DRIVING BUSINESS SUCCESS
2026 Issue 4 Volume 22

PLUS:

AI-FOCUSED CFO
How CFOs are moving from AI experimentation to execution

GOING GLOBAL
How Hong Kong firms support Chinese Mainland companies' expansion

SECOND OPINIONS
How will Hong Kong's push for tech and AI change an accountant's daily work over the next five years?

PRIVACY MATTERS



Ada Chung, Privacy Commissioner for Personal Data, on the greatest opportunities for CPAs to lead on data protection

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"By driving meaningful progress across professional development, talent nurturing and global connectivity, we have ensured our profession is well prepared to navigate the shifting economic landscape."

DEAR MEMBERS

As I reflect on nearly a full year as President of the Hong Kong Institute of CPAs, I am pleased to report on the progress we have achieved together. The past months have been busy, purposeful, and above all, collective. Our work continues to be guided by three strategic pillars, namely building trust, nurturing talent, and driving development and transformation, with a clear focus on serving our community, supporting our members, and unlocking sustainable growth for the accounting profession.

Hong Kong's first Five-Year Plan and the 2026 policy address provide a definitive blueprint for the city's economic future. We are pleased that this framework aligns closely with the Institute's recommendations submitted earlier this year.

I recently shared this perspective with HOY TV, Metro Radio and RTHK. As I mentioned to the media, we welcome this Five-Year Plan, which aligns Hong Kong with the National 15th Five-Year Plan. Our profession remains a key contributor to maintaining market confidence, facilitating capital flows and supporting business development. We are fully committed to reinforcing Hong Kong's position as an international financial centre while contributing to national development.

In pursuit of greater market collaboration, our advocacy efforts this quarter began with our meeting with the Financial Services and the Treasury Bureau, followed by constructive dialogues with Hang Seng Indexes leadership. We are also pleased to see that key recommendations supported by the Institute – including the revision of the board lot value floor and the standardization of board lot units – have been adopted by the Hong Kong Exchanges and Clearing Limited (HKEX) in its board lot reforms. I had the honour of attending the Welcoming APEC Forum hosted by the office of our Legislative Council representative, Dr Webster Ng, JP. Recently, we hosted the Corporate Finance Interest Group and HKEX seminar briefing on the listing framework review, ensuring our members remain at the forefront of capital market developments.

As one of our most popular initiatives, the Public Affairs Series remains dedicated to keeping members thoroughly informed on the latest trends shaping the economic landscape. We recently had the privilege of welcoming three distinguished speakers, the Honourable Jeffrey Lam, GBM, GBS, JP, the Honourable Paul Lam, GBS, SC, JP, and Dr Jacob Kam, JP, to lead these critical dialogues. Through these sessions, we ensure our profession stays ahead of key economic and civic developments.

In September, our Members Forum provided an invaluable platform for constructive dialogue between the Institute and our members, while the launch of our inaugural Fellows' Circle event introduced a new series of curated experiences designed specifically for our Fellow members. We also hosted our Annual SMP Symposium in October, where small and medium practitioners gained insights into the regulatory, technical and tax developments.

On the education front, we celebrated the first anniversary of the Certificate in Accounting and Business, a credential that continues to gain significant recognition across the profession. We also connected with the next generation of leaders at the Young Members Conference and signed a memorandum of understanding with Hong Kong Baptist University to nurture talent and advance sustainability education.

Our dedication to serving the community came to life during the Volunteer Team's Mid-Autumn service. On a personal level, it was exceptionally heartwarming to create meaningful memories with our members and the senior residents we visited. This strong sense of unity carried through to our other gatherings, including the 77th National Day Dinner and our Annual Dinner, where we reflected on the milestones we have achieved together as a profession.

To ensure our members remain at the forefront of digital innovation, we recently hosted the Innovation and Digitalization Conference at Cyberport. Building on the insights shared at this event, we launched our new *Digital Transformation in Action* series, showcasing industry success stories.

Hong Kong's distinct advantages empower the Institute to act as a super-connector. Internationally, we co-hosted a collaborative event with CPA Australia and welcomed a leadership delegation from Chartered Accountants Australia and New Zealand to exchange strategic insights. Our partnerships and collaboration across the Chinese Mainland were further strengthened through a visit from the Shenzhen Municipal Finance Bureau, followed by productive engagements with the Guangdong Institute of Certified Public Accountants and the Foshan Municipal Bureau of Finance in September. We also hosted a delegation led by Lin Qiyun, Director-General of the Accounting Regulatory Department of the Ministry of Finance in October. The recent Guangdong-Hong Kong-Macao Accounting Profession High-Quality Development Forum brought together representatives from the Go Global list and the Institute's leadership to continue supporting the Greater Bay Area in connecting with global opportunities.

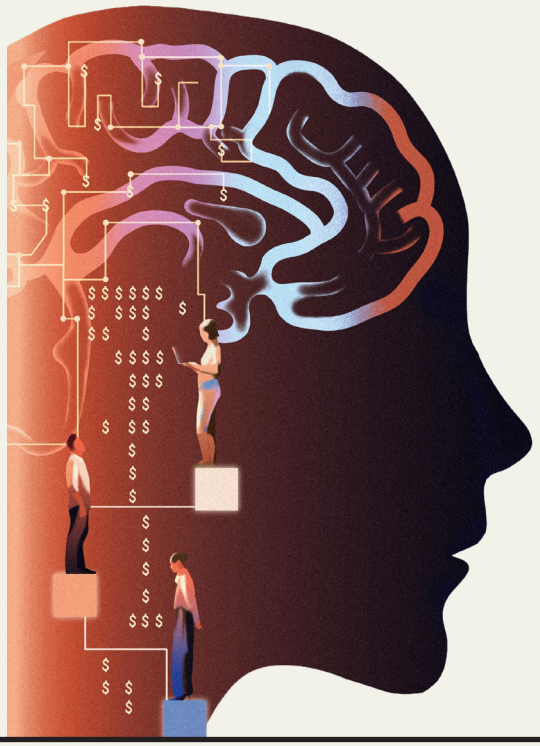
Although this message only captures a fraction of what we have accomplished over the past year, our collective efforts have fundamentally strengthened the Institute. By driving meaningful progress across professional development, talent nurturing and global connectivity, we have ensured our profession is well prepared to navigate the shifting economic landscape.

It has been a profound honour to serve as your President and to lead an institution with such a rich heritage and clear vision.

Stephen Law, President

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A PLUS
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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 responds to Hong Kong's first five-year plan and policy address

The Hong Kong Institute of CPAs welcomed the Chief Executive's announcement of the First Five-Year Plan for the Economic and Social Development of the Hong Kong Special Administrative Region, alongside the 2026 Policy Address. The Institute believes the five-year plan establishes a forward-looking, medium-to-long-term blueprint that empowers the city to proactively align with the National 15th Five-Year Plan and better integrate into overall national development.

The Institute was pleased to see that numerous measures across the plan and Policy Address closely mirror recommendations submitted by the Institute earlier this year. These include advancing the intellectual property (IP) sector, enhancing artificial intelligence (AI) adoption and risk governance, promoting green finance, building a professional services platform to support enterprises going global, optimizing corporate treasury centre measures, expediting the development of the Northern Metropolis, and further deepening capital markets and offshore Renminbi business.

To support implementation, the Institute outlined detailed recommendations across major areas. Read the press release to learn more.

SMP Symposium equips practitioners for a changing landscape

The Institute hosted the 2026 SMP Symposium on 23 October. Organized by the Small and Medium Practices Committee, the annual flagship event brought together SMP practitioners for a full-day programme of regulatory, technical and practice-management updates.

The symposium was held in two modules. Module one covered Institute and IFAC updates, inspection insights, and major changes to financial reporting and auditing standards affecting SMPs. Module two focused on practical developments shaping modern practices, including the Companies Registry's e-Services and company re-domiciliation applications, artificial intelligence-empowered practice management, and tax updates.

The event gave practitioners a valuable opportunity to stay abreast of emerging challenges, exchange views with fellow SMPs and identify new opportunities arising from recent developments.

Annual Dinner 2026: A Profession with Purpose

The Institute hosted its Annual Dinner 2026 on 26 October at Crystal Court, Hopewell Hotel, bringing together around 450 members and guests to celebrate the profession's shared achievements and enduring sense of community. Held under the theme "A Profession with Purpose", the evening provided an opportunity to reflect on the profession's contribution to Hong Kong and to strengthen connections across the accounting community.

Institute President Stephen Law, Vice-Presidents Jasmine Lee and Calvin Tse, and Chief Executive and Registrar Arthur Lee were joined by the Secretary for Financial Services and the Treasury, Christopher Hui, in opening the evening with a toast to the continued success of the profession.

The dinner featured networking opportunities, performances and lucky draws, creating a convivial atmosphere for members, guests and supporters of the profession.

Institute proudly supports WCOA 2026

The Institute is proud to support the World Congress of Accountants (WCOA) 2026, the flagship global gathering of the accountancy profession. Taking place in Seoul from 17 to 19 November under the theme "Together for a Connected Tomorrow," the Congress brings together leaders from across the profession and the wider financial ecosystem to examine the forces reshaping economies, institutions and practice.

Virtual registration is open to members, where attendees receive live access to all main-stage programming and on-demand recordings afterwards.

WCOA 2026 is a timely chance to hear fresh thinking and consider the profession's direction. We encourage members to enrol here.

