



DRIVING BUSINESS SUCCESS

2026 Issue 3 Volume 22

SERVING THE CITY

Webster Ng, the representative of the Legislative Council's Accountancy functional constituency, on fixing the profession's long-standing issues



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Certified Public Accountants
香港會計師公會

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HKFRS 18

How Hong Kong is preparing for the new standard

YOUNG CPAS

The growth of the Institute's young members community

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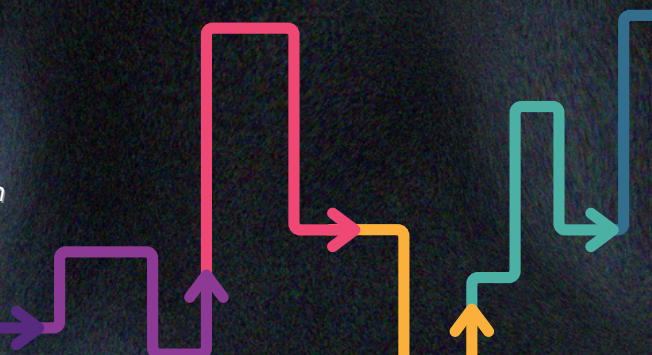
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“Such strong engagement underscores that the profession remains at the forefront of the strategic shifts shaping Hong Kong’s economic landscape.”



DEAR MEMBERS

The first half of 2026 has brought great energy and a renewed focus to our profession. As the economic and technological landscape shifts, our strategy remains firmly anchored in three pillars: building trust, nurturing talent, and driving development and transformation.

A central focus during this period has been strengthening our strategic engagement with the Chinese Mainland. This comes at a pivotal time as the nation launches its 15th Five-Year Plan and Hong Kong prepares its own first Five-Year Plan. The Institute has been gathering members’ feedback to ensure our ongoing professional input remains impactful.

In April, I joined a delegation to Chongqing, jointly organized by the Hong Kong Association of Registered Public Interest Entity Auditors Limited and Hong Kong Business Accountants Association. During this visit, I had the opportunity to meet with the Chongqing Party Secretary, Yuan Jiajun. This trip also marked the signing of a Strategic Cooperation Framework Memorandum between the Institute, Chongqing Institute of CPAs, and the two organizers, to further strengthen collaboration and exchange between the accounting profession of Hong Kong and Chongqing.

Another key highlight was the delegation to Beijing and Shanghai in June, with the aim of strengthening professional cooperation. Following substantive dialogues with key Mainland government departments, we signed a Memorandum of Understanding with the Shanghai Institute of Certified Public Accountants to establish a joint platform for talent development. To further expand this regional talent pool, earlier in May, we also partnered with Zhongnan University of Economics and Law to accredit undergraduate programmes at their School of Accountancy.

This momentum continued with my participation in a delegation to Hangzhou, Suzhou and Shanghai in June, led by Christopher Hui, Secretary for Financial Services and the Treasury, and 20 financial sector leaders. Through this visit, the Institute’s support for the Chinese Mainland enterprises “going global” has unlocked mutually beneficial collaboration opportunities for both sides.

Our commitment to global engagement continued into July with a delegation to London. We paid a courtesy call on Dame Susan Langley, Lord Mayor of the City of London, and had in-depth exchanges on international collaboration,

talent mobility, United Kingdom-Asia connectivity, and the accounting profession’s contribution to cross-border economic and trade development. We also held a series of meetings with professional bodies, think tanks, business and finance leaders, and academic institutions, including the London Stock Exchange and the Institute of Chartered Accountants in England and Wales. This visit underscores the Institute’s vital role in expanding global opportunities and elevating the stature of Hong Kong’s accounting profession on the world stage.

This international standing is also reflected in this recent recognition, as the Institute has been appointed as an official training partner of the International Sustainability Standards Board, which strongly validates our technical capabilities and our commitment to advancing the global environmental, social and governance agenda.

Another major highlight of this period was our latest Public Affairs Series, featuring the Honourable Regina Ip. I had the privilege of joining Mrs. Ip on stage, where we co-hosted an engaging discussion with over 300 participants on how emerging technologies, the space economy, and geopolitical tensions are transforming global business. Such strong engagement underscores that the profession remains at the forefront of the strategic shifts shaping Hong Kong’s economic landscape.

Beyond professional development, our commitment to the community has entered an inspiring new chapter. I was personally engaged in this heartwarming initiative, as we held the official kick-off ceremony of the HKICPA Volunteer Team in June. The Volunteer Team rallied nearly 1,000 members and their families, reflecting a profession deeply invested in driving positive social impact alongside technical excellence. I invite you to join us for this meaningful cause, as we will continue to grow the team and make a positive impact on the community together.

Finally, I hope you will enjoy reading the profile feature in this issue on Webster Ng, our LegCo Councillor (Accountancy). His professional journey and insights offer an inspiring read, and I trust members will find his story both relatable and motivating.

As we look toward the second half of the year, I am confident that the momentum we have collectively built will carry us forward into our next chapter of growth.

Stephen Law, President

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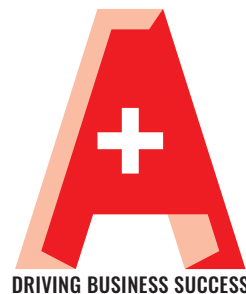
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About our name

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.



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The digital version is distributed to over 47,000 members, and around 12,000 students of the Institute and stakeholders every quarterly.

NEWS

Institute news

Business news

HKICPA delegation's London visit strengthens business ties between Hong Kong and U.K.

A Hong Kong Institute of CPAs leadership delegation wrapped up a successful three-day official visit to London from 6-8 July. Led by President Stephen Law, Vice-President Jasmine Lee, Chief Executive and Registrar Arthur Lee, and Executive Director Elaine Chung, the delegation engaged with government officials, professional bodies, academic institutions, and business leaders. Their mission focused on deepening the accounting professional and business ties between Hong Kong and the United Kingdom, and promoting Hong Kong as a gateway for Chinese Mainland enterprises going global.

During the visit, the delegation paid a courtesy call on Dame Susan Langley, Lord Mayor of the City of London, exchanging views on international collaboration, talent mobility, U.K.-Asia connectivity, and the accounting profession's contribution to cross-border trade.

The Institute delegation also met with the London Stock Exchange to explore strategic pathways for secondary listings and deepen cross-border financial connectivity.

On the front of international exchange and talent development, the delegation engaged with leading higher education institutions, including University College London and London Business School, to explore further collaboration opportunities to jointly nurture professional talent. The delegation also met with students interested in pursuing careers in Hong Kong.

On 7 July, the delegation co-hosted two themed events with



The Institute leadership delegation visited London from 6-8 July to meet with government officials, professional bodies, academic institutions, and business leaders.

key partners, sharing Hong Kong's latest developments and regional opportunities with local professionals. The Institute, alongside the Hong Kong Trade Development Council (HKTDC) London Office, InvestHK, the Hong Kong Economic and Trade Office in London, the Hong Kong Business Network (HKBN), and the Institute of Chartered Accountants in England and Wales (ICAEW), organized a morning seminar themed "New U.K. Opportunities from China's 'Go Global' Wave – Where Hong Kong Fits and How U.K. Players Plug In".

On the evening of the same day, the Institute, in collaboration with the ICAEW and HKBN, hosted an exchange event titled "Hong Kong Insights: Asia's Growth, Global Opportunity and the Role of the Profession".

Building on these discussions, the Institute will follow up to establish

regular communication channels and create more opportunities for its members. Read the [press release](#) to learn more.

Institute leadership concludes visit to Beijing and Shanghai

The Institute leadership and Council completed a productive four-day visit to Beijing and Shanghai from 7-10 June. This trip maintained the Institute's annual Beijing tradition while adding Shanghai to the itinerary for the first time in years. The expansion deepens ties within the Yangtze River Delta region, securing key milestones that benefit members' long-term professional growth. Additionally, the delegation observed the flag-raising ceremony at Tiananmen Square, marking a moment of appreciation for national history and development.

In Beijing, the delegation held intensive meetings with the Ministry

of Finance of the People's Republic of China, the China Securities Regulatory Commission, the IFRS Foundation Beijing Office, and the Chinese Institute of Certified Public Accountants. Discussions focused on industry development, regulatory policies, talent cultivation, and sustainability, yielding valuable insights and consensus.

In Shanghai, the delegation met with the Shanghai United Front Work Department, the Shanghai Stock Exchange, the Shanghai Institute of Certified Public Accountants (SICPA), and the Shanghai National Accounting Institute. Exchanges centred on capital market connectivity between Shanghai and Hong Kong, supporting enterprises in expanding overseas, and nurturing cross-border accounting talent.

During the visit, the Institute signed a Memorandum of Understanding (MoU) with the SICPA, covering collaboration in talent exchange, coordinated development, resource sharing, and industry cooperation. This marks another milestone in the Institute's Mainland cooperation network. Read the [press release](#) to learn more.

Institute appointed ISSB Training Partner

In June, the Institute was among the first organizations in Hong Kong to be appointed an International Sustainability Standards Board (ISSB) Training Partner by the IFRS Foundation. This new global programme recognizes authorized organizations to deliver official training on IFRS Sustainability Disclosure Standards (ISSB Standards) using IFRS Foundation-developed content, supporting a consistent, high-quality learning experience.

Building on this partnership, the

Institute will upgrade its existing Sustainability Reporting Certificate Programme later this year to incorporate IFRS Foundation-developed materials, offering enhanced training on the ISSB Standards. Read the [press release](#) to learn more.

Institute welcomes HKEX's streamlined board lot framework

The Institute welcomes the Hong Kong Exchanges and Clearing Limited's (HKEX) newly announced enhancements to the board lot framework for the Hong Kong securities market, which should reduce market complexity and improve operational efficiency. The Institute actively contributed to the HKEX consultation process, and key recommendations supported by the Institute – including the reduction of the value floor and the standardization of board lot units – have been adopted in the finalized framework.

Stephen Law, Institute President, noted that the streamlined board lot framework will bring clear and tangible benefits to the stock market by lowering entry barriers, reducing trading friction, and enhancing accessibility for a broader base of investors. He added that standardizing and simplifying market arrangements is crucial to maintaining Hong Kong's competitive edge and strengthening market liquidity.

Read the Institute's [submission](#) and [press release](#) for more details.

Institute joins SFST-led delegation to Hangzhou, Suzhou and Shanghai

Institute President Stephen Law participated in a four-day delegation visit to Hangzhou, Suzhou, and Shanghai, led by Christopher Hui, Secretary for Financial Services and

the Treasury, from 14-18 June. The delegation brought together over 30 leaders from Hong Kong's financial sector to strengthen collaboration with Chinese Mainland enterprises, emphasizing shared goals for mutual growth.

Institute members and representatives from Go-Global List CPA firms joined the delegation, engaging with over 300 Mainland enterprises at a luncheon to share insights on compliance and cross border development. They also visited Ant Group, Manycore Tech Inc. and the Institute of Global Development at Zhejiang University, gaining a deeper understanding of innovation enterprises and their internationalization needs.

The team then held in depth exchanges with 14 leading enterprises on financing, tax planning, and global compliance, while visiting Jiangsu Jinfu Digital Tech Group Co., Ltd., Innovent Biologics Inc, Zhongyifeng Holdings Group Co., Ltd., and meeting with the Jiangsu Branch of the People's Bank of China.

The visit concluded in Shanghai, where the delegation engaged with the Shanghai Pudong Service Center for Overseas Investment, and met with four enterprises seeking international expansion, and attended the 2026 Lujiazui Forum to explore future pathways for Shanghai-Hong Kong financial cooperation.

Institute partners with ZUEL

The Institute and Zhongnan University of Economics and Law (ZUEL) co-hosted a seminar on high-quality talent development and a certificate presentation ceremony on 13 May.

Through this partnership, the Institute has accredited four undergraduate programmes at ZUEL's School of Accountancy:



Accounting, Accounting (CICPA), Financial Management, and Financial Management (CIMA Track). Enrolled students will enjoy exclusive benefits, including Qualification Programme (QP) module exemptions, examination fee discount, and early registration privileges, offering them a streamlined pathway to becoming qualified Hong Kong CPAs.

Institute Chief Executive and Registrar Arthur Lee presented the accreditation certificate to ZUEL, marking the official launch of the partnership.

“This collaboration provides a strong platform for nurturing globally competitive accounting talent and marks a new chapter in our development in Central China,” Lee said.

Launched in 2024, the New Partnership Scheme expands Institute’s network with Mainland universities. Under this initiative, the Institute will conduct QP module exemption assessments for professional courses nominated by universities. Programmes that meet the required number of exempted modules will be recognized

as certified programmes. Read the [press release](#) to learn more.

