

DRIVING BUSINESS SUCCESS

Issue 3 Volume 18 March 2022

PLUS:

PROFILE

Ernest Lee FCPA (practising),
President of The Hong Kong
Chartered Governance Institute

BUDGET 2022-23: MEASURES FOR TESTING TIMES

Experts discuss how this year's
budget measures will help
individuals and society

SECOND OPINIONS

How will blockchain transform
accounting?



FIXING BAD HABITS



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

How can accountants help to
promote better spending habits and
enhance financial literacy?

A world of communications

**Follow us for the latest news from the Institute and
on the profession on your social media channels of choice**



 Facebook



 LinkedIn



 WeChat



 Instagram



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

“It is paramount that members’ views are adequately consulted and relayed as we implement these important changes. I would encourage our members to make sure they are sufficiently educated on the matters and seize the opportunity to voice their opinions through the members’ forum and upcoming survey.”



Dear members,

During the month of March, the Institute worked hard to champion the needs of the profession in face of the fifth wave of COVID-19 cases locally. We have been maintaining ongoing communications with authorities to relay the concerns and challenges faced by our members and the profession under the prevailing situation.

For instance, the Institute has been communicating with the Inland Revenue Department (IRD) and requested extensions of upcoming profits tax, salaries tax and other filing due dates, and asked for clear and early guidance on flexibility around other tax deadlines. We were therefore pleased to share with our members that the IRD responded favourably to some of the main requests made by the Institute and other stakeholders, and announced arrangements for certain longer extended tax due dates. Communications about announcements made by the Stock Exchange of Hong Kong Limited, the Securities and Futures Commission, and the Hong Kong Monetary Authority can all be found on the Institute’s COVID-19 – CPA Information Centre webpage.

While we will continue to explore possible ways to help members, we also seek to give back to society where we can. In the past month, the Institute donated approximately HK\$1 out of each member’s membership fee to, jointly

with other accounting bodies, offer financial support to local community service groups that are working hard to help the underprivileged fight against the pandemic. As an organization that represents this prestigious profession, we do not take our privilege lightly.

On 9 March, the Financial Reporting Council (FRC) launched its Engagement and Consultation Paper on the further reform of the accounting profession to provide an explanation of its regulatory principles and approaches, and has invited interested parties and the public to share their views on or before 4 May. As these changes are expected to have a profound effect on members, the Institute is jointly organizing three members’ forums on 4, 7 and 11 April with the FRC, Hong Kong Association of Registered Public Interest Entity Auditors Limited, and Society of Chinese Accountants and Auditors respectively for different groups of audiences.

We will also be hosting a members’ forum in light of the Financial Services and the Treasury Bureau’s proposal to revise the election arrangements of the Council of the Institute. The proposals include legislative amendments in three aspects:

- (a) raising the nomination threshold for election to the Council;
- (b) aligning the election cycle for the 14 elected Council members from an

annual cycle to a biennial cycle; and
(c) enhancing the administrative procedures of the HKICPA.

A new webpage has been set up on the matter, which will bring together relevant information to help members keep abreast of the recent developments, and the Institute will host a members’ forum on 8 April, where Under Secretary for Financial Services and the Treasury, Joseph Chan, and the Legislative Councillor of the Accountancy Functional Constituency, Edmund Wong, have been invited to discuss the preliminary proposals. We will also be launching a members’ survey to gauge your views on the matter very soon.

It is paramount that members’ views are adequately consulted and relayed as we implement these important changes. I would encourage our members to make sure they are sufficiently educated on the matters and seize the opportunity to voice their opinions through the members’ forum and upcoming survey.

How we handle change is a great litmus test for our character, and we hope the culture of the profession and Institute can shine through collectively. The Institute will continue to monitor the various evolving situations and we will listen to your thoughts. Please continue to stay tuned to the Institute’s communications and thank you for your support.

Loretta Fong CPA (practising)
President

CONTENTS

Issue 3 Volume 18 March 2022

08 Budget 2022-23: Measures for testing times

Experts reflect on the Financial Secretary's budget speech and discuss whether this year's measures are enough to help Hong Kong weather the current storm



NEWS

- 01 President's message
- 04 Institute news
- 07 Business news

FEATURES

- 08 **Budget 2022-23:
Measures for testing times**
How will this year's measures help Hong Kong?
- 14 **Leadership:
Ernest Lee FCPA
(practising)**
The President of the Hong Kong Chartered Governance Institute on the need for a principles-based approach to corporate governance
- 20 **Good habits start young**
How accountants can help to promote financial literacy and better spending habits among young adults and children
- 28 **Second opinions**
How will blockchain transform accounting?
- 30 **How to**
Linda Biek, the Institute's

Director of Compliance, on performing the right audit documentation

- 31 **Thought leadership:
Fiona Nott**
The Chief Executive Officer of The Women's Foundation on breaking down barriers for men to further gender equality in the workplace
- 32 **Q&A with a PAIB**
Chen Zhao CPA, Head of Technical Security at Asian Development Bank
- 33 **Q&A with a PAIP**
Isabel Lin CPA, Director at KPMG
- 34 **Meet the speaker**
What to expect from an upcoming e-Series on environmental, social and governance reporting

SOURCE

- 35 **Are liabilities subject to conditions classified as current or non-current?**
A summary of the Institute's response to the IASB Exposure

32 Q&A with a PAIB



33 Q&A with a PAIP





14

Beyond compliance

Ernest Lee FCPA (practising), on his new role as the President of the Hong Kong Chartered Governance Institute, and why companies should ensure a more purposeful approach to corporate governance

Draft ED/2021/9 *Non-current Liabilities with Covenants – Proposed amendments to IAS 1*

- 36 **Future of reporting in insurance: new opportunities from reporting transformation**
A look at how IFRS 17 *Insurance Contracts* will bring enhanced consistency and transparency in financial reporting across the insurance industry, and how insurers can prepare themselves in the run-up to its implementation

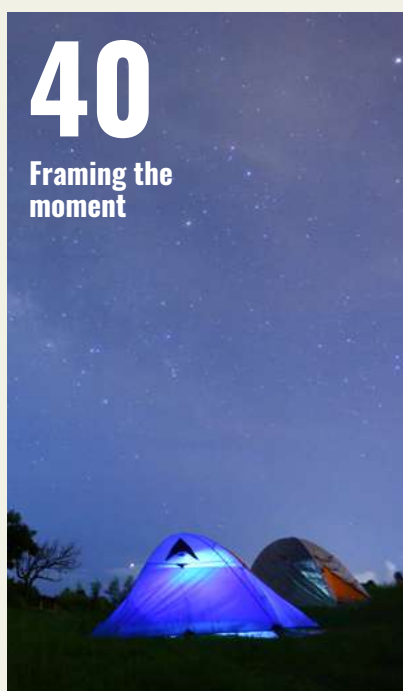
- 38 **Technical news**

WORK-LIFE BALANCE

- 40 **Framing the moment**
CPAs on how photography has given them a new perspective on life

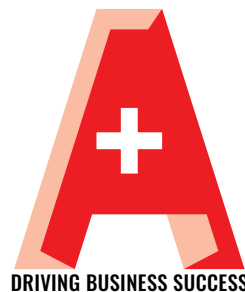
- 46 **Young member of the month**
Adam Ho CPA, Accountant at A. R. Medicom Inc. (Asia) Ltd.

- 48 **After hours**
Institute members recommend their favourite ways to unwind



48

After hours



DRIVING BUSINESS SUCCESS

About our name

A Plus stands for Accounting Plus. It represents a profession that is rich in career options, stays relevant amid rapid changes, and adds value to business. This magazine strives to present the global mindset and varied expertise of Institute members – Accountants Plus.



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

President Loretta Fong

Vice Presidents Roy Leung
Edward Au

Chief Executive and Registrar Margaret W. S. Chan

Director of Corporate Communications Dr Wendy Lam

Publication Manager Michael Wong

Editorial Coordinator Maggie Tam

Office Address

37/F, Wu Chung House, 213 Queen's Road East,
Wanchai, Hong Kong
Tel: (852) 2287-7228 Fax: (852) 2865-6603

Member and Student Services Counter

27/F, Wu Chung House, 213 Queen's Road East,
Wanchai, Hong Kong
Website: www.hkicpa.org.hk
Email: hkicpa@hkicpa.org.hk



Editor Gerry Ho
Email: gerry.ho@mandl.asia

Managing Editor Jemelyn Yadao

Copy Editor Jeremy Chan

Associate Editor Nicky Burridge

Contributor Thomas Lo

Registered Office

2/F Wang Kee Building, 252 Hennessy Road,
Wanchai, Hong Kong

Advertising enquiries

Advertising Director Derek Tsang
Email: dereksang@mandl.asia

ISSN 1815-3380

A Plus is the official magazine of the Hong Kong Institute of Certified Public Accountants. The Institute retains copyright in all material published in the magazine. No part of this magazine may be reproduced without the permission of the Institute. The views expressed in the magazine are not necessarily shared by the Institute or the publisher. The Institute, the publisher and authors accept no responsibilities for loss resulting from any person acting, or refraining from acting, because of views expressed or advertisements appearing in the magazine.

© Hong Kong Institute of Certified Public Accountants
March 2022. Print run: 6,940 copies
The digital version is distributed to all 46,346 members,
16,982 students of the Institute and 2,358 business
stakeholders every month.



NEWS

Institute news

Business news

Members' forums on further reform of the accounting profession



Further reform of the accounting profession is expected to commence in the fourth quarter of this year. Upon commencement, the Financial Reporting Council (FRC) will become the independent regulator for the accounting profession in Hong Kong and its name will change to Accounting and Financial Reporting Council.

The FRC launched its Engagement and Consultation Paper on further reform of the accounting profession on 9 March. The paper explains its regulatory principles and approaches, and aims to help stakeholders understand its rationale and solicit their views on how to ensure its proposed policies meet the public's expectations through an effective disciplinary regime. The FRC has invited interested parties and the public to share their views on or before 4 May so that it may take into consideration the interest of key stakeholders.

To provide members with a better

understanding of the paper, the Institute will jointly organize three members' forums on 4, 7 and 11 April with the FRC, Hong Kong Association of Registered Public Interest Entity Auditors Limited, and Society of Chinese Accountants and Auditors respectively for different groups of audiences.

As major stakeholders, members are invited to join these forums to learn from speakers from the FRC about aspects of the paper and to share their views with us. Three forums will also be recorded and made available as e-Seminars for those unable to attend. Visit the Institute's website for the enrolment details.

Members' forum on reviewing the election arrangements of the Council

The Secretary for Financial Services and the Treasury, Christopher Hui, published a blog post on 8 March with regards to enhancing the Institute's Council

election arrangements. The Financial Services and the Treasury Bureau (FSTB) will brief the Panel on Financial Affairs of the Legislative Council on 4 April about the proposed enhancements on the Institute's election of Council members.

The proposed changes will likely affect all members of the Institute and it is therefore important members' views are obtained and consulted. In this connection, the Institute has set up a new webpage on the matter, which will bring together relevant information to help members understand the proposals.

To provide members with a better understanding of the FSTB's intentions of the proposed changes to the Council election, the Institute will organize a members' forum on 8 April where Under Secretary for Financial Services and the Treasury, Joseph Chan, and the Legislative Councillor of the Accountancy Functional Constituency, Edmund Wong, have

been invited to discuss the preliminary proposals. The Institute will also launch a survey to collect members' feedback on the proposals in due course.

Global accounting bodies urge profession-wide commitment to reverse nature loss

The Institute has joined together with nine of the world's leading accounting institutes to support a new call to action in response to the nature crisis, ahead of the upcoming United Nations Convention on Biological Diversity COP 15. Working together as part of the Global Accounting Alliance, we signed the call to action "Nature is Everyone's Business" to signal the important role the profession plays in this crisis. Read the Institute's press release for details.

Business Valuation Programme

The Business Valuation Programme is intended to help new valuation specialists or those interested in a career in valuations to enter the specialization. It features 11 compulsory and four elective modules (from which participants must choose at least two) across four phases "Valuation Fundamentals," "Transactions Valuation," "Financial Reporting Valuation" and "Valuation Application" for a total of 24 to 28 continuing professional development hours. The programme will be held in April to June 2022 and conducted via Zoom. More details are available on the Institute's website.

The programme will cover:

- Business valuation essentials

including valuation fundamentals and valuation standards;

- Business valuation techniques for transaction purposes;
- Valuation of various classes of assets and liabilities including purchase price allocation, intangible asset, financial instruments, property, plant and equipment, and biological assets for financial reporting purposes; and
- Case studies including the application of various valuation approaches and review of valuation reports.

Council meeting minutes

The abridged minutes from the January and February (Strategy Day) Council meetings are now available in the "Members' area" of the Institute's website.

Disciplinary findings

Yeung Chun Wai, Anthony CPA

Complaint: Failure or neglect to observe, maintain or otherwise apply the fundamental principle of Professional Behaviour under section 100.5(e) and as elaborated in section 150.1 of the Code of Ethics for Professional Accountants, and being guilty of dishonourable conduct.

Yeung was the Chairman, Chief Executive Officer, and an Executive Director of Great Wall Terroir Holdings Limited (formerly known as e-Kong Group Limited). At the relevant times, he was entrusted with the management of the company's securities investment business and was authorized to operate its securities account.

The Listing Committee of the Stock Exchange of Hong Kong Limited (stock exchange) sanctioned Yeung in March 2020 for his conduct in relation to a number of material connected transactions of purchases and sales of Hong Kong listed shares, which were undertaken between him and the company between August 2015 to June 2017.

Yeung executed the transactions without the board of directors' knowledge, and failed to obtain shareholders' approval of some of the transactions that required such approval under the Listing Rules. In addition, Yeung failed to ensure that information contained in certain announcements about the transactions made by the company was accurate, complete and not misleading. Finding that Yeung was in breach of the Listing Rules and his director's undertakings, the stock exchange issued a censure and opined that his retention of office would be prejudicial to the interests of investors.

Decisions and reasons: The Disciplinary Committee ordered that the name of Yeung be removed from the register of CPAs for 15 months with effect from 2 March 2022. In addition, Yeung was reprimanded and ordered to pay costs of the Institute of HK\$58,386. When making its decision, the committee considered the circumstances of the case, and in particular Yeung's blatant disregard of the disciplinary proceedings.

Hu Yi, registered student

Complaint: Hu's falsification of the examination results on two occasions demonstrated serious misconduct which renders him unfit to become a CPA under by-Law 34(1)(d) of the Professional Accountants By-Laws.

Hu was registered as a student of the Institute's Qualification Programme (QP). At the relevant time in 2019 and 2020, he was an audit senior of a CPA firm. In March 2020, the firm conducted spot checks on the examination results submitted by its staff members and found that Hu had provided the firm with two falsified Examination Status Reports for the June and December 2019 QP examinations. The firm dismissed Hu and reported the matter to the Institute.

Decisions and reasons: The Disciplinary Committee ordered that Hu be declared unfit to remain a registered student and his name be removed from the register of registered students with effect from 30 March 2022. In addition, Hu was ordered to pay costs of the disciplinary proceedings of HK\$55,465. When making its decision, the committee took into consideration the circumstances of the case, and mitigating factors.

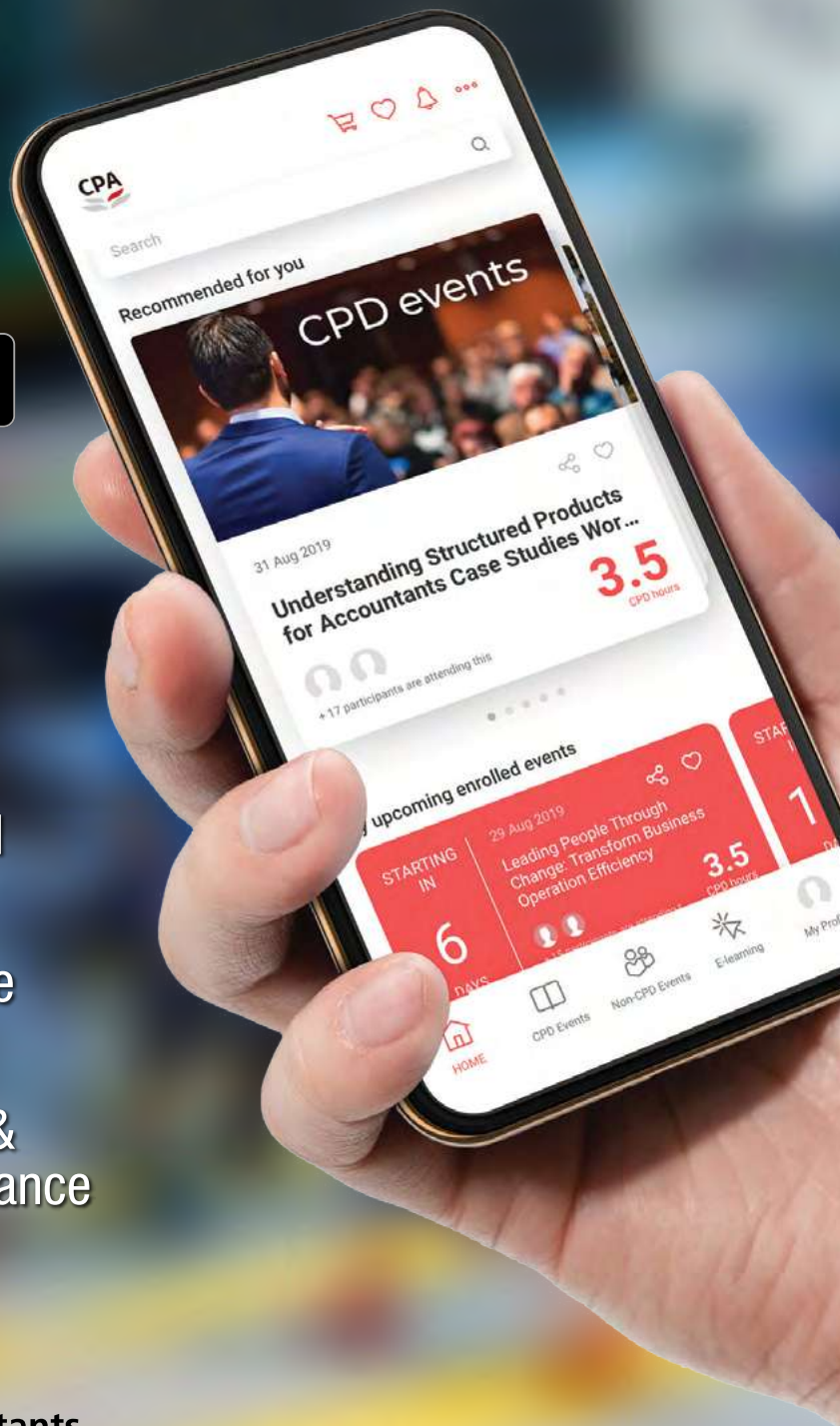
Details of the disciplinary findings are available on the Institute's website.