Institute welcomes Pilot Patent Valuation Support Scheme

The Institute welcomed the Hong Kong government's launch of the Pilot Patent Valuation Support Scheme by the Intellectual Property Department (IPD). The two-year scheme assists eligible local small and medium-sized enterprises (SMEs) in conducting valuations of patents and IP assets to facilitate credit financing and unlock commercial value.

Institute President Stephen Law stated that professional and credible valuation is a cornerstone of IP



The Institute's Annual Dinner 2026, with the theme "A Profession with Purpose", was held on 26 October at Crystal Court, Hopewell Hotel, bringing together around 450 members and guests.

commercialization. "The Institute remains committed to promoting and enhancing the development of the business valuation profession," he added. Under the scheme, the IPD recognizes qualified valuers nominated by designated professional bodies. Having conducted an initial member survey, the Institute has published a reference list of qualified members on its website, and on the official websites of IPD and the Hong Kong Technology and Innovation Support Centre, as a reference for SMEs seeking valuation professionals for patent and other IP assets. This initial list may be expanded over time.

Institute and FSTB collaborate to bolster city's IFC status

Institute President Stephen Law, Chief Executive and Registrar Arthur Lee, and Executive Director Elaine Chung welcomed Deputy Secretary for Financial Services and the Treasury Kession Lee and the Financial Services and the Treasury Bureau (FSTB) team to the Institute on 31 July.

During the meeting, leadership shared milestones in advancing sustainable finance, nurturing young talent, and driving professional excellence. Discussions focused on critical emerging issues, including sustainability assurance and the transformative impact of AI on the profession. Both parties will reinforce their ongoing partnership to foster sustainable growth within Hong Kong's financial ecosystem.

Institute welcomes HKEX listing framework competitiveness review conclusions

The Institute welcomed the publication of the Hong Kong Stock Exchange's (HKEX) Consultation Conclusions on the Listing Framework Competitiveness Review, noting that several core recommendations from its submission were successfully incorporated.

The Institute was particularly pleased with modifications made to the proposed Enhanced Return Mechanism. Following industry feedback, HKEX agreed to disclose specific reasons for returned applications alongside the identities of the parties involved; replaced descriptions of professional parties from "responsible" to "involved" in listing applications; and clarified that publication professional parties' identities is strictly a transparency measure rather than an implication of fault or liability.

The Institute welcomes these modifications and clarifications, which better reflect the realities of the IPO process, where multiple professional parties contribute within clearly defined scopes of responsibility.

Innovation and Digitalization Conference 2026

The Institute's Innovation and Digitalization 2026 conference, which took place on 10 October, gathered over 200 industry leaders, technology professionals, and members at Cyberport. Centred on the theme "AI-Driven Leadership – Empowering CPAs to Master Intelligence, Governance, and Innovation for Sustainable Growth," the event explored how the accounting profession can spearhead digital transformation.

Institute President Stephen Law and Guest of Honour Dr Chung Ng, Deputy Commissioner for Digital Policy (Data Governance) made opening remarks, while keynote speakers included Privacy Commissioner for Personal Data Ada Chung and Microsoft Hong Kong CFO Mandy Law. Invited guests included Chairman of the Accounting and Financial Reporting Council, David Sun, and CFO of the AFRC, Janey Lai.

Through practical discussions and multi-sector insights, the conference successfully highlighted strategies to help accountants balance technological innovation with robust data governance, ensuring the profession remains at the forefront of the digital era.

Student Awards 2026 celebrates future accounting leaders

The HKICPA Student Awards 2026 celebrated the brightest new talents entering the accounting profession, bringing together nearly 200 attendees.

Chief Executive and Registrar Arthur Lee opened the newly designed programme, which focused on sustainability as its primary theme.

Joseph Chan, Under Secretary for Financial Services and the Treasury, presented awards to Qualification Programme top performers, scholarship recipients, BAFS Online Quiz winners, and BAFS Exam top achievers.

Institute signs landmark MOU with Hong Kong Baptist University to advance sustainability education

Marking its first agreement with a local higher education institution, the Institute signed a three-year Memorandum of Understanding with Hong Kong Baptist University (HKBU) School of Business. The partnership aims to cultivate the next generation of accounting talent and champion sustainability education across business disciplines.

Signed by Institute Chief Executive and Registrar Arthur Lee and HKBU Vice-President Albert Chau, and witnessed by Institute President Stephen Law and HKBU President Alexander Wai, the agreement enhances student support from non-accounting and accounting backgrounds.

Disciplinary orders

Chan Yui Hang

Complaint: Failure or neglect to observe, maintain or otherwise apply Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*; Hong Kong Standard on Auditing (HKSA) 500 *Audit Evidence*; and the fundamental principle of professional competence and due care under sections 100.5(c) and 130.1 of the Code of Ethics for Professional Accountants.

Chan was the then managing partner of the firm. During a follow-up practice review visit to the firm, it was found that a number of deficiencies noted in the initial practice review remained uncorrected. Deficiencies were also identified in the firm's audits of two private entities and in 22 other audit engagements selected for review on the spot. These deficiencies revealed fundamental flaws in the firm's quality control system and audit practices as well as Chan's failure to comply with multiple professional standards when carrying out the audits.

Decisions and reasons: The Disciplinary Committee reprimanded Chan and ordered the cancellation of Chan's practising certificate with no issuance of a practising certificate to him for 24 months to be run concurrently with the 12 months cancellation of practising certificate as ordered against Chan in previous disciplinary proceedings D-16-1196C and D-17-1235C. In addition, the committee ordered him to pay the costs of the disciplinary proceedings in the sum of HK$101,327. When making its decision, the Disciplinary Committee took into consideration the particulars in support of the complaints.

Chan appealed against the Disciplinary Committee's decision. The appeal was subsequently dismissed by the Court of Appeal on 25 August 2026.

Zhonghui Anda CPA Limited and Sze Lin Tang

Complaint: Failure or neglect to observe, maintain or otherwise apply HKSA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Hong Kong Standards on Auditing*; HKSA 220 *Quality Control for an Audit of Financial Statements*; HKSA 230 *Audit Documentation*; HKSA 330 *The Auditor's Responses to Assessed Risks*; HKSA 500 *Audit Evidence*; HKSA 540 *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*; HKSA 620 *Using the Work of an Auditor's Expert*; and HKSA 700 *Forming an Opinion and Reporting on Financial Statements*.

Zhonghui Anda CPA Limited and Sze Lin Tang (collectively, the Respondents) were the auditor and the engagement quality control reviewer respectively for the audit of the consolidated financial statements of a company listed on The Stock Exchange of Hong Kong Limited and its subsidiaries for the year ended 31 December 2015. The Institute received a referral from the then Financial Reporting Council (FRC) regarding irregularities in the audit. The main complaint in the case was that the Respondents placed unreasonable reliance on the representation of the client's management without making sufficient inquiries into the basis of such representations as an ordinary auditor would have done, particularly regarding the initial recognition and subsequent measurement of a put option granted to the company by a substantial shareholder and the impairment assessments of two cash-generating units.

Decisions and reasons: The Disciplinary Committee reprimanded Zhonghui and Sze and ordered them to jointly and severally pay a penalty of HK$200,000, costs of the investigation incurred by the then FRC of HK$179,819 and costs of the disciplinary proceedings in the sum of HK$236,749. When making its decision, the Disciplinary Committee took into consideration the particulars in support of the complaints.

The Respondents appealed against the Disciplinary Committee's decision. The appeal was subsequently dismissed on 25 June 2026.

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

14-fold

The projected expansion of the Asia-Pacific AI agent software market by 2030, from an estimated US$782 million this year to US$11.2 billion, according to research group Omdia. The forecast, which includes the Chinese Mainland and Hong Kong, sees the agentic share of the region's AI software revenue rising to 12.3 percent from 1.7 percent. Omdia Chief Analyst Su Lian Jye urged businesses to assess the value of AI's output and improve efficiency by matching tasks with appropriate models, reported the *South China Morning Post*.

HK$28.3 billion

The investment made by the first six batches of enterprises brought to Hong Kong by the Office for Attracting Strategic Enterprises (OASES) as of end of September, Financial Secretary Paul Chan wrote in his blog. The businesses, which are establishing or expanding their operations in Hong Kong, employ more than 10,300 people. With the seventh batch of 18 enterprises welcomed in October, the total 142 OASES enterprises are expected to generate about HK$84 billion in investment and roughly 27,000 jobs over the coming years.

6

The number of principles in Thriving Together, a framework launched on 6 October by the International Federation of Accountants to build healthy and sustainable professional environments in the profession. They include supporting fulfilling careers, building transparency and trust, and ensuring leaders at all levels model culture.



The Asian Infrastructure Investment Bank has expressed interest in financing projects in the Northern Metropolis mega development, Hong Kong's Financial Secretary Paul Chan said on a radio show on 25 October, referring to the government's plan to turn 30,000 hectares of land into a technology and housing hub. Chan said the Beijing-based bank will explore cooperation once specific projects are identified.

€251 billion

The market value lost this year by Europe's six largest listed luxury groups, as weaker spending by Chinese consumers weigh on demand, reported the *Financial Times*. LVMH and Hermes have lost €131.6 billion (around HK$1.157 trillion) and €93.3 billion (around HK$820.2 billion) respectively, and their third-quarter results, along with Kering's, missed expectations in October. Kering's sales to Chinese consumers fell 15 to 20 percent in the third quarter.