HKICPA Volunteer Team officially launched

The Institute launched the HKICPA Volunteer Team, mobilizing nearly 1,000 members and their families to give back to the community.

At the official kick-off ceremony held on 28 June, Dr. Bernard Chan, Under Secretary for Commerce and Economic Development, served as the guest of honour. He joined over 300 Volunteer Team members, along with representatives from the social services, professional services, and business sectors, to celebrate this significant milestone in the Institute’s corporate social responsibility journey.

The event included the signing of an MoU with the Agency for Volunteer Service (AVS) to drive cross-sector collaboration. The MoU was formalized by Institute Chief Executive and Registrar Arthur Lee and AVS Chief Executive Officer Carter Ng, with Institute President Stephen Law and AVS Chairman Melissa Pang acting as witnesses.

Lee shared the Volunteer Team’s future direction, highlighting the core identity of “CPAs for Good” and its focus on four service areas: community care, social inclusion, green sustainability, and animal welfare.

All members are warmly invited to join the [HKICPA Volunteer Team](#). Please read the [press release](#) to learn more.

CPA Sports Carnival

The CPA Sports Carnival 2026, themed “智健未來 · 活力 CPA,” was held on 6 June at the Hammer Hill Road Sports Ground in Diamond Hill. Jointly organized by the HKICPA and The Society of Chinese Accountants and Auditors, the event brought together over 1,000 participants from more than 40 accounting organizations.

While adverse weather forced the postponement of several competitions this year, the participants’ enthusiasm remained high. Stay tuned for further announcements regarding rescheduled events.

Visit the Institute’s website to view the [photo highlights](#) and [press release](#).

59%

The percentage of sustainability assurance engagements globally that were performed by audit firms in 2024, up four percentage points from the year earlier, according to an updated report by IFAC and AICPA & CIMA. The report, *The State of Play: Sustainability Disclosure and Assurance (Six-Year Trends and Analysis, 2019-2024)*, is the sixth annual benchmark of sustainability reporting and assurance practices of companies around the world. It found that a third of companies cite the use or future use of ISSB Standards, compared to 16 percent the year earlier, signaling a shift from fragmented reporting toward standardization.

73%

The percentage of chief financial officers (CFOs) in the United Kingdom who are optimistic that artificial intelligence (AI) will materially boost business performance, up from 59 percent in Q4 2025 and 39 percent in Q3 2024, Deloitte's Q2 2026 CFO survey finds. Nearly all (93 percent) expect digital investment to rise over the next year. Cost control is cited as the main reason for reduced graduate hiring in the past year, with the use of AI being the second.



World Cup broadcasts injected an extra HK\$500 million into Hong Kong's hospitality sector, despite games being held in the middle of the night due to the time difference, according to Simon Wong, President of the Hong Kong Federation of Restaurants and Related Trades. About 150 restaurants and 10 major malls installed screens to cater to football fans, said Wong on an RTHK radio show.

4.5 kg

The maximum cargo weight that drones under Lalamove and EY's strategic partnership can carry. The firm and the Hong Kong delivery company have teamed up to advance innovations in the low-altitude economy and enterprise logistics, with a focus on large companies in Hong Kong and the Greater Bay Area. The collaboration is one of 38 pilot projects approved in the Hong Kong government's regulatory sandbox project for low-altitude test flights.

20 years

The maximum period over which Japanese companies must amortize acquisition goodwill, a rule the Accounting Standards Board of Japan is set to maintain despite pressure to align with International Financial Reporting Standards and Generally Accepted Accounting Principles, which do not require amortization. *Nikkei Asia* reported that the divergence complicates comparisons between Japanese companies and foreign companies, leaving Japan an outlier among major economies on the issue.

193%

The surge in net fund inflows into Hong Kong's asset management industry in 2025, as total assets under management hit a record high, KPMG reports. The firm credits reformed fund tax rules, including a retrospective 0% rate on carried interest, with drawing global managers to the city. Hong Kong also expects roughly HK\$350 billion in IPO fundraising this year.

8

The number of standardized board lot unit options Hong Kong Exchanges and Clearing (HKEX) will roll out under its new streamlined framework, alongside a board lot value range of HK\$1,000 to HK\$50,000. The changes take effect in phases from 2 July, with full compliance tied to the exchange's Uncertificated Securities Market transition launching 16 November. HKEX says the move will boost trading efficiency and market accessibility.

16 days

How long a hacker had access to a third-party service management platform that EY in the United States uses to support tax-related work it performs for its clients, between 28 March and 12 April. The breach, disclosed to clients on 13 July, exposed Social Security numbers, credit card details, and tax-filing information. EY says no data has surfaced online and no group has claimed responsibility.

Interview with Webster Ng:

Meeting the moment

Webster Ng's first term as the Accountancy functional constituency's representative in the Legislative Council (LegCo) includes fresh tax bills, Hong Kong's first five-year plan, and fixing the profession's oldest fights. He talks to [Jemelyn Yadao](#) about how he is handling this

Photography by Jocelyn Tam

A hefty stack of blue booklets – bills drafted by the government, ready to be scrutinized and voted on by lawmakers – is placed neatly on top of Webster Ng's desk. He skims through them one by one, reading a few of the covers out loud. "Amended common reported standard; automatic exchange of information; dutiable commodities; tax concessions for shipping-related activities and physical commodity trading – these are all tax," says Ng. "I was told that there will be at least seven bills relating to tax this year, and that's not including the financial budget. The tax regime will be one of my most important tasks."

Ng, the new representative for the Accountancy functional constituency, takes his seat at a time when the government has tabled numerous bills touching tax, and Hong Kong drafts its first-ever five-year economic and social development plan.





The small- and medium-sized practitioner turned first-time legislator is navigating the legislative work with the same belief that drives him as a CPA who runs his own firm. “My firm’s slogan is all about getting a win-win situation for both our clients and ourselves. My philosophy is that I want clients to grow and get better, so that we can benefit as well,” says Ng. “Serving as a representative in accountancy, I have to let the other LegCo members know what we are thinking and whether the bills we put on the table for debate are good, but not only good for us. We need a win-win or even a win-win-win situation.”

To achieve a win-win situation that meets the needs of Hong Kong accountants, Ng is determined to listen. He says that so far he has been working dynamically to keep up with the concerns and views of the profession. “If many people tell me that something is very important, then I will put it at a high ranking for handling. As the time goes by, the priorities may change,” he says.

Two reforms

Ng’s current focus as a LegCo member is on two reforms, including limited liability reform for professional firms, a proposal which Ng says stalled around 20 years ago. In Hong Kong, accountants in general partnerships remain jointly and severally liable for the actions of their fellow partners, putting personal assets at risk.

Ng is now leaning on LegCo’s research team and a fresh HKICPA task force to rebuild the case from scratch. A lot has changed since the Institute made a submission to the government proposing a reform in professional liability in 2005, he notes. “We need to do research, in particular, to make a comparison between different professions, different jurisdictions, and to see how the bill can be written.” The Institute task force, he adds, has already shared with

him what has been discussed so far. “I know that it will take a very long time, and a lot of effort to handle this. It is quite challenging.”

The corporate rescue bill runs even deeper, with attempts to pass this bill going back around three decades. It carries higher stakes, Ng says, because it affects at least three sectors: Professional, labour force, and commercial. He adds that the bill, which had faced strong opposition from labour groups and the commercial sector, is being modified with the aim of pushing the bill through LegCo in the next one to two years.

Signs of movement are showing, as Ng incorporated the bill into a broader nonbiting motion on “Developing a strategic tax regime to consolidate Hong Kong’s status as an international financial centre,” which passed LegCo in May. An element of that motion is to enhance the corporate rescue regime for building a more effective corporate restructuring mechanism. “I embedded the corporate rescue bill into a high-level strategic tax regime, and finally, it has passed. I expect that the government will respond given that its ‘4T’ action plan announced in June (comprising tax revamp, tax agreements, targeted promotion, and talent development) directly ties with my suggestion.”

Bringing down the fakes

Another long standing issue that Ng is keen to tackle is fake audit reports or unqualified persons providing audit services. A concern is that such auditor’s reports, that fall short of professional standards, can undermine audit quality and reputation of the profession, he notes. “Faux reports are making SMPs (small and medium practices) very

“In my motion, the key wording there is that we are not trying to collect more tax, we want to collect more clever tax.”

nervous,” says Ng.

Concerned practitioners have told him about audit reports circulating under fabricated or misused firm names. “In some auditor’s reports, the auditor name is fake or not registered,” he explains. “In some auditor’s reports, the CPA firm’s name exists, but the signing partner does not belong to that firm. After I received these complaints, I sent a letter to the Security Bureau, for requesting immediate follow up, as this is a criminal offence.”

Ng also set up a quadrilateral meeting in May with the Commercial Crime Bureau, the Financial Services and the Treasury Bureau (FSTB), and the Accounting and Financial Reporting Council (AFRC). As of 31 March 2026, the AFRC received 64 complaints of “bogus CPAs”, which refers to unqualified persons providing audit services. The FSTB and AFRC continue to tackle these malpractices in collaboration with the HKICPA.

Beneath the fraud problem, Ng sees a pricing crisis he finds harder to accept. He notes that in some circumstances, those providing audit services when they are not qualified to do so would charge low fees to attract clients, potentially diminishing the quality of financial reporting, and the value of CPAs themselves. “Some members of the profession say this is ‘improper advertising,’” he says. “Of course, with Hong Kong’s reputation as an international financial centre, our

profession should not have such low fees. Our audit reports are a safeguard for investors.”

Ng says he is in conversation with relevant parties, including the AFRC, about ways of addressing this issue. He has thought about a QR-code traceability system for reports, based on the practice seen in the Chinese Mainland, but acknowledges that some practitioners are wary of excessive data collection and regulatory overreach. “This is a very controversial issue at this moment,” he admits. “But I will try to see if trade-offs can be made, or if there are other workable options for tracing reports to ensure audit quality.”

Clever tax, not more tax

Ng’s “strategic tax regime” motion is central to how he wants to define his four years in office. He strongly believes in the need to optimize Hong Kong’s tax system. “In my motion, the key wording there is that we are not trying to collect more tax, we want to collect more clever tax,” he says. “Clever tax comes from clever money. We want those high-end enterprises and if a business is not part of this aim, we should strategically put our incentives attracting targeted businesses.”

He points to sectors he’d like to see targeted with incentives – aircraft leasing, ship leasing, green shipping fuel, commodity and gold trading – as examples of where “clever” tax design could pull in new business. “As Hong Kong wants to continue being a leading aviation hub, introducing certain tax measures could attract aircraft leasing businesses to come to Hong Kong. We need a strategic tax regime that shows us being very business-friendly.”



First-time candidate Webster Ng was elected to represent the Accountancy functional constituency at the December 2025 Legislative Council election. He was previously President of the Taxation Institute of Hong Kong.



He is equally enthusiastic about the new tax policy advisory committee unveiled in the 2026-27 budget, framing it against a broader rebalancing of Hong Kong's economy away from real estate and financial services. The advisory committee, which had its first meeting on 29 June, was established to enhance Hong Kong's tax competitiveness and investment appeal.

"This advisory committee will be very good for getting tax policy reform. We are reformulating our GDP plan so that we are not only highly reliant on real estate and financial services. Instead we want the composition of Hong

Kong's GDP to include different industries," he says, citing aviation as an example. "The tax regime can be a very important and very strategic one. It is not only about having incentives to get businesses to come. We are asking ourselves, what major GDP components do we want for Hong Kong in the next five or 10 years?"

A historic plan

Ng is positioning the profession inside a process Hong Kong has never run before: its five-year plan, outlining the city's development and strategic direction. "In Hong Kong, there's never, ever been a

"The tax regime can be a very important and very strategic one. It is not only about having incentives to get businesses to come."

five-year plan. No one knows how to do it," says Ng. To explore the profession's role in this, and gather views to help the government in drafting the plan, Ng hosted an industry consultation meeting for the accounting profession on 8 May. "Eighteen different professional



Ng, Founder of Webster Ng & Co., and Managing Director of AC CPA Limited, is a member of the Institute's Small and Medium Practices Committee, as well as member of its sub-committees

bodies, firms from our accounting sector came to have a conversation, a very comprehensive dialogue to provide their views for the five-year plan," he says.

The consultations pointed him toward the Northern Metropolis as a natural growth area for professional services, with accountants working alongside the entrepreneurs and start-ups the government is trying to attract there. "Professional service could ride on the development of the Northern Metropolis," he says, noting that LegCo members have visited the area twice to assess its progress. Within that, he sees two clear openings for the sector: helping companies list, and helping them meet Hong Kong's sustainability reporting standards.