More comprehensive. More personalized.

Download the new HKICPA Events app today



- Explore events crafted to your taste
- Pay the way you want
- Scan to check in for enrolled events
- Raise questions & participate in polls live
- Access your CPD summary & attendance record all at a glance



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

5

The number of Chinese companies listed in New York that were named by the United States Securities and Exchange Commission (SEC) as the first groups that will be delisted if they do not hand over detailed audit records that back their financial statements. SEC said fast-food giant Yum China, biotechnology groups BeiGene, Zai Lab and HutchMed, and technology company ACM Research faced delisting.

Bruce Mackenzie

The new chair of the IFRS Interpretations Committee, effective from 1 March. Mackenzie has served as a member of the International Accounting Standards Board since October 2020. More details in *Technical news* on page 38.

ISA 220 (Revised) *Quality Management for an Audit of Financial Statements*

A standard that requires the audit engagement partner to actively manage and take responsibility for the achievement of quality. The International Auditing and Assurance Standards Board released a first-time implementation guide to help stakeholders properly implement the standard. More details on page 38.



Shares of Cathay Pacific Airways Ltd. rose by 4.9 percent, its highest intraday level since June 2020, on 21 March, following an announcement from Hong Kong Chief Executive Carrie Lam that the flight ban on nine countries would be lifted and mandatory quarantine eased from 14 to seven days. The airline, however, still reported losses of HK\$5.5 billion in 2021 due to pandemic-related travel restrictions.

7 March

The day both EY and Deloitte pulled their operations out of Russia, becoming the last of the Big Four firms to announce their exit following Russian President Vladimir Putin's invasion of Ukraine. With about 15,000 staff and partners in Russia, the withdrawals are the most significant exits of professional services firms from Russia since the conflict began last month.

HK\$2.4 billion

The amount of losses Hong Kong Disneyland posted for its last financial year, its seventh consecutive without turning a profit. The park did not operate for about 40 percent of the 2021 financial year's calendar days due to mandatory closures imposed under COVID-19.

“The MoU between GRI and the IFRS Foundation is a strong signal to capital markets and society that a comprehensive reporting system, which combines financial and impact materiality for sustainability reporting, is possible on a global scale.”

– Eelco van der Enden, Chief Executive Officer of Global Reporting Initiative (GRI), said. The IFRS Foundation and GRI announced on 24 March an agreement under which their respective standard-setting boards, the International Sustainability Standards Board and the Global Sustainability Standards Board, will align their work programmes and standard-setting activities.

40%

The percentage of Hong Kong's online transaction value that digital wallets will account for by 2025, according to *2022 Global Payments Report*, published by United States financial technology company FIS. Examples of digital wallets include Alipay, WeChat Pay, Tap & Go and Octopus.

US\$4.50

The approximate amount Brent crude lost per barrel after Mainland China implemented a city-wide lockdown in Shanghai on 28 March. The futures contract for Brent crude – an international benchmark for oil prices – was down by 4 percent at US\$115.80 a barrel.

BUDGET 2022-23: MEASURES FOR TESTING TIMES

Hong Kong's 2022-23 Budget, announced last month, introduced measures to help the city's citizens and businesses see it through current challenges. Experts reflect on the Financial Secretary's budget speech and tell [Nicky Burridge](#) how the measures will impact different sectors of the economy and community

Illustrations by Gianfranco Bonadies

From HK\$10,000 in spending vouchers for residents, to investment in training and infrastructure, Hong Kong's 2022-23 Budget combines measures to help the city weather the pandemic and to remain competitive in the long term.

Announced on 23 February, this year's budget was delivered against a backdrop of significant challenges, as the city struggles with its fifth wave of COVID-19 infections, and the ongoing drag on the global economy caused by the pandemic and geopolitical tensions. "I think the Financial Secretary had a really tough job in setting this year's budget because Hong Kong is facing one of the most testing times in its history," Jo-An Yee FCPA, Tax Partner at EY Tax Services Limited and a member of the Institute's Taxation Faculty Executive Committee (TFEC), says.

Significant funds were allocated for anti-pandemic measures, with a total of HK\$67.5 billion set aside for support, ranging from the construction

of anti-epidemic facilities to strengthening the testing work of the Food and Health Bureau.

Yee praised Financial Secretary Paul Chan's focus on fighting the pandemic, as well as his efforts to safeguard Hong Kong's economy and people's livelihoods from its impact. She points out that in 2021, when COVID-19 was largely under control locally, Hong Kong's gross domestic product (GDP) growth had recovered to 6.4 percent in 2021, following a 6.5 percent contraction in 2020. "The situation this year is very different, and at EY, we agree with the Financial Secretary that controlling the epidemic is key," she says.

Michael Chan FCPA, Chairman of the Institute's Professional Accountants in Business Committee, described the budget as being very well-balanced. "It addresses both immediate needs and medium- to long-term ones, and the needs of individuals and those of companies. There are a lot of measures to reinvigorate the economy after the pandemic, as well as measures that pave the way for Hong Kong's future competitiveness," he says.





Supporting the community

The budget contained a raft of measures to help support individuals through the current situation, including a second round of electronic consumption vouchers for permanent residents and new arrivals, valued at HK\$10,000. “It is very generous, and it is double the amount they gave last year. The amount is appropriate, given the pandemic situation,” says Eugene Yeung CPA, Partner, Tax, at KPMG China and Convenor of the Institute’s Budget Proposals 2022/23 Sub-committee.

Yee points out that alongside the consumption vouchers, cash subsidies were previously announced for businesses such as restaurants and beauty parlours, while a moratorium will be introduced to stop landlords from terminating tenancy agreements for businesses that fall behind with their rent. “These measures will help these businesses survive and hopefully preserve jobs for people on low incomes,” she says.

Yee adds that the introduction of a progressive rating system for domestic properties from 2024-25, will see more affluent members of society with higher value properties pay more. Under the new system, the current flat rate of 5 percent will be replaced with a progressive rate of 5 percent, 8 percent or 12 percent depending on the annual rateable value of the property.

Meanwhile, Yeung welcomed the announcement of the HK\$100,000 tax deduction on domestic rental expenses, for which the Institute has been calling for a number of years, as it puts renters in the same position as homeowners, who can claim deductions for home loan interest. “It is not a big loss of revenue for the government, but it will be very helpful to people who rent their home,” he says. Despite the measures announced, Yeung still thinks low-income households may require more support, as this group is most likely to be struggling from the combination of higher expenses as a result of the pandemic and lost income. “There are tax relief and

rates concessions, but people on low incomes may not benefit as they usually don’t pay tax,” he points out.

Sarah Chan FCPA, Partner, Tax and Business Advisory Services, Deloitte China, and Chairman of the TFEC, agrees: “With the fifth wave of pandemic lasting for longer than expected, we are seeing businesses closing and people losing their jobs. I think the government could have introduced more concrete measures to help those who are most in need.”

“These measures will help these businesses survive and hopefully preserve jobs for people on low incomes.”

Boosting the economy

Individuals were not the only ones to receive support in the budget, with the Financial Secretary also unveiling measures to strengthen the core pillars of Hong Kong’s economy.

For financial services, he announced plans to offer tax concessions to family offices based in Hong Kong. Meanwhile, the tourism sector is set to receive HK\$1.26 billion in support, and the logistics industry looks set to benefit from the continued development of sea-air cargo transhipment between the Hong Kong International Airport and the rest of the Greater Bay Area. Additional funding for agriculture and fisheries, trade and the arts sectors were also announced.

Yee welcomed the news on family offices, pointing out that it would help to increase the attractiveness of Hong Kong as a financial centre, at a time when it faces growing competition from Singapore, and countries in Asia-Pacific such as Malaysia and Indonesia. “These new tax concessions will help to enhance Hong Kong’s relevance in the asset and wealth management space,” she says.

Sarah Chan agrees, adding:

“The government has started the consultation on the family office concession regime. I hope the draft rules can be finalized and discussed in Legislative Council (LegCo) very soon.”

Significant support for the innovation and technology sector was also welcomed, including a further HK\$10 billion to support the development of health technology and funding for the Hong Kong Growth Portfolio under the Future Fund to set up a HK\$5 billion Strategic Tech Fund to invest in technology enterprises and projects with strategic value to Hong Kong.

But with so many areas receiving funding, Yeung expressed concern that support was being spread too widely. “It may have been better to offer more concentrated support in fewer areas. I think it would be a good idea to reallocate some of the resources to supporting the younger generation’s career growth, such as talent development, graduate employment and supporting start-ups,” he says. Michael Chan also points out that while the support was welcome, the government must ensure the various funding schemes were easy for companies to access, particularly those targeted at small- and medium-sized enterprises (SMEs). He adds that having a single portal through which SMEs could find out which schemes they were eligible for and make applications to them would help to remove some of the hurdles smaller firms faced when accessing government funding. He gives the example of the Hong Kong Productivity Council’s portal through which SMEs can see what schemes they are eligible for at various stages based on a set of criteria.

Aligning with international tax laws

For many accountants, one of the most eye-catching measures included in the budget was the announcement that the government plans to start the legislative process to introduce a top-up tax in Hong Kong, in line with the Base Erosion and Profit Shifting (BEPS) 2.0



Measures in this year’s budget include HK\$10,000 in consumption vouchers to all Hong Kong residents; cash subsidies for small businesses; tax concessions to family offices based in Hong Kong; and the introduction of a top-up tax in Hong Kong, in line with the Base Erosion and Profit Shifting 2.0 Pillar Two’s global minimum tax initiative proposed by Organization for Economic Co-operation and Development.

“The proposed introduction of the top-up tax is not just to align us with the international tax environment, but it also provides the Hong Kong government with a source of tax revenue.”

Pillar Two’s global minimum tax initiative proposed by Organization for Economic Co-operation and Development (OECD). “This topic has been a matter of concern for many large corporations and tax practitioners for years,” says Sarah Chan. “The proposed introduction of the top-up tax is not just to align us with the international tax environment, but it also provides the Hong Kong government with a source of tax revenue.”

The government plans to put the relevant legislation before the LegCo later this year, with a view to introducing the domestic minimum top-up tax in the 2024-25 financial year. Yee says: “For them to clearly articulate this publicly shows the government’s concern about what is happening internationally around tax reforms and the OECD’s measures on a global minimum tax rate. In order for them not to lose any tax revenue, they will implement a domestic minimum tax rate of 15 percent in Hong Kong.”

Sarah Chan adds that the government still needs to come up with a detailed plan on how the top-up tax will be imposed and how information will be exchanged with other tax jurisdictions in an efficient and timely way.

Looking forward

Aside from measures to help individuals and businesses in the short term, the budget also contained announcements to position the city for the medium and long term. It showed Hong Kong’s fiscal position has improved in the past 12 months,

with the Financial Secretary estimating the city will record a budget surplus of HK\$18.9 billion in 2021-22, ending two years of deficits.

It looks set to return to a deficit of HK\$56.3 billion in 2022-23 due to the cost of one-off relief and anti-pandemic measures, before returning to a surplus in the following three years, enabling fiscal reserves to exceed more than HK\$1 trillion.

Despite the forecast deficit for the coming year, Michael Chan says the budget shows the government is continuing with its adoption of an expansionary fiscal policy. “The initiatives to relieve people’s hardships, and enhance industry, economic resilience and infrastructure, all point towards an expansionary fiscal policy,” he says.

Michael Chan points out that the government is also keen to establish a new city centre away from Hong Kong Island to the north to help new and emerging industries tap into the opportunities presented by the Greater Bay Area, with HK\$100 billion set aside to fund the land, housing and transport infrastructure needed for the Northern Metropolis on the border with Mainland China.

Significant funding is also being allocated to nurturing future talent across healthcare, financial services, construction, education and the arts. Meanwhile, Yeung highlighted Paul Chan’s remarks, where he pointed out that while the financial services industry contributes 23 percent of Hong Kong’s GDP, only 7 percent of residents are employed in this sector. This, he says, may be a signal that the government is looking to further diversify the economy going forward.

Missed opportunities

While the budget was widely welcomed by accountants, there were still a number of areas in which they thought measures were missing. One of the key features they would like to have seen included was a clear strategy to expand Hong Kong’s tax base.

Yeung points out that the Financial Secretary’s revision of

his previous forecast of a HK\$101.6 billion deficit for the 2021-22 financial year to a surplus, was in part due to there being higher land sales during the year than previously anticipated, reflecting the issues associated with Hong Kong’s narrow tax base. “For a couple of years, the Institute has proposed that the government should revisit its revenue model and find ways to expand Hong Kong’s tax base. Right now, it is too dependent on direct taxation and land sales,” he says.

Yeung adds that although he does not think new taxes should be introduced in the coming tax year while the economy is still being impacted by COVID-19, the government should start doing research and consult on ways in which to broaden the tax base.

Yeung would also like to see the Inland Revenue Ordinance modernized. “Hong Kong’s tax laws were first written in the 1940s. We need to catch up and align with international tax rules and reforms,” he says. “We have things now, such as the Internet, e-commerce and telecoms, which did not exist when the tax laws were first written. We need to catch up and I hope the government can speed up its work in this area.”

Sarah Chan thinks the Financial Secretary missed an opportunity by not introducing a mechanism to allow companies to carry back losses. “The past two years have been very challenging for SMEs, and many of them have made a loss. If they were allowed to utilize the losses to offset them against profits generated in previous years and receive a tax refund, it would definitely relieve both their tax burden and cash flow.”

On the environmental front, the announcement that the government plans to issue green bonds totalling US\$4.5 billion and retail green bonds worth at least HK\$10 billion in the next financial year were welcomed.

Meanwhile, although a further HK\$1.5 billion was allocated to the EV-charging at Home Subsidy Scheme, Michael Chan would like to have seen more support for green





industries, such as recycling – particularly recycling electric vehicle batteries, given their popularity in recent years – to help Hong Kong meet its 2050 carbon neutrality target. “We need more subsidies to incentivize the replacement of public transport vehicles which are predominately aged and not environmentally friendly, and for exploring alternative fuel options, such as hydrogen. We need green taxes to incentivize good practices and resource conservation, as well

as subsidies or tax deductions for companies deploying capital to make commercial and industrial buildings more environmentally friendly,” he says.

Yee would like to have seen incentives or tax relief measures to help establish Hong Kong as an intellectual property hub. “I think we have all of the right commercial and economic factors that make it an attractive place for intellectual property, such as lawyers, talent and a strong intellectual property

framework,” she says.

Despite the current challenges, Yeung says the measures introduced in this year’s budget will meet Hong Kong’s current and future needs and aid the city in maintaining its relevance and status as an international financial centre. “The budget covers a lot of areas and includes short-term measures and relief, as well as a vision for the future and shows the government’s willingness to plan ahead,” he says.



BEYOND COMPLIANCE

To achieve strategic value for businesses and stakeholders, companies should have a principles-based approach to corporate governance, rather than a rules-based one. As an accountant, Ernest Lee FCPA (practising) knows this all too well. The President of the Hong Kong Chartered Governance Institute tells **Jemelyn Yadao** how he wants to broaden awareness of the role of governance professionals and how, by partnering with CPAs, they can support the drive for sustainability

Photography by Raul Ariano

In January, the independent professional body that qualifies and represents governance professionals in Hong Kong and Mainland China, announced it had elected a new president – a proud CPA. “I’m very glad to be an accountant and a governance professional. The accounting qualification opens up a lot of opportunities for all of us,” says Ernest Lee FCPA (practising), President of the Hong Kong Chartered Governance Institute (HKCGI), and Technical Partner at Deloitte China.

For Lee, it led to his career in technical advisory, which involved directly contributing to financial reporting standard setting locally and to the development of International Financial Reporting Standards (IFRSs). He was the chairman of the Hong Kong Institute of CPAs’ Financial Reporting Standards Committee (FRSC) for the past three years, an experience, he says, that taught him the importance of being aware of



PROFILE

Ernest Lee FCPA (practising)

baseline principles, whether as an auditor or a governance professional.

“I saw the development of these principle-based standards that you have to follow in financial reporting. I think to be a successful governance professional, we need to really understand the rationale behind the rules for better governance, rather than just tick the box, because rules cannot spell out exactly what you need to do in every possible situation,” says Lee, speaking to *A Plus* while on a business trip in Shanghai. “Given the complexity of transactions and the business environment, companies have to apply principles rather than just follow the rules. So I believe that my experience as the chair of the FRSC was invaluable for me to further strengthen my desire to contribute to the development of governance professionals.”

He also credits his time as FRSC chair for preparing him for his current role. Through the chairmanship, he was able to hone some crucial skills. “It required a lot of interaction with members of the committee, other stakeholders, including regulators, preparers and other standard setters from around the world, including the International Accounting Standards Board, so my organization and negotiation skills were developed through this. Another important attribute is the ability to listen and understand the needs and concerns of stakeholders. These kinds of attributes are very important for me as the president of HKCGI.”

Key advisors

With over 70 years of history, HKCGI is the Hong Kong/China division of the global Chartered Governance Institute (CGI), which was founded in 1891 in the United Kingdom as the Institute of Secretaries to represent the interests of the emerging profession

of corporation secretaries. “The Hong Kong/China division is one of the fastest growing divisions of CGI, with over 10,000 members and students, and significant representations in many listed companies and cross-industry governance functions,” says Lee.

He decided to take the HKCGI’s Chartered Governance Qualifying Programme examinations after

qualifying as a CPA. He was admitted as an associate of HKCGI and CGI in 1997 and elected a Fellow in 2013. “The qualification has been invaluable in my career as a professional accountant and auditor. The broad range of subjects in the qualification process equipped me with a good understanding of corporate governance, including directors’

Ernest Lee FCPA (practising) was Chairman of the Institute’s Financial Reporting Standards Committee in 2019-2021, and was also a member of sub-committees such as Revenue Recognition Advisory Panel and Disclosure Initiative Advisory Panel.



responsibilities and duties, risk management, as well as strategic management. So as a professional accountant, in addition to proper financial reporting, best corporate governance is always something on top of my mind. I strongly believe that better governance leads to a better future for all organizations.”

Formerly known as The Hong Kong Institute of Chartered Secretaries, HKCGI took on its current name in July 2021 as part of a rebranding exercise. Lee says the rationale behind the name change was to raise awareness of the expanded roles of governance professionals, and how members – himself included – come from many different backgrounds.

“In the old days, the role of many of our members had a focus on compliance, helping their organizations to meet the regulatory and compliance requirements. Given that we are currently in a highly dynamic environment, governance professionals have become key advisors to the board, which is interested in a much wider range of issues, including for example, gender diversity, risk management, sustainability, etc.,” Lee explains. “Governance professionals today continue to be experts in regulatory compliance, but they are also specialists who help organizations to look at the purpose of the business and how the business can serve the community.”