3.3 million

The number of PayMe users in Hong Kong who will get phased access to RedCoin (RCHKD), the Hong Kong dollar stablecoin HSBC launched on 23 October following its April stablecoin license approval by the Hong Kong Monetary Authority. Users can make peer-to-peer transfers and pay merchants across the PayMe network, which has more than 100,000 merchants. The bank's documentation clarifies that RedCoin wallets do not qualify for protection under the city's Deposit Protection Scheme.

"We believe companies that comply with an IFRS Sustainability Practice Statement on nature-related disclosures will be best placed to provide high-quality reporting to their investors."

– The International Sustainability Standards Board (ISSB) Chair Emmanuel Faber. The ISSB is asking for feedback on its proposals for nature-related disclosures until 19 February 2027. The proposals have been developed to help companies provide material information to investors about nature-related risks and opportunities.

3.7%

The compound annual growth rate forecast for Hong Kong's entertainment and media industry from 2025 to 2030, lifting revenue to US$15 billion from US$13 billion, according to PwC Hong Kong's report *Global Entertainment and Media Outlook 2026-2030: Hong Kong summary*. The rate slightly exceeds the global average of 3.4 percent. Over-the-top video is set to be the fastest-growing segment at 6.8 percent, ahead of Internet advertising at 6.5 percent and music at 5.8 percent.





Interview with Ada Chung:

REWRITING THE RULES OF PRIVACY

Ada Chung, Hong Kong's Privacy Commissioner for Personal Data, talks to Jemelyn Yadao about the doxxing wave that reshaped her thinking, the AI risks that now dominate her agenda, and why accountants are well placed to lead

Photography by Wai Tsang

When Ada Chung took up her role as Hong Kong's Privacy Commissioner for Personal Data in 2020, the complaints were already piling up. Personal details of individuals and their families were deliberately published online, an act known as "doxxing," and the sheer scale of the situation was unprecedented. Between June 2019 and August 2021, the Office of the Privacy Commissioner for Personal Data (PCPD) handled on average 6,000 doxxing-related complaints, around 3,000 a year.

Chung, a member of the Hong Kong Institute of CPAs and a barrister who began her career as an assistant tax assessor, had spent decades handling confidential information, and privacy had always been part of her work. But the wave of doxxing incidents was different, and forced her to rethink what personal data could be used for.

"It led me and my office to think about the weaponization of personal data. In the past, we talked about mishandling of personal data, misuse of personal data, but not to the extent of using it as a weapon to silence others, to intimidate others, and to cause harm to others or their families," says Chung, who was reappointed Privacy Commissioner in 2025. "That turned the tables, and that was why we amended the law, and I am in full support of that."

In 2021, the Personal Data (Privacy) Ordinance (PDPO) was amended to create a new criminal offence of doxxing. The change gave the privacy watchdog powers of criminal investigation, arrest and prosecution. Hong Kong, she says, was among the first jurisdictions in the world to criminalize the misconduct, and the PCPD's Integrated Anti-Doxxing Enforcement Regime has been named one of four finalists for the Global Privacy Assembly's 2026 Global Privacy and Data Protection Awards (dispute resolution and enforcement category) and shortlisted for the People's Choice Award.

In the first eight months of this year,

the PCPD's online patrols uncovered seven doxxing cases, a drop of more than 99 percent on the same period in 2022, the year after the amendment. Complaints fell too: 199 doxxing-related complaints were received in the same eight months, down by more than half.

The numbers, she says, speak for themselves, and reflect the effectiveness of the PCPD's dual role as a statutory enforcer and an educator. "As an enforcer, we try to enforce the provisions of the ordinance robustly. For example, in combating doxxing, and also in carrying out our compliance checks, to make sure that organizations and members of the public comply with the requirements of the privacy ordinance. On the other hand, we are trying to strike a balance between enforcement, promotion and education," explains Chung.

The AI challenge

While her first term was defined by doxxing, her second is shaped by technology, particularly artificial intelligence (AI). "I will continue to combat doxxing. However, in the light of technological developments, we have to deal with the privacy risks brought by the rapid development of AI," Chung says.

Her approach leans on persuasion as much as enforcement. "I do believe that enforcement alone is not the solution," she says. "It is more important to raise the awareness of people about the privacy risks brought by new technology, to embrace the new technology, and to foster their confidence in using it."

She adds that, to help organizations and the general public use AI more safely and responsibly, the PCPD has run public seminars, professional workshops and in-house workshops for organizations. In June, the office established a Hong Kong International Data Privacy Academy, as a training platform for data scientists, compliance professionals and data protection officers from Hong Kong, the Chinese Mainland and overseas.

"It is more important to raise the awareness of people about the privacy risks brought by new technology, to embrace the new technology, and to foster their confidence in using it."

It has also launched the Safeguarding Personal Data AI Sandbox with the Digital Policy Office, supported by the Cyberport and the Hong Kong Productivity Council, to help primary and secondary schools deploy AI tools safely in an educational environment. "The idea was to provide a safe environment with guidance provided by my office and also guidance provided by the Digital Policy Office in the procurement and implementation of AI," Chung says.

Hong Kong currently does not have a dedicated AI law, unlike the European Union or South Korea. "The lack of an overarching AI law does not mean that there is any gap in our legislation. On the contrary, all existing laws apply," Chung says. "The privacy ordinance is principle-based and technology-neutral. Irrespective of the kind of technology that you adopt, the handling of personal data is still subject to the requirements of the ordinance. However, for some issues, for example the creation of deepfakes, we may need additional laws to address that." She adds that a government interdepartmental working group is reviewing existing legislation for the wider application of AI, and her office stands ready to contribute to its work.

Meanwhile, guidance fills the space. Since 2021, the PCPD has issued six AI-related guidance documents and carried out three compliance checks, which suggest they are being read. Chung highlights that about 90 percent of the organizations checked were using the guidance or planned to. Among those handling personal data with AI, about 80 percent had carried out privacy impact assessments and about 80 percent had governance structures in place.

"We find that organizations in Hong Kong tend to adopt a safe and cautious approach to the use of new technologies, and the compliance checks illustrate that they are embracing new technology in a very safe and responsible manner," Chung says. The problem, she adds, is the rapid pace of AI development. "Some organizations may be struggling to keep up. They are trying to understand how the new technology is developing and what are the risks involved."

The PCPD also co-chairs the Ethics and Data Protection in Artificial Intelligence Working Group of the Global Privacy Assembly, an international forum for data protection and privacy authorities with more than 130 members. One output she is proud of is a checklist on employees' use of generative AI, published in March 2025, and through the working group, this material may soon reach a global audience, says Chung.

"We are among the first to develop guidance for employees' use of generative AI, and we proposed to the AI working group to turn it into global guidance. We are now working on this with the support of some major jurisdictions like Canada and the United Kingdom, and hope to come up with global guidance sometime next year."

Catching up with tech

Another goal for Chung for her



Ada Chung, an Institute member, was appointed as the Privacy Commissioner for Personal Data (PCPD) in September 2020. During her first term, she led the PCPD in amending the privacy ordinance, and setting up a division responsible for criminal investigation and prosecution.



Chung was previously Registrar of Companies from 2007 to 2020, and was also an Institute Council member.

second term is to update the PDPO. "The ordinance has not been amended for the past 30 years, except for two major exercises," Chung says. One was in 2012, on direct marketing, and the other in 2021, on doxxing. "We are working with the government in reviewing the whole legislation, with a view to putting up legislative proposals for the government's consideration."

The aim, she says, is to address the risks brought by new technologies and to strengthen the protection of personal data. Two preliminary directions stand out. One is the introduction of a mandatory data breach notification regime. "If a data breach incident occurs, we are minded to turn it into a mandatory requirement for organizations to notify the Privacy Commissioner and also to notify the data subject," she says. "Hong Kong is one of the few jurisdictions in which notification is still voluntary."

The other possible proposal is to directly regulate data processors, the third parties who handle data on behalf of organizations. At present, data processors are not directly regulated under the PDPO. "Under the existing ordinance, the data user has an obligation to use contractual means or other means to ensure that the data processor complies with the requirements of the ordinance like data security and data retention," she explains. "However, the data processor is not directly regulated. We wish to have additional powers, similar to those of our counterparts globally, to directly regulate the data processors."

What accountants should know

Because accounting firms handle vast amounts of sensitive information, Chung believes there are critical privacy risks that accountants must understand. One concern is the collection and use of personal data. "Accounting firms need to be careful about whether they are collecting excessive data for the training of AI. If they are using a client's financial information, or tax information, or other sensitive data, they will need to inform the client beforehand. In cases involving any change of use of the personal data, they will need to obtain the client's consent." Indeed, the Institute provides continuous professional development and training to keep members updated on the latest AI security trends, ensuring they continue to maintain public trust. It also embeds the privacy ordinance into its professional standards and educational curriculums.

The second is security. "For many AI tools, even though they are developed very rapidly, security is still a concern," she says. "From time to time, we see that data from certain AI models has been leaked, or employees have been inputting confidential company information into the AI model. This, in our view, also constitutes a data breach incident."

The fix, she argues, is a clear internal AI policy from the outset. "The employees would know what they are permitted to do, and what kind of data they can input into the AI system." Chung points out that this is not yet universal practice. According to a recent survey, about 70 percent of employees won't tell their employers that they are using AI at work. There is some encouragement. She says that about 90 percent of companies either developed or are trying to develop an AI policy, according to the PCPD's 2026 compliance checks.