Ng and the other LegCo

members have since consolidated the views from different sectors and the research conducted into a formal LegCo submission, which has been presented to the government. The formal document of Hong Kong's Five-Year Plan is expected to be published within the third quarter of the year.

The AI question

Ng has also been talking to aspiring accountants. He was recently asked by students taking the Qualification Programme whether the profession would disappear in the next five or 10 years because of AI. "I told them that people thought computers would take over our jobs, but instead it enhanced our efficiency. Similarly, the Internet was expected to take over our jobs, but it did not,"

says Ng. "With AI, it is not that it will replace you, but the people who know how to use AI can replace the people who don't."

Indeed, AI has been widely considered a critical survival mechanism for the accounting profession amid a shrinking talent pool. Instead of replacing accountants, AI automates routine work, and elevates professionals into higher-value advisory roles.

On the talent shortage issue, Ng says that accountancy's addition to the government's Talent List on 1 March 2025 has produced a thin pipeline. A year after the accounting profession had been included in the Talent List, Ng raised a question to the government about the results of the update and its initial effectiveness. "Figures

“The Internet was expected to take over our jobs, but it did not. With AI, it is not that it will replace you, but the people who know how to use AI can replace the people who don’t.”

tell the story,” he says, adding that as of end-March 2026, 63 people had joined the profession since the inclusion of accountants in the Talent List.

“There’s been some improvement in the past two years, particularly with the increase of high-end talent joining the profession. But one thing we need to focus on is the shortage of junior level or semi-senior level staff to handle routine audit work.”

He traces part of the problem of low junior talent to public perception. “You’ll see that in most films, they seldom show an accountant. And people still have the perception that being an accountant is very tough. So we need to change that for the teenagers and the fresh grads, and solve the problem at the root cause,” he says.

SMPs and the Greater Bay Area

SMPs are pressing Ng on proportionality in regulation, which he illustrates with an analogy from one SMP about being handed an airline pre-flight checklist for starting a car. “It’s too safe, too comprehensive, and sometimes

not practicable,” he says of blanket compliance rules applied evenly across the Big Four, mid-tier firms and small practices. “The rules should be the same, but SMPs think the level should be on a proportionate basis.”

In the Greater Bay Area (GBA), he sees the vast work opportunities there for all accountants, but there are obstacles to overcome. “We’ve been keen on seeing whether we can have an exchange on professional status, allowing Hong Kong accountants to be mutually recognized in the GBA and work there easily,” says Ng. The other issue, he adds, is that Hong Kong CPAs would need to be prepared to open up the Hong Kong market to qualified GBA professionals if a mutual recognition status comes into effect. “Given the size of the GBA, accountants are very concerned about the competition. So there’s two streams.”

He points to his own track record securing mutual recognition for chartered tax adviser status during his time as President of the Taxation Institute of Hong Kong. “I see this as more of an opportunity than a challenge because the GBA is a much larger market. If we drive it through a progressive scheme, then some members may see the benefits first.”

The busiest year yet

Ng was fast asleep when his political career began. It was 6 a.m., and the newly elected LegCo member was slumped in his chair, unaware the result had already gone his way. “I was pushed awake by a colleague sitting behind me. He told me, ‘You won!’”

Ng assumed the transition would

be manageable, but reality corrected him fast. “At first I thought I could go to my firm in the morning, put down all my stuff for my staff to follow up, and then come back by the end of the day to sign the audit report,” he says. “But after the first day at LegCo, I realized I couldn’t do that.” Ng now mainly manages his firm remotely, carving out “around half a day per week” to return to the office.

Since being sworn in on New Year’s Day, his diary has been full. Each bill that reaches his desk, he says, needs independent scrutiny rather than rubber-stamping. “I found that we need to do in-depth statistics and research,” Ng explains. “The bills they put on the table for our assessment, I would say they are mainly focused on the government’s own views. So we need to raise the concerns of the accounting sector, and let them know what the sector is thinking.”

Ng has long had a deep interest in supporting the profession. He traces his current role to two decades of being involved in different professional associations, including the HKICPA, ACCA, and the Society of Chinese Accountants and Auditors. Ten years ago, he went beyond accounting, and started serving on government committees, including the Education Bureau and the Social Welfare Department. “They are not solely related to accounting, but I’m using my professional expertise to serve them,” says Ng.

Despite having spent considerable time contributing to society, Ng notes that running for LegCo wasn’t originally on his radar. “But that serving spirit has always been there.”



On 8 May, Webster Ng hosted an industry consultation exchange to gather insights for the drafting of Hong Kong’s first five-year plan. The Institute offered policy recommendations on supporting Chinese Mainland enterprises “going global” through enhanced accounting services; expanding opportunities for Hong Kong professionals in the Chinese Mainland; and integrating digital tools, ESG, and AI ethics into accounting education, to ensure the profession’s transformation in the coming five years.





HKFRS 18 IS COMING. IS HONG KONG READY?

The new accounting standard is set to reshape how companies present financial performance, group information and disclose performance metrics. The challenge now is turning technical understanding into operational readiness. **Crystal Chow** reports.

Illustrations by Olga Aleksandrova

The biggest change to Hong Kong's income statement in decades is now less than one year away. Hong Kong Financial Reporting Standard (HKFRS) 18 *Presentation and Disclosure in Financial Statements*, which is equivalent to International Financial Reporting Standard (IFRS) 18, issued by the Hong Kong Institute of CPAs, replaces the ageing Hong Kong Accounting Standard (HKAS) 1 *Presentation of Financial Statements* and rewrites how companies present their income statements, promising a sharper, more comparable view of performance for users of financial statements.

This evolution represents far more than a routine compliance update. "Overall, HKFRS 18 represents a fundamental shift: not in what companies report, but in how they communicate their financial performance," explains Katherine Leung, Associate Director of the Standard Setting Department at the Institute and project lead of HKFRS 18 implementation. Its impact will be felt by companies across all industries that prepare financial statements under HKFRS Accounting Standards, making the transition a market-wide issue rather than a sector-specific concern.

While the underlying accounting remains the same, HKFRS 18 will reshape how financial performance is presented, analysed and understood by the market.

And the clock is ticking. The standard takes effect for annual reporting periods beginning on or after 1 January 2027, with full retrospective application. That means companies' first compliant 2027 financial statements must include restated 2026 comparatives.

At the heart of HKFRS 18 are three changes aimed at making financial statements more consistent, comparable and clear. Companies will have to classify income and expenses in the income statement as operating, investing, or financing. The standard also introduces two required subtotals: "operating profit or loss" and "profit or loss before financing and income taxes".

HKFRS 18 also provides enhanced guidance on aggregation and disaggregation, requiring companies to group items based on shared characteristics and disaggregate them where necessary to avoid obscuring material information.

In addition, alternative performance measures used in public communications must be disclosed in the audited notes as management-defined performance measures (MPMs), bringing them under clearer disclosure requirements and audit scrutiny.

Assessing Hong Kong's readiness

Hong Kong companies face a blunt question: are they ready? Joe Ng, Chair of the Institute's Financial Reporting Standards Committee (FRSC), and a Professional Practice Partner at EY, points out that actual execution is lagging behind schedule across many sectors.

"For Hong Kong companies in general to reach a stage where they can communicate with investors, there is still quite a distance to go at this point," Ng says. Companies first need to revisit years of historical data and reclassify transactions under the new framework.

Readiness is far from uniform. Executives may understand HKFRS 18 in theory, but many still face a big leap from awareness to system-ready execution.

Kenneth Lau, Deputy Chair of FRSC and Partner at Crowe (HK) CPA Limited, observes a clear division in how varying groups of

clients are managing the transition. European-owned multinationals are leading the charge, driven by IFRS reporting demands from parent companies, he says. A handful of large Hong Kong-listed companies have also started assessing the impact of HKFRS 18 on their financial statements. Many others, however, have yet to get moving.

Beyond these early movers, however, many companies are still taking a wait-and-see approach.

"Many local clients have yet to start assessing the impact of HKFRS 18. In many cases, they appear to believe that there is still ample time before the effective date," Lau notes. But delaying the work could create major bottlenecks when companies eventually need to reclassify historical data.

Lau also warns against a common misconception. Because HKFRS 18 uses the familiar categories of operating, investing and financing, some preparers assume the classifications follow the same principles as those in HKAS 7 *Statement of Cash Flows*, Lau says. "As a result, they may believe there is still ample time to address the changes."

That assumption could prove costly, as the categories have different meanings under the two standards. For example, under HKFRS 18, anything that doesn't fit into investing, financing, income tax or discontinued operations generally lands in the operating category, raising the risk of misclassification for companies that assume the same approach applies.

As such, companies that underestimate the changes may find themselves scrambling to rework systems later.

Where the real work begins

For many companies, the biggest challenge is getting their systems, policies and processes ready. The enhanced guidance on aggregation and disaggregation in HKFRS 18 may require companies to present information at a different level of granularity from current practice, meaning finance teams need to track and capture data that was previously grouped into broader line items. That involves upgrading systems to handle the new requirements, particularly around the presentation of operating expenses.

For insurers, these challenges are compounded by the interplay between HKFRS 18 and the existing HKFRS 17 *Insurance Contracts*. Peter Telders, member of FRSC and Director of Accounting Policy & Finance Controls Governance at AIA Group, explains that under the existing standards, insurers are already required to allocate expenses into specific buckets, such as distinguishing the costs of writing new contracts from servicing existing ones.

The new standard's demand for a granular description of expenses by nature now forces AIA to map these figures into a complex, two-dimensional table.

"It was clearly an example where there were data gaps, where system changes were required to make sure that going forward we could process that in an automated way," says Telders.

Without those upgrades, companies could be forced to rely on manual spreadsheet work during year-end reporting, an approach that is both time-consuming and prone to errors.

The impact of HKFRS 18 also varies by industry. The standard

"It was clearly an example where there were data gaps, where system changes were required to make sure that going forward we could process that in an automated way."



includes additional classification requirements for companies with specified main business activity (SMBA), specifically companies that provide financing to customers (e.g. banks) or that invest in assets as a main business activity.

For insurers, the new requirements on SMBA are widely seen as a better reflection of how the business actually operates. For AIA, that means investment income linked to insurance contracts can sit alongside insurance-related income and expenses in the operating category.

“It is very helpful and appropriate that not only income and expense from the insurance contracts, but also income and expense from the investments

that are backing those contracts, are both presented in the same operating category,” Telders says.

The result is a clearer picture of core business performance.

For more complex financial groups, however, the analysis is less straightforward. Determining what qualifies as a company’s SMBA often involves significant judgement and coordination across the organization.

Hong Kong Exchanges and Clearing Limited (HKEX), for example, had to carefully assess how the requirements apply to its interconnected trading and clearing operations.

“Given HKEX’s integrated business model across trading and clearing activities, including

investment of participants’ collateral, this requires careful consideration and alignment across different parts of the organization,” says Kenny Hui, Head of Financial Reporting at HKEX, highlighting the unique complications that arise when conducting such assessments within a complex operational structure.

“For example, the Group’s net investment income is derived from the investment of both participants’ collateral and the Group’s own cash. Determining whether such income should be presented within the operating or investing category under HKFRS 18 requires careful judgement, taking into account the nature and specific characteristics of the income.” Hui explains.

Where cash and investments serve multiple purposes, deciding where income belongs under HKFRS 18 requires close coordination between finance teams, business units and auditors.

When performance measures meet scrutiny

Restructuring corporate income statements will change how analysts and investors view past financial trends. By introducing standardized subtotals and reducing company-specific definitions of operating profit, the new requirements could reshape familiar performance metrics.

HKEX expects some of these changes in presentation might potentially affect how its financial results are presented and analysed.

“This has prompted us to evaluate the use of alternative MPMs to ensure that the results remain relevant and consistent to users of the financial statements,” Hui says.

Seen as one of HKFRS 18’s biggest changes, MPMs are subtotals of income and expenses, other than those specified by HKFRS Accounting Standards, that management uses to publicly communicate a company’s financial performance.

Companies have long used customized measures such as adjusted operating profit and normalized earnings in investor presentations and earnings releases. Because these measures sat outside audited financial statements, there was often wide variation in how they were calculated.