Such a broader role and wider range of responsibilities are reflected in the composition of HKCGI’s membership and students in terms of their job titles and work activities, he adds. “Our new brand aims to reflect our unique position and critical role as the highly qualified experts in corporate governance in Hong Kong and Mainland China.”

Focusing on purpose

According to Lee, some listed companies in Hong Kong and Mainland China view the

“In my mind, explaining how you have complied with the principles in the Code in your corporate governance reports gives you a lot more scope to shine.”

implementation of best practices in corporate governance as just a compliance issue, rather than a performance enhancement opportunity. “For listed companies and the governance professionals advising them, it is easier to take the box-ticking approach to complying with Hong Kong’s Corporate Governance Code (Code). Taking a principle-based approach requires a lot more thought and board involvement,” he says, adding that while this approach may be difficult, the benefits are huge. “In my mind, explaining how you have complied with the principles in the Code in your corporate governance reports gives you a lot more scope to shine. What I observe is that analysts and investors, especially institutional investors, do rely on companies’ corporate governance reports because they demonstrate how good your governance standards are.”

While the tendency to view corporate governance as just a compliance issue still exists, Lee also observes a shift towards a stakeholder-responsive and purposeful approach to governance among some companies. “It’s certainly a trend that senior management of companies are not only focusing on short-term or even medium-term profitability. They are really looking more on the sustainability of the business. That requires what we call ‘purposeful governance’ – the approach that focuses on what organizations can provide to the community, rather than what they can take from the

community,” explains Lee. “I’m a very strong supporter of the trend towards purposeful governance.”

To help equip governance practitioners with the relevant knowledge and enable them to support companies as part of this trend, HKCGI has developed practical guidance on purposeful governance. “The climate change conference that we held in January was a successful event where senior members of HKCGI teamed up with the Secretary for the Environment of the Hong Kong government. We also discussed climate-related issues with regulators at the Hong Kong Stock Exchange and industry leaders.”

Lee also believes more can be done to address the long-standing issue of low representation of women on Hong Kong boards. He cites a review report released by the HKCGI last year titled *Missing Opportunities? A Review of Gender Diversity on Hong Kong Boards*, which calls for the Corporate Governance Code to be amended in six years to include a target of a minimum 30 percent female representation on boards. “The target will be voluntary, but only in a sense that it will be subject to a comply or explain regime,” Lee says. The report also reveals that as at July 2020, the proportion of women on boards of the Hang Seng Index 50 listed companies stood at 13.7 percent. In other words, only around one-in-seven directors are female directors. “Diversity on boards encourage better corporate governance because it is well-recognized as contributing to more effective boards and better corporate performance. It matters because the under-representation of women on our boards fails to meet the standards of an international financial centre. If we don’t make full use of the talent available to serve on boards in Hong Kong, women miss the opportunity to develop their careers and serve the Hong Kong corporate community.”



According to HKCGI’s report *Missing Opportunities? A Review of Gender Diversity on Hong Kong Boards*, 76 percent of the larger cap companies comprising the the Hang Seng Index (HSI) 50 listed companies has one woman on the board, as at July 2020. Of them, around half have more than one director, and some are executive directors. The remaining 24 percent of HSI 50 companies do not have women on boards.

Risk-conscious environments

Lee says governance practitioners must continuously stay informed of the potential areas of threat, particularly as they are increasingly relied on to pivot organizations across various social and economic challenges. “It can be quite challenging, especially at this point in time, given the dynamics of different things, such as the COVID-19 crisis, political matters, and the war in Ukraine, which may have significant impact on, let’s say, the going concern of the company. As a governance professional, it is really important to grasp the different aspects that could impact on the company, and advise the board efficiently.”

Fulfilling their evolving roles is another challenge for governance professionals, he says. HKCGI’s members advise not only on internal controls and regulatory compliance frameworks, but on diverse issues, including managing climate risk, setting environmental, social and governance (ESG) targets and adapting to the ever-changing expectations of their organization’s key stakeholders.

“The listing rules and the Code make it clear that company secretaries are key governance advisors to the board and are responsible for updating the board on latest laws and regulations relevant to the company. Therefore, our roles have become a lot more complex in the global pursuit of good governance,” he says. Under a new Listing Rule effective from 3 July 2021, a company secretary is recognized as part of senior management in a listed company. “Moreover, as new technologies increasingly enable the administrative side of the role to be automated, the strategic side of the role has grown in importance,” he adds. HKCGI helps members stay on top of changes through its continuing professional development programmes, says Lee, with prominent topics now including board dynamics, risk management

and sustainability. These include, for example, HKCGI’s Annual Corporate and Regulatory Update, an annual conference which attracts about 2,000 governance professionals to learn the latest development of regulatory and related requirements.

Like the accounting profession, HKCGI is looking forward to seeing the first proposed standards of the newly created International Sustainability Standards Board (ISSB), the body formed to create a comprehensive global baseline of high-quality sustainability disclosure standards. “It will set some baseline principles to be followed – this approach is quite consistent with my experience as a standard setter in Hong Kong for financial reporting standards, as Hong Kong Financial Reporting Standards or IFRSs are principle-based rather than rule-based. The ISSB will certainly facilitate consistent and comparable disclosures on sustainability matters across different jurisdictions. Before the creation of the ISSB, there had been criticisms about the fragmented approach around standard setting in this area, which made it difficult for companies to follow and also for stakeholders to understand or compare the sustainability reports of different companies,” Lee says.

He hopes that the first proposed standards will be ready on a timely basis for global public consultation. “ESG matters are now constantly topics on board agenda, and I believe that governance professionals are instrumental in promoting better governance for organizations in this area.”

Working with accountants

According to Lee, accountants have been in high demand since he was first considering potential career paths. “There was a very good stock market and an expansion of economic activities and market transactions, so the demand for professional accountants was huge, but I think this is still the case

nowadays. We are very lucky to be professional accountants,” he says.

He started his career at a Big Four firm as an auditor, during which he gained his CPA qualification. “At that time, I noted that many accountants in business did not only take up the role as financial controllers or finance directors, but many of them were also acting as the company secretaries of their organizations. I believed that gaining the professional qualification from HKCGI would bring me a competitive advantage if I later decided to develop my career in the business sector.”

Ultimately, Lee decided to stay working at a firm, where his knowledge in governance allowed him to question the effectiveness of boards. “As auditors, we focus on advising our clients on ways to improve their internal and board processes. By having a good understanding of corporate governance, I am in a better position to help my clients to identify opportunities that could bring improvements to their internal and board processes,” he adds.

Lee’s career changed course when he moved to the technical side, focusing on accounting and auditing standards and other relevant regulatory requirements, and eventually becoming Technical Partner at Deloitte China in 2017. One of the most memorable – and most chaotic – moments of his career was when he first joined the technical department at his previous firm 20 years ago. “My eldest daughter was born right before a client meeting! Luckily during that period, my colleagues were very supportive. I got to work with very

“A company secretary cannot replace an accountant, just as an accountant cannot replace a company secretary.”



Lee, Technical Partner of Deloitte China, is also an advisor to the Master of Accounting programme of Cambridge Judge Business School, University of Cambridge.



good teammates who generously covered some of my work to make it possible for me to cope with both work and family,” he recalls, adding that at the time, he was developing his technical expertise, while also adjusting to being a first-time father.

Unsurprisingly, Lee believes that accountants have an important role to play in enhancing corporate governance standards within organizations, especially with the right mindset. “I think it’s important for accountants to believe that better governance would lead to a better future. I think what we believe in will certainly affect our actions. And this will have a positive impact, not only on the organizations we’re working in, but also the overall ESG environment, as better governance is key to

corporate sustainability.”

He encourages his fellow accountants to actively build on their governance skills and knowledge. “The HKCGI’s fast-track professional route gives accountants the opportunity to join HKCGI by taking only two examination modules, and as members, they would be able to develop the skills and knowledge relating to corporate governance through events and seminars,” he says. The fast-track route is open to qualified accountants or lawyers with more than five years’ relevant post-qualifying experience.

Lee believes that accountants and governance professionals can work together in various areas, for example in ESG matters. “A governance professional cannot hope

to be an expert in all areas relevant to governance. So a company secretary cannot replace an accountant, just as an accountant cannot replace a company secretary. Governance professionals need to bring relevant experience together to generate positive impacts for the company.”

Inspired by his daughter, who is now a medical student, he likens the roles of governance professionals to family medicine specialists. “Family medicine specialists provide continuous and comprehensive healthcare for individuals but they call for the specific experience and knowledge of other specialist doctors when they need to. Governance professionals and company secretaries know when to consult with an accountant or other parties.”



GOOD HABITS START YOUNG

Knowing how to set aside money each month, and more importantly, how to invest those precious savings, can be the difference between financial struggle and future financial security. However, not everyone knows where to start. **Jeremy Chan** speaks to accountants about the growing importance of financial literacy and why they have made it a mission in their personal lives to help equip individuals, especially young adults and children, with skills in money management

Illustrations by Ester Zirilli

“**E**ventually, everyone will need to face their own financial matters,” warns Stanley Yuen FCPA, as he explains that not enough is currently being done in Hong Kong to prepare, let alone educate, the youth on the importance of money management. “Right now, there’s really no mandatory education on financial literacy in schools. Most parents rarely discuss money matters with their children, so students have very little knowledge when it comes to saving or budgeting,” adds Yuen, Managing Director of Venture Executive Services Limited.

This is concerning news, he adds, especially when taking into account how effortless it is for people nowadays, especially young people, to make impulsive purchases online on their smartphone. It’s also easy to borrow money from a lender, even if they’ve exceeded their credit card spending limits.





MONEY MANAGEMENT

Financial literacy



The pressing need to help the youth avoid these actions is why Yuen is using his skills as an accountant to promote financial literacy. “By teaching money management at a young age, we help to shape young people’s attitudes towards managing their finances – and this helps them to avoid financial trouble in the long run.” Yuen, along with other passionate CPAs, advocate for and facilitate financial education to help improve financial literacy as part of their public interest responsibility. Doing so, they say, helps individuals to correct their spending habits, view their financial status from a long-term perspective, and avoid running into unfortunate financial situations later in life.

The COVID-19 pandemic, in particular, has placed financial

literacy in the spotlight. The pandemic has affected the incomes of people globally and in Hong Kong, and has also led them to question whether they have truly thought their finances through. According to *Financial Literacy Monitor 2021*, a study released by the Investor and Financial Education Council last month, 53 percent of the respondents surveyed reported their household income was reduced or became unstable compared to pre-pandemic times. The study, which surveyed more than 1,000 people in Hong Kong aged 18 to 79 in late 2021, also found out that respondents lacked the proper financial planning, with less than half of respondents reported having set long-term financial goals, and only 36 percent feeling confident they were financially well-planned

for retirement. Despite that almost 80 percent indicated they are receptive to learning how to better manage their finances, only 35 percent noted they were actively learning about money management.

Promoting better habits

Financial literacy is critical to one’s success in life, Yuen says, noting that those who lack adequate money management skills, especially by the time they are middle-aged, may pay a heavier price later on. “If bad habits continue into middle age, people may get used to not paying bills on time – and when they miss payments, they accumulate fees and interest. This lowers their credit ratings, and leads to higher interest rates when they ask for loans in the future, impacting their ability to pay off a mortgage

later,” he says. Failing to save or develop saving habits, he adds, will also make it difficult to overcome financial hardships or emergencies, such as paying off medical bills.

Though Yuen is busy most days running and managing his own business, he makes time to volunteer at the Hong Kong Institute of CPAs’ Rich Kid, Poor Kid programme, which he joined in 2013. The programme, which was first launched in 2005, is the Institute’s corporate social responsibility programme, and sees accountants, or “Accountant Ambassadors,” visiting primary and secondary schools around Hong Kong to host seminars on financial management concepts and techniques for students. “Through the workshops, we try to help students to reflect on their habits and areas in which they should pay more attention to, and why changing their habits would benefit them,” he says.

Yuen also worked with other Accountant Ambassadors on the revamp of the Rich Kid, Poor Kid programme in 2018, which saw the introduction of a 10-part series comic books between 2019 and 2020 on wealth management entitled *10 Lessons in Money Management*. It replaced the *May Moon* book series and was developed in collaboration with the Hong Kong Monetary Authority and the Hong Kong Deposit Protection Board. “I was involved in how we should update the comics,” says Yuen, noting that the comics incorporated spending habits more commonly seen today. “When it comes to payments, for example, the books discuss the growing trend of online payments, the use of digital wallets and mobile payment tools. In terms of spending, they mention how there is no time limit for online shopping and how easy it is to purchase expensive items in mobile games, which promote higher spending and higher chance to run into debts. As for saving, they introduce the Deposit Protection Scheme.”

Lolita Edralin CPA agrees that

financial education must begin at a young age. “By teaching young children, we’re able to inculcate the concept that money does not come for free,” she says. Edralin, Professor of Practice (Accounting) at The Hong Kong Polytechnic University, has helped out with the Rich Kid, Poor Kid programme as an Accountant Ambassador since 2006. Imbuing financial concepts early will help children to view money differently, she says, and will help them to understand how it could help themselves and others. “We start from primary school level kids. We teach them the concept of money, savings, interest, and writing down their expenses and source of money, such as their allowance,” she adds. “We also teach them the concept of charity and donating. We don’t want students to grow up to be highly materialistic people; we want students to understand how they can make good use of money.”

“We don’t want students to grow up to be highly materialistic people; we want students to understand how they can make good use of money.”

Edralin notes how the Institute began utilizing simple storytelling to illustrate financial concepts to kids with the previous *May Moon* book series. “There is a story where May Moon, the main character, gives one dollar to a homeless person, who promises to pay her a dollar back every day the following day onwards. Then the story introduces the concept of compound interest,” she explains.

Outside of the Institute, Edralin says accountants can also lend their knowledge to non-governmental organizations (NGOs) such as Junior Achievement Hong Kong (JAHK), to promote financial or business literacy. “I conduct workshops with secondary school students at JAHK

on how to run a business, how to look after cash flow and avoid running out of money, and how to price products,” she says.

Investing in the future

Beyond saving, it is also critical for young people to understand the impact of inflation on their savings to learn how and why to invest their money, notes Vincy Shiu CPA, Accounting Officer at The Treasury of the Hong Kong government. “Another reason why financial literacy is important is because our purchasing power will decrease over time due to inflation,” Shiu explains, exemplifying with the United States’ latest inflation rate. According to a report by *CNBC* this month, inflation in the U.S. rose by 7.9 percent from a year ago, reaching the highest levels seen in 40 years.

There still isn’t enough focus on financial education in Hong Kong schools, Shiu notes. “Having been through the education system in Hong Kong, I can say that very little on money management is taught. Most don’t even know what financial literacy is,” she says. “Students are only focused on one thing – passing exams. So students, teachers and parents clearly aren’t paying enough attention to financial literacy; they don’t understand its short and long-term importance.”

Shiu began volunteering in 2012, lending her skills as an accountant to NGOs such as The Hong Kong Federation of Youth Groups, and in 2017, helped as a volunteer along with some colleagues to teach secondary school students at JAHK about financial planning. “We would spend our weekends leading workshops, which were filled with case analyses and role-playing,” she recalls. “We would teach concepts such as assets and liabilities, managing personal finances, building emergency funds, and the different kinds of financial planning required at different stages of life.”

Shiu had taken part in JAHK workshops as a secondary student herself, and chose to volunteer for

the NGO while she was working at EY as a way to give back. “After becoming an accountant, I personally made a commitment to promote financial literacy. I think it’s a blessing that I’m able to use my expertise to contribute to society,” she says.

Another Accountant Ambassador, Leo Lui FCPA, enjoys teaching students about the importance of investing early. “As accountants, we understand the cumulative effect of early investments. We tell students that if they get in the habit of saving money, they’ll be able to invest their savings over long periods of time and receive better returns instead of investing later,” explains Lui, Vice President of Finance, Planning and Lab Operations at Prenetics.

Lui also participated in the revamp of the Rich Kid, Poor Kid programme in 2018. “The newly-written comic series feature smart tips concerning online and banking security, ATM security, stored value facilities and the Deposit Protection Scheme – all bringing the financial education of the programme up-to-date. We had to decide what financial concepts to discuss within the storybooks and how to incorporate them to match the school curriculum in the best way possible,” he says, noting that topics such as budgeting, borrowing, and more abstract accounting concepts such as accrual-basis accounting and time value of money are explained through illustrative examples and illustrations. “The stories aim to

nurture students with positive financial management concepts and techniques. We try to exemplify these accounting concepts through everyday examples,” adds Lui.

Beyond NGOs, accountants can also consider lending their skills to educate those in rehabilitation, says Bob Lee CPA, Deputy Chief Executive Officer at BCT Group. He fondly looks back on his volunteer experience, where he taught accounting and financial concepts to male inmates at a prison in Hong Kong more than a decade ago. “A friend of mine, who knew that I’m an accountant, referred me, so I taught three-hour classes every Saturday for three months,” he remembers. Lee got acquainted with a group of around 20 inmates between the age of 20 and 60. What they all had in common, he says, was a zeal to learn. “They were eager to learn more about financial management and accounting, and asked a lot of questions,” he says. “I taught them how to manage a cash register, and how to control their bank account balance, stock levels, and accounts payable and receivable,” he says.

Lee was both humbled by the reception of the inmates and surprised he could make such an impact outside of his professional life. “I wasn’t teaching them how to be accountants; I taught them accounting skills, which are practical skills that they could apply as they reintegrate into society and start anew. These skills could help them improve their self-esteem, decision-making capacities, and confidence. I was really happy to help.”

Looking at the long term

Educating children and the youth about money will help them to start looking at their finances from a long-term perspective, notes Lee. “While young people are aware of different financial instruments, they tend to look in the short term. This isn’t good – they have to set financial goals,” he says. “They need to understand that it’s better to make money through long-term investments, which they

can continue to invest.”

Lee makes a case for young people to start thinking about their retirement: “Hong Kong has the highest life expectancy in the world. It’s a double-edged sword,” he says. Indeed, according to 2021 figures published by the Census and Statistics Department, Hong Kong men live to around 83, while women live about 88 years on average. “Roughly speaking, most people will spend about 20 to 25 years being educated, 40 to 45 years working, and 20 or even 30 years retired. The cost of living, once you’ve retired, will be higher due to inflation and your future medical expenses. You have to make sure that you’ve earned enough during your working years.”

Though the idea of retirement may be the furthest thing from a child’s mind, or that of a young, busy working professional, the changes they make today will make a difference, Lee says. They can start by investing more in their retirement fund. “Most people in Hong Kong don’t pay much attention to their Mandatory Provident Fund (MPF). They don’t realize that the current total of 10 percent that an employee and employer dedicate to an MPF isn’t enough. They have to increase their contribution rate to around 20 or 30 percent for a comfortable retirement.”