She also believes that one of the greatest opportunities for the accounting profession is to lead on AI governance. She notes that many accountants in senior management already oversee not just the accounting but also the IT department. "As CFOs, sometimes

they are asked to take up the job of CIOs as well. Accountants can serve as a bridge between technology and governance."

With their training, CPAs have a natural opportunity to serve as AI governance professionals. "Accountants have professional expertise in carrying out internal controls, conducting risk assessments, and working out governance rules for organizations. They are very well-placed to turn themselves into AI governance professionals. I do believe that there will be greater demand for these kinds of professionals in the coming few years."

From tax office to privacy office

Privacy has been a defining thread running through Chung's career, which began with her working as an assistant tax assessor at the Inland Revenue Department. "As tax assessors, we placed a strong emphasis on the confidentiality and privacy of individuals, the taxpayers," she says, pointing to the confidentiality provision in the Inland Revenue Ordinance.

She then obtained a law degree from the University of London and was called to the Bar in the United Kingdom and in Hong Kong. After this, she joined the Department of Justice as a legal officer, and advised government departments on privacy issues, among other.

Later, as Registrar of Companies from 2007 to 2020, she was heavily involved in the rewrite of the Companies Ordinance, a project that began in 2006 and culminated in the new ordinance taking effect in March 2014. "I remember when we were reviewing the Companies Ordinance, much discussion was spent on whether we should disclose the residential addresses and the Hong Kong identity card numbers of directors and officers of companies. So the issue was about the privacy of directors and company secretaries. We had to consult stakeholders on that," she recalls. The issue of privacy is everywhere today, she notes, particularly as digital tools, AI, and smartphones track and collect personal information on a massive scale. "Privacy never disappeared. And I think it features in the work of everyone."

"Privacy never disappeared. And I think it features in the work of everyone."

Being an accountant has shaped her approach to regulation, too. "The CPA mindset definitely helps a lot. Accounting and law are closely intertwined in my whole career. Being an accountant, I have been trained to be prudent and accurate, and I tend to be very meticulous in going through financial statements or in keeping the books," says Chung, who was an Institute Council member from 2007 until 2020.

These qualities influence how she deals with difficult issues as Commissioner. "I always review draft legislation in a meticulous way, and try to assess the effect and implications of it, to see whether it will achieve the intended effect or not. Prudence is part of who I am. It is very much part of my blood," she says. This has developed her result-oriented approach, she adds. "I will always look at whether we are using the right way to achieve the objective."

Chung's prudent nature is fitting, as powers of arrest come with a weight she doesn't take lightly. "For all arrest cases, I ask my colleagues to show me the file, and I go through the evidence myself, because I do believe that every operation would likely affect the life and the career path of the defendant or suspect in question. It is one of the hardest decisions that I have to make as the Privacy Commissioner," she admits. "It is like signing off the audit report. I have to sign off the case before they go on the ground to mount the arrest."

Her team of "excellent and experienced officers" gathers the evidence she needs to form a professional judgement. "I can fully trust them to carry out the operation smoothly and successfully," she says. "One of the key questions is, are we targeting the right person?"

Data fluency and heart

Chung sees two areas that have become increasingly important for today's accountants: digital and AI literacy, and data governance. "The world is already changing, and accountants should embrace this era of AI. They need to strengthen their skills and knowledge in digital literacy and also AI literacy, in order to understand the capabilities and also the limitations of new technology," says Chung. "Many accountants need to give advice to the board on the governance of AI, and so they need to know the new technology before they are in a position to give that kind of advice."

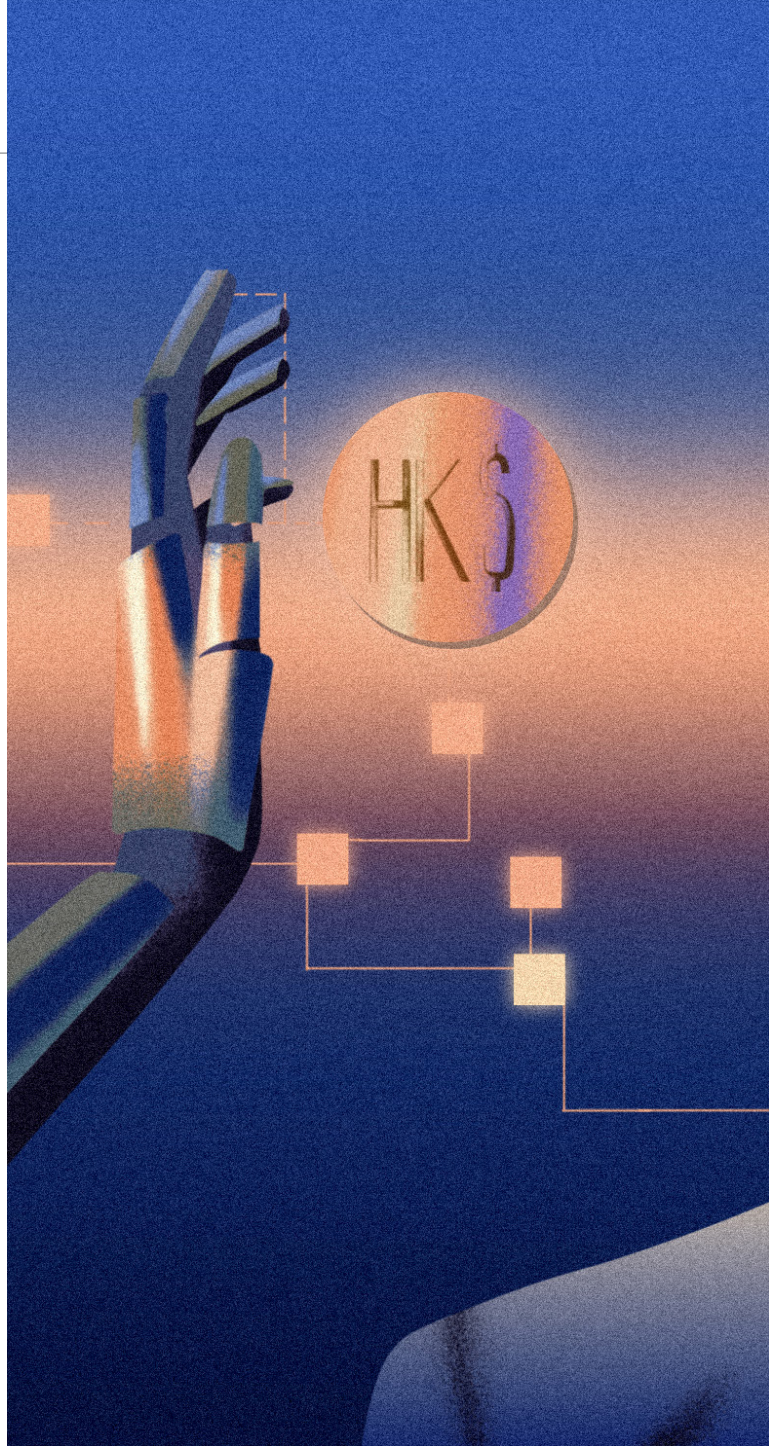
For younger members of the profession, her advice is partly about being fearless. "They need to be courageous to think of unconventional ways to perform their tasks. And because some of the routine work will be done by AI, this creates opportunities for accountants to acquire new skills to master the use of AI, for example in data analytics, in AI governance, cybersecurity and privacy."

Passion, she believes, is key to coping with the changing times. "I would advise them to follow their heart as well," she says. "If they are getting passionate about a certain subject, for example data analytics or cybersecurity, they should try to spend more time on it, because they have the time to do so. They should acquire more skills and knowledge so that when any opportunities come along, they can grab them and be high-flyers."



As of end of June 2026, the Office of the Privacy Commissioner for Personal Data (PCPD) handled 9,868 doxxing cases. In the first eight months of this year, the PCPD's online patrols uncovered seven doxxing cases, a drop of more than 99 percent on the same period in 2022.

Beyond the pilot: Turning AI ambition into enterprise value



AI has moved from pilot projects to the heart of corporate strategy, but CFOs now face the harder task: building the data, governance, talent and accountability needed to turn experimentation into trusted, scalable enterprise value. Jolene Otremba writes.

Illustrations by Olga Aleksandrova

Imagine walking into a finance meeting without a static spreadsheet. Instead, a "live finance cockpit" presents comparative analyses for the business' toughest questions, each linked to evidence.

That is the future Stephen Lo, Chief Financial Officer of Prenetics, envisages: digital colleagues working around the clock to monitor cash, investigate variances and test management's assumptions. But they will not have free rein. Payments, record changes, disclosures and consequential judgements will still require authorized human approval and appropriate controls.

This balance of ambition and restraint sits at the heart of the artificial intelligence (AI)-focused



CFO's challenge. The opportunity is not simply to automate finance, but to reshape how businesses make decisions and allocate capital, without surrendering human accountability.

For now, the gap between ambition and execution remains wide. IBM's 2026 CFO Study found that 62 percent of finance leaders have taken on enterprise technology or AI strategy responsibilities, yet only 6 percent describe their finance function as transformation-ready. The test now is not whether AI can impress in a demonstration. It is whether people can trust it in everyday work, and see a justified return on investment.

Beyond the chatbot

At global consumer health sciences company Prenetics, Lo says AI's greatest impact has been in strategy, marketing and real-time analytics. Selling into more than 50 countries means monitoring performance across time zones, spotting signals and deciding what to change. "AI is not a productivity tool we bolt on," he says. "It changes the operating tempo of the company."

