional Accountants. This new Code of Ethics will apply as of 30 June 2006.

The new Code of Ethics is an adoption of the code issued by the umbrella organisation for the world wide accounting profession, the International Federation of Accountants (IFAC).

“This is the final step in our full convergence to international standards on auditing, accounting and ethics,” says Edward K.F. Chow, the Institute’s President. “Hong Kong’s professional standards now reflect the best thinking and the best practices from the world’s foremost accounting bodies.”

The new Code of Ethics establishes a conceptual framework for all professional accountants to ensure compliance with the five fundamental principles of professional ethics. These are integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

“Under the framework, all professional accountants will be required to identify threats to these principles and, if there are threats, apply safeguards to ensure that the principles are not compromised. The framework applies to all professional accountants - those in public practice as well as those in businesses such as industry and government,” says Mark Fong, the Institute’s Vice-President and Chairman of its Ethics Committee.

“The principles-based approach adopted in the new Code of Ethics is robust enough to address all practical situations,” says Mr. Fong. “This has advantages over rules that are often arbitrary and can only address limited situations.”

The new Code of Ethics is expanded to incorporate the local requirements arising from the laws and regulations of Hong Kong in areas such as disclosure of confidential information under various Ordinances, changes of auditors of listed issuers, directors' financial and accounting responsibilities.

"This final step to full convergence," says Mr. Chow, "Bolsters international confidence in Hong Kong's accounting profession and by association, its role in maintaining the respect Hong Kong must command as an international financial centre."

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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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