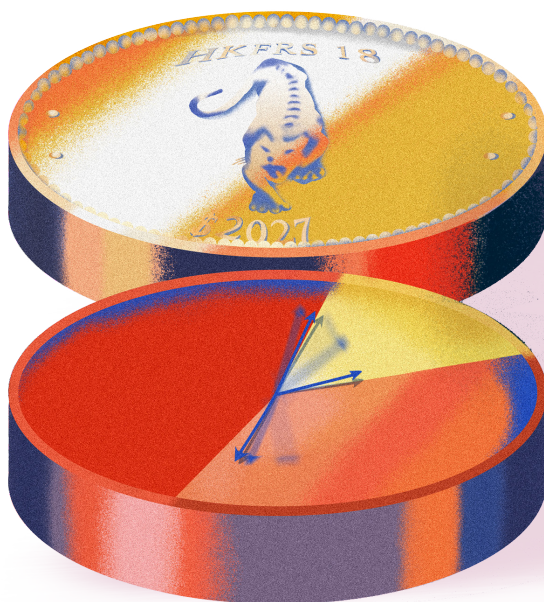
HKFRS 18 changes that. If a performance measure meets the definition of an MPM, companies must now disclose it in a single note in the audited financial statements, including how it is calculated, why it is useful, and how it reconciles to the most directly comparable total or subtotal required by HKFRS

Accounting Standards.

“These new requirements bring greater transparency and discipline to these widely used measures – retaining their usefulness to investors while ensuring they are clearly explained, comparable and subject to appropriate governance,” Leung of the Institute emphasizes.

The changes also raise the stakes for auditors. “In effect, MPMs now form part of the audited financial statements,” Lau says.

Auditors must now verify the calculations, test reconciliations and assess whether the measures are being presented fairly and consistently, and companies must watch for performance metrics that may inadvertently fall within the scope of the MPM requirements. A performance metric mentioned in a press release or earnings presentation could meet the definition of an MPM and therefore be subject to the new disclosure



rules. To manage this risk, Hui says, “we have been maintaining close and ongoing dialogue with the investor relations team to ensure alignment and awareness of the latest developments.”

Beyond MPMs, the heightened reliance on judgement under the new standard will also test auditors. Lau notes that for instance, when a company identifies its SMBA, auditors must ensure the decision is backed by solid, objective evidence.

Lau explains that such evidence includes management’s use of subtotals similar to gross profit to explain operating performance externally, or to assess and monitor operating performance internally. Auditors must also carefully evaluate decisions on aggregating and disaggregating financial data “to ensure that material information is not obscured.”

This disaggregation will expose internal allocations of expenses that were previously invisible, such as splits of staff costs between research and development, and administration. Because these divisions can be highly subjective, Ng points out that companies must “take appropriate action to improve their internal controls” to guarantee high-quality market disclosures.

To confirm that restated figures comply with the new rules, Lau advises focusing immediately on the 2026 comparative figures. “Auditors should review whether all transition adjustments and related disclosures have been prepared properly and accurately by their clients,” he urges.

Help is available

Recognizing the scale of the transition, the Institute has rolled out a range of resources to help preparers tackle complex areas of implementation.

“Our flagship ‘HKFRS 18 Navigator’ is a series of nine targeted newsletters complemented

“Auditors should review whether all transition adjustments and related disclosures have been prepared properly and accurately by their clients.”

by four webcasts, covering key topics such as the new income statement structure, MPMs, SMBA, grouping of information and relevant Agenda Decisions issued by the IFRS Interpretations Committee (IFRIC),” Leung says.

The Institute has also launched training programmes, e-learning courses, webinars and a dedicated HKFRS 18 Resource Centre as a one-stop hub for implementation guidance.

But experts say companies also need to look beyond Hong Kong. Because HKFRS 18 is identical to IFRS 18, interpretations emerging from other markets could influence local practice and audits. Ng urges finance teams to keep a close eye on developments from the International Accounting Standards Board, IFRIC and other relevant international bodies.

Hui echoes this international focus, confirming that HKEX’s compliance strategy relies heavily on monitoring global developments.

“HKEX will continue to closely monitor relevant developments, including IFRIC Agenda Decisions, HKICPA publications,

and guidance issued by accounting firms to ensure full compliance with the standard and alignment with market practice,” Hui says. This proactive stance helps organizations avoid costly rework if international interpretations shift during the implementation phase.

Opportunities beyond compliance

The message from preparers, auditors and standard setters is clear: start now. With 2026 serving as the comparative year, companies that have not begun assessing the impact of HKFRS 18 risk falling behind. And implementation is not just an accounting exercise – it requires input from management, boards, audit committees and investor-facing teams.

“You must begin managing this right now to plan how you will communicate with your audit committee and investors,” Ng says.

Hui similarly underscores this urgency for publicly traded entities across Hong Kong’s markets. “We encourage other listed companies to commence their assessments early, stay abreast of evolving interpretations, and engage proactively with stakeholders where material impacts are identified,” he says.

Early engagement gives companies time to explain shifting margins and performance trends before investors see them in the financial statements.

Rather than treating HKFRS 18 as a compliance burden, Telders urges, companies can use the transition to improve the clarity and usefulness of their financial reporting.

“Take the opportunity to look at financial statements as a whole,” he says. “Try to rethink how you are presenting your numbers and make use of HKFRS 18 to rework the entire set of financial statements.”



HKFRS 18 Navigator is a series of bite-sized newsletters aimed at helping stakeholders understand the new standard, from the major changes introduced, to how the standard applies to financial statements. Each edition focuses on a critical area to streamline the preparation for HKFRS 18 transition.



YOUNG MEMBERS
15 years of YMC



FOREVER YOUNG

Fifteen years ago, a young CPA stood before seasoned accountants to pitch for a youth-focused platform. As the Institute's highly active Young Members Committee, across its iterations, celebrates its 15th anniversary, *A Plus* looks back at its origin and growth into a thriving network

Photography by Wai Wai Tsang

In the early 2010s, there was something noticeably different about the accounting profession in Hong Kong. The sheer growth of the Hong Kong Institute of CPAs – it passed the 30,000-member mark in 2010 – resulted in greater diversity among members, with the demographic of accounting professionals getting younger.

This was clear to both Philip Tsai and Susanna Chiu long before he became Institute President and she Vice President in 2011. “Over my years as a Council member, I saw that the proportion of young members had grown tremendously. And when I was President, I noticed that more than 25 percent of our members were below the age of 40,” recalls Tsai.

This generation of young CPAs were, in some cases, navigating the most formative stretch of their careers without adequate support. Many were working in smaller firms or in industry roles where formal mentorships did not exist. Others were recent qualifiers, with little sense yet of how to get to where they wanted to be in their careers.

“With that demographic change, I thought that we should spend more effort in developing younger members,” says Tsai. “I was very fortunate that when I started my career with Deloitte, I had good mentors and counsellors helping me develop myself. But what about my fellow members in smaller firms, or those working in business? They might not

have had the robust counselling and development programme that I had enjoyed.”

Chiu highlights that at each stage of a member’s professional life, the needs are fundamentally different, and applying the same services to all was not the best use of resources, and left real gaps unfilled. “We had a big number of members between 25 and 35, just qualified, going through their career development, wanting to expand,” she recalls. “Their needs were very different from the 35 and above, and also different from the 60 and onwards.”

With that nagging observation came the idea of establishing the “25.35 Group” within the Institute, a group for young members. The name chosen for the group was deliberate. “Once you finish college at around age 21 or 22 and start taking exams, roughly three years later, around age 25, you become qualified and join the Institute,” Tsai explains. “The next 10 years are going to be pivotal in your development, both personally and professionally. In firms like the ones I have worked in, one typically makes partner around 35. If one hasn’t achieved that by then, it becomes much more difficult.”

The challenge then was to win

over the Council, and get buy-in for an initiative that had never been done before. Rather than making the case himself, Tsai, as President, invited one of the young members to present directly to the Council.

“We were asking a young member in his mid-20s to propose a case to a group of around 20, very experienced, professional accountants and leaders in their own rights. But I thought that instead of myself or an executive doing it, it would be more convincing if one of the young members presented the case to the Council,” explains Tsai. That decision paid off. The Council gave the initiative its support, and the 25.35 Core Group was born.

The core group and leadership panel years

With Council backing secured, the Institute needed someone to turn the idea into a living community. Gary Poon, then in his early 30s and already a seasoned participant in the Institute’s committees and also the youngest Council member of the Institute at the time, took on the role of Convenor of the 25.35 Core Group and later Convenor of Young Members Leadership Panel. He came to the role tired of hearing criticisms that the Institute was merely an association of older and established professionals.

“In my opinion, the HKICPA has been a professional organization where seasoned and successful members groom and nurture young members like me in its activities, committees and sub-committees,” he says. “It was imperative for young members to be more engaged and involved, to foster a greater sense of belonging and empowerment.”

Before the core group could set its agenda, Poon and the Institute’s leadership team – including President Tsai, Vice-Presidents Chiu and Keith Pogson, and Chief Executive and Registrar Winnie

Cheung – convened roundtable sessions to listen first. The gatherings brought together young members from across the profession to identify their needs and concerns. The topics discussed, Poon recalls, were professional and career development, leisure and recreation, Chinese Mainland affairs, cross-profession networking, social media, mentorship, and the growing presence of accountants in business and young female members in the profession.

“Most importantly, we recruited about 15 young members to serve in our core group from these roundtables and also the network of the Institute,” says Poon.

From those conversations, Poon and the group built a structure. Drawing on the model of the Institute’s formal committees, they established a series of sub-groups, each focused on a distinct area: professional and career development; leisure and recreation; Chinese Mainland affairs; cross-profession networking; social media; and mentorship. It was a framework that closely mirrors the breadth of programming the Young Members Committee (YMC) offers to this day.

One of the subtler challenges in those early days, according to Chiu, was that events needed to fit the actual lives of young professionals, not just the schedules of their more senior colleagues. She recalls proposing that one of the group’s inaugural events be held at 9 p.m., and the concern this raised among some senior Council members at the time. “They said, ‘9 o’clock? It’s too late, everybody will be sleeping soon!’” Chiu laughs.

She held firm, and with backing from one of the young convenors, the event went ahead at a bar in Lan Kwai Fong, and it was packed. “It was so well-attended, and the feedback was good,” she says. “This is the starting of 25.35 Core Group,

“We were asking a young member in his mid-20s to propose a case to a group of around 20, very experienced, professional accountants.”

that we let the young members run what they want, what they need, and that even the timing has to fit into their lifestyle.”

The activities that followed were ambitious in both volume and variety, with events running on a monthly basis across all the sub-groups’ areas. From 2012, the group began to scale up, launching flagship events including Career Conferences and large joint professional conferences and networking gatherings that brought together young members from around 10 different professions. “Moreover, more young members were nominated and selected to serve in our different committees of the HKICPA to achieve greater young member representation during our core group and leadership panel years,” Poon recalls.

For Poon, one of the most distinctive early initiatives was the introduction of Chinese Mainland National Heritage Classes and Tours, a programme that required careful coordination and communication with the Liaison Office of the Central People’s Government in Hong Kong. “Many young members longed for the opportunities to

“We let the young members run what they want, what they need, and that even the timing has to fit into their lifestyle.”



Philip Tsai, Former Chairman at Deloitte China, and Susanna Chiu, Executive Director & CFO at Bonjour Holdings Limited. They served as Institute President in 2011 and 2013, respectively.

learn more about the economic and cultural developments in the many different provinces and municipalities of the People’s Republic of China,” he explains.

Perhaps the most far-reaching of the core group’s initiatives was the earliest work on mentorship. Though the Mentorship Programme would not be formally launched until 2015, a working group on mentorship was formed in 2012 to develop the framework

of the programme, looking at mentorship programmes from different organizations and academic bodies as reference. In 2014, the Mentorship Programme Advisory Group was set up, comprising stakeholders representing major companies, small and medium practices, professional accountants in business, and young members. Their views and feedback directly shaped the programme that launched soon after.

YOUNG MEMBERS

15 years of YMC

A more formal committee status

By 2015, what had begun as the core group had demonstrated enough importance to merit formalization. The Institute's Council officially named the group Young Members Committee, elevating its status and providing it with a more structured mandate.

Jennifer Cheung was the YMC's inaugural Chairman. She was, at the time, one of very few young members serving on the Council, and she saw the new chairmanship as a signal that the profession was serious about amplifying the voices of its younger generation. "It solidified that young members focus," she reflects. "It meant that the things the group had been pushing, we were able to really push them through quite quickly and get them going."

On a personal level, as her first chairmanship role, it was also a steep learning curve. She points out that unlike a conventional leadership role in a corporate environment, the YMC chairmanship came without a fixed hierarchy or a predetermined agenda. "We don't have an organization where your top management dictates a direction," Cheung explains. "We were all there to drive things that we knew as members, calling the shots ourselves. As chairman, it was a very good learning process, because you needed to mediate different stakeholders, motivate people who all had their own ideas, and get them

"We were all there to drive things that we knew as members, calling the shots ourselves."

Gary Poon, Partner at Poon & Co., and the first Convenor of the 25.35 Core Group, and Jennifer Cheung, the Young Members Committee's inaugural Chairman



working together." That experience, she notes, proved invaluable for the public service roles she went on to take on in subsequent years.

