



Dear Assignment/News/Business Editor,

Mainland and Hong Kong Accountants Sign Joint Declaration on Ongoing Convergence of Auditing Standards

Globally compatible standards smooth cross-border commerce and listings

(HONG KONG, 5 September 2011) – A joint declaration signed today between mainland and Hong Kong auditing standard setters promises the ongoing convergence between the mainland and Hong Kong's auditing standards.

The China Auditing Standards Board and the Hong Kong Institute of CPAs signed a joint declaration on the convergence of auditing standards on 6 December 2007.

"Both parties are committed to maintain convergence and we have established a mechanism for ongoing maintenance," says Philip Tsai, the president of the Hong Kong Institute of CPAs, one of the parties to the signing. Vice Minister of Finance and President of Chinese Institute of CPAs Li Yong, was the other party.

The signing took place at the "Cross-straits, Hong Kong and Macau Accounting Profession Conference 2011," organized by the Hong Kong Institute of CPAs. More than 400 CPAs from the four destinations came together to discuss the development of the accounting profession, and economic and regulatory changes that impact CPAs. The joint declaration was signed by Chen Yugui, Vice President and Secretary-General of Chinese Institute of CPAs, and Winnie C.W. Cheung, Chief Executive and Registrar of Hong Kong Institute of CPAs.

The International Auditing and Assurance Standards Board completed its comprehensive clarity project to improve the clarity of International Standards on Auditing on 27 February 2009 and the Hong Kong Institute of CPAs issued equivalent standards in June 2010. These auditing standards are applied to audits of financial statements for periods beginning on or after 15 December 2009.

The Chinese Institute of CPAs has completed the revision of China Auditing Standards and achieved ongoing convergence with the clarified Hong Kong Auditing Standards. The revised China Auditing Standards were released on 1 November 2010, and will be effective from 1 January 2012.

The only difference between the Hong Kong and mainland standards is an additional standard included in the revised China Auditing Standards about communication between predecessor and successor auditors. This reflects specific requirements and circumstances in mainland and does not conflict with the clarified Hong Kong Auditing Standards.

"The declaration is necessary given the increasing global nature of capital markets, and desire that many companies have to raise capital in multiple jurisdictions. It is important to have a set of standards that are globally compatible," Tsai said at the signing.

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About the Hong Kong Institute of CPAs

The Hong Kong Institute of CPAs is the only body authorized by law to register and grant practising certificates to Certified Public Accountants in Hong Kong. The Institute has more than 32,000 members and 15,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation *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 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.

The Hong Kong Institute of CPAs is a member of the Global Accounting Alliance – an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.

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