For Mandy Law, CFO of Microsoft Hong Kong, the true distinction is whether AI changes the work itself, rather than simply helping an individual complete an existing task faster. "The transition happens when AI stops sitting beside the work and becomes embedded in how the work itself gets done," she says. Achieving that requires organizations to redesign workflows and encourage learning, while keeping people responsible for judgement, accountability and business outcomes, she notes.

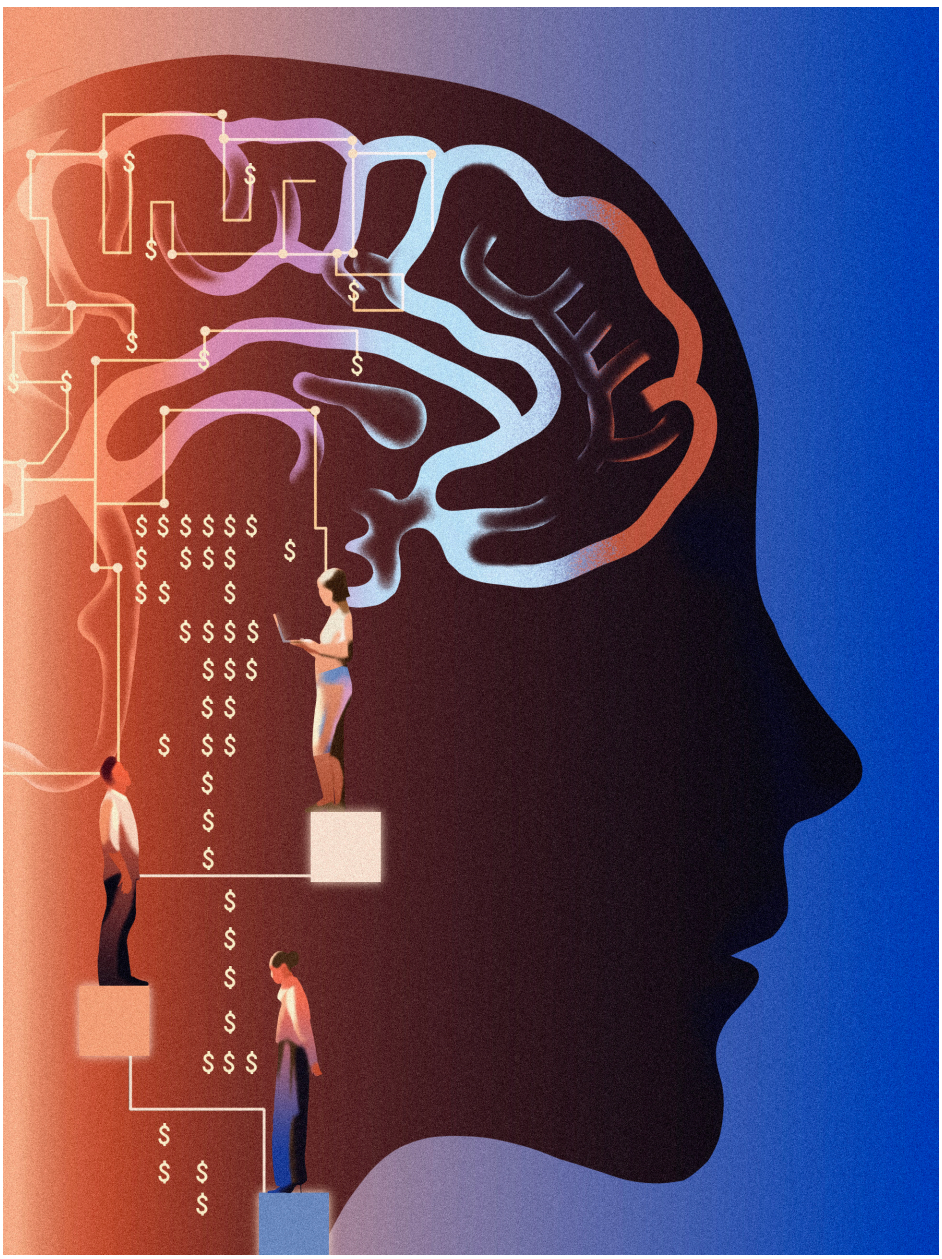
Bonnie Chan, APAC Generative AI and Integrity Leader at IBM, sees a similar shift across Asia Pacific: a move from isolated pilots to disciplined execution, with clear priorities, governance and visible leadership commitment. "The shift is not primarily a technology shift. It is a

mindset and governance shift," she says.

And Dr William Chen, Head of Finance, APAC, at Schurter Group, an electronic component manufacturer, agrees. For him, technology itself matters less than connecting AI to a business process, reliable data and a measurable outcome.

For Raymond Tam, CFO of biotech company Adagene, the distinction between experimentation and execution is especially stark. In drug development, a model that performs well in isolation has little value unless its findings can be validated, protected and eventually commercialized.

"Finance leaders must navigate harsh commercial realities: nearly half of all new product launches fail to meet initial financial forecasts. Therefore, AI creates premium enterprise value only when it moves past technical novelty to deliver clinically validated, patentable assets with a predictable commercial runway," he says.



To turn experimentation into execution, Lo describes what makes that transition possible as an "AI harness": the combination of context, data, tools, permissions, feedback, evaluation and oversight. An agent that executes multiple steps is only one component.

"The question is no longer, 'Can a chatbot answer this?'" he says. "It is, 'Can we redesign this workflow so AI prepares the work, a qualified person applies judgement, and the team can focus on a higher-value problem?'"

For CFOs, the investment question shifts from whether a tool can perform a task to whether it works reliably within a process, subject to human oversight.

Value depends on the business

According to experts, a worthwhile result looks different in every business. Lo tracks revenue per employee, time-to-decision, customer-acquisition economics, forecasting quality, errors and management time reallocated for higher-value work. But he questions assigning a return to every AI interaction. "This is an area where I am still learning," he says. "The return from AI is immense, but I do not think it is useful to pretend that every prompt or token has its own clean AI return-on-investment calculation."

With development cycles spanning years, Tam takes a longer view. Adagene assesses AI initiatives through risk-adjusted net present value and option value. "We measure hard savings from shrinking upfront physical testing requirements from thousands

of samples to a small number per project, preventing severe downstream sunk capital. True ROI is realized when the platform acts as a repeatable asset factory, securing global corporate partnerships that bring in immediate upfront cash and milestone payments to protect company liquidity."

For Dr Chen, manufacturing outcomes might mean better forecasting, fewer errors, faster reporting or greater visibility across markets. The measure must match the problem.

Across Microsoft Finance, Law describes an AI-enabled experience that brings financial reporting and performance data together, using Copilot to generate an initial layer of insights and commentary on metrics, trends and variances. "An AI agent can also analyse forecast variances using the financial materials provided to it. This means we can get to the 'so what?' earlier: where does the business need support? Which assumptions should we challenge? What action should we consider?" she says.

The intended benefit is not simply a faster first draft explaining results, but more time to interpret them and advise the business.

Start with the foundations

The CFO's task is to prevent activity, novelty or enthusiasm from standing in for value. This is where Dr Chen places data at the centre of AI credibility. "Data is the lifeblood of AI, and the CFO is the architect who ensures that data is clean, unified, and legally secure," he says.

Poor data quality, he argues, is the most immediate threat to trust. "If the underlying data are fragmented, inconsistent, or inaccurate, even a strong AI model will produce outputs businesses do not trust," he says. Weak governance and unauditable black-box decision-making compound the problem, he adds.

Law describes Microsoft Finance's own development as a progression built over more than a decade, rather than a transformation that began with generative AI. The function moved data to the cloud, built a trusted, unified data platform, strengthened business intelligence and added predictive and automation capabilities before reaching today's Copilot and agent scenarios.

That history matters to the investment case. Law notes that the costs extend beyond technology to skills development, change management, secure governance and workflow redesign.

> "Data is the lifeblood of AI, and the CFO is the architect who ensures that data is clean, unified, and legally secure."

Tam sees a particular version of that challenge in biotech, where data is often heterogeneous, unstructured and scattered across research, clinical and commercial systems. Preparing it for machine learning can require substantial investment. In his assessment, proprietary, high-quality information is the real competitive asset.

Lo makes a similar point from an operating perspective. At Prenetics, AI is only as useful as the context it receives: market data, customer analytics, internal performance information and the permissions that determine what it may access.

Chan applies three tests before considering a use case ready: whether its underlying data is clean, available and governable; whether a measurable outcome can be defined before work starts; and whether it supports a stated strategic priority. "If the answer to any of these is no, the use case is not ready," she says.

Governance belongs inside the workflow

For Dr Chen, AI governance should not become a parallel bureaucracy detached from existing responsibilities. "CFOs can build AI governance into existing control frameworks by treating AI as an extension of finance, risk, and internal control rather than as a separate programme," he says. "That approach keeps AI governance close to the work CFOs already own. It also makes it easier to define where AI changes the control environment and where it simply reinforces the framework."

Each material use case, he says, needs a business owner, a control owner and an independent reviewer. Its purpose, scope, approved data and escalation arrangements should be documented, with monitoring for errors, exceptions and changing performance. This makes governance a practical operating discipline rather than a statement of intent.