Launching mentorship

During Cheung's two years as chairman, the Institute's Mentorship Programme was officially launched, a move she describes as addressing an obvious gap. "It was very clear that mentorship was the missing part because the Institute as a professional body should get members of this profession together. We also knew, structurally, many of the members who were in professional accounting firms

would consider going into business, so it was very clear that there was a need," she says.

It also turned out to benefit mentors as much as mentees. "Through the time I was involved, many of the mentors also found it very beneficial to have been on these programmes. Not only was it a way to give back, they also found it a way to connect with the younger generation. So, we also tested waters with a reverse mentoring scheme as well," says Cheung. The Mentorship Programme remains the YMC's flagship initiative, having paired hundreds of mentor-mentee couples

across the profession since its launch.

Cheung also took deliberate steps to ensure the committee would outlast her own tenure. She introduced a formal structure of working groups and helpers. “In terms of having enough resources, obviously, we had a secretariat to help us, but in order to get things going, we really needed volunteer efforts from members for organizing events. It was important to have a system to get people involved and be interested,” says Cheung.

She also made succession planning a priority from the outset. “The time that we’re volunteering at the Institute are typically the golden years of our youth and careers,” she reflects. “As a woman, those are also often the years you enter into motherhood and other commitments. You need to make sure there is a pipeline of people ready to take over.”

Cheung was also determined to broaden the YMC’s reach into the wider professional community. During her chairmanship, she represented the accounting cohort in a cross-professional coalition of young members from Hong Kong’s various professional bodies, and organized events that allowed young CPAs to build relationships with lawyers, engineers and other professionals.

“One of the key things about Hong Kong as an international financial centre is that we have so many professional services available, as a platform and springboard to Chinese Mainland,” she says. “It’s important for us to understand the other professions and have the ability to network with them, to understand how to make our city an even better place, and we did that through engagement.”

The community today

In 2014, the Institute revised its definition of “young member” and set the age limit of young members

“Our accounting profession in Hong Kong has been fortunate to have passionate young members to participate and contribute over the years.”

at 40. This was done to be more in line with the age limit adopted by different organizations, including chamber of commerces. This age limit also applied to group members. Today, young members account for around 40 percent of the Institute’s total membership, making their professional development a strategic priority for the profession.

Fifteen years on from that first Council presentation, the Institute’s group for young members has grown into one of the Institute’s most active communities. The milestone was marked on 5 May when the Institute hosted a Young Members Homecoming Night, a gathering that brought together past and current members of the community. In his address that evening, Institute President Stephen Law noted that the world had changed since 2011, yet the founding purpose of the committee never did. “Youth is always our future,” he said. “The accounting profession can continue to develop thanks to the efforts of so many young members.”

Indeed, for Chiu, the anniversary is a moment to urge today’s young CPAs to act and consider playing

an active role in the development of the profession. “By enhancing the branding of the CPA and helping the accounting profession grow stronger, you are actually helping yourself. The better the Institute, the profession, the better your career prospects will be,” she says.

She is proud, Chiu adds, that neither she or Tsai needed to stay on to keep the group going. “We set it up, we held their hands, and now you can see them growing very beautifully. Each year, there is a very qualified successor to lead. That is what success looks like.”

Tsai agrees, saying: “I wouldn’t take any credit. It’s been a continuous effort by many fellow professionals that made it a success.”

For Poon, the anniversary is a moment for optimism. “Time flies. It was fruitful and meaningful to lead the Core Group and Leadership Panel between 2011 and 2014,” he says. “Our accounting profession in Hong Kong has been fortunate to have passionate young members to participate and contribute over the years. I wish our different generations of accountants to go from strength to strength in the future.”

For the past 15 years, young members have been able to rely on the community for connection. What started as the efforts of the 25.35 Core Group’s first members, has grown into a network that has held more than 200 events, and engaged more than 40,000 young members.

It has also become a platform that inspires. As Cheung puts it, the community remains a crucial resource that every young CPA should be leveraging, particularly as the business environment today requires relentless adaptability. “The membership is actually a bit of a gold mine,” she says. “There are so many members across the Institute who are willing to give back. Young members should be able to leverage all of that as they navigate their careers.”

40,000+

Since the launch of the Institute’s 25.35 Core Group in 2011, the young members community has grown into a network that has held more than 200 events, and engaged more than 40,000 young members.





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The Director of Sustainability at the Institute on managing AI risks and the role of accountants in AI governance



Governing AI: Managing risks and elevating the accountant's role

Artificial intelligence (AI) is transforming the accounting profession, and enabling organizations to automate routine tasks, enhance efficiency and support more informed decision-making. At the same time, recent incidents across industries have highlighted the importance of effective governance, as weaknesses in oversight and controls can result in operational, compliance and reputational consequences. The question is no longer whether accountants should adopt AI, but how to use it responsibly, balancing innovation with appropriate governance and control.

AI risks

As AI adoption increases, organizations must recognize that the technology is not without limitations. “Hallucinations”, where AI generates plausible but inaccurate information, can lead to flawed analyses and influence professional judgements. The “black box” nature of some AI models may also make it difficult to explain how outputs or decisions are generated, creating challenges when transparency and accountability are required. Accuracy may further degrade over time as a result of model drift, which occurs when changes in underlying data or operating conditions affect the reliability of outputs. Cybersecurity and privacy considerations also become increasingly important when sensitive information is processed through third-party platforms. Intellectual property concerns may arise where AI-generated content resembles copyrighted material, while biased outputs can create ethical and reputational challenges.

These considerations underscore the importance of robust governance. In a profession built on trust, even minor errors or lapses in oversight can have significant consequences for organizations and their stakeholders.

Regulatory response

In response to the growing use of AI, regulators around the world are strengthening their focus on AI governance. The EU AI Act introduces a risk-based framework with requirements relating to transparency, documentation and human oversight, while regulators in the United States have increased scrutiny of “AI washing”, where organizations overstate AI capabilities. Other jurisdictions, including the United Kingdom and Singapore, have also issued frameworks and guidance to promote responsible AI use.

Alongside these broader regulatory developments, accounting regulators are reinforcing that the adoption of AI does not diminish professional responsibilities. In Chinese Mainland, the Chinese Institute of CPAs has issued audit guidance that prohibits the use of public AI platforms for client data and emphasizes that AI cannot replace professional judgement. In Hong Kong, the Accounting and Financial Reporting Council has published guidance highlighting both the opportunities and risks associated with AI adoption.

These developments reinforce a clear message: AI governance

is becoming an increasingly important component of organizational governance and compliance. As trusted advisors, accountants must be prepared not only to use AI responsibly, but also to help organizations navigate an evolving regulatory and professional landscape.

Building effective AI governance

Effective AI governance begins with clear accountability and oversight. AI-related risks should be integrated into the organization's enterprise risk management framework. Boards should provide oversight of AI adoption, establish clear accountability and ensure that appropriate governance arrangements and policies are in place. Management should be responsible for implementing related controls, monitoring compliance and reporting significant developments to the board.

At the operational level, human oversight remains essential. Decisions affecting clients, financial reporting or regulatory compliance should be subject to appropriate professional review. Technical safeguards, such as Retrieval Augmented Generation (RAG), can help improve the reliability of AI-generated outputs by grounding them in verified sources. Organizations should also establish appropriate controls over third-party AI tools and the handling of sensitive information.

A strong culture is equally important to effective AI governance. Employees need to understand both the capabilities and limitations of AI tools, as well as their responsibilities when using them. The professional scepticism that has long underpinned the accounting profession should extend to AI-generated outputs. Ongoing training, clear guidance and a culture of accountability can help organizations use AI confidently and responsibly.

Accountant's advantage

Industry research and professional bodies have highlighted that the longstanding focus of accountants on integrity, objectivity and accountability provides a strong foundation for supporting the responsible use of AI. They can help design governance frameworks and control environments, assess compliance with evolving regulatory expectations, and provide independent assurance over AI-related processes. Their expertise in risk management, internal controls and assurance also positions them to evaluate whether appropriate oversight, monitoring and accountability mechanisms are in place.

By helping organizations realize the benefits of AI while maintaining stakeholder confidence, accountants can continue to serve as trusted advisors in an increasingly digital economy.

Those who embrace AI responsibly and develop the skills to govern its use, evaluate its outputs and provide assurance will be well positioned to thrive. This is not just an opportunity for the profession, it is also a responsibility.

(Christie Fung, Associate Director, Governance, Advocacy & Research at the Institute, contributed to this article.)

SECOND OPINIONS: WHAT IS THE ROLE OF ACCOUNTANTS IN NATIONAL DEVELOPMENT AGENDAS?

The contributors of this issue's *Second Opinions* were speakers from "Public Affairs Series: The Two Sessions 2026 – Key Takeaways and Implications," a special sharing session on national development and its implications to Hong Kong held in March. Members can access the archived session [here](#).

"Accountants can contribute... by being super connectors and super value creators."



TIM LUI
PAST PRESIDENT OF THE
HONG KONG INSTITUTE OF CPAS

I have been serving as a Deputy to the National People's Congress (NPC) for the past 18 years. This enables me to stay close to national development agendas and initiatives. A prime example is the 15th Five-Year Plan (2026-2030), which was passed in the NPC plenary meeting back in March.

The 15th Five-Year Plan is an important document that governs the strategic development directions of the nation in the coming five years. However, this is not merely a national issue. Others are keen to ascertain what the Chinese Mainland can bring to the rest of the world in terms of future opportunities.

As a professional with an accounting and finance background as well as international work experience, I leverage such knowledge and exposure as part of my duty and responsibility. There are ample opportunities for me to express views during internal discussions and by making written submissions to the NPC office.

My work does not end with casting my vote in the Great Hall of the People. Back in Hong Kong, I have participated in many briefing sessions to raise awareness and convey the key messages and outcomes of the Two Sessions. I am mindful of the need to keep our citizens and corporates up to speed with national developments and their impact on Hong Kong.

As a speaker at the Institute's Public Affairs Series event for members held in late March, I was impressed with the high turnout and the quality of the questions raised during the Q&A session. I take pride in knowing that accountants have the passion to learn about national development opportunities in order to position themselves accordingly.

Accountants can contribute to the advancement of the national development agendas during the period of the five-year plan by being super connectors and super value creators. For example, they can consolidate and maintain Hong Kong's status as an international financial centre, which is one of the fundamental requirements for the nation to become a leading country in finance. Accountants can offer advice, shape the development of capital markets and products, enhance regulatory and tax regimes to improve efficiencies and competitiveness.

They can support the Chinese Mainland clients to go abroad by providing an array of professional advisory services, including due diligence, mergers and acquisitions, taxation, compliance, and risk management. Accountants can also drive professional transformation and upgrading by embracing digital technology and the sustainability agenda.

Accountants, I believe, have an important role to play in contributing to the success of Hong Kong and the nation.



AGNES CHAN

MEMBER OF THE NATIONAL COMMITTEE OF THE CHINESE PEOPLE'S POLITICAL CONSULTATIVE CONFERENCE, AND AN INSTITUTE MEMBER

As an accountant, I see clearly how our profession has evolved under the 15th Five-Year Plan. No longer confined to the role of record-keepers, we are strategic enablers of national development. The plan explicitly supports Hong Kong in building “10 centres, two hubs, and one ecosystem,” an upgrade from the previous “8 centres” strategy. Within this framework, accountants are vital contributors, ensuring that capital, credibility, and connectivity flow seamlessly across borders.

A central priority of the plan is to support Chinese Mainland enterprises in expanding overseas. Hong Kong's professional services sector, with accountants at its core, acts as the operational launchpad. We facilitate this process by conducting cross-border financial due diligence, structuring international tax arrangements, and ensuring compliance with global reporting standards such as IFRS. These services address gaps faced by Chinese Mainland companies unfamiliar with foreign regulations. The launch of the Hong Kong Professional Services GoGlobal Platform by the Department of Justice, supported by the Commerce and Economic Development Bureau, underscores this integrated approach, combining accounting, legal, and financial expertise into a “one-stop” solution for going global.

“Our profession stands as a trusted partner in national progress, ready to embrace innovation.”

Equally important is Hong Kong's strengthened role as both a renminbi hub and an international financial centre. Accountants are essential in designing new financial instruments and green finance frameworks that attract global capital to support national infrastructure and sustainability projects. Our work in environmental, social and governance reporting aligns directly with the plan's emphasis on high-quality growth and the Beautiful China initiative. By ensuring transparency and robust risk management, we build the trust required for international investors to engage confidently with Chinese Mainland enterprises.

