



7 July 2016

Dear members,

Chief Executive's Update – Greater opportunities for members to become partners in Mainland CPA firms

Hong Kong CPAs can now become partners in a Mainland CPA firm, as long as they satisfy certain criteria, based on the extension of the scope of the Closer Economic Partnership Arrangement from Guangdong province to rest of China.

It allows a Hong Kong permanent resident who has obtained the Mainland Certified Public Accountants (CICPA) qualification to become a partner of a CPA practice in Mainland China on conditions that (i) the controlling interest in the CPA practice is held by Mainland residents; (ii) the Hong Kong partner maintains a place of abode and reside in the Mainland for over 6 months annually.

Furthermore, the Ministry of Finance ("MOF") has recently announced the detailed application procedures in pursuance of this new CEPA initiative ([關於大力支持香港澳門特別行政區會計專業人士擔任內地會計師事務所合夥人有關問題的通知](#) [財會 (2016) 9 號]).

Hong Kong permanent residents who have obtained CICPA qualification and the required practical experience can now submit an application to the MOF office at the province where the CPA practice registered to join a Mainland CPA practice as partner. For the purpose of the application, the audit experience obtained in Hong Kong is recognized as equivalent to that obtained in the Mainland China. The applicant is required to provide a certification by the Hong Kong CPA practice of the audit experience.

Other specific provisions in the announcement include:

1. The partnership agreement should specify that Mainland resident partners of the CPA practice will represent not less than 51% voting rights on operation and management decisions. A copy of such partnership agreement forms part of the supporting materials.
2. Hong Kong permanent resident with Chinese nationality can become the managing partner of a Mainland CPA firm. An applicant applying to become a managing partner has to provide a copy of his/her Hong Kong identity card and a declaration that he/she does not have other nationality.
3. The admitted applicant will be subject to regulation by the MOF offices at provincial level and above, and has to comply with Mainland laws and regulations, including the CPA law (註冊會計師法), the partnership law (合夥企業法) and the secrecy provisions that apply to non-Mainland officers.

This latest development further reinforces the value of a Hong Kong CPA designation. We will continue to monitor future developments in the Mainland that could impact the business development potential for Hong Kong accounting professionals and will keep you updated.

Yours sincerely,

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