As CFO of a Nasdaq-listed company, Tam applies a strict standard to AI applications that could affect financial forecasting or market disclosures. "If we cannot explain it to our auditors, we do not deploy it," he says.

At Prenetics, Lo says employees operate within enterprise platforms with data controls, rather than relying on unapproved personal accounts. "Governance also has to be practical. The level of scrutiny should increase with the sensitivity of the data, the impact of a possible error and the consequence of the decision," he says. Material financial, regulatory and external communications remain subject to human review

and established approval processes. "In health sciences, the threshold is higher: AI-enabled content is not medical advice, diagnosis or treatment," Lo adds.

Law offers an example of how boundaries can be built into the work itself. Across Microsoft Finance, an AI risk management agent guides employees through compliance questions, summarizes the information they provide and draws on specified internal compliance sources. If those approved sources cannot resolve a question, the agent directs the employee to appropriate specialists.

The boundary is part of the design: assistance within an approved information base, followed by escalation when that information is insufficient. "The goal is not to create more layers of approval. It is to build controls that give people confidence in the outputs they act upon," she says.

For finance professionals, Law adds, that still means validating numbers, applying business context and challenging assumptions. Access permissions, protection of sensitive information and maintaining oversight of AI and agent activity must remain in place.

Chan takes a similar view, and notes that accountability, traceability, cybersecurity and compliance must be designed in from the beginning. "Governance is not a constraint on AI – it is the enabler of sustainable AI," she says.

Know when to stop

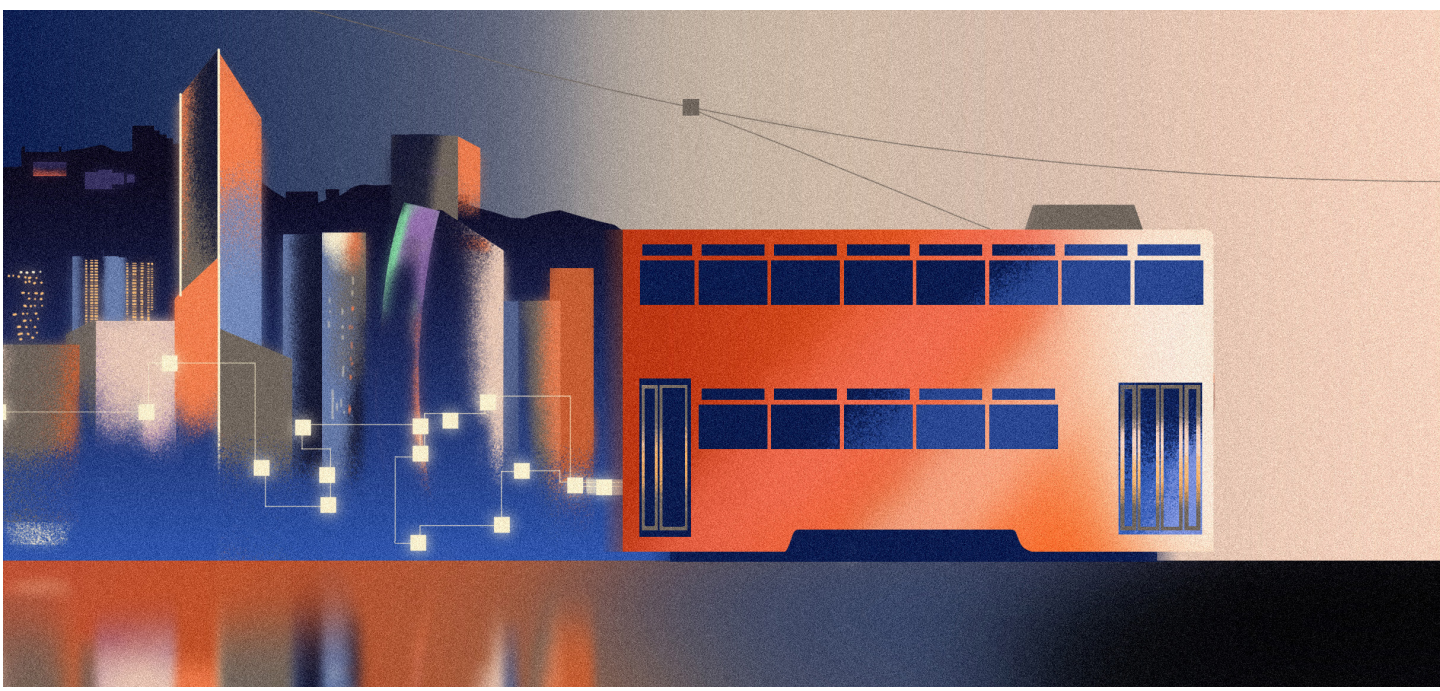
Execution also means accepting that some initiatives should not continue. Yet Lo argues that the CFO should not select every use case from the top, and that people closest to the work often see the highest-value opportunities first. "The CFO's job is not to pretend to know every answer. It is to create the environment: the right tools, the right data, permission to experiment, clear accountability, and enough AI fluency at the leadership level to know when a team has found a viable solution," he says. "Then you apply discipline. A good use case needs a named owner, a defined problem, an expected outcome and a point at which we decide to scale, redesign or stop."

When something underperforms, he starts with the work itself. "Was the task well defined? Was the data reliable and permitted for that use? Did we redesign the workflow, or simply put a chatbot on top of a broken process? Can the output be checked?" says Lo. "The decision is ultimately made by a human. You cannot blame the system."

Tam favours phase-gated capital allocation: releasing funding in stages, tied to operational validation, with predetermined "killer criteria" for stopping unsuccessful project variations.

In biotech, he warns, a product that looks convincing computationally may fail physical testing or prove unsuitable for commercial manufacturing. AI does not remove those constraints, and management should not assume it can bypass the need for human testing.

Dr Chen sees project failure as a governance signal as much as a technology problem. If a use case



cannot be measured, monitored or assigned to an owner, it is unlikely to become a dependable part of the business.

Chan's experience points to similar causes: unclear ownership, weak data, insufficient governance, skills gaps and unrealistic expectations. "In my experience, the root cause is almost never the technology," she says.

Capabilities that matter most

Lo identifies talent as the biggest constraint on adoption, but his definition goes beyond recruiting technical specialists.

His finance team, he says, works with agentic AI and is comfortable coding in a command-line environment, despite not coming from formal computer science backgrounds. The important qualities are curiosity, practical experimentation and a willingness to build.

Effective adoption requires more than asking a chatbot questions. Finance professionals need to break business problems into tasks, provide context, select appropriate tools, test results and trace conclusions back to source material.

Dr Chen highlights uneven readiness across APAC teams. Some may be equipped to move quickly, while others require structured learning, simulation and mentoring. Regional deployment therefore cannot assume a uniform starting point.

Chan, meanwhile, emphasizes AI literacy, data stewardship and governance fluency. Finance teams, she says, need enough understanding to ask the right questions, interpret AI outputs confidently and explain their use to boards and regulators.

Capability, however, is only half the challenge. Employees also need a reason to share their knowledge and change how they work. Law describes an approach to developing

"The hard part everywhere is turning that enthusiasm into a change in how the organization actually works."

that confidence. "We encourage people to start with a real problem from their own work, then build and test solutions hands-on," she says.

The company encourages employees to share their experiences during learning sessions. Promising ideas can then be taken further, while builders and early adopters receive recognition. The purpose is not only to teach employees to use a tool, but to help them rethink how work gets done.

Lo warns against presenting AI as a substitute for human expertise. "You cannot expect people to embrace a technology they believe will replace them," he says. He argues that participation needs a genuine upside: better work, greater autonomy, creativity and opportunities to grow.

A more demanding role

APAC is now advancing quickly with AI adoption and, in some dimensions, faster than Europe and North America, notes Chan. She sees Hong Kong's regulatory frameworks as a potential advantage when organizations engage with them effectively. In her assessment, leadership commitment and clear regulatory dialogue support progress, while talent scarcity and governance uncertainty slow it.

On the other hand, Lo resists treating the adoption challenge as uniquely local. "Every market has companies talking about AI, running pilots and showing demos," he says. "The hard part everywhere is turning that enthusiasm into a change in how the organization actually works."

Dr Chen's regional perspective adds another complication: differences in infrastructure and digital maturity. "While cloud-ready locations can scale AI rapidly, markets dependent on legacy platforms face fragmented rollouts and inconsistent user experiences," he says.

Experts propose different starting points. Chan favours sequencing, beginning with lower-data-risk opportunities and moving towards production rather than another pilot. Dr Chen believes finance leaders should focus on governance, strategy and performance measurement, while Tam stresses staged funding and the discipline to exit. Lo emphasizes hands-on leadership and opportunities identified by people closest to the work.

Law adds the importance of a learning loop: "capturing what works, governing it properly, and reusing it across teams and workflows. Over time, those learnings become part of the organization's institutional knowledge and contribute to AI becoming a business asset rather than a series of disconnected pilots."

Together, they describe a CFO role that is both more enabling and more demanding. Finance must create room for experimentation without allowing it to become an exemption from accountability.

AI-focused CFOs are therefore not simply the finance leaders with the most advanced tools. They are the leaders who can connect those tools to a business problem, organize the conditions for reliable use and distinguish genuine progress from additional output. "AI does not make the CFO less necessary. It makes the CFO's judgement more valuable," says Lo.



In recent years, 62% of CFOs have taken on new enterprise technology or artificial intelligence strategy leadership responsibilities, according to IBM's 2026 CFO Study.