The profession itself is undergoing transformation. Research into digital accounting technologies, from AI-driven audits to blockchain-enabled ledgers, will redefine how we deliver value. Our expertise will extend beyond compliance to shaping policy frameworks, guiding investment in green industries, and managing systemic risks in a volatile global economy. In this way, we are not only interpreters of financial data but also architects of reform and innovation.

As the 15th Five-Year Plan pushes for high-quality development, our profession stands as a trusted partner in national progress, ready to embrace innovation, uphold integrity, and help shape a sustainable future for China's global journey.



PETER KUNG

MEMBER OF THE NATIONAL COMMITTEE OF THE CHINESE PEOPLE'S POLITICAL CONSULTATIVE CONFERENCE, AND AN INSTITUTE MEMBER

As China continues its rise as a global economic power and looks to deepen its presence in international capital markets through Hong Kong, the role accountants play in supporting these ambitions becomes increasingly important.

Every economic superpower needs an international financial centre to support its development. The United States needs New York; the United Kingdom needs London. Due to foreign exchange controls in the Chinese Mainland, Hong Kong stands out as the only realistic candidate that can compete with New York and London in the capital market arena to support China's future economic growth. In fact, a growing number of top-tier Chinese Mainland companies are already tapping Hong Kong's stock market and bond market to raise funds.

With a gross domestic product of around US\$18 trillion, China is the world's second-largest economy. However, in terms of China's capital market development, there is substantial room for further

“In terms of China's capital market development, there is substantial room for further development.”

development. The market capitalization of U.S.-listed stocks is more than 3.5 times that of Hong Kong, Shanghai and Shenzhen combined, and 10 times that of Hong Kong alone. Likewise, over the first five months of 2026, U.S. stock market turnover was roughly three times that of A shares in the Chinese Mainland and 30 times that of Hong Kong.

This clearly demonstrates that Hong Kong's stock market, albeit one of the largest in Asia, has significant room for future growth. The bond market also holds immense growth potential.

The accounting profession plays an indispensable role in the development of capital markets. Financial reports are the main channel through which companies communicate their financial health and performance to investors. When reports are clear, accurate and prepared under recognized standards, they build trust and make it easier for companies to attract capital. If investors do not trust a company's financial report, will they invest their money in that company? In this sense, professional accounting is not just a technical requirement. It is the foundation of investor confidence and market development.

We need a strong pool of skilled accountants who can protect investors' interests, so that companies using our capital markets can attract funds locally and globally. We must also invest in robust training programmes to prepare accountants for emerging challenges. Our Institute has a crucial role to play in this continuous professional development. Last but not least, it is essential that accountants' services are fairly rewarded in order to attract the best and the brightest to join and stay in our profession to help foster the nation's long-term growth and development.

FIVE QUESTIONS

PAIB & PAIP

How has your career shaped you as a CFO? My early years in auditing and insurance finance instilled in me a strong commitment to internal controls, financial discipline and regulatory accountability. These fundamentals remain critical regardless of how markets or technologies evolve. At the same time, the current business environment also demands timely, well-judged decisions amid uncertainty. I believe effective CFO leadership is about understanding both the numbers and the underlying business logic behind them, while ensuring growth is pursued within a robust governance and risk management framework.

How has your CPA qualification helped you navigate Yunfeng's dual focus on traditional insurance and innovative financial services?

My CPA training has provided a strong analytical and governance framework that continues to guide my approach to both traditional financial services and emerging digital initiatives. At YF Life, which manages more than HK\$100 billion of client assets, financial discipline and risk management remain fundamental. That same financial mindset is equally important when evaluating new technologies and innovative financial infrastructure, as the group explores opportunities in digital assets and blockchain-related initiatives. The ability to translate innovation into disciplined institutional execution is becoming increasingly valuable in today's market environment.

Yunfeng has made notable moves into Web3, including investments in Ethereum (ETH) as a strategic reserve asset.

What prompted this? Our overall approach is to develop Web3 capabilities selectively and responsibly, combining licensed



FIVE QUESTIONS FOR PAIB Manko Chan

Manko Chan is the Chief Financial Officer and Company Secretary of Yunfeng Financial Group Limited, and Executive Director and CFO of its subsidiary, YF Life Insurance. He shares how he helps bridge traditional financial services with regulated digital infrastructure, and the necessary skills for CFOs today

platform development, product innovation, real-world asset (RWA) tokenization exploration and digital infrastructure investment with proper governance, risk management and regulatory alignment. A recent example is the launch of our first RWA gold product, which reflects our effort to connect real-world assets with digital financial infrastructure in a compliant manner. ETH serves as a measured and limited strategic allocation that supports our long-term exploration of blockchain infrastructure and future tokenization use cases. The allocation is not intended for short-term market speculation.

How do you see Web3 and blockchain transforming financial services?

In insurance, digital infrastructure may gradually enhance customer onboarding, policy administration and compliance processes. In asset management, tokenization technology could improve distribution efficiency and broaden access to certain real-world assets over time within appropriate regulatory frameworks. However, we believe the long-term development of Web3 within financial services will ultimately depend on regulatory maturity, institutional governance and the ability to integrate new technologies responsibly into existing financial systems.

What new mindsets or skills are essential for CFOs today?

The role has evolved far beyond traditional financial reporting and control functions. But I believe the core qualities of finance leadership remain unchanged: integrity, professional discipline, independent judgement, and long-term thinking. Technology can enhance decision-making, but sound governance and responsible leadership remain the foundation of sustainable business growth.

What are the biggest lessons from your career so far? Listen and clarify, don't assume, and be prepared. As advisors, we are addressing clients' needs with our recommendations. You don't go to a client meeting selling solutions non-stop. You should reconfirm the agenda and ask if clients may want to prioritize or just focus on a particular item, or may have a new issue. Sometimes the key decision maker would leave the meeting within the first 15 minutes, and you need to understand the key decision maker's pain points and concerns and be able to address it in five minutes. It is also important to dive deeper into the clients' issues. This is how you distinguish yourself from the competition.

What drew you to your tax specialism, and how has the field changed since you started? As a Hong Kong taxation student, I was interested in various court decisions and how higher courts struck down lower court decisions with deeper analysis of the issues in dispute. When I started practising tax, the news alerts issued by the CPA firms were concise and clients came to us for general advice with a reasonable fee, and a premium fee for complex tax issues. Today, many clients arrive already holding AI-generated commentary and ask us to pressure-test it. I see that as a shift in where our value sits, not an erosion of it: the AI output is a starting point, and clients still ask for the professional judgement, risk assessment and commercial context that sit on top of it.

What are the most common pitfalls you see multinationals run into with cross-border individual income tax compliance? The common pitfall is a lack of awareness of various tax risks and non-tax risks. Key processes include business and personal travel



FIVE QUESTIONS FOR PAIP Louis Lam

Louis Lam, Managing Director, Alvarez & Marsal Asia Limited, and Institute's Taxation Faculty Executive Committee member, on how tax specialists can stand out as advisors who truly care about the clients' needs, and on balancing tax efficiency with regulatory scrutiny

day tracking, staff cost bearing and recharge, tax domicile, tax residency, minimum visit day threshold under domestic tax law, tax treaty protection conditions, employers' and employees' reporting requirements. Related corporate tax risks include permanent establishment impact, immigration and social security exposures. Managing these risks can be as simple as just sending your talent on a business trip, to having a sophisticated talent mobility policy.

What makes designing pre- and post-IPO equity and carried interest plans so complex? The complexity partly lies on tax efficiency vs. regulatory scrutiny, as well as regulatory restrictions from foreign exchange rules (e.g. in the Chinese Mainland) to listing rule limitation on flexibility of the terms of equity plans. It is critical to balance competing stakeholder interests. The valuation for unlisted share awards, the cost of the equity plan affecting the financial performance for listing purposes, and the restriction on equity plan structure set out by Hong Kong Monetary Authority for a responsible incentive plan for the regulated industries, would require teamwork from the tax, accounting and legal advisors to balance tax efficiency, regulatory scrutiny and guidelines, stakeholder expectation and administrative efficiency.

How has your CPA qualification shaped your approach to tax consulting? Clients expect your advice to be of quality, professional and legally compliant. The code of conduct of a CPA helps manage client expectations and guide some clients to step away from tax planning that may look attractive but is ultimately unsustainable and towards a multi-disciplinary approach to navigate the complexities.

From sustainability narrative to financial implications: connected reporting under HKFRS SDS

How practitioners can assess the financial implications of sustainability-related risks and opportunities under HKFRS Sustainability Disclosure Standards

Sustainability reporting is entering a new stage with the introduction of HKFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, and HKFRS S2 *Climate-related Disclosures* (together, the “HKFRS Sustainability Disclosure Standards” or “HKFRS SDS”). Under these standards, companies are expected to explain sustainability-related risks and opportunities in a way that complements information about sustainability initiatives and performance with a clearer assessment of their financial implications, in order to provide more relevant and useful information for primary users of general purpose financial reports.

Assessing financial effects in practice

Practitioners need to assess how sustainability-related risks and opportunities may affect the entity's cash flows, access to finance and cost of capital over the short, medium and long term. They should also consider whether related financial reporting judgements and estimates remain appropriate.

Consider physical climate risk such as flooding. A company facing greater flooding risk should assess:

- **Current financial effects** such as asset impairment, restoration costs, delays in project delivery and additional logistics costs.
- **Estimated uncertainty** around the frequency and severity of flooding may affect period-end estimates, such as the carrying amount of related property, plant and equipment.
- **Anticipated financial effects** such

as planned capital expenditure for enhanced flood defences, the financing mix (internal cash flows and debt) and the expected reduction in business disruptions over the medium to long term.

The same structured approach applies to other sustainability-related matters, such as carbon pricing, changing customer demand, or new regulatory requirements. These assessments require input from finance and relevant business functions to identify financial effects and understand how they may affect cash flows, access to finance and cost of capital across different time horizons.

Connecting sustainability disclosures with financial statements

Once those financial effects have been identified and assessed, the next question is how they are reflected across sustainability disclosures and the financial statements. Responding to that expectation requires more than preparing the two sets of information in parallel. For many organizations, it requires stronger coordination across sustainability, finance, operations and other functions, supported by processes that produce clear, consistent and decision-useful information.

HKFRS SDS require companies to provide connected information that links sustainability disclosures with their related financial statements. While sustainability disclosures and financial statements serve different purposes, they should be consistent where appropriate – including the reporting entity, reporting period, timing, currency,

data and assumptions used, as well as information about current and anticipated financial effects. Significant differences should be explained where different data sets or assumptions are applied, and cross-references to the financial statements can further strengthen the connection.

This matter because both sets of information serve the same primary users. Financial statements explain an entity's assets, liabilities, equity, income and expenses; sustainability-related financial disclosures help users understand how sustainability-related risks and opportunities may affect those same elements. Producing the two in isolation without coordination across sustainability, finance and operations functions undermines the usefulness of both.

Common pitfalls for practitioners

Even where companies grasp the principle of connected reporting, translating this into robust disclosure remains challenging in practice. Three pitfalls are particularly common:

- **Insufficient precision in assessing financial implications**
Sustainability-related risks can affect asset values, operating costs, supply chains, financing conditions and market demand over different time horizons. Quantifying these effects often involves significant estimation uncertainty and requires supportable assumptions about future regulatory, technological and market developments. Disclosures that lack this rigor risk being too vague to be decision-useful.



• Data and methodological gaps

Many organizations continue to manage financial and sustainability information in separate systems, making it harder to assess how sustainability-related matters translate into financial effects. Inconsistent data collection across business units and locations, as well as insufficient explanation of the assumptions, methodologies and limitations, underpinning the analysis, are common weaknesses.

• Challenges in applying materiality

Determining materiality can be difficult when financial effects are indirect, uncertain or expected to emerge over the longer term. As a result, disclosures may remain generic, limiting their usefulness for investors and other stakeholders seeking to understand the potential financial implications of climate-related risks and opportunities.

What practitioners should do now

These challenges underline the need for better assessment, stronger processes and closer coordination across functions. Avoiding common pitfalls starts with a more structured approach to identifying, assessing and documenting sustainability-related risks and opportunities, including their potential financial implications.

Understanding the financial impact

Sustainability practitioners should work closely with finance teams and relevant business functions to identify where sustainability-related risks and opportunities may affect financial performance, cash flows, asset values, financing conditions or business strategy,

particularly when preparing financial statements.

Apply materiality rigorously

Materiality should be assessed from both quantitative and qualitative perspectives when considering disclosures of key judgements and assumptions about sustainability-related risks and opportunities. The practical question is whether the information could reasonably influence the decisions of primary users of the report, rather than whether the topic is important in a general sense.