Lee also urges young individuals to learn how to apply compound interest as early as possible. With a savings account that earns compound interest, one can earn interest on the principal, or initial amount of savings, plus on the interest that accumulates over time. “With the effect of compound interest, a small amount saved for retirement can make a huge difference in the future, as inflation can erode the purchasing power of money,” he says. “It is easier to save while you are still young as you have less responsibilities.”

Future challenges

The need for financial literacy will only increase over time, says Yuen,

“After becoming an accountant, I personally made a commitment to promote financial literacy. I think it’s a blessing that I’m able to use my expertise to contribute to society.”



better financial decisions and also to avoid being scammed.”

Getting involved

To ensure the next generation is equipped with the right foundation of financial knowhow, Edralin says adults, especially parents, can start by enforcing the notion of saving money. “Here’s what I do with my kids: I give them a set allowance for each month. In addition, I ask them to save 30 percent of it,” she explains. “This teaches them that they have a limited amount of resources, need to plan how they spend, and find a way to save money.”

Lee employs the same technique with his nine-year-old son. “I give him pocket money every month, but I ask him to decide how much to spend and how much to save,” he says. “He also receives money during Chinese New Year, so I expect him to develop money management habits

noting that savings and investment options are much more sophisticated now than they were in the past. “People must have a certain level of financial literacy to know how to select different options that offer different interest rates and maturities,” he says. “These choices may impact one’s ability to buy a home one day or save for retirement.”

Lee agrees, pointing out that the global economic damage inflicted by the pandemic has led to job losses, pay cuts and added uncertainty. “It is high time for everyone to carefully reexamine their financial wellness,” he says.

The abundance of investment opportunities involving financial instruments, such as cryptocurrency and its related mediums, will further necessitate the need for financial literacy,

particularly among young people, stresses Lui. Compared to traditional investment options, like the stock market, new digital investment opportunities like cryptocurrency and non-fungible tokens (NFTs), are more complex,” he says. “Current regulation may not keep up with the pace of popularity so young people have to ensure they have sufficient understanding before investing.”

Shiu agrees, highlighting that cryptocurrencies and NFTs are rising in popularity among young people, who believe they can acquire large sums of money in a short period of time. “They have to remember that these aren’t regulated at the moment, which means there is still a lot of fraud,” she cautions. “Financial literacy can help them to make

by saving some of it instead of spending it.”

Accountants who would like to get involved in promoting financial literacy can consider volunteering at the Institute’s Rich Kid, Poor Kid programme, says Lui. “We encourage more accountants to participate in this meaningful programme to share their financial management knowledge to students,” he says.

Yuen says accountants should remember that not only can their specialist skills and knowledge benefit businesses, but also society. “As CPAs, we have a high and well-established status in Hong Kong, and with that, we should give back by exercising our expertise,” he says. “It’s a great way to show our interests to the community.”



According to *Financial Literacy Monitor 2021*, a study released by the Investor and Financial Education Council last month, only 36 percent feel confident they were financially well-planned for retirement and only 35 percent noted they were actively learning about money management.





Hong Kong's
CPA Qualification
香港會計師專業資格

QP Graduates - December 2021 Session

The Institute is pleased to announce that 969 QP candidates successfully completed the Qualification Programme in the December 2021 Session. The list of graduates is as below.

AMANDA Florence	CHAN Sze Na	CHEUNG Tsz King	CHUNG King Yin	HUEN Long Wing	LAI Hiu Yu	LAU Tsun Man Rachel
AO Chi Kuan	CHAN Sze Wan	CHEUNG Wai Chun	CHUNG Ming Kar Karl	HUI Cheuk Pan	LAI Ka Wai	LAU Tsz Ching
AU Nga Yin	CHAN Tak Yan	CHEUNG Wing Leong	CHUNG Yuen Lung	HUI Ching Man	LAI Ka Yu Kylie	LAU Tsz Ki Jacqueline
AU Pui Ka	CHAN Tin Wai	CHEUNG Wing Shan	CU Chun Kiu	HUI Ho Yeung Horace	LAI Ming Wai	LAU Tze Ying
AU Wing Ting	CHAN Tin Fong	CHEUNG Yan Ting	CUI Xinyue	HUI Ka Kit Jeffery	LAI Pik Sui	LAU Wai Ho
AU YEUNG Chi Fai	CHAN Ting Yuk	CHEUNG Yan Tung	DAY Chung Kai	HUI Nga Wai	LAI Pui Sum Yuki	LAU Wing Hay
AU-YEUNG Lai Ling	CHAN Tsz Yan	CHIANG Wing Wa	DENG Bob	HUI Siu Ki	LAI Tsz Yu	LAU Wing Lam
AU-YEUNG Lok	CHAN Tung Mui	CHIK Dennis Lik Man	DENG Yuan Aileen	HUI Sung Man	LAI Wun Yan	LAU Wing Lam Kathy
AU-YEUNG Sin Yi	CHAN Wai Kin	CHIM Chi Kong	DING Yilan	HUI Tak Wai	LAI Yongqi	LAU Wing Yin
BIANCA Jessica	CHAN Wan Hou	CHIM Ho Shing	DIU Wa Tung	HUI Yat Fai	LAM Cheuk Ki	LAU Winnie Ying Ling
BUN Hoi Tung	CHAN Wing Yan	CHIN Ki Kin	DONG Huilin	HUI Yee Lam Bastille	LAM Cheuk Man	LAU Yat To Brian
BUTT Kai Yee	CHAN Yat Lai Yardley	CHIN Man Lok	FAN Mei Yee	HUNG Ching Lam	LAM Ching Leung	LAU Yin Yu
CAI Lintong	CHAN Yee Ling	CHING King Ho	FAN Pui Kwan	HUNG Ho Ming	LAM Ching Wing	LAU Yuen Yee
CHABRIA Surjeet	CHAN Yin Ling	CHING Ping Lam Abigail	FAN Suk Wa	HUNG Kam San	LAM Chuen Ying	LAW Chun Hung
CHAK Man Yim	CHAN Yip Lui	CHIU Po Ting	FOK Ka Leung	HUNG Kei Yan Kelly	LAM Chun	LAW Chung Wing
CHAN Cheuk Him	CHAN Yiu Kwok Arnold	CHIU Tsz Yan	FOK Ka Yee	HUNG Man Ying	LAM Chun Chuen	LAW Hoi Ching
CHAN Chi Hong	CHAN Yu Ching	CHIU Wang Yui	FOK Man Hoi	HUNG On Ni	LAM Chun Ngai Michael	LAW Jason
CHAN Chi Kin	CHAN Yuen Ki Winkie	CHO Alex	FONG Hei Ting	HUNG Wing Yee	LAM Fai	LAW Ka Wan
CHAN Chi Man	CHAN Yuen Tung	CHO Tin Shing	FONG Ho Man	HWA Stephen George Zhi Xing	LAM Fung Ying	LAW Ka Yan
CHAN Chi Yiu	CHAN Yuet Ka	CHOI Chun Ming	FONG Suet Ying	IP Hoi Yee	LAM Fung Yung	LAW Ngo Yin
CHAN Chin Hung	CHAN Yuk Lam	CHOI Fu Kei Vincent	FONG Timothy Chun Hei	IP Wai Lam	LAM Ho Him	LAW Shiu Chung
CHAN Ching Man	CHANG Pui Shing	CHOI Ho Hin	FONG Wai Ying	IP Wai Sze	LAM Hoi Kei	LAW Suet Ying Sandy
CHAN Ching Yee	CHAU Chi Hang	CHOI Ka Yi	FU Kai Bong	JIANG Xiaoyi	LAM Hon Cho	LAW Tsz Chin
CHAN Cho Hei	CHAU Darren Hung Sum	CHOI Kim Yuk	FU Kwai Yu	JIANG Xinyue	LAM Ka Ching	LAW Tsz Yiu
CHAN Choi Pan	CHAU Kwok Kuen	CHOI Lai Yung	FU Liwei	JING Yi	LAM Ka Ki	LEE Chan Ming
CHAN Chun Hei	CHAU Long Sin	CHOI Man Yuk	FUNG Chun Yuen	KAM Ho Kwan	LAM Ka Ming	LEE Ching Hang
CHAN Chun Hong	CHAU Tat Man	CHOI Ping Nam	FUNG Chung Sing	KAM Hoi Man	LAM Ka Wa	LEE Ching Man
CHAN Chun On	CHAU Tsz Yan	CHONG Ching Yee	FUNG Enoch	KAM Ki Wing	LAM Kai Fung	LEE Chiu Pang
CHAN Chun Ting	CHAU Yun Lam	CHONG Lai Wai	FUNG Tin Yau	KAM Mo Chi	LAM Kam Wing	LEE Kwan Yeung
CHAN Chun Yu	CHE Hoi Yan	CHONG Pui Man	FUNG Wai Chung	KAM Pui Kwan	LAM Man Ting	LEE Man Ying
CHAN Chung Man	CHEANG Sin Chung Cliff	CHONG Shing Yau	FUNG Wing Fai	KAN Pui Ying	LAM Man Yi	LEE Hui Tung
CHAN Hei Yeung	CHEN Hanzhu	CHONG Siu Chit	FUNG Yin On	KAN Tung Yan	LAM Ngai	LEE Ho Suet
CHAN Hui Ching	CHEN Ho Lun	CHONG Wing Yee	GAT Shun Shun	KAT Shun Shun	LAM Ngai Chit	LEE Hong Wung
CHAN Hui Ching	CHEN Ka Hou	CHOW Ka Yee	KENG Yeh Jia	KENG Yeh Jia	LAM Pak Kwan	LEE Jonathan Oswald
CHAN Hui Kiu	CHEN Liang	CHOW Kit Ming	KEUNG Pui Yu	KEUNG Pui Yu	LAM Ping Ngai Marco	LEE Ka Ho
CHAN Hui Wing	CHEN Pixin	CHOW Kwan Nok	KIM Hyeonjun	KIM Hyeonjun	LAM Po	LEE Kwan Yu
CHAN Hui Yi	CHENG Hin Yau	CHOW Man Yan	KONG Tsz Yan	KONG Tsz Yan	LAM Tsz Ying	LEE Ming Chun
CHAN Hui Ying	CHENG Hok Hei	CHOW Ming Kin	KONG Wing Yan	KONG Wing Yan	LAM Tung	LEE Nga Wing
CHAN Ho Cheung	CHENG Ka Wai	CHOW Tsz Long	KWAI Cheuk Yin	KWAI Cheuk Yin	LAM Ue Lung	LEE Po Ting
CHAN Ho Chun	CHENG Lok Tung Kelly	CHOW Wai Ming	KWAN Chi Hin	KWAN Chi Hin	LAM Wing Cho	LEE Po Yan
CHAN Ho Hin Alex	CHENG Po Yu	CHOW Wai Yeung	KWAN Cho Yu Nicole	KWAN Cho Yu Nicole	LAM Wing Sze	LEE Pui Ling
CHAN Ho Ming	CHENG Tsan Kwan	CHOW Yik Shuen Penelope	KWAN King Yee	KWAN King Yee	LAM Wing Yan	LEE Shing Hong
CHAN Ho On	CHENG Tsz Kiu	CHOW Yin Leung	KWAN Lok Lam	KWAN Lok Lam	LAM Wing Yee	LEE Shuk Ying
CHAN Hoi Fung	CHENG Xueyang	CHOW Yun Sun Wilson	KWAN Sum Kiu	KWAN Sum Kiu	LAM Yan	LEE Tsz Ming
CHAN Ka Chun	CHENG Yi Lok	CHOY Chung Yi	KWAN Tak Chun	KWAN Tak Chun	LAM Yan	LEE Tsz Ying
CHAN Ka Ho Jeffrey	CHENG Yuk Hing	CHOY Siu Hei	KWAN Wing Chung	KWAN Wing Chung	LAM Yan Chak	LEE Wang Hei Roger
CHAN Ka Kei	CHEUNG Chi Heng Christopher	CHOY Sze Hang Sabrina	KWOK Chin Wai	KWOK Chin Wai	LAM Yee Sze	LEE Wing Kin
CHAN Ka Meng	CHEUNG Chi Ho Kevin	CHOY Wai Lun	KWOK Chun Him Philip	KWOK Chun Him Philip	LAM Yi Ching	LEE Wing Ming
CHAN Ka Sin	CHEUNG Chui Yiu	CHU Ho Man	KWOK Hin Hei	KWOK Hin Hei	LAM Yick Kwan	LEE Wing Yi
CHAN Ka Wai	CHEUNG Chun Man	CHU Kiu Chung	KWOK Hui Fung	KWOK Hui Fung	LAM Yuen Pang	LEE Yan Yu
CHAN Ka Wai	CHEUNG Chun Pang	CHU Wai Han	KWOK Hoi Ying	KWOK Hoi Ying	LAU Cheuk Ying	LEE Yeuk
CHAN Kin Chung	CHEUNG Chun Ping	CHU Wing Yee	KWOK Ka Lai	KWOK Ka Lai	LAU Chiu Yin Cheryl	LEE Yuen Ki
CHAN Kin Long	CHEUNG Chun Wo Edmund	CHUA Tsz Wan Nicole	KWOK Ka Man	KWOK Ka Man	LAU Chung Ling	LEI Man Kuan
CHAN Kin Ming	CHEUNG Hui Laam	CHUI Ka Lai	KWOK Kit Lam	KWOK Kit Lam	LAU Hui Fu	LEONG Hei Tong
CHAN Kwan Ho Angus	CHEUNG Ho Ni	CHUI Ka Yan Karen	KWOK Oi Tung	KWOK Oi Tung	LAU Hui Tung Olivia	LEUNG Cheuk Fung
CHAN Kwan Tung	CHEUNG Hoi Hin	CHUI Pak Long	KWOK Sheung Lam	KWOK Sheung Lam	LAU Hung Yik	LEUNG Cheuk Man
CHAN Lai Chu	CHEUNG Ka Ho	CHUI Wing Faat	KWOK Shu Tik	KWOK Shu Tik	LAU In Tung	LEUNG Chi Sing
CHAN Lo	CHEUNG Ka Yee	CHUI Wing Hei	KWOK Sin Ying	KWOK Sin Ying	LAU Jun Rui Jonathan	LEUNG Chi Yan
CHAN Man Hin	CHEUNG Ka Yi	CHUI Yin Ting	KWOK Suen Kwan	KWOK Suen Kwan	LAU Kin Kwong	LEUNG Chin Kan
CHAN Man Sum	CHEUNG King Yiu	CHUK Chi Hang	KWOK Wai Man	KWOK Wai Man	LAU Kin Yee	LEUNG Ching Yin
CHAN Mei Yin	CHEUNG Man Ho	CHUNG Ching	KWOK Wing Ki	KWOK Wing Ki	LAU King Fai	LEUNG Chun Ka Jacky
CHAN Oi Yin	CHEUNG Nga Sze	CHUNG Ching Yee	KWOK Wing Yan	KWOK Wing Yan	LAU Ngan Ping	LEUNG Chun Kin
CHAN On Yin	CHEUNG Nga Ying	CHUNG Chu Kwok	KWONG Ho Yan	KWONG Ho Yan	LAU Pak Yin	LEUNG Chun Kit
CHAN Pui Chun	CHEUNG Ping Cheung	CHUNG Chun Hin	KWONG Pui Fung	KWONG Pui Fung	LAU Po Man	LEUNG Chun Yin
CHAN Pui Ki	CHEUNG Sai Hei	CHUNG Fu Yan Jacqueline	KWONG Tsz Ho	KWONG Tsz Ho	LAU Shing Cheung	LEUNG Chung Wa
CHAN Shun Nam	CHEUNG Sin Yee	CHUNG Ho Yi	HUANG Peng	HUANG Peng	LAU Shuk Ling	LEUNG Hang Yee
CHAN Sin Tung	CHEUNG Siu Wa	CHUNG Hoi Lam	HUANG Qiwien	HUANG Qiwien	LAU Shuk Man	LEUNG Hui Chun
CHAN Siu Ming	CHEUNG Sze Ngar	CHUNG Hui Fu	HUANG Richard Leo Suhao	HUANG Richard Leo Suhao	LAU Shun Ting Ronald	LEUNG Ho Ching
CHAN Sze Ki	CHEUNG Tin Long	CHUNG Ka Wai	HUANG Yuyu	HUANG Yuyu	LAU Sze Wing	LEUNG Ho Fai