GOING GLOBAL: BRIDGI



NG THE GAP

A Plus looks at how the Hong Kong accounting profession is supporting Chinese Mainland companies' expansion into Southeast Asia, the Middle East, and beyond

In late 2020, with COVID-19 restrictions closing land borders and grounding international flights, a team of auditors from Grant Thornton China travelled to the potash fields of Khammouane Province in landlocked Laos. Their client, a Shenzhen-listed fertilizer producer, was acquiring 179.8 square kilometres of mining rights adjacent to its existing operations, a deal that would give it the largest potash resource base in Asia. Before the deal could close, the team needed to verify the reserves, check the inventory, and interpret Lao tax law well enough to satisfy the China Securities Regulatory Commission (CSRC). With Laos under pandemic restrictions, the team combined on-site inspection with remote verification, and drew on tax guidance from Grant Thornton's Cambodia office and other Southeast Asian member firms.

This network support enhanced audit quality, says Mabel Chan, Deputy Managing Partner of Grant Thornton Hong Kong. "With the valuable support of our fellow GT member firms, we gained a deep, localized understanding of the jurisdiction's mining regulations, tax policies and statutory frameworks."

By August 2022, the acquisition had been unconditionally approved by the CSRC. The engagement was technical in nature, but it reflects a broader shift in how Hong Kong's accounting profession supports Chinese Mainland companies expanding abroad.

Individually, the work of these firms falls within familiar professional territory: audits, tax rulings and listing documents. Taken together, it shows how the profession has adapted as Chinese Mainland companies move from exporting goods to investing capital, building operations and holding assets overseas.

HKTDC Research has noted that Chinese Mainland enterprises' overseas expansion strategies now extend beyond simple trade into supply chain integration, cross-border investment, and higher value-added business activity, and this shift is driving demand for professional support. Companies that a decade ago relied on local distributors in Southeast Asia or the Middle East are now establishing factories there, raising capital there and, in some cases, managing the resulting cash flows through treasury operations in Hong Kong. "Chinese Mainland clients are expanding overseas. They need an accounting firm that can satisfy their needs not just in China, but on an international basis. In addition to multi-jurisdiction needs, clients also require multi-disciplinary services across different locations," says Andrew Lam, Managing Director of BDO.

Hong Kong's position within this process reflects its regulatory and legal framework. The city follows common law and international financial reporting and auditing standards, and maintains double taxation agreements with a number of the jurisdictions – including Gulf states and ASEAN members – where Chinese Mainland companies are now expanding. PwC's Loretta



Fong describes Hong Kong as a super-connector. "With its unique geographical location, Hong Kong offers both a gateway to Chinese Mainland and a springboard for enterprises expanding globally."

Some observe a growing demand among expanding Mainland enterprises to establish overseas corporate treasury centres. "Hong Kong remains a preferred jurisdiction for many such clients," says Jason Chung, Director at Link-Pro CPA. "That said, many enterprises underestimate the financial-system preparation work required. This creates meaningful demand for Hong Kong-based cross-border accounting professionals holding both Mainland and Hong Kong-relevant expertise."

What Mainland clients actually need help with

Across the experiences of firms, a consistent set of client needs emerges despite the range of industries involved, which include coal, footwear, electric vehicles, machine-vision software and private higher-education consulting.

Several firms have worked with companies seeking a Hong Kong listing, often a secondary one alongside an existing Mainland or overseas listing. Zhonghui Anda helped a leading oil-refining-equipment manufacturer complete a Main Board listing. The firm identifies the main hurdle as the complexity of preparing and auditing the financial statements, although positioning also mattered. With a high volume of Main Board applicants, "the client needed to significantly elevate its corporate governance and overall financial presentation to stand out from fierce competition and secure the confidence of global investors. Our dual-market presence fundamentally shifted our approach from a standard audit to a seamless, cross-regional partnership," the firm says.

SHINEWING acted as joint reporting accountant for an Australian coal producer's secondary Hong Kong listing, reconciling IFRS disclosure practice across jurisdictions to raise more than HK$1 billion. "A Hong Kong secondary listing requires more than repackaging existing accounts. Chinese Mainland businesses should assess how their reporting can satisfy overlapping regulatory regimes while remaining comparable and reliable," says Andy Wong, SHINEWING's China and International Business Leader and IPO Leader. He notes that the importance of advisers in Hong Kong and Australia working as one integrated team rather than as separate work streams: "Ultimately, smooth collaboration requires clear ownership, one timetable, one source of truth, and no surprises."

"Chinese Mainland businesses should assess how their reporting can satisfy overlapping regulatory regimes while remaining comparable and reliable."

BDO's Hong Kong practice, working hand in hand with the international network's Chinese Mainland firm, supported a secondary listing that raised over HK$10 billion, using a combined on-site and remote audit approach during the pandemic. Lam attributes this to a common platform and methodology. "BDO uses a common audit methodology and software on a worldwide basis," he says, adding that the software "allows colleagues the flexibility to work either at home or in the office, which reduces disruption of workflow due to unforeseen circumstances."

Moore Hong Kong's advisory arm, Moore Transaction Services Limited, supported a machine-vision and AI company through a Nasdaq listing, preparing the valuation model and market research included in the prospectus. With no obvious comparables, the valuation leaned on discounted cash flow analysis. "This intrinsic, fundamentals-based approach tends to be highly defensible to regulators and serves the overall interests of stakeholders," says Kenneth Ma, Managing Director of Moore Transaction Services. "For novel machine-vision or AI companies, the Market Approach often presents significant limitations, as it is nearly impossible to identify publicly traded entities or

transactions at closely comparable business stages," adds Ma. A Nasdaq listing carries its own demands: "significant management bandwidth to communicate with US investors or regulators on Chinese domestic market dynamics, consumer behaviour, and the local AI competitive landscape," says Ma.

Several clients needed advice on where and how to hold overseas investments once made. PwC helped a state-owned construction-machinery group design an overseas treasury centre, comparing Hong Kong against Singapore before recommending Hong Kong, which offers an 8.25 percent concessionary tax rate for qualifying treasury income. "Many companies prefer Hong Kong's transparent regulatory regime and no reliance on discretion," says Fong. She sees demand growing as "going out" enterprises are incorporating the establishment of overseas treasury centres into their strategic planning.

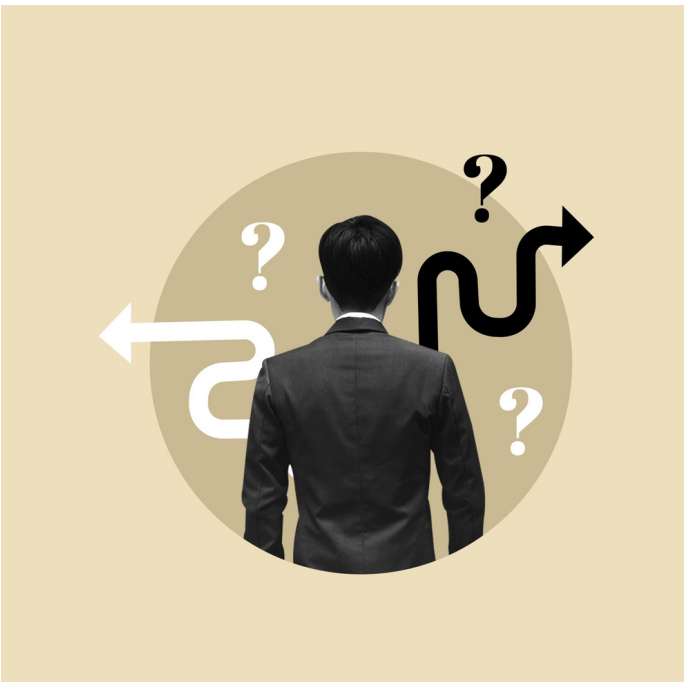
Conpak worked with a Chinese Mainland energy group to establish the operational substance now required for Hong Kong entities to qualify for exemptions under the Foreign Source Income Exemption (FSIE) regime. "We see it as compliance with a purpose," says Hazel Yim, Director at the firm.

SBC CPA restructured a family-controlled footwear group's fragmented shareholding into a Cayman-BVI structure intended to support both a future listing and succession planning. As the group expanded into European and United States markets, the existing ownership arrangements began to constrain its growth and competitiveness. "Continuing under the existing structure risked limiting further expansion, so we moved quickly to restructure the ownership into a clean, purpose-built pyramid that could support both international ambitions and long-term family continuity," says the firm. "By separating the public listing vehicle from the private ownership and inheritance vehicle, the same structure simultaneously satisfies listing rules and enables smooth, dispute-free generational transfer."

Link-Pro's engagement with a construction-machinery manufacturer centred on converting the group's Chinese Accounting Standards chart of accounts to Hong Kong Financial Reporting Standards, removing Mainland-specific general-ledger items such as the housing fund accounts and adding Hong Kong equivalents such as MPF contributions, ahead of the client's planned Hong Kong treasury centre. While chart-of-accounts conversion may seem like a technical housekeeping exercise, getting it wrong brings tangible business consequences, says Chung. "First, incorrect conversion would produce financial statements that fail to comply with HKFRS, raising risks of audit qualification for the Hong Kong legal entity," he says. Second, "errors originating at the Hong Kong-entity level would distort group-level consolidation figures and erode reliability of the group's consolidated reporting." He adds that poorly-executed conversion can create hurdles for licensing approval, undermining the client's goal to set up its Asia-Pacific treasury hub in Hong Kong.