Strengthen process and control readiness

Companies should assess the maturity of their sustainability reporting processes, control environment, data governance, policies and methodologies. Where gaps exist, a target-state reporting structure should be defined to support clear, consistent and decision-useful disclosures. Cross-functional training on common definitions, assumptions and documentation practices will be equally important.

Ensure clarity, balance and consistency

Where assumptions are applied in both sustainability disclosures and relevant areas of the financial statements, companies should align those assumptions where appropriate and explain any significant differences, limitations or estimation uncertainties underpinning the analysis. Disclosures should be balanced, presenting both positive and negative financial implications of sustainability-related risks and opportunities.

For those preparing for implementation,

useful reference materials and capacity-building support from the Hong Kong Institute of CPAs (HKICPA) and International Financial Reporting Standards (IFRS) Foundation include:

HKICPA

- HKFRS Sustainability Disclosure Standards Guidance ([Part 1](#) and [Part 2](#))
- [Platform for submitting implementation questions on HKFRS/IFRS S1 and S2](#)
- [Sustainability Information Centre](#)
- [HKICPA Certificate on Sustainability Reporting](#)

IFRS Foundation

- [Supporting materials for the IFRS Sustainability Disclosure Standards](#)
- [Transition Implementation Group on IFRS S1 and S2](#)

The Institute's e-seminar, [Sustainability Insider – Webinar series: HKFRS S1 & S2 – Translating Sustainability into Financial Implications](#), featuring the author as a speaker, is also available. Participants will learn more about common challenges, and how organizations can strengthen internal readiness on reporting financial implications of sustainability-related risks and opportunities.

This article was contributed by Irene Chu, member of the Institute's Sustainability Committee, and Partner, Head of New Economy, Head of Life Sciences and ESG Reporting Lead at KPMG Hong Kong.

CPD Compliance: Plan ahead, stay ahead

Members who have gone through the CPD compliance audit share lessons learned from the process

Continuing professional development (CPD) is more than just a membership requirement. It helps Institute members stay current, and serve clients and the business community effectively to a high standard. Whether through seminars, courses, technical updates or day-to-day learning, every activity helps build professional competence.

The CPD compliance audit supports this by helping members check that their learning records are complete and that they remain on track to meet the Institute's CPD requirements. **CPD compliance is one of the conditions for membership renewal.**

Each year, any member may be selected for audit. In the latest audit cycle, almost **1,000 members** have been selected for the audit, with nearly half of them being professional accountants in business (PAIB). Around 15 percent of our total membership has already gone through the audit process.

Members selected for CPD compliance audit are asked to submit:

- A completed CPD Record Form
- Supporting documents for verifiable

CPD activities, such as attendance certificates, participation or completion confirmations, course outlines and assessment results

- Brief explanation of how the CPD activities are relevant to developing and maintaining professional competence

How to pass a CPD compliance audit smoothly?

For members who have gone through the process, the answer is often simple: plan ahead and keep records up to date.

Members share that using the Institute's [CPD Record Tool](#) under MyCPA made it easier to track their learning progress, organize supporting documents and stay up to date. Their experiences show that small habits throughout the year can save time, reduce last-minute pressure and give extra peace of mind when the audit comes around.

One PAIB member highlights the **importance of CPD compliance before proceeding with membership renewal:** "I was recently selected for a CPD compliance audit and passed. It is for sure important to

satisfy compliance requirements..."

Compliance with CPD is not a tick-box exercise. The CPD compliance audit rigorously assesses whether CPD activities are relevant to members' professional roles and supported by sufficient evidence.

For one member who is a responsible person of a registered public interest entity auditor and has passed the CPD compliance audit, the audit was a reminder that keeping evidence properly can make the process much smoother.

*"After being selected for a CPD compliance audit, I realized how helpful it is to **plan CPD activities throughout the year and keep attendance records and evidence properly...**"* The member also states that this approach enhances a smooth audit experience and reinforces a commitment to continuous professional development.

One member who is a practising CPA shares that *"To ensure proper compliance with the CPD requirements, I found how beneficial it is to plan CPD activities throughout the year and track CPD records by **using the Institute's CPD record tool under MyCPA.** It not only makes the process simple, efficient, and truly convenient to track my records on the go and stay compliant with ease, but also supports continuous learning and professional growth."*

Being prepared for a CPD compliance audit helps uphold the profession's commitment to quality and public trust. By planning ahead, keeping records up to date and retaining the necessary supporting documents, members can approach the process with confidence and avoid any impact on their membership renewal.

For an overview of the CPD requirements, please visit our [CPD webpage](#).

This article was contributed by the Institute's Membership and Admission Department.

What to expect after the audit

- **Pass:** No further action is required.
- **Shortfall in CPD hours:**
For first-time non-compliance, the member will be asked to:
 - Make up the CPD shortfall;
 - Complete the training course on CPD requirements and compliance audit; and
 - Complete a subsequent audit to confirm CPD compliance.
 For repeated non-compliance, the following consequences may apply:
 - Non-renewal of membership or removal from the register.
 - A removal notice containing the member's name being published in the Government Gazette.
- **Non-response/non-completion:** Members may not be allowed to renew their membership for the subsequent year.

Note: CPD compliance audit-related information may be provided to the relevant authority upon request.

AI and accounting: Preparing the next generation of professionals

Discussions at the Institute's SMP Career Day highlighted that accounting's AI-empowered future relies as much on adaptability as it does on technical skills

In recent years, technology has played an increasingly important role in the accounting profession. Cloud accounting, automation, and digital solutions have transformed the way financial information is managed and shared. Today, the growing adoption of artificial intelligence (AI) is opening new possibilities for businesses and accountants, prompting discussions about the future of the profession and the skills needed to succeed.

On 18 June, Link-Pro CPA Limited was pleased to participate in the Institute's SMP Career Day 2026 as a registered practice booth, where students and graduates had the opportunity to learn more about career opportunities within small and medium practices (SMPs). Throughout the event, one of the most frequently discussed topics was the growing role of AI in accounting and how future professionals can prepare for a technology-driven workplace. Many students were eager to understand how technological developments are influencing the profession and what they can do today to remain competitive in the years ahead.

Human judgement still matters

AI is already reshaping many aspects of accounting. Tasks that once required considerable time and manual effort can now be completed more efficiently through intelligent software, allowing accounting professionals to focus on work that requires deeper analysis and stronger professional judgement. Rather than spending hours on repetitive processes, accountants are increasingly able to devote more attention to understanding their clients' businesses, identifying opportunities for improvement, and providing strategic advice that supports long-term growth.

This shift is particularly valuable for small and medium-sized enterprises (SMEs), where timely financial information can make a significant difference to business performance. AI-powered accounting solutions are helping businesses gain faster access to financial

insights and enabling owners to make more informed decisions with greater confidence. When combined with cloud accounting platforms, these technologies support more efficient workflows while improving the accessibility and quality of financial information. As digital solutions continue to evolve, businesses of all sizes are finding new ways to strengthen their operations and respond more effectively to changing market conditions.

At the same time, the growing use of AI reinforces the importance of the human element within the profession. While technology can process large volumes of information quickly, it cannot replace the professional judgement and commercial understanding that accountants bring to every engagement. Clients continue to rely on trusted advisers who can interpret financial information, understand the broader business context, and provide practical recommendations tailored to their individual circumstances. Technology may change how accountants work, but it does not diminish the value of their expertise.

SMP Career Day highlights

As the profession continues to evolve, so do the capabilities expected of future accountants. Technical knowledge remains an essential foundation, but professionals must also be comfortable working alongside emerging technologies and adapting to new ways of delivering value. The willingness to embrace continuous learning has become increasingly important, as digital tools and business needs continue to develop. Rather than viewing AI as something to fear, students entering the profession should see it as an opportunity to broaden their skills and enhance the services they provide to clients.

These themes were reflected throughout the conversations held during the SMP Career Day. Students showed a genuine interest in understanding how AI is influencing everyday accounting work

and how firms are incorporating new technologies into their services. Many were particularly interested in learning how automation can support, rather than replace, accounting professionals, and how technological developments are creating opportunities for more meaningful and rewarding work. The discussions demonstrated an encouraging awareness that the future of accounting will depend not only on technical competence but also on adaptability and a commitment to lifelong learning.

The event also highlighted the unique role that SMPs can play in preparing graduates for the future. Because professionals in SMPs often work closely with clients from a wide range of industries, they gain exposure to diverse business challenges and develop a broad set of practical skills early in their careers. As technology continues to streamline routine processes, this close interaction with clients becomes even more valuable, enabling accountants to focus on building relationships and understanding business needs.

AI's impact on the profession

AI will undoubtedly continue to shape the accounting profession, but its greatest impact will be in strengthening, rather than replacing, the role of accountants. By reducing the time spent on routine work, AI enables professionals to focus on the areas where human expertise makes the greatest difference. Sound judgement, integrity, and the ability to build trust will remain at the heart of the profession.

For students considering a career in accounting, this presents an exciting opportunity to enter a profession that continues to evolve while remaining firmly grounded in the values that have always defined it.

*This article was contributed by **Jason Chung**, Director of Link-Pro CPA Limited.*

TECHNICAL NEWS

The latest standards and technical development highlights

Members' handbook

Handbook [Update No. 347](#) contains the following update to Volume II of the Members' Handbook:

- i. The following new and revised accounting standards and amendments, effective for annual reporting periods beginning on or after 1 January 2027, were previously included in Section 2. The consequential amendments arising from these pronouncements have now been incorporated into the relevant Hong Kong Financial Reporting Standards (HKFRS) Accounting Standards, Basis for Conclusions and Implementation Guidance in Section 2:
 - HKFRS 18 *Presentation and Disclosure in Financial Statements*
 - HKFRS 19 *Subsidiaries without Public Accountability: Disclosures*
 - Amendments to HKFRS 19 *Subsidiaries without Public Accountability: Disclosures*
 - *Translation to a Hyperinflationary Presentation Currency* (Amendments to HKAS 21)
 - HKFRS for Private Entities Accounting Standard
- ii. Certain HKFRS Accounting Standards, which have incorporated relevant amendments effective for annual reporting periods beginning on or after 1 January 2026, are now relocated from Section 2 to Section 1.

Handbook [Update No. 346](#) revises various pronouncements in Volume I and Volume III of the Members' Handbook to:

- Incorporate *Ethics Standards for Sustainability Assurance and Other Revisions to the Code Relating to Sustainability Assurance and Reporting and Revisions to the Code Addressing Using the Work of an External Expert* to the Code of Ethics for Professional Accountants.
- Update the Conforming and Consequential Amendments to Other Hong Kong Standards Arising from HKSSA 5000.

- Update the *Narrow Scope Amendments to Hong Kong Engagement Standards Arising from the Project on Using the Work of an External Expert*.

Handbook [Update No. 345](#) relates to the incorporation of the *Amendments to Greenhouse Gas Emissions Disclosures* (Amendments to HKFRS S2 *Climate-related Disclosures*), effective for annual reporting periods beginning on or after 1 January 2027, into HKFRS S2 and its Basis for Conclusions.

Financial reporting

Institute's resources to support the implementation of HKFRS 18

As the implementation of HKFRS 18 progresses, the Institute remains committed to supporting members with practical resources, including:

- [HKFRS 18 Navigator #5 – Insights for Financial Institutions](#)

This issue focuses on how HKFRS 18 applies to banks and insurers, highlighting:

- Key impacts on the structure of the statement of profit or loss.
- Illustrative statements of profit or loss for banks and insurers.
- Examples of financial measures used by banks and insurers, and considerations for identifying management-defined performance measures.

- [HKFRS 18 Webcast #2 – The New Face of the Statement of Profit or Loss](#)

This webcast provides a practical walkthrough of the five categories, the two new mandatory subtotals, practical steps for preparers, and a before-and-after illustration of the statement of profit or loss.

List of new and amended HKFRSs

The Institute has published the [list of amended HKFRSs](#) applicable to accounting periods beginning on or after 1 January 2026.

IASB issues IFRS 20 *Regulatory Assets and Regulatory Liabilities*

The International Accounting Standards Board (IASB) issued IFRS 20, a new accounting standard for companies subject to a specific type of rate regulation. The standard aims to help investors better understand how that rate regulation affects a company's financial performance, financial position and prospects for future cash flows. Access the supporting materials:

- [Project Summary](#) gives an overview of the project in non-technical language.
- [Effects Analysis](#) describes the likely benefits and costs of IFRS 20.
- [Feedback Statement](#) summarizes stakeholder feedback and the IASB's response to feedback.

IASB issues amendments clarifying the fair value option in IAS 28

The IASB [issued](#) targeted amendments to clarify which investments in associates and joint ventures a company is eligible to measure using the fair value option under IAS 28 *Investments in Associates and Joint Ventures*, with the amendments taking effect when a company first applies IFRS 18.