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

to Success

LEUNG Ho Lun	LO Chin Yau	NG Ka Wai	SIN Kwun Kit	TANG Wai Tung Samantha	WONG Chun Fai	YAU Yuet Ching
LEUNG Ho Ying	LO Ching Kwan	NG Ka Wai	SIN Yeuk Ying	TANG Wenxiao	WONG Chun Wai	YAU Yuet Ho
LEUNG Hoi Yan	LO Hiu Ching	NG Ka Wing	SIT Chung Wan	TANG Wing Fai	WONG Gabriella Yuet Ching	YEOW Kin Yoong
LEUNG Hoi Ying	LO Ho Yin	NG Kin Pong	SIU Chi Yan	TANG Wing Hin	WONG Hang Sum	YEUNG Hei Wo Stephanie
LEUNG Hok Pan	LO Hoi Yan	NG King Ho	SIU Kwok Yeung	TANG Yuet Ching	WONG Hei Man	YEUNG Hiu Ching Michelle
LEUNG Hok Yin	LO Ka Kuen	NG Man Fung	SIU Lok Huen	TANG Yui Wai	WONG Hin Ting Vanessa	YEUNG Hoi Ching
LEUNG Jeremiah Yiu Lam	LO Ka Wai	NG Man Kit	SIU Pui Gwan	TANG Yuk Shan	WONG Hin Tsung	YEUNG King Yi
LEUNG Ka Ho	LO Ka Ying	NG Nga Wing	SIU Wai Chung	THIAN Pui Ip Joyce	WONG Hing Sing	YEUNG Mei Ying
LEUNG Ka Yin	LO Man Chun	NG Percy	SIU Wing Yu	TIAN Huaiyu	WONG Ho Yin Samuel	YEUNG Sau Yee
LEUNG Kai Yin	LO Man Yee	NG Pui Shan	SO Kit Yi Kitty	TIN Hon Ming	WONG Jonathan Chi Kiu	YEUNG Sin Man
LEUNG Kem Bong	LO Man Yi	NG Shu Ting	SO Kwok Kwong	TIN Kwok Hung	WONG Ka Kit	YEUNG Tak Chi
LEUNG Kin Kei	LO Wai Yin	NG Shuet Yi	SO Lok Ting	TING Hiu Lam	WONG Ka Ming	YEUNG Tin Tung
LEUNG Kwai Shan	LO Yan Yiu	NG Shui Fan	SO Oi Ying	TO Chun Sing	WONG Kai Chun	YEUNG Victoria Lok Tung
LEUNG Kwok Sum	LO Yeuk Lam	NG Sik Wa	SO Tsz Ting	TO Long Hin Eric	WONG Kam Ying Jovy	YEUNG Yui Ka Kim
LEUNG Lok Fung	LO Yui Kei	NG Sin Yee	SO Wai On	TO On Yi	WONG Kin Ting	YIM Ho Tung
LEUNG Lok Ting	LOI Wei Hei	NG Sin Yi	SO Wai Yan	TO Wai Kit	WONG Kwan	YIM Lo Shan
LEUNG Man Ching	LOK Ka Man	NG Sin Yu	SO Wing Sze	TO Wai Yan	WONG Kwok Yan	YIM Siu Kui
LEUNG Man Yee	LOK Yuen Tung	NG Siu Ho	SO Wing Yan	TO Wing Hung	WONG Kwun Kwan Ada	YIN Zhipeng
LEUNG Mo Nung	LOU Yuan	NG Tsz Yeung	SO Wing Yin	TOM Tsun Lin Leon	WONG Ling Wai	YIP Chi Kong
LEUNG Po Ling	LU Yingrun	NG Tsz Yu	SO Yee Po Adrian	TONG Ka Ming	WONG Man Wai	YIP Chun Hei
LEUNG Tsz Kei	LUI Ngai Hung	NG Tung Yiu	SONG Cheng	TSANG Chiu Wing	WONG Mike	YIP Hing Sing
LEUNG Tsz Shan	LUI Ting Hin Andrew	NG Wai Hin	SONG Han	TSANG Chun Hin	WONG Nam Yin	YIP Ho Lam
LEUNG Tsz Tung	LUI Yi Wa Eva	NG Wing Kar	SOONG Ho Fung	TSANG Hewitt Long Hin	WONG Oi Ki	YIP Jerome Chak Lon
LEUNG Tung Yu	LUI Yu Hung	NG Wing Sze	SOU Weng Kei	TSANG Hoi Ki	WONG Po Fong	YIP Ka Lee
LEUNG Wai	LUNG Wing Yee	NG Yan Wa	SUEN Man Luen	TSANG Kan Wing	WONG Po Yan	YIP Nga Ying
LEUNG Wai Cheung	LUO Yuanyin	NG Yu Hin	SUEN Ming Tak	TSANG Kwun Man	WONG Pui Sze	YIP Pui
LEUNG Wai Yan	MA Bo Yee Bowie	NG Yuen Yi	SUEN Raymond	TSANG Renee Gi Pui	WONG Shing Hang	YIP Pui Chi
LEUNG Wing Ki	MA Cheuk Ming	NGAI Chi Yan Alex	SUEN Wing Shan	TSANG Siu Yip	WONG Shuk Wun	YIP Wai Yi
LEUNG Wun Ting	MA Ho Kit Alex	NGAI Yin Shan	SUN Changjie	TSANG Tsz Ting	WONG Sing	YIP Yan Man
LEUNG Yin Ching	MA Ka Ching	NGAN Chung Yee	SUN Ho Tin Samuel	TSANG Yip Ho	WONG Tak Chong Samuel	YIP Yi
LEUNG Yip Fung	MA Ka Yan	OR Pui Shan	SUN Tianyi	TSE Chun Kit	WONG Tan Tan	YIU Kai Wa
LEUNG Yu Ki	MA Kin Lok	OU Yongen	SUNANDA Patricia Andrea	TSE Hiltton	WONG Ting Fu	YIU Kin Man
LEUNG Yuen Tsz	MA Mingze	PAN Zhiyin	SZE Chin Ming	TSE Ho Yan	WONG Tsz Ching	YIU Wing Sang Leo
LI Cheuk Lam	MA Pui Keung	PANG Chak Yi	SZE Hui Kwan	TSE Kai Yin	WONG Tsz Fung	YU Chun Fai
LI Ho Yin	MA Qi	PANG Ka Wai	SZE Mei Mei	TSE Kanokwan	WONG Tsz Hin	YU Chun Pang
LI Hoi Him	MA Siu Yuen	PANG Tsz Ni	SZE Wai Yee	TSE Sze Man	WONG Tsz Lam	YU Chung Ming
LI Jonathan	MAK Chi Kin Andy	PANG Wing To	TAI Chi Hang	TSE Tak Chun	WONG Tsz Shan	YU Hiu Ming
LI Ka Man	MAK Chun Kin	PANG Yuet Pan	TAI Kit Yee	TSE Yuen Kiu Yukey	WONG Wai Yan	YU Ka
LI Ka Tsun	MAK Hin Wai	PARK Kyeongmin	TAI Wai Lun	TSE Zoe	WONG Wan Lung	YU Man Ching
LI Ka Yin	MAK Lai Fong	PAU Christie Wing Tung	TAI Yu Kit	TSO Po Yim	WONG Wan Yiu	YU Sin To
LI Kwok Shing	MAK Sai Yin	PEH Bo Fang	TAM Boris Ho Kong	TSOI Chung Hung	WONG Wing	YU Tsun Yin
LI Lok Yee	MAK To Yin	PIT Hoi Yan	TAM Ching Ki	TSOI Toi Yuet	WONG Wing Yan	YU Waiting
LI Ruoxuan	MAK Wing In	POON Ho Ying	TAM Chun Yu Andrew	TSOI Yee Ming	WONG Wing Yee Jessica	YU Yunyi
LI Sze Wing Jade	MAK Wing Yan	POON Joanne Yuh Shin	TAM Hei Pui	TSUI Chun Bong	WONG Yiu Cho	YUAN Yung Yat
LI Wing Chung	MAN Po Ying	POON Kin Yan Ivy	TAM Hiu Tung	TSUI Him Shun Anson	WONG Yuen Lam	YUE Suet Ying
LI Wing Hung	MAN Siu Nam	POON Kwok Man	TAM Ka Kei	TSUI Hiu Ka	WONG Yuen Ling	YUEN Ching Chuen
LI Wing Sze	MAN Tsz Chun Gary	POON Man Tung	TAM Kok Hei	TSUI Ka Tsun	WONG Yuen Ling	YUEN Hiu Ying
LI Yik Ching	MAN Wai Shan	POON Yan Yee	TAM Lai Sze	TSUI Wai Ki	WOO Jongwook	YUEN Ho Ming
LI Yue Tai	MAN Yuen Shan	POON Yui	TAM Lok Shun	TUNG Hei Hilary	WOO Yuen Chun Eugene	YUEN Ho Ming
LI Yuen Lam	MAU Wing	PUN Chun Yin	TAM Man Fong	U Po Ling	WU Chun Kit	YUEN Im Lon
LI Yunhui	MENG Meng	PUN Hiu Ting	TAM Man Hin	WAI Shu Wing	WU Man Yung	YUEN Lok Hin
LIANG Leyi	MO Chung Chim	PUN Lai King	TAM Tsz Kwan	WAN Ying Pang	WU Nan	YUEN Pik Shan
LIANG Tzu Yu	MO Jingyi	PUN Mei I	TAM Wing Yam	WANG Audrey Ting Chi	XIAO Xumin	YUEN Ting Fung
LIANG Xiaojie	MOHAMED Arfak	PUN Ngai Yan	TAM Yu Hin	WANG Jichao	XIE Jiefeng	YUEN Tsz Ho
LIEM Jason	MOK Hin Kit	PUN Sin Tak	TAN Wai Ting	WANG Jingyi	XU Jianlin	YUEN Tsz Ki
LIN Kin Ting	MOK King Wai	QI Yuzheng	TANG Cheuk Hin	WANG Xiaokun	XU Wenyi	YUEN Tze Yan
LIN Sensen	MOK Kwok Wai	RAMANPREET-KAUR	TANG Ho Lun	WANG Xinyi	XUE Liyang	YUEN Wai Ki
LIN Tsz Fung	MOK Sin	REN Xianming	TANG Hoi Ching	WANG Yifan	YAM Hoi Ying	YUEN Wai Yan
LIN Yaxuan	MOON Ho Ching	SEN Wing Chi	TANG Hoi To	WANG Yifan	YAN Chau Yi	YUNG Cheuk Man
LIN Yin Yiu	NG Chi Hang	SHAM Tsz Leung Desmond	TANG Ka Man	WANG Yutai	YAN Jason Kin Hang	YUNG Ho Kwan
LIN Ying	NG Chui Man	SHAO Xiaoyan	TANG Lap Hei	WEI Wai Chi	YANG Chen	YUNG Man Chung
LIN Yinghua	NG Chui Ping	SHEK Hei Ting	TANG Man To	WEN Jie	YANG Jiawei	YUNG Wai In
LIU Hin Chiu	NG Chun Man Colman	SHEK Yee Kei	TANG Min	WONG Charlotte Lai Yan	YANG Jiaxin	ZHANG Jiayuan
LIU Man Kin	NG Hau Yui	SHI Kwan Ling	TANG Po Wa	WONG Chee Long	YANG Nan	ZHANG Qia
LIU Sin Ying	NG Ho Him	SHI Wei	TANG Pok Him	WONG Cheok Kuan	YANG Zhuyi	ZHANG Shengqi
LIU Wai Hong	NG Hoi Chung	SHIH Ka Lam	TANG Sze Wing	WONG Cheuk Hay	YAU Hor Chi	ZHANG Xiaoyuan
LIU Wun Yi Wincy	NG Jo Jo King	SHUM Chi Kin	TANG Tak Yeung	WONG Cheuk Hin	YAU Man Kei	ZHANG Yiting
LIU Xiaohan	NG Ka Chun	SIN Chui San	TANG Tsz Chun	WONG Chi Wang	YAU Man Yi	ZHAO Geoff Zhefu
LO Cheuk Fung	NG Ka Kei	SIN Kevin Chun Yin	TANG Tsz Ying	WONG Cho Yan	YAU Tsz Hoi	ZHAO Huiji
					YAU Yuen Tung	ZHAO Yueqi
						ZHONG Jiayi

Congratulations to the graduates of the Hong Kong Institute of CPAs' Qualification Programme. Under the guidance of experienced CPAs, these graduates are on their way to joining the world's most prestigious accounting professionals. And they've taken the first big step towards becoming one of Hong Kong's success ingredients.

SECOND OPINIONS: HOW WILL BLOCKCHAIN TRANSFORM ACCOUNTING?

“Auditors will be able to obtain real-time transactional records through a secure platform to improve their working efficiency.”

**BENSON NG**GREATER CHINA DIGITAL ADVISORY PARTNER
EY

Blockchain is a distributed database that records all transactions or digital events that have been executed and shared among participating parties. Transactions are stored in a digital ledger, which is distributed over the network, and incorruptible.

In the context of accounting, blockchain will enhance the transparency of records, and in doing so, will make it easier for auditors to trace and verify them. With all transactions stored on a ledger, and the tokenization of assets and inventory, this will lead to a decrease in human error when auditors work on inventory management for each financial year. And since blockchain enhances the immutability and transparency of transactions, it has the potential to increase the efficiency of a business and play a role in its digital transformation.

By utilizing the digitalization of blockchain, companies could reduce the cost of maintaining technical equipment and increase their reliability on its distributed system. Auditors will be able to obtain real-time transactional records through a secure platform to improve their working efficiency. The secure nature of blockchain can also help auditors in the financial reporting and audit process, and by providing them with reliable information for account reconciliation, trial balances and spreadsheet files support. By reducing manual tasks such as data preparation and extraction, teams can focus on the supply chain areas including unusual transactions and stock-taking, for example.

Blockchain may also enhance trust between enterprises and related parties as it allows the tracing of records in real-time. Cross-enterprise collaboration will be made easier with seamless reconciliations and secured encryption. Using blockchain to enhance business process management will drive business automation with a clearly defined workflow and increase transparency. It will also help multinational corporations to continue working on cross-border projects with fewer limitations.

Beyond accounting, blockchain could also help content creators to establish a reliable and secure connection in creating digital content and collaborating with businesses. For instance, content creators can utilize blockchain's decentralized system for contractual agreements, such as digital contracts and advertising payments. Blockchain could help to authenticate and encrypt any digital identities and wallets across the network.

Since blockchain is reliable and essential to verify transactional records, it can further support different areas within a company's supply chain such as how they interact with suppliers, retailers and customers.

It is crucial for us to leverage the many benefits of blockchain to streamline digital transformation across businesses, stakeholders, and for enterprises to use it to strengthen trust among clients and customers.



MICHAEL TEH CPA
HEAD OF FINANCE
ALGORAND FOUNDATION



SCARLETT XIAO
RESEARCH ANALYST
HASHKEY CAPITAL

Blockchain is a distributed ledger system where data becomes immutable and irreversible as soon as data is stored on it. Due to its unique features, blockchain has led to innovative possibilities such as cryptocurrency, smart contracts, decentralized finance (DeFi), non-fungible tokens, with certainly more in the pipeline yet to be revealed. Many believe blockchain is the technological evolution after the Internet, which is why I believe that blockchain will transform accounting similar to how the Internet has transformed our profession.

Blockchain will support but not replace accountants. Similar to how the Internet has helped accountants to perform accounting tasks more efficiently, such as by allowing accountants to access accounting systems from any location through the cloud, blockchain will support the work of accountants without replacing them. With immutable records stored on a distributed ledger, this means that accountants and auditors will be able to obtain irreversible transaction data from the blockchain in a real-time manner. It may also eliminate the need for the reconciliation and verification of transactions that are recorded on a blockchain.

New accounting specialists will be developed. Since accounting is the language of business, stakeholders will rely on accountants to interpret and translate the complex transactions executed on a blockchain into an accessible language for the purpose of financial reports and statements, for example. New specialized areas will be developed. Business leaders will be seeking professional accountants for advice on blockchain adoption, and accountants with knowledge on blockchain will become trusted advisors.

Emerging new business models may revolutionize accounting treatments. Similar to how the Internet incubated e-commerce, social media and other online businesses, blockchain will promote another wave of business innovation. Accountants may be faced with unprecedented business transactions with little or no preceding cases to follow. In fact, cryptocurrency, “stable coins” or cryptocurrencies where the market value is designed to be pegged to an external factor such as the United States dollar or a commodity such as gold, and many DeFi-related activities, have already spurred debate on the selection of appropriate accounting standards and treatments.

The role of tomorrow’s accountants – who will play an even bigger role in business consulting – will become more vital than ever, both internally and externally, to translate ideas from a wide spectrum of counterparties such as cryptographers, developers, IT specialists, marketing leads, community leads, auditors, lawyers, bankers, etc. into a business language that everyone can understand and communicate.

“Blockchain will transform accounting similar to how the Internet has transformed our profession.”

When it comes to how blockchain will improve or transform the accounting practice today, it may be able to solve the issue of reliability, and chain-based digital ledgers will be able to provide the audited transaction records automatically. Below are a few examples of how blockchain can transform accounting:

- For in-house accounting, managers do not have to be concerned about reliability of their accounting books. Instead, they can leverage the records directly on the blockchain to facilitate their decision-making.
- Blockchain will effectively make auditing procedures less costly. From the perspective of external auditing, auditors can save the cost of preparing and sending a ton of confirmations to the company’s counterparties, like suppliers, to confirm the transactions or balances. Auditors only need to query the verified on-chain data to locate the transactions.
- Regarding future accounting methods under blockchain technology, entities can keep joint ledgers together with their counterparties rather than retaining separate accounting books.
- All financial instruments could be minted as non-fungible tokens and transacted among parties rather than physical files.
- Smart contracts could be utilized to avoid manual errors during operations.

“Chain-based digital ledgers will be able to provide the audited transaction records automatically.”

In short, blockchain has the potential to reinvent the storage, circulation, and auditing of data or records in the accounting space.

However, there are still challenges in the large-scale adoption of blockchain in accounting. Companies may face high costs of onboarding or running a chain-based platform, and staff have to be trained how to do so. With blockchain still relatively new, there may be obstacles when it comes to replacing a company’s original accounting systems, and the current lack of application examples may present challenges in justifying its usefulness.

Businesses must nonetheless keep in mind that more firms are already engaged in blockchain and cryptocurrency projects. For instance, Deloitte established Rubix in 2015, a blockchain software platform that allows teams and clients to build their own customized blockchain and smart contract applications for any use case. EY also supports clients who want to use blockchain in their businesses and offer tax and auditing services for blockchain-based companies. The profession has to proactively embrace and utilize blockchain to better adapt to the evolving global business environment.

The Director of Compliance at the Hong Kong Institute of CPAs on how auditors should tell the whole story of an audit through documentation



How to properly prepare audit documentation

Have you ever been in the midst of reading a book, only to find one of the pages ripped out? After getting past the frustration, you probably tried to imagine what was on the missing page so you could fill in the gaps of the story. A critical detail that might change your understanding of the story? A plot twist? Are there more missing pages?

Audit documentation functions in the same manner. Audit working papers play the same role as pages in a book. When documentation is missing or minimal, readers (e.g. reviewers) may not understand the message you are trying to share, which may prevent them from properly assessing risks or analysing inconsistent or conflicting information. Missing information may also lead regulators to conclude that an auditor has not performed sufficient work. Also, when an audit procedure is not contemporaneously documented, doubts often arise as to whether the procedure was indeed performed during the audit.

Lack of adequate documentation was cited as a deficiency in almost 30 percent of the disciplinary orders issued by the Institute in 2021. This statistic points to the need for improvements to audit documentation to ensure it serves its intended purpose. Documentation is one of the most effective ways to link different but related parts of an audit engagement in a way that allows reviewers or regulators to identify gaps or inconsistencies in information. Failure to adequately document the nature, timing, extent, and conclusions of audit procedures may lead to deficient audit quality, which could result in lower job performance ratings, and in extreme circumstances, disciplinary action.

Below are tips from the Institute's Compliance Department, based on actual documentation deficiencies encountered in the investigation process.

1. Document sufficient details about the nature, timing, and extent of the audit work performed. This includes identifying information about the person who performed or reviewed the work and when. Good documentation also includes information about which items were subject to testing, the coverage of items tested, and what specific supporting documents were inspected by the audit team.
2. New technologies, like data analytics, have often been incorporated into audit testing. Working papers should include sufficient documentation for reviewers to understand how related risks were assessed and objectives addressed when relying on new technologies.
3. For tests involving samples, the following information should be documented in the working papers: What is the basis of selection (e.g. systemic, haphazard, judgemental)? How is the sample size determined? How is completeness of the population confirmed?
4. When dealing with medium- to high-risk issues requiring significant judgement, auditors are advised to document the analysis and thought process that led to the conclusion. This

step will help support their judgement, should questions arise during the review process or beyond. (Visit the Code of Ethics for Professional Accountants, section 120.12 to learn more about biases and how they may impact professional judgement).