Other firms were involved in initial market entry rather than capital markets work. WALL CPA helped one of China's larger private higher-education consultancies establish a Middle East operation, drawing on banking support and company-secretarial services to begin operating in the UAE. "For a Chinese private education consultancy or institution, the UAE is the most practical place to start," says William Chan, the firm's Managing Director. He notes that incorporation is rarely the main constraint: "Opening a bank account, in particular, is frequently the real critical path, not incorporation."

CW CPA supported a Jiangsu electronics manufacturer in opening two factories in Mexico under the US-Mexico-Canada Agreement framework, allowing the company's products to reach the North American market. On advice from a Mexican legal and accounting firm, the client set up two independent subsidiaries rather than a parent and a branch. "Because each entity is autonomous, legal and operational liabilities remain confined to the respective operation in each city," says Toby Wong, the firm's Greater China Manager. CW's own role was to coordinate the project and handle language support, translation and the Chinese Mainland paperwork.



The challenges

Firms are often managing regulatory divergence for clients. A Mainland company entering a new market is typically expected to satisfy regulators in the Chinese Mainland, Hong Kong, and the destination market, each with different disclosure norms, governance expectations and accounting treatments.

SHINEWING's Australian client found that even between two IFRS jurisdictions, Hong Kong and Australia, specific disclosure requirements differed. KPMG's automotive client encountered a further layer of complexity in Belt and Road markets: unfamiliar political, legal, cultural and tax systems, and limited available industry data. The firm says tariffs, market access, foreign ownership and environmental standards "vary greatly from country to country and may change frequently due to the imperfections of their own laws and regulations."

The COVID-19 pandemic saw auditors unable to travel to Laos, executives unable to travel to Singapore for notarization, and on-site verification being replaced by remote alternatives. EY's client, a high-end equipment manufacturer, faced a related but separate challenge: geopolitical and trade-policy shifts were exposing limitations in a largely export-based business model, prompting a broader review of its international strategy. For EY Greater China Strategy and Transactions Leader Ben Kwan, the answer is a shift from "product export" to "capability export".

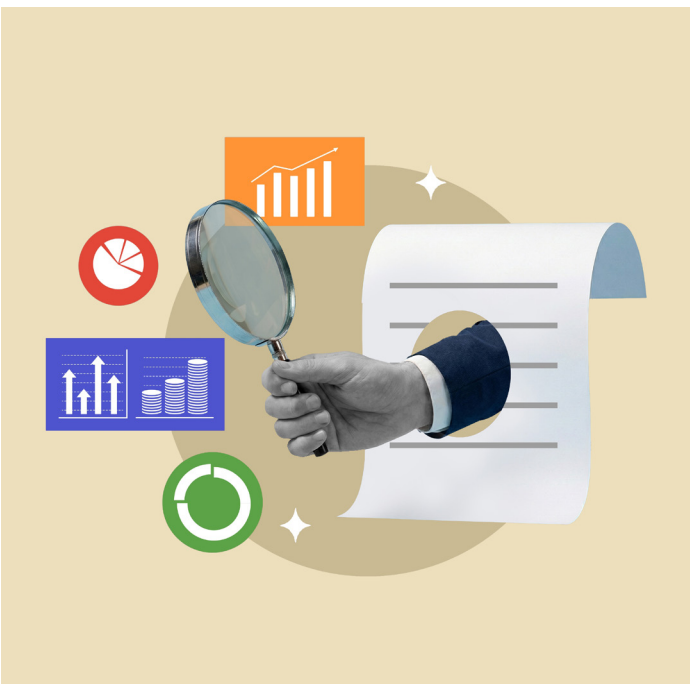
"For a manufacturer, 'capability export' means going beyond selling products and bringing China's innovation capabilities to overseas markets," say Kwan. "It is about evolving from a product supplier into a long-term technology and solutions partner in overseas markets." He cautions against a common assumption. "One of the biggest misconceptions is that building a factory overseas automatically creates a resilient supply chain. An overseas facility may diversify a company's manufacturing footprint, but true resilience depends on how effectively the entire global network is planned, connected and managed."

Cultural and legal differences also feature heavily. WALL CPA's client operated across Gulf Cooperation Council jurisdictions ranging from the UAE's relatively liberal commercial framework to more conservative systems elsewhere, alongside local business practices not addressed by standard corporate accounting. "The most common misjudgement is to treat the Middle East as one market," Chan says. "A model that works in Dubai often cannot be copied into Saudi Arabia or Kuwait without a fresh design."

Deloitte's due-diligence teams have identified differences with direct financial consequences – a target's revenue-recognition policy that created a valuation gap of more than €3 million once restated, or Mexican employment law entitling staff to a profit share with no direct equivalent under Chinese Mainland or Hong Kong practice. Some overseas companies, particularly non-listed ones, report under local accounting standards rather than IFRS. "Differences sometimes exist between local accounting standards and IFRS, which may affect quality of earnings, working capital adjustments, net debts and off-book liabilities under IFRS. The GAAP difference will affect the buyer's assessments on the financial performance and valuation. Therefore, involvement of accounting and valuation experts in the due diligence for cross-border M&A is important to identify and quantify the accounting standard differences," says Deloitte China.

> **"One of the biggest misconceptions is that building a factory overseas automatically creates a resilient supply chain."**

The challenge that the firm describes as "most distinctive to Chinese Mainland buyers," is the time needed for internal and regulatory government approvals. "The key is to consider the internal and regulatory approval path and information required during the M&A process as well as engage



with the regulators early on."

Hong Kong's own regulatory settings have also changed. The 2023 introduction of the FSIE regime, intended to align Hong Kong with international standards on holding structures, has required firms to build demonstrable operational substance into Hong Kong entities that previously operated with minimal local activity. Yim says Mainland clients now face "restructuring, overseas direct investment filing, transfer pricing, beneficial ownership requirements, FSIE and the OECD's Pillar Two global minimum tax rules – often all at once." In her view, "clients do not need isolated advice."

How Hong Kong's firms are responding

Firms affiliated with global networks use those relationships to access local information. Grant Thornton China, for example, obtained Laos tax guidance from its Cambodia office. "By bridging critical information gaps and language barriers," Mabel Chan says, the collaboration "greatly facilitated the smooth execution of our fieldwork." Local member firms can also carry out on-the-ground procedures such as stocktake attendance, which Chan says "vastly enhances audit efficiency and reduces overall costs for the client."

BDO's Hong Kong practice used its network's audit platform to allow teams in different countries to work from a shared dataset. With member firms in about 170 countries and jurisdictions, Lam says, the platform "enhances audit efficiency by reducing duplication of work by different locations."

Several firms describe pairing Hong Kong-qualified accountants with Chinese Accounting Standards specialists, or with local-language legal expertise, to reduce the risk of technical concepts being lost in translation between accounting frameworks. Link-Pro's team combined Hong Kong practising accountants with ChineseMainland standards experts to convert a client's chart of accounts. Zhonghui Anda notes that its roots give it "a deep and native understanding of Mainland corporate culture, operational habits, and management models."

CW CPA produced trilingual Chinese-English-Spanish documentation for a Mexican factory registration to meet local notarial requirements. "Mexican authorities strictly require Spanish for official legal processing, while our team and the local Mexican firm communicated primarily in English," Wong explains, so the firm added a Chinese translation for the client's management. "Providing trilingual documentation did not cause any operational or administrative delays."

Some firms take on work beyond initial advisory recommendations. KPMG's team spent four weeks in-country benchmarking competitors before finalizing pricing, channel and after-sales plans for its automotive client's entry into a Belt and Road market. KPMG regards the fieldwork as crucial. "These differences are unimaginable without on-site research," says the firm, calling the four weeks "not optional, but prerequisites for successfully entering a new market."

"Providing trilingual documentation did not cause any operational or administrative delays."

WALL CPA makes a strong case for hands-on support in the Gulf, recommending that clients treat the UAE as "the beachhead: prove the operating model, build a local team, and only then replicate into other Gulf markets. Professional support on structuring, substance, banking and licensing is what usually determines whether that first step takes months or considerably longer," says Chan.

Where new compliance rules cannot be avoided, some firms build compliance into a broader restructuring of the client's operations. Conpak's economic-substance planning for its energy-sector client was structured so that the Hong Kong entity took on genuine regional investment decision-making functions, while also qualifying for a reduced withholding tax rate on Middle Eastern interest income under Hong Kong's tax treaty network, compared with the rate that would have applied to a direct Mainland investment. Yim says the firm sequenced the work: clarify governance, build substance, secure an advance ruling and a Hong Kong Tax Resident Certificate, then use the treaty network to reduce withholding tax. "We make FSIE work for our clients, not against them," she says.

As Chinese Mainland companies increasingly expand their overseas footprint, Hong Kong's accounting firms, of varying size and specialization, are being asked to operate across a widening range of jurisdictions and regulatory regimes simultaneously. Based on the firms' responses, they are approaching this complex, multi-jurisdictional work with a sharp focus, turning it into a strategic advantage that drives the international success of Chinese Mainland enterprises.



The firms included in this article are part of the Institute's "List of accounting firms helping Mainland enterprises go global". As of 31 October 2026, this list includes 96 Hong Kong accounting firms, covering details such as firm size, target overseas markets, international experience, and business expertise.

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Lapman Lee

Professor of Practice (Risk, Sustainability, Technology) at