New educational material to support implementation of IFRS for SMEs

The IFRS Foundation has published a [webcast](#) and four [educational modules](#) (free registration required) to support implementation of the IFRS for SMEs Accounting Standard. The webcast provides an overview of amendments relating to topics addressed in multiple sections, while the new educational modules focus on Section 13 Inventories, Section 17 Property, Plant and Equipment, Section 21 Provisions and Contingencies and Section 30 Foreign Currency Translation.

Compilation of Agenda Decisions – Volume 14 published

The IFRS Foundation has published

[Compilation of Agenda Decisions Volume 14](#)

issued by the IFRS Interpretations Committee, covering the period from November 2025 to April 2026. It includes eight new agenda decisions and updates to six previously published agenda decisions.

Auditing and assurance

HKICPA Audit Guide: Digital Assets

The Institute published the [HKICPA Audit Guide: Digital Assets](#). This non-authoritative guide assists auditors in identifying and addressing common issues in audits of entities engaged in digital asset activities, including cryptocurrencies, stablecoins and security tokens. It synthesizes regulatory inspection findings across jurisdictions, guidance from regulatory and professional bodies, and emerging audit practices into a structured, phase-by-phase guidance.

Suggested Chinese translation of unmodified auditor's reports based on the HKSA for LCE

The [Suggested Chinese translation](#) of unmodified auditor's reports based on the Hong Kong Standard on Auditing for Audits of Financial Statements of Less Complex Entities (HKSA for LCE) is now available.

AFRC Survey 2025

In September 2025, the Accounting and Financial Reporting Council (AFRC) invited practice units to share their insights via survey. The [analysis](#) identified several areas that may indicate non-compliance with applicable professional standards, including the Hong Kong Code of Ethics for Professional Accountants and Hong Kong Standards on Quality Management. In light of these observations, this publication highlights key areas of concern and reminds practice units of their ongoing obligation to fully comply with relevant laws, regulations, and professional standards.

Ethics

Comment letter

The Institute has submitted its [comments](#) on the International Ethics Standards Board for Accountants' (IESBA) Survey for Post-Implementation Review of the Restructured Code.

IESBA's snapshots

IESBA released two snapshots focused on [ethics and independence approach to the use of technology](#) and the [Firm Culture and Governance Project](#). IESBA's snapshots provide short overviews of IESBA projects, explaining their purpose, direction, and current focus in clear and accessible terms, alongside more detailed technical materials.

IESBA video on the role of the CFO

In this [video](#), an IESBA member reflects on the realities chief financial officers are navigating today, from expanding responsibilities beyond finance to the complexity of ethical decision-making.

Sustainability

ISSA 5000 Frequently asked questions: The application of materiality

The International Auditing and Assurance Standards Board released a new [FAQ publication](#) to support implementation of the International Standard on Sustainability Assurance (ISSA) 5000 *General Requirements for Sustainability Assurance Engagements*. The FAQs focus on materiality in sustainability assurance engagements and are intended to promote consistent understanding and effective application of the concept under ISSA 5000.

ISSB nature-related disclosure proposals

The International Sustainability Standards Board (ISSB) Vice-Chair [outlined](#) the ISSB's proposed Practice Statement on nature-related disclosures, with an Exposure Draft

targeted for publication in October 2026. Key decisions include using the Practice Statement together with IFRS S1 and IFRS S2, making it a tool companies can choose to use when providing nature-related information to investors, and drawing on the Taskforce on Nature-related Financial Disclosures framework to develop the proposals.

Legislation & other initiatives

FATF publication on high-risk and other monitored jurisdictions

On 19 June, the Financial Action Task Force (FATF) published a statement on [high-risk jurisdictions subject to a call for action](#), calling on its members and all jurisdictions to apply specific measures and actions against Iran, the Democratic People's Republic of Korea and Myanmar.

The FATF also issued a notice on [jurisdictions under increased monitoring](#), identifying other jurisdictions with strategic deficiencies in their anti-money laundering/counter-terrorist regimes and working with the FATF to address them. The FATF generally calls for a risk-based approach, rather than enhanced due diligence for these jurisdictions. The full list of such jurisdictions and their current status can be found in the FATF notice.

Revised FAQs on suspicious transaction reporting

Members are reminded that the Institute issued a revised [FAQs on Suspicious Transaction Reporting](#), in collaboration with the AFRC and with valuable input from the Joint Financial Intelligence Unit. The updated FAQs provide clear and practical guidance on common issues encountered by CPA practices and Institute members, helping them better understand and fulfil their legal obligations while meeting regulatory expectations.

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

YOUNG MEMBER OF THE MONTH

Alex Chu

ALEX CHU

Director, AI Product Strategy and
Adoption at an international bank



As Director, AI Product Strategy and Adoption at an international bank, Alex Chu is using his background as a CPA to actively shape the integration of artificial intelligence in the workplace, and keep people aligned during tech transitions.

Please explain your current role and responsibilities. What drew you to the role?

Through my role at a leading global bank, I help shape the enterprise artificial intelligence (AI) strategy and turn business needs into solutions that are safe, and scalable in practice. My career began in management consulting, advising clients across industries and geographies, which gave me a strong foundation in strategy, technology transformation and stakeholder management in complex, multi-market environments. I was drawn to this role because it brings together the areas I care most about at a pivotal time when these emerging technologies are creating fundamental changes in how organizations work.

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

The most rewarding part of my role is seeing new capabilities offered by AI realized into something that helps colleagues work more effectively and confidently. I enjoy being part of the process that turns an idea into real adoption, especially when it leads to meaningful benefits for teams and the wider business. It is also rewarding to help shape the conditions for responsible innovation at scale. The biggest challenge is keeping pace with a fast-moving space while staying thoughtful and disciplined in how we bring new solutions to life. To overcome this, I've found you have to consciously separate the hype from that natural urgency to just jump into "doing something" whenever a new technology comes along. Instead, I try to carve out precious time upfront to ask the tough questions around why we are doing this. That upfront discipline of pausing to ask those questions ensures that when we do move, we are solving a real business problem, not just chasing a trend.

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

One of the biggest lessons I have learned is that a strong strategy only matters if it is matched by thoughtful execution and commitment. Early in my career, working in the consulting arm of a Big Four firm, I initially thought the job was all about the technicalities, building the perfect slide deck or meticulously planning a large-scale technology launch. But looking back, the most valuable takeaway wasn't the technical work; it was the resilience and versatility I had to build. Moving across different clients in completely different industries to tackle a brand new business problem every few months forces you to adapt incredibly fast. That environment helped me build the confidence and resilience to deal with transformations that step entirely into the unknown – which is exactly what we are doing today with new technologies like AI. It taught me that when you are navigating uncharted territory, success rarely comes down to the technology itself. It comes down to keeping people aligned and following through when things get ambiguous.

Where do you see yourself in the next five to 10 years in your career?

I do not have a crystal ball, and with the pace of emerging technologies, I don't think anyone can say for certain how the future will unfold. What I do know is that I am fortunate to have a front-row seat to help shape how AI gets embedded in the future-of-work and to be part of this exciting period of transformation. We are in the middle of one of the fastest and most transformative technological shifts we will probably see in our careers. Right now, understandably, there is an incredible amount of excitement, and businesses are racing to adopt AI across almost every possible area. Over time, however, I anticipate a deliberate, conscious slowing down as organizations take a harder look at return on investment, and customer and employee experience. It wouldn't be surprising to see a slowdown, or even a reversal, of some early AI investments, as we've already seen companies do this year. Just because you can automate something doesn't mean you should automate everything. Longer term, I hope to help business leaders and employees feel more confident embracing new technologies as a major part of how work is done, knowing that these technologies have been scaled thoughtfully and empathetically, with humans at the centre.

In what ways has your CPA training or qualification helped you in your career so far?

My CPA training gave me a strong foundation in disciplined, structured thinking and ethical professional judgement, and those qualities have stayed with me throughout my career. It guided me to be organized, detail-oriented and comfortable working with complex information, which has been invaluable in roles that involve managing portfolios, business cases, budgets and governance. Just as importantly, it shaped the way I approach my work, with a strong sense of accountability grounded by ethics. That has stayed important as I have moved into AI, where the technology may be advanced, but the real impact still comes down to people, how they use AI and the value we help create for them.

Building trust in the new reporting era: Highlights from the Sustainability Forum 2026

Speakers shared practical, practitioner-led insights as Hong Kong strengthens its reporting framework, and develops a mandatory sustainability assurance regime

On 3 July, the Hong Kong Institute of CPAs hosted its Sustainability Forum 2026, bringing together regulators, companies and advisors to take stock of Hong Kong's fast-evolving sustainability reporting and assurance landscape. The event was co-organized with fellow Global Accounting Alliance members AICPA & CIMA, CAANZ, and ICAEW.

In his opening remarks, Institute President Stephen Law observed that sustainability reporting has moved from an emerging topic to a core pillar of corporate reporting and capital markets, with investors and regulators now expecting information that is transparent, comparable and decision-useful. He noted that sustainability assurance is becoming an equally critical part of the equation, as confidence in the reliability of disclosures underpins trust in capital markets.

He also shared a significant milestone: the Institute has been officially appointed by the IFRS Foundation as an International Sustainability Standards Board (ISSB) Training Partner which demonstrated the Institute's commitment and capabilities in sustainability. The appointment allows the Institute to deliver training using official ISSB-developed materials and will inform an enhanced Sustainability Reporting Certificate Programme that blends international content with practical local application.

Navigating emerging disclosure

The first panel focused on sustainability reporting. Speakers noted that the ISSB has completed targeted amendments to IFRS S2 covering greenhouse gas emissions disclosures, introducing reliefs such as refining the disclosure requirements of financed emissions to ease implementation. Work also continues on nature-related disclosures – expected to take the form of a practice statement that builds on TNFD materials and provides voluntary guidance for companies – alongside ongoing projects

on human capital and enhancements to the SASB Standards.

Panelists explained that HKFRS S1 and S2 bring a stronger financial materiality lens than many of the existing frameworks, requiring closer alignment between sustainability and financial reporting boundaries and a shift towards more quantitative, decision-useful disclosure. Early adopters were said to benefit from a common international baseline that reduces duplication across markets. Investors, meanwhile, are said to prioritize credible, data-backed disclosures – particularly on Scope 3 emissions, science-based decarbonization targets and climate risk resilience – over the mere existence of an ESG report.

The panel also discussed Hong Kong's role as a “super-connector”, with the city's sustainability reporting framework, fully aligned with ISSB Standards, helping companies to produce consistent and comparable disclosures for better access to international capital markets. This is reinforced by the IFRS Foundation's passporting arrangement, which sees companies using ISSB-aligned standards having their reports accepted in other participating jurisdictions. Speakers agreed that closer integration between finance and sustainability functions is essential, and that the most valuable reports are those that use the standards to tell a company's own strategic story rather than treat them as a compliance checklist.

Assurance readiness, challenges and impact

The second panel turned to sustainability assurance. Speakers reported that the Accounting and Financial Reporting Council's consultation on a proposed assurance regulatory framework, which closed in March, drew broad support, with most feedback focused on implementation rather than underlying principles. Capacity building, spanning assurance providers, preparers, investors and users of sustainability information, emerged as a

key theme, with stakeholders highlighting the importance of developing a common understanding of limited and reasonable assurance, as well as the role of assurance reports in supporting decision-making.

Companies that voluntarily adopted assurance ahead of mandatory requirements were said to view assurance as more than compliance. Benefits gained from moving early include stronger data governance, improved stakeholder confidence, and better access to sustainability-linked financing. Panelists noted that sustainability assurance differs from financial audits mainly in its reliance on multidisciplinary expertise and its focus on completeness. This presents the challenge of assessing whether all relevant information has been identified and reported, reducing the risk of omissions or greenwashing.

The challenge for many companies is that sustainability data often lives in disconnected, siloed departments using different systems and methodologies. The speakers expect organizations to strengthen their internal processes to improve both data quality and assurance readiness.

They also agreed that effective sustainability reporting and assurance depends on collaboration between accountants and technical specialists such as engineers and environmental scientists. It was also noted that sustainability reporting and assurance have already been incorporated into the Qualification Programme, positioning CPAs to play a central role as sustainability reporting develops.

Together, the two panels underscored that Hong Kong's sustainability reporting and assurance ecosystem is maturing quickly, and organizations that start early, embed strong governance and treat disclosure as a strategic exercise, rather than a box-ticking one, will be able to build lasting stakeholder trust. With its new status as an ISSB Training Partner, the Institute is set to play a pivotal role in equipping the profession for this next chapter of reporting.

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