5. Clearly state conclusions and your basis for conclusions. A statement like "tests were performed and the account is not materially misstated" would not be considered adequate, as it fails to articulate any information about the tests that were performed.
6. Clearly and concisely document inconsistencies that were identified and how they were resolved.
7. Document discussions about significant matters or audit issues with management, experts e.g. valuer and engagement quality control reviewer, and note the outcomes of those discussions.
8. Document your audit procedures, results, and conclusions in the audit files rather than personal files that are not part of the audit working papers.
9. Document the source of evidence presented or referred to in the working papers.
10. Document contemporaneously to minimize the risks that relevant information may not be captured properly.
11. Before concluding on a significant or challenging matter, "stand back" and evaluate both corroborative and contradictory audit evidence. Document how the contradictory evidence was dealt with to address the threat of possible cognitive biases.
12. Give thoughtful consideration as you perform audit procedures and prepare audit documentation to ensure you have met the audit objectives. For example, you may have considered that some areas warranted further enquiry and test work. If so, document sufficiently so that you can effectively respond to potential questions from reviewers and regulators.
13. Adopt a holistic point of view in audit documentation. For example, audit programmes, audit schedules, completion memos, etc., all form a complete set of working papers. They should be prepared and updated with a consistent approach. One pitfall that auditors seem to experience is preparing these documents at the file assembly stage. Relevant details may have lapsed from an auditor's memory by that time.
14. Competent auditors typically adopt internal quality control standards that require documentation to contain sufficient details to allow re-performance by an informed third party such that the same test result would be generated. As set out in the examples stated in previous points, auditors should clearly document the purpose of a test, how the samples were selected, the steps and procedures that were carried out, conclusions, etc.

Remember, documentation tells the story of an auditor's journey through a client's financial records and internal control system. Your job is to ensure that the working papers properly convey that story. Missing information may turn a mystery into a tragedy. As they say, "the devil is in the details."

by Fiona Nott

The Chief Executive Officer of The Women's Foundation on the barriers limiting men's support for the progression of equal opportunities for women in the workplace and broader society



Engaging men as allies to advance gender equality

This year's International Women's Day campaign theme was #BreakTheBias. While this globally observed day aims to highlight the achievements of women and raise awareness of gender equality, it is important for individuals of all genders to understand the issues and work together as allies in changing organizational norms and structures that perpetuate gender gaps.

We cannot talk about advancing gender equality without including men in the conversation. Men comprise the majority representatives of boardrooms, c-suites and senior roles across the city. Without the avid support of men, significant progress toward ending gender inequality is unlikely.

Under this backdrop, The Women's Foundation (TWF) published findings to a survey conducted with market research company Ipsos last year, which primarily examined men's attitudes towards gender equality. The survey identified barriers limiting their support for actions to close the gender gap.

Four limiting mindsets

According to our findings, the majority of respondents believe in the basic tenets of gender equality and in having equal opportunities at work. Many men recognize their key role in progressing gender equality and are taking steps to change the status quo. 42 percent of men believe gender equality won't be achieved without men taking an active role, and 46 percent of men say they advocate and support equal opportunities for women.

However, there remains a significant number of men not taking concrete action towards gender equality, with nearly one-third not having taken any actions in the past year to support this goal. Their reasons for inaction were categorized into four main barriers:

- Apathy – 52 percent of men are unaware of how gender equality benefits them and therefore do not feel compelled to take action.
- Relevance – 38 percent of men see gender equality as a “women's issue” and don't see a compelling reason for becoming involved or what they might gain from doing so.
- Zero-sum mentality – 24 percent of men believe gender equality puts men at a disadvantage and nearly half of men believe women benefit most from gender equality.
- Gender stereotypes – 42 percent of the men we surveyed believed that their family will suffer if gender equality is achieved. Entrenched gender stereotypes as well as societal expectations around gender roles may influence the belief among both men and women that women should

be the primary caregivers and take up a greater share of household responsibilities.

Shockingly, these mindsets were more prevalent among younger men (aged 18-30), which debunks a commonly held myth that the gender gap will close naturally with successive generations. We need to engage younger generations on the issue.

This year's International Women's Day theme #BreakTheBias offered a timely reminder for what needs to be done – it's time for us to debunk the myths holding us back from gender equality as well as to break gender roles and stereotypes such as women being seen as the primary caregiver.

There are actions the business community can take today to drive change. These include awareness-raising to challenge apathy and misguided beliefs; adopting gender-neutral, inclusive work policies that destigmatize parental leave and caring responsibilities; engaging younger men and making an effort to tackle gender biases among all genders; and acknowledging the importance of conversations across genders and generations, and the need to engage everyone in these efforts. At home, this can mean equal sharing of household and caregiving responsibilities.

The push for change

Overall, a holistic approach is required that addresses issues both at work and at home. This is why we launched our Male Allies Initiative four years ago to play a key role in TWF's wider mission to advance women and girls. TWF's Male Allies is a group of senior business leaders who are committed to advancing gender equality and are able to create real change in their spheres of influence.

The initiative provides the knowledge and support to enable men to use their influence, build everyday actions and habits for inclusion, and to drive change following the principles of listen, learn and act.

We actively integrate discussions around parenting skills and values into our Male Allies curriculum, including discussions around parenthood, exploring local research and how to bridge company policy and the reality of working men's lives, in a city with some of the longest working hours in the world. Since 2018, they have spearheaded over 65 initiatives at their organizations and beyond.

Change happens gradually, starting with ourselves, and then our family and friends, our team and organization, and eventually, society as a whole. Together, we can all break the bias – on International Women's Day and beyond.

FIVE QUESTIONS

PAIB & PAIP

What attracted you to work at a regional development bank? The mission of Asian Development Bank (ADB) is to eradicate extreme poverty in Asia and the Pacific, with the goal of ensuring a prosperous, inclusive, resilient, and sustainable region. It is not a simple task that can be completed over a few years or even decades. However, witnessing professionals all over the world coming together towards a common cause is very inspiring. In my division alone, people come from different countries including the United States, Nepal, France, India, the Philippines and Italy. Working at ADB provides unique opportunities to collaborate on important global challenges together with other international financial institutions such as the World Bank, the International Monetary Fund and the broader United Nations family. It's hard to get more dynamic than that.

What is one key lesson you have learned as a cybersecurity expert? Always be curious, humble and resilient. Cybersecurity is often depicted in the media as some "cool" guy wearing a hoody, consuming energy drinks, watching five monitors where code flashes faster than a person can read, and furiously typing on three keyboards at the same time. In reality, most cybersecurity professionals spend time teaching themselves about new threats and how to respond to them. "Defeat" in the world of cybersecurity is, unfortunately, rather common. Attackers are almost always a few steps ahead, and new vulnerabilities emerge every day. Being resilient means accepting defeat, learning your lesson, and bouncing back stronger.

In what ways has your CPA training helped you in your career? How has it helped



FIVE QUESTIONS FOR PAIB Chen Zhao CPA

Head of Technical Security at Asian Development Bank, who is based in Manila, says the COVID-19 pandemic has made cybersecurity a major concern for organizations. He shares how his CPA training helps him to add value in business decision-making, and why cybersecurity specialists are in greater need than ever before

you manage issues? My CPA training laid the right foundation for me to acquire business acumen. Business leaders may struggle to understand the impact of malware unless one can explain its effect on operational risk. At the same time, if a cybersecurity professional understands the underlying business process and the value a system delivers, they could maximize the security return-on-investment either through implementing the right controls at key junctions to avoid costly security breaches.

How has the COVID-19 pandemic increased the importance of cybersecurity within organizations? As a result of the COVID-19 pandemic, there is now a heightened awareness of cybersecurity. With flexible work arrangements, the legacy "border" has practically disappeared, exponentially increasing the difficulty of protecting key information assets and processes. Government authorities, regulators and tech companies in more developed economies are pushing towards an IT ecosystem that is essentially "perimeter-less" and "password-less." These are not new concepts, but COVID-19 has catalysed these transitions, especially as remote work may continue after the pandemic.

How should other accountants equip themselves as cybersecurity grows in prominence? Improving everyone's security mindset would naturally contribute to the security maturity of an organization. Accountants can get in touch with a computer emergency response team or build a genuinely collaborative relationship with the cybersecurity person at work, just by having regular conversations.

What have been the three biggest lessons in your career so far? Firstly, do what you enjoy.

When I started my technical advisory role, I realized that I had found my passion. I became proactive and went the extra mile to do a better job and I have never had the “Monday blues” since then. Secondly, do not simply follow “normal practice.” In financial instruments accounting, when the contractual terms differ, the accounting may differ as well. Instead of looking at the market practice, I need to engage in critical thinking and perform the accounting analysis based on specific contractual terms and standards. Lastly, learn to think from others’ perspectives. Communicating in trainings, presentations, financial statement disclosures, or providing advice is more effective when I put myself in the audience’s shoes.

What do you like most about specializing in financial instruments accounting?

People reach out to us with complicated deals or issues. A transaction may take several contracts with dozens of pages each, and sometimes you need a pretty long timeline diagram or layers of charts to describe a complicated transaction structure. I enjoy helping my clients to sort out complex facts, and showing them how to translate these complex transactions into simple and understandable accounting language for users of financial statements.

What are clients currently most concerned about?

Financial instruments accounting for financial assets and hedge accounting has become more principle-based since International Financial Reporting Standard (IFRS) 9 *Financial Instruments* replaced International Accounting Standard (IAS) 39. However, many still find the existing



FIVE QUESTIONS FOR PAIP

Isabel Lin CPA

Director at KPMG, specializes in financial instruments accounting. She shares how she helps clients cut through complexity, and the standards they are currently struggling with

debt or equity classification and measurement requirements in IAS 32 *Financial Instruments: Presentation* complicated, rule-based, counterintuitive and lacking clarity. This also results in diverse accounting outcomes while the International Accounting Standards Board’s *Financial Instruments with Characteristics of Equity* project is still in progress.

In what ways has your CPA qualification helped you in your career?

The Qualification Programme was a good transition for me when I transferred from the Mainland to Hong Kong as an auditor. The modules, such as business and company law, and taxation, helped me understand the regulatory and legal framework in Hong Kong, and the accounting modules helped me to familiarize myself with IFRSs.

It’s argued that the scope of IFRS 9 should include cryptocurrencies given its growing prevalence. What is your view on this?

Scoping the accounting into IFRS 9 would only be tackling the “first-order” issues associated with cryptocurrencies. There are two other dimensions to consider: Firstly, transactions over cryptocurrencies go beyond “financial instruments turf,” such as investing, lending and trading into employee benefits, barter transactions, etc. IFRS 9 is unlikely to be a one-size-fits-all solution for all those “second-order” issues. Secondly, cryptocurrencies are just a small part of the blockchain universe. There are many other items such as non-fungible tokens, and metaverse-related features like virtual land, which have very different characteristics. Would the financial instruments accounting work for those too? Maybe for the asset holder in some cases but not always, and not for the issuer side.

ESG Series – Latest trends and updates

With environmental, social and governance (ESG) playing a bigger part in an organization's strategy, companies must ensure they are aware of the latest developments. An e-Series, comprised of four recorded webinars, will help companies with their ESG reporting, and explain how accountants can help businesses meet their ESG targets



Herbert Yung FCPA is Director, Member Engagement and Sustainability Lead, at the Hong Kong Institute of CPAs and the moderator of the ESG Series. He has over 12 years of advisory experience in enabling companies across industries to resolve business challenges and achieve sustainable growth. He led various projects relating to sustainability strategy, risk management, as well as ESG reporting and assurance for multinational corporations and Hong Kong-listed companies.

The United Nations Climate Change Conference (COP26) in November 2021 highlighted the need for everyone to work together to combat climate change and mitigate its impacts. At the conference, countries agreed to meet again to pledge cuts to carbon dioxide emissions, phase down coal as a power source, support developing countries' ability to cope with climate change, and phase out fossil fuel subsidies.

There are also increasing demands by investors and regulators on companies to be transparent about the risks and opportunities that climate change and other environmental, social and governance (ESG) issues pose to their businesses. Hong Kong first introduced ESG reporting guidelines in 2012, and these have been strengthened since, with the latest guide took effect in 2020.

As ESG increasingly becomes a priority of boards and part of business strategy, it is important for us as professionals to understand its essence and implication to businesses, in order to create value and fulfil stakeholders' expectations.

The Institute is playing its own part in becoming more sustainable and promoting sustainability to members. In November 2021, the Institute joined other accounting bodies, all members of The Prince of Wales's Accounting for Sustainability Project Accounting Bodies Network, in publicly committing to achieve net zero greenhouse gas emissions within their own organizations, as well as provide an enabling environment for their membership to do the same. The Institute will develop its plan over the next 12 months.

It is also building on the sustainability discussion through a series of webinars that aim to equip participants with fundamental knowledge in ESG, highlighting the latest trends and updates on certain key areas of ESG, including climate change, sustainability, ESG reporting, and supply chain health and safety.

About the e-Series

The e-Series comprises four recorded webinars.

With businesses increasingly being called upon to report on their ESG efforts, accountants have a key role to play. To help in the collecting and reporting of ESG data, accountants and finance professionals must expand their ESG and climate change knowledge. There are also certain requirements from regulators on ESG and climate change risk management that members should

familiarize themselves with. The webinar "ESG and Climate Change 101 and Latest Trends for Accounting and Finance Professionals" covers the basics and the latest developments of ESG, sustainability, the United Nations' Sustainable Development Goals, and climate change risk management.

Accountants can also help to establish or implement an ESG strategy and reporting system, which can provide value for shareholders and build confidence in the company's ability to prioritize ESG commitments. A well-established ESG strategy and reporting system can also better enable companies to make business decisions and provide transparency to the outside world. The webinar "ESG Strategy and Communication" discusses the latest ESG trends, how to integrate climate-related risks and an ESG strategy into the business strategy, as well as how an ESG strategy could generate value for shareholders.

The webinar "Driving Shared Values Through Effective ESG Reporting" offers insights into the "why," "what" and "how" of effective ESG reporting. When it comes to ESG reporting, effective reporting enables companies to get better access to green and sustainable finance, and generate shared social and environmental values with stakeholders. However, creating a high quality ESG report can be challenging as it must fulfil the specific requirements of the reporting methodology and principles, and also strike the right balance of information and data from a wide range of topics. Companies also need to plan well on how to communicate relevant information to drive long-term sustainability improvements.

The final webinar "EHS vs. ESG – The Evolution towards Safe, Responsible and Accountable Business" covers environmental, health and safety (EHS) aspects of operating a business and how the traditional framework of EHS relates to ESG. This comes as businesses are being pressured to address the environmental impact of their operations and the safety of employees and communities. How different phases of EHS apply to different businesses, the concept of materiality, and major components of EHS will also be addressed. After the webinar, participants will have a deeper understanding of the key components of a robust EHS management system, be more familiar with the common metrics and disclosures pertaining to EHS, and will be able to identify and differentiate key EHS standards and relevant reporting frameworks.

All the recordings are available on the Institute's website for enrolment.

Are liabilities subject to conditions classified as current or non-current?

A summary of the Institute's response to the IASB Exposure Draft ED/2021/9
Non-current Liabilities with Covenants – Proposed amendments to IAS 1

International Accounting Standard (IAS) 1 *Presentation of Financial Statements* specifies the requirements of how entities classify liabilities as current or non-current.

In November 2021, the International Accounting Standards Board (IASB) published an exposure draft (ED) to propose amendments to IAS 1 in response to the concerns raised by its stakeholders about the outcomes and potential consequences of *Classification of Liabilities as Current or Non-current* (2020 amendments) and the related IFRS Interpretations Committee Tentative Agenda Decision.

The proposals specify that conditions with which an entity must comply within 12 months after the reporting period do not affect the classification of a liability as current or non-current. Instead, entities would separately present and disclose information related to these non-current liabilities subject to conditions. In addition, the proposals would also defer the effective date of the 2020 amendments.

The Institute's Standard Setting Department responded to this ED this month. This article summarizes our major comments on the ED. The Institute's submission is available on our website.

Overall, we support the IASB's effort to address the concerns raised by stakeholders. Having said that, we consider that the principle introduced in the ED for the classification of liabilities that are subject to specified conditions within 12 months after the reporting period is not clear and has inadvertently created issues with the introduction of paragraphs 72B and 72C of the ED.

The notion of "unaffected by the entity's future actions"

We have significant concerns over the notion of "unaffected by the entity's future actions" as currently drafted in paragraph 72C(b). We consider that the ED is not yet clear as to how an entity assesses the nature and extent of its "ability to affect." Given that this is a new concept and the ED provides limited application guidance, this may lead to a risk of wide interpretation.

In addition, questions were raised as to whether common covenants, e.g. change of control and successful initial public offerings are considered to be "conditions" or events "unaffected by the entity's future actions," and whether paragraph 72B or 72C(b) should be applied in those cases. We also note that paragraphs 72B and 72C are not necessarily mutually exclusive and this is problematic as they would lead to different classification outcomes on the same facts and circumstances.

In light of the above, we strongly recommend that the IASB:

- test the proposals with real-life examples and assess whether the resulting outcomes are in line with the IASB's intention and achieve the ED's objectives;
- clarify the interaction between paragraphs 72B and 72C; and
- clarify the notion of "unaffected by the entity's future actions" and the term "conditions" using illustrative examples.

Classification of financial guarantee contracts and insurance contract liabilities

We disagree with the examples of financial guarantee contracts and insurance contract liabilities stated in paragraph 72C(b) as this would imply that all these instruments must be classified as current liabilities applying the proposal. We consider that classifying the entire insurance contract liabilities as current liabilities does not reflect the business substance of the insurance contracts, is inconsistent with the requirements in International Financial Reporting Standard (IFRS) 17 *Insurance Contracts*, and does not provide relevant information to users of financial statements. We also do not consider that all financial guarantee contracts should be classified as current liabilities in all circumstances.

Accordingly, we recommend the IASB consider seeking feedback from the insurance industry regarding the classification of insurance contract liabilities and the interaction between

the proposal and IFRS 17, and reconsider whether classifying all financial guarantee contracts and insurance contract liabilities as current liabilities is appropriate.

Separate presentation requirement

We suggest the IASB remove the proposed separate presentation requirement in paragraph 76ZA(a) because such a requirement seems to contradict the principle-based nature of IFRSs. We consider the disaggregation requirements in paragraph 55 of IAS 1 already set out the principles for presenting additional line items in the statement of financial position when it is relevant to an understanding of an entity's financial position. We believe that identifying non-current liabilities subject to specified conditions through disclosures in the notes to the financial statements would be sufficient for users to identify and assess the risk of those liabilities.

Disclosure requirements

We do not support the proposed disclosure regarding future compliance with covenants. We consider that the costs of preparing such disclosure may outweigh its benefits to the users of financial statements, that it requires disclosure of an entity's future behaviour, which is arguably beyond the remit of a standard setter and that it may potentially trigger legal obligation if the final outcome is different from that disclosed in the financial statements.

Hence, we recommend the IASB replace such disclosure with key factors that may affect the ability of an entity in complying with the conditions after the reporting date. We consider that the suggested disclosures would be objective and provide more useful information for users of financial statements to make their own decisions.

*This article was contributed by **Joni Kan CPA** and **Katherine Leung CPA**, Associate Directors of the Institute's Standard Setting Department. Visit our "What's new" webpage for our latest publications, and follow us on LinkedIn for upcoming activities.*

Future of reporting in insurance: new opportunities from reporting transformation

A look at how IFRS 17 *Insurance Contracts* will bring enhanced consistency and transparency in financial reporting across the insurance industry, and how insurers can prepare themselves in the run-up to its implementation

Across industries today, one of the most critical business needs is creating resilience and adaptability in operations – to do more with less, faced with the reality of shrinking budgets. For the insurance industry, sweeping regulatory changes such as International Financial Reporting Standard (IFRS) 17 *Insurance Contracts*, and risk-based capital combined with global changes such as an increased focus on climate and sustainability, rapidly evolving customer needs, and the ongoing global health crisis, add many layers of complexity.

These factors fundamentally change the way in which insurers account for insurance contracts, and how external stakeholders analyse insurance financial statements. As a result, there are profound effects on a range of business functions aiming to increase consistency, comparability, and transparency in financial reporting across the insurance industry.

This is an opportunity to rethink and revamp reporting models and solutions in insurance.

Financial reporting under IFRS 17

It has been nearly five years since the International Accounting Standards Board (IASB) published IFRS 17 and we are now approaching the go-live date of 1 January 2023 in over 100 countries and regions across Asia and the rest of the world.

The primary goals of IFRS 17 as set out by the IASB were:

- To standardize insurance accounting globally and create unprecedented comparability;
- To have a single IFRS accounting model with an explicit expected profit reporting; and
- To increase transparency on the impact of all variables on the reported insurance profit.

The standard and related changes affect a range of transactions of an insurance company, including insurance and reinsurance contracts issued, reinsurance contracts held, and investment contracts with discretionary participation features.

IFRS 17 is the first-ever IFRS to require the explicit reporting of expected profit for a transaction contractual service margin (CSM). It includes a mandatory requirement to reflect current variables (financial and non-financial) on the balance sheet. The expected profit CSM will absorb volatility in most cases but loss-making blocks of business are required to report the loss immediately. The resulting new insurance revenue and expenses amounts will now be comparable across life and non-life.

However, the implementation of IFRS 17 has been challenging for many insurers. As the effective date draws near, insurers continue to experience unforeseen roadblocks and delays in their IFRS 17 implementation programmes. In addition, insurers also face challenges in embedding the newly implemented IFRS 17 reporting systems and processes in their existing business-as-usual (BAU) operations.

Data challenges: Larger volumes of data at greater granularity drive the complexity of the data architecture. Challenges regarding data quality, data management, data reconciliations, and end-to-end integration have surfaced during IFRS 17 implementation. The capability of data storage and audit of historical cash flows projections covering technical, operational, and financial assumptions.

Technology challenges: A wide range of technology upgrades are required for existing architecture components such as actuarial models, general ledger, finance, actuarial data warehouses, and reporting tools.

Operating model challenges: There

is a large-scale impact on end-to-end financial processes, necessitating redesign and re-engineering. Financial processes and underlying systems need a major overhaul to keep up with the new reporting requirements of IFRS 17.

Future of reporting in insurance: tech and talent transformation

Transformative digital solutions

Data volumes are exploding – at a macro level, IFRS 17 generates 250-400 accounting events, with each accounting event potentially generating multiple journal postings leading to a 3-3.5 times increase in data volumes. Current practices such as manual extraction of information, exchange of copies on email, and offline storage of data are no longer viable.

Therefore, there is an increasing focus on strong data management and data transformation capabilities to be able to accurately identify, isolate and separately manage the various types of financial data. There is a strong preference for solutions that can prove to be compliant “out-of-the-box.” From a control perspective, a critical element of any solution is to implement the necessary controls and governance to ensure different data models are kept in sync and changes made to one data model are reflected as necessary in the other. This risk could increase significantly depending on the solution approach – standardized across the organization (better control) vs. localized (very challenging).

Diving deeper into the record-to-report process, accounting for premiums, claims and expenses may be processed in parallel with actuarial reserving processes under current IFRS 4 *Insurance Contracts* practices. IFRS 17 necessitates the availability of all underlying cash flows to perform CSM calculations.

To expedite IFRS 17 compliance,

insurers have implemented multiple new architecture components including accounting rules engines, IFRS 17 sub-ledgers, or IFRS 17 calculation engines. Additional components such as reporting tools and workflow automation solutions have become essential, given the complexity of requirements and granularity of the analyses.

In the past year, many finance leaders found themselves in an additional predicament: how to manage a period-end close with a distributed and virtual workforce. This heightens the urgency to take advantage of transformative digital solutions to increase automation, integrate information systems, and connect information systems between functions to reduce import and export processes, and facilitate the automation of processes to reduce manual error and version management of information.

The evolving role of finance professionals

Complex accounting and regulatory changes are no longer just affecting the accounts and finance team, they will also affect actuarial, operations, and IT teams.

Today's finance professionals face many challenges: collaboration across different systems is not straightforward and requires constant workarounds, leading to uncertain working hours and a lack of transparency in the progress of completion and outcomes. IT infrastructure has shown its present limits and cybersecurity threats disrupt business as usual operations.

Process fragmentation, how operational processes are managed disparately at the desktop level, is a significant barrier to talent and operating model transformation. Adding a layer of complexity to this, finance no longer owns end-to-end analyses and current key performance indicators need to be re-drafted as per IFRS 17 requirements. Further, management reports are increasingly complex and granular and there is a competitive drive to accelerate period-end timetables.

At an operational level, insurance reporting outputs are sequential under IFRS 4 today. Actuaries produce projected cash flows and resulting change in reserves, with a hand-off to accountants, who produce financial statements and reporting. Under IFRS 17 most of the key steps or "movements" required to

produce the CSM roll-forward **necessitate actuaries and accountants to work together** to provide the key data inputs.

Finance leaders of today have to be as comfortable with compliance as they are with company strategy, all while juggling growth, efficiency, and risk.

With a steep increase in the amount and specificity of information required, the corresponding increase in the level of resourcing needed to deliver financial reporting (if a solution cannot address existing operational issues) leads to a **10 percent to 40 percent** increase in working day effort during the close period. On the contrary, 60 percent of finance leaders say that their team size has decreased over the past few years. Obviously, this is not feasible or sustainable over the longer term.

In the current global context, organizations are equipped with a geographically diverse workforce working in remote access-enabled work environments. They need to understand how to leverage this asset to:

- Meet the demand for additional insight from underlying data – outside of standard financial reporting metrics;
- Enable real-time and dynamic collaboration between teams;
- Minimize disruption to BAU while implementing new solutions; and
- Align across a wide spectrum of business stakeholders.

Integrating talent and tech into a cutting edge, sustainable operating model

When we combine the above challenges and opportunities with the overarching ambition to improve the auditability and traceability of financial data:

- Investors and regulators may request higher levels of transparency;
- Improving the auditability of data would reduce stress and help with the timeline of statutory audits, thus reducing stress on BAU; and
- Innovative, renewed metrics need to be analysed to recognize diverse new demands from external stakeholders such as shareholders, equity analysts, and rating agencies.

We see an increasing need to upgrade operating models to deliver an end-to-

end integration of activities and cross-functional capabilities such as reporting and analytics "as-a-service" to an enterprise. Research shows that 90 percent of organizations believe increasing their digital capability is fundamental to achieving their objectives. However, only 26 percent employ digital assets such as robotic processing automation or even single-instance enterprise resource planning systems.

Many large insurers, especially in Asia, operate in a highly federated model – therefore digital solutions that do not break the bank but can integrate data and processes without requiring large-scale technology transformation can be critical enablers.

To convert these challenges into opportunities, organizations are increasingly open to adopting new technologies in financial and management reporting. Transformative digital solutions help break organizational silos and upskill finance professionals as members of a cross-functional team.

Four key takeaways

1. Digitize. While it may take greater effort to digitize processes in the current environment and in parallel with multiple regulatory changes, the return on investment will be significant for the future of reporting in insurance.
2. To create the greatest value, data powered by intelligent automation must be used to manage risk via smarter decision-making.
3. To foster a long-term commitment to change, an organization must equip the workforce to operate effectively by delivering multichannel training and establishing virtual platforms for the finance team to collaborate.
4. An emerging key trend is that organizations develop virtual Centres of Excellence (CoEs); where such CoEs already exist, many are evolving from enablers to become internal marketplaces for digital assets.

*This article is contributed by **Satyajit Venkatraman**, Deloitte China Assurance Financial Services Industry Partner.*

TECHNICAL NEWS

The latest standards and technical developments

Members' handbook

Update no. 271 relates to the publication of *Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information* (Amendment to HKFRS 17). The Amendment to HKFRS 17 is a transition option relating to comparative information about financial assets presented on initial application of Hong Kong Financial Reporting Standard (HKFRS) 17 *Insurance Contracts*, and is aimed at improving the usefulness of comparative information for users of financial statements. HKFRS 17, together with the amendment, is effective for annual reporting periods beginning on or after 1 January 2023.

The update also includes the withdrawal of *HKFRS for Private Entities* (Revised September 2015) as it was superseded by *HKFRS for Private Entities* (Revised May 2017) which has been effective for annual reporting periods beginning on or after 1 January 2017.

Financial reporting

IASB February podcast and update

The International Accounting Standards Board (IASB) February podcast, with its chair, vice-chair and executive technical director highlighting the projects discussed during the February meeting, and a summary of the February meeting, are now available.

Appointment of new chair of the IFRS Interpretations Committee

On 1 March, the Trustees of the International Financial Reporting Standard (IFRS) Foundation announced the appointment of Bruce Mackenzie as the new chair of the IFRS Interpretations Committee, with effect from 1 March this year. Mackenzie has served as an IASB member since October 2020 and is taking over from Sue Lloyd, who is moving to the International Sustainability Standards Board (ISSB) as its inaugural vice-chair from March, when she also steps down as IASB vice-chair.

February IFRS Interpretations Committee Update

The IFRS Interpretations Committee

Update provides a summary of discussions at its February meeting. Topics discussed include negative low emission vehicle credits, targeted longer-term refinancing operations III transactions, and profit recognition for annuity contracts.

Auditing and assurance

Live virtual workshops: New quality management standards series

Join the Institute's new quality management standards series in April to learn key requirements, applications and illustrated examples on how small and medium practitioners could meet the requirements of the new quality management standards.

New implementation guide for ISA 220

The International Auditing and Assurance Standards Board (IAASB) released a first time implementation guide for International Standard on Auditing (ISA) 220 (Revised) *Quality Management for an Audit of Financial Statements* to help stakeholders understand the requirements and properly implement the standard as intended. Practitioners are required to have quality management systems designed and implemented in accordance with ISA 220 by 15 December 2022.

The IAASB also released the implementation guides for International Standard on Quality Management (ISQM) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and ISQM 2 *Engagement Quality Reviews* in 2021. The suite of quality management standards will come into effect on 15 December 2022.

IAASB February board meeting

The audio recording of the IAASB February board meeting is now available.

ICAEW audit and assurance resources

The Institute of Chartered Accountants in England and Wales (ICAEW) has the following resources that may be of interest to members:

- Resources to help audit firms prepare for new quality management standards ISQM 1, ISQM 2 and ISA 220 (Revised).
- An online event series designed to help small and medium practices implement the new quality management standards.

To support auditors in addressing challenges of auditing accounting estimates when implementing the revised ISA 540 *Auditing Accounting Estimates and Related Disclosures*, the ICAEW has produced a series of webcasts that use practical illustrations to consider key issues in common audit areas. The first webcast of the series tackles an often-overlooked area of accounting estimates – fixed assets and depreciation.

ICAEW has also set up a new resource hub on articles, helpsheets and other practical resources and tools to support the implementation of ISA 540 (Revised).

Interested members can also subscribe to ICAEW's International Standards platform for free access to a wide range of resources on auditing and ethics.

Ethics

Invitations to comment

The Institute is seeking comments on the following International Ethics Standards Board for Accountants' (IESBA) Exposure Drafts:

- *Proposed revisions to the Code Relating to the Definition of Engagement Team and Group Audits* by 30 April.
- *Proposed Technology-related Revisions to the International Code of Ethics for Professional Accountants (including International Independence Standards)* (the international code) by 20 May. The proposed revisions aim at enhancing the international code's robustness and expanding its relevance in an environment being reshaped by rapid technological advancements. The proposed amendments will also guide the ethical mindset and behaviour of professional accountants in business and in public practice as they deal with changes brought by technology in their work processes and the content of the services they provide.

Ethics in an era of complexity and digital change

The Chartered Professional Accountants of Canada, the Institute of Chartered Accountants of Scotland, the IESBA and the International Federation of Accountants (IFAC) released the third publication in a four-part thought leadership series examining the impact of rapid technological change on ethical leadership and the accounting profession. The latest instalment examines the high-stakes impact that bias and mis- and disinformation have on trust and objective decision-making. The first two instalments are available on IESBA's designated "Ethical Leadership in the Digital Age" webpage.

Sustainability

IFRS Foundation agrees to establish ISSB presence in Frankfurt

On 2 March, the Trustees of the IFRS Foundation signed Memoranda of Understanding (MoUs) with German public and private sector institutions to formalize the partnerships and funding arrangements required to establish the presence of the ISSB in Frankfurt. The MoUs mark a key first step towards establishing the ISSB's global, multi-location presence to support its broad stakeholder base.

Insolvency

Letter from the ORO regarding the impact of COVID-19 pandemic

The Institute has received a letter from the Official Receiver's Office (ORO), advising on actions that should be taken where insolvency practitioners and appointment takers may face difficulties in complying with specified timelines or other requirements, due to the impact of the COVID-19 pandemic, and encouraging them to exercise professional judgment in relation to the flexibility in administering cases. Please also refer to the guidance set out in the ORO's previous letter dated 14 April 2020 for details.

New online service for debtors: appointment booking for attestation services

With effect from 18 February, ORO has launched a new service for the debtors

who intend to file "Debtor's Bankruptcy Petition" and wish to have it attested before an authorized staff of the ORO to reserve the attestation service online via the GovHK Portal.

Please refer to the ORO's website for details.

Taxation

Institute's response to 2022-23 budget

The government's 2022-23 budget included a number of suggestions made by the Institute in its budget submission. The Institute welcomed the government's Budget 2022-23, acknowledging the government's efforts to help the public cope with the latest wave of the pandemic and to tackle the economic downturn. Read the Institute's press release for more details.

Announcements by the IRD

Members may wish to be aware of the following matters:

- A letter to tax representatives, further extending the due date for filing 2020/21 Profits Tax returns for loss cases with Accounting Date Code "M" to from 28 February to 31 March and from 31 March to 30 April.
- Gazettal of Revenue (Tax Concessions) Bill 2022.
- Gazettal of Rating (Exemption) Order 2022 and Revenue (Reduction of Business Registration Fees and Branch Registration Fees) Order 2022.
- Tax measures proposed in 2022-23 budget and further information.
- Legislative Council question on promoting popularization of electric vehicles.
- Latest arrangements of public services for Inland Revenue Department's (IRD) Business Registration Office.
- Suspension of service for filing of Tax Return – Individuals through eTAX.
- Latest stamp duty statistics.

Legislation and other initiatives

Announcements by the government

Members may wish to be aware of the following matters:

- Courts to generally adjourn all proceedings between 7 March and 11 April.

- Government explains latest criteria for early discharge from isolation and home quarantine.
- Hongkong Post to maintain essential postal services.
- Government announces postponement of retail green bond offering.
- Government announces 2022-23 Land Sale Programme.
- Budget provides support for people and businesses to ride out global pandemic and echoes determination to defeat virus, revitalize economy.
- Government extends place-specific flight suspension mechanism.

AML notices

AML news

IFAC, together with ICAEW, released a new instalment in its Anti-Money Laundering: The Basics educational series – Instalment Seven: Virtual Assets.

Sanctions updates

The list of individuals and entities published under section 29 of the United Nations Sanctions (Somalia) Regulation 2019 (Cap. 537CG) was updated on 19 February.

The list of terrorists and terrorist associates designated by the United Nations Security Council, published pursuant to the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575) was gazetted on 8 March.

The list of individuals and entities published under section 25 of the United Nations Sanctions (ISIL and Al-Qaida) Regulation (Cap. 537CB), was updated on 8 March.

The list of individuals and entities published under section 30 of the United Nations Sanctions (Yemen) Regulation 2019 (Cap. 537CI), was updated on 3 March.

For the current lists of terrorists, terrorist associates and relevant persons/entities under United Nations sanctions, members should refer regularly to the Institute's AML webpage. Other useful documents and guidance can also be found on the same page.

Please refer to the full versions of Technical News on the Institute's website: www.hkicpa.org.hk

WORK AND LIFE

CPA photographers

Tony Wan FCPA
(practising), Director
of Ascenda Cachet
CPA Limited and the
Co-convenor of the
Institute's Photography
Interest Group, enjoys
miniature photography.



It takes planning, patience, skill, and a bit of luck to take the perfect photo. Institute members tell [Thomas Lo](#) about their journey as photographers, and how joining the Institute's Photography Interest Group taught them how to approach photography from a new perspective



FRAMING THE MOMENT

Somewhere in a park, under the scorching sun, Tony Wan FCPA (practising) is squatting down and testing different angles for the perfect shot of a miniature bus. With the sound of the shutter going off and a smile on his face, he has “transformed” a toy bus into a life-sized vehicle through the lens of his camera, a Canon 5D Mark IV.

“It is always fun to be creative through the technique of ‘defamiliarization’ for my viewers. To regular people, it might just be a simple arm rest on a random bench. But for a little figure, it can be a balance beam or even a grand bridge. It just depends on how we look at it,” says Wan, Director of Ascenda Cachet CPA Limited and the Co-convenor of the Institute’s Photography Interest Group (PoIG).

Wan bought his first digital single-lens reflex (DSLR) camera to celebrate graduating from the Hong Kong Institute of CPAs’ Qualification Programme to take high-resolution photos of his graduation ceremony. After that, he started taking different courses and learning from different professional photographers to explore the art of photography. He then realized how vast and vibrant the world of photography can be. In 2012, he decided to organize a small workshop, gathering fellow Institute members who shared the same interest. Encouraged by the passion of the group, he decided to officially form the PoIG in 2013.

In 2014, he got in touch with photographers Felix So and Anthony Yau. So, a professional commercial photographer, and Yau, an expert in capturing the northern lights, further inspired his approach to photography. “I consider myself as more of a theory-based person, and I admire their style. They can always back up their work with concrete theories,” Wan explains. “With theory, photography becomes less out of reach. Occasionally, I invite Felix and Anthony to be our guest lecturers for our interest group. I also give lectures to novice photographers as well.”

Prior to the pandemic, Wan and the interest group held at least one group activity every month. “It is all about providing a platform and sharing what we love and know. That’s what

“By changing the setting or angle, I can turn ordinary-looking scenery or everyday objects into something different.”

I love the most about the group. We improve and inspire each other,” Wan adds.

His photography covers various styles such as landscape, portrait and product shots. With group activities currently banned due to the current COVID-19 outbreak, Wan has chosen to focus on miniature photography. This style allows him to turn any corner of his home into the perfect set for a photoshoot. “By changing the setting or angle, I can turn ordinary-looking scenery or everyday objects into something different. That’s where the magic of photography lies.”

Adding colour

David Luk FCPA (practising), Asia Financial Controller at TTI Inc., a Berkshire Hathaway Company, was introduced to photography at a very young age. Though he spent much of his time flipping through photography magazines and listening to his father and uncle chat about photography as a child, he did not own a camera until graduating from university in 1994.

After graduating, Luk’s focus was on his career and family, and his camera was only really used for capturing family moments. Then, in 2012, he received a letter inviting him to join a photography workshop organized by the Institute. It was Luk’s first official photography workshop and it introduced him to different methods of photo-taking, igniting his passion for the hobby. From then, he started collecting cameras and lenses. Out of his seven cameras and a dozen of lenses, he often uses the Canon 1DX and Leica M to better demonstrate his skills. “Cameras are no longer only a tool for recording. It is a way for me to show the world through my eyes,” Luk explains.

He is most drawn to black and white photography. Members of the interest group have often complimented his work, which has encouraged him to further develop his technique and focus on the style. He believes it is a style that easily captures the emotion of the scene and helps him to highlight the main

theme of the work. “Photos in colour might distract the viewers where they might concentrate on the colour instead of the object or the emotion I want to convey,” he adds.

Luk draws inspiration from Hong Kong photographer Fan Ho, famous for capturing Hong Kong’s street life in black and white. “I admire how he can turn the ordinary into the extraordinary. The way he captures the feeling of moment with shade and lighting is phenomenal,” Luk adds.

Ever since seeing Ho’s photos for the first time, he continuously revisits his work online.

Though it may be common for photographers to wait for long periods of time to get the right shot, Luk embraces spontaneity. “Some of my friends would insist on waiting for hours or days just to capture the perfect moment, which is a quality I admire, but I believe in fate. You will run into the best moment naturally without waiting for it. Once we can

David Luk FCPA
(practising),
Asia Financial
Controller at
TTI Inc., enjoys
taking photos in
black and white.



“It is a way for me to show the world through my eyes.”

all travel, I am excited to see what fantastic scenery I will run into in Iceland. My job is to seize it when it comes,” Luk explains.

Following nature's timetable

Anntice Lai CPA (practising) started off as a casual photographer when she was a student. As a painter, she mainly used a camera to capture scenes to paint. “Back then I was studying art in secondary school and my first camera was a shared one. It was just a tool for me to capture some interesting scenes, which I would paint afterwards,” says Lai, Managing Director and Head of Technical & Regulatory at D & Partners CPA Limited.

Everything changed during Lai's final year in university after attending a course covering the basic concepts of photography. Over the years, she has joined different workshops, read books on photography and browsed photos

online to draw inspiration and enhance her skills. In 2012, she was invited to join the Institute's first photography workshop which, she says, taught her about the importance of timing and location. “In my early years, I took photos of things that I stumbled upon,” Lai says, noting how she has since put more thought into where and when to take photos. “With my Canon 5D Mark IV, I can capture the migrant birds in Mai Po Nature Reserve in Yuen Long in the most natural way. By following nature's timetable, I know exactly what I'm going to take.”

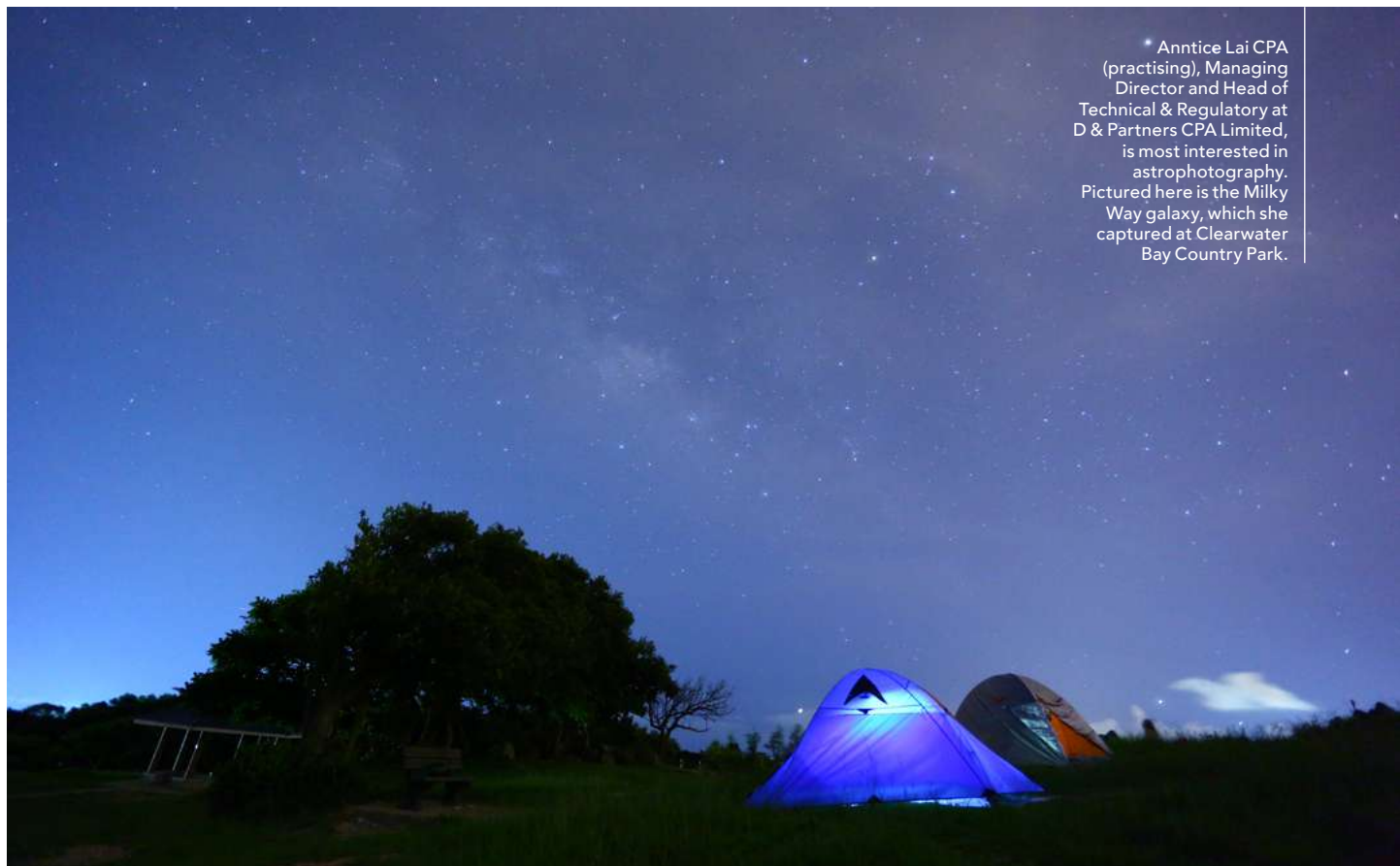
Lai, who is interested in astrophotography, says capturing the Milky Way galaxy in Hong Kong is always a challenge. With the city's light pollution and ever-changing weather, it takes patience and luck to capture the Milky Way in the city, even if the photographer finds the right spot to shoot. It would require blending at least a hundred shots to compose one perfect shot of the

Milky Way. “Sometimes we only have one good composite photo, but most of the time we don't even get one in a single outing,” Lai explains. “But the effort and shared experience within the PoIG will make the photo even more beautiful.”

In June 2013, there was a super moon, an astronomical phenomenon that happens every 413 days where the full moon appears slightly larger and brighter than usual, leading the PoIG to meet up and take photos. The group went to Cape D'Aguilar on southeastern Hong Kong Island. There, they took pictures of the super moon from dusk until dawn. “That was my longest photo-taking event of all time. We arrived at 6 p.m. and stayed up for 14 hours to catch different angles of the super moon,” Lai explains. “Taking photos alone provides me with freedom but it is always fun to have others who share the same interest as you by your side.”

“By following nature's timetable, I know exactly what I'm going to take.”

* Anntice Lai CPA (practising), Managing Director and Head of Technical & Regulatory at D & Partners CPA Limited, is most interested in astrophotography. Pictured here is the Milky Way galaxy, which she captured at Clearwater Bay Country Park.





HKICPA *Source*



Visit **HKICPA** *Source*, an online job portal
for members of the **Hong Kong Institute of CPAs**

HKICPA *Source* contains a wide range of opportunities in
accounting, business and finance in Hong Kong and beyond

HKICPA *Source* your re*Source* for jobs



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



www.hkicpa.org.hk/en/members-area/hkicpasource/



“When the sun finally rose, the moment was magical. There was a group of camels walking under the sun.”

William Ip CPA enjoys travelling to different places for the perfect photo. Pictured here is a group of camels he captured in the Sahara Desert.

The perfect moment

In the middle of the Sahara Desert in 2018, William Ip CPA and his friends were setting up their cameras preparing to take photos of the sunrise. It was 4 a.m. and the sandy winds were raging, but the journey, as Ip remembers, was worth it. “When the sun finally rose, the moment was magical. There was a group of camels walking under the sun,” explains Ip, a veteran member of the PoIG. “They added so many more layers and textures to the photo. The experience was full of surprises and unexpected turns. I am glad that my friends and I were there to see it all.”

The adventure, which Ip says is one of his most memorable experiences as a photographer, was a culmination of his wanderlust and passion for photography.

From a young age, Ip had already shown deep interest in history, ancient architecture and famous landscapes. He had always wanted to visit the Pyramids of Giza in

Egypt and the city of Ephesus, a city in ancient Greece, three kilometres southwest of present-day Selçuk in İzmir Province, Turkey. In 1996, he travelled to Egypt, Greece and Turkey to see those great architectural wonders in person with his friends. Bringing his camera along, he took many photos during his trip. But after returning to Hong Kong and comparing his photos with his friend’s, he realized that he had a lot to learn. “That was when I finally understood the difference between a casual photographer and a skilled one. I wanted to take better photos than my friend,” Ip adds.

While juggling his full-time job and his master’s degree, Ip also joined the PoIG in 2013. “It was the first systematic and proper photography class I ever took. I had so much fun taking pictures and sharing them with the group,” says Ip. “With my skills and my favourite Nikon D850, now I can take better and more beautiful photos of the Madrasa Bou Inania in Morocco.”

Ip has participated in both theoretical classes and outdoor photo-taking events organized by the PoIG, and to this day, appreciates how they have given him the opportunity to improve on his skills and meet like-minded photographers. “By communicating through our work, we improve and encourage each other. They always give me inspiration on the next place to visit,” Ip explains.

Like many, Ip is waiting for the travel restrictions to ease. He hopes to continue travelling the Silk Road, the network of routes used by traders from when the Han dynasty of China opened trade in 130 B.C.E. until 1453 C.E., when the Ottoman Empire closed off trade with the West. “I once paid a visit to the east section of the Silk Road, which is from Xi’an to Urumqi, in 2002,” Ip says. “I didn’t go through all of it because of work and my studies. It will be great to retrace the footsteps of ancient merchants while taking photos of old temples along the way.”



The Institute’s Photography Interest Group organizes sharing sessions, practice sessions, photography courses, photography tours and gatherings for members. To find out how to join, visit the Institute’s website.



YOUNG MEMBER OF THE MONTH

Adam Ho CPA

ADAM HO CPA

Accountant at A. R.
Medicom Inc. (Asia) Ltd.



Photography by Anthony Tung



As an Accountant at A. R. Medicom Inc. (Asia) Ltd., a global healthcare company, Adam Ho CPA is tasked with overseeing and handling finance-related tasks of its Hong Kong division. He shares with *A Plus* how his CPA training has helped him to quickly adapt to his new role, and what he finds to be most fulfilling about lending his skills to the healthcare sector

What is your current role and responsibilities? How is it going so far?

I joined A. R. Medicom Inc. (Asia) Ltd. last month as an Accountant, and things have been going well so far. I'm responsible for preparing the full profit and loss statement, cash flow statements, balance sheet, and analysing the financial performance of the operations in our business centre in Hong Kong. I also perform a monthly analysis on different areas and operations within the group. Since I joined, both my colleagues and members of management have been very helpful and friendly.

What are the most rewarding and challenging aspects of your role, and why?

The biggest challenge has been managing my time. Since joining, there has been a lot of information to handle and tasks to complete on a daily basis, often in a short period of time. Though I've been working from home, I've been communicating closely with my colleagues who rely on me to come up with solutions for issues relating to the operations of the company. The most rewarding aspect is being able to work alongside teammates. They are always willing to give me a hand by sharing their experiences with me and providing tips on how to complete daily tasks. It's my first job in the commercial sector, so with their help, I have quickly improved. The ongoing pandemic and current outbreak has had a big impact on the company, and there's been great demand for personal protective equipment (PPE) and medical equipment from customers. In addition to PPE, the company also manufactures and retails products such as equipment for automated external defibrillators and COVID-19 test kits. With our products, we reinforce the message of having good hygiene, protection and health. So the opportunity for me to add value as an accountant is also very rewarding.

What inspired you to become an accountant?

I wasn't too interested in accounting to begin with, but after attending a few recruitment talks, I understood more about the profession and the role of an accountant. I learned it would be an interesting and challenging career which would help to develop my skills as a professional. So far, I do enjoy the job, even though it can be a challenge to constantly stay updated. As accountants, we have to understand the latest updates on accounting standards, as doing so strengthens our technical knowledge and enables us to help businesses.

Where do you see yourself in the next five to 10 years in your career? Which field do you plan on specializing in, and why?

I would like to stay at the company and have more of a central role. A. R. Medicom Inc. (Asia) Ltd. is an international company, with business units located in countries including Australia, Japan and South Korea. I'd like to work closer with other business units and play a part in the expansion of the group. So far, I enjoy working in the healthcare sector. With the ongoing pandemic, I foresee that demand for healthcare products will continue in the future. The sector will have to expand in order to meet market demand, which will increase the need for accountants to help their business.

What are the biggest lessons you have learned so far from work experience or managers?

There are many new rules and regulations to adhere to in the profession. As accountants, we must stay updated and never stop learning. It's important to be a critical thinker and to be a professional who is able to provide an immediate response, especially amid today's fast-changing environment. It's critical that we maintain a high level of integrity, ethics, and a good attitude. We are relied on to always provide the best solutions, and ones that comply with the relevant accounting standards and regulations.

How do you think the Qualification Programme (QP) has helped you in your career so far, or prepared you for your current role?

The QP has really helped us to build a solid foundation. For example, module 11 Financial Reporting really taught me how to apply the different accounting standards, such as International Financial Reporting Standard 16 *Leases* in my role. The QP workshops were also very helpful. The workshops also gave us an opportunity to apply our technical knowledge and increased our confidence when presenting ideas. This has greatly helped me in my career so far.

AFTER HOURS

As recommended by Institute members

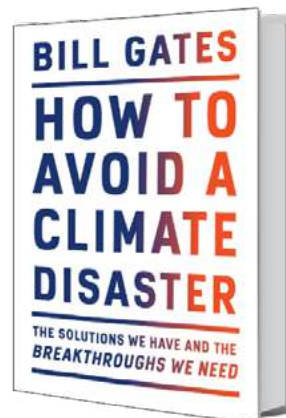


Exercise

“Rope skipping, which can burn around 15 to 20 calories a minute, is one of the most effective home exercises to keep fit and optimize your health. One has to maintain a good posture throughout – look forward, stand up straight, and keep your elbows close to your body and bent at a 90 degree angle. With your feet close together, swing the rope using your wrists and skip on the balls of your feet without letting your heels touch the floor. Doing this exercise regularly can strengthen your cardiopulmonary health, improve your agility and stamina, and keep you in good shape.” – Allan Lee CPA, a rope skipping coach and marathon runner

Read

“I recommend the book *How to Avoid a Climate Disaster* by Bill Gates. Climate change and net zero have been hot topics as of late, and Gates explains why the world must completely eliminate greenhouse gas emissions rather than simply reducing them. The book explains with simple and easy to understand examples why climate change is one of the most important global issues today. It also explains the role governments and businesses play in fighting global warming, and how to accelerate green technology and investment to achieve that.” – Cyrus Cheung CPA (practising), Partner, ESG Services at PwC, and Deputy Chairman of the Institute’s Sustainability Committee



Teresa Teng



Listen

“I recommend 月亮代表我的心, which translates to ‘The Moon Represents My Heart’ by Taiwanese singer Teresa Teng. Last summer, I was asked to sing a few songs, including this one, during a morning event held at an elderly home. After singing, I saw many smiling faces filled with tears. Not only was it because this song is well-known, but it had also been a really long time since any volunteer had sung for them. The next day, the caretaker informed me that two elderly residents slept very well that night even with no medicine taken. I was really impressed by how music can bring people a sense of comfort. This proved to me that the song does have a magic power, no matter who the audience is. Whatever your age or nationality, you might like this song.” – Vicky Ho FCPA, Internal Audit Officer-in-Charge at Yan Chai Hospital Board



Success symbol



Success ingredient

There are many ways to salute success. In business, there's one sure step you can take to be a winner. With a member of the Hong Kong Institute of CPAs on your team, you'll always be going for gold.



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

CPA: The Success Ingredient

www.hkicpa.org.hk



ASCENT PARTNERS

Together We Flourish

YOUR PARTNER TO ASCENT!

Let us take care of the details,
so that you can focus on
your core competencies.

At Ascent Partners, we provide
corporate valuation and advisory services to
business partners like you.

With our people-centric approach,
we can be your trustworthy partner.

CORPORATE ADVISORY
TECHNOLOGY ADVISORY
VALUATION SERVICE

www.ascent-partners.com
contact@ascent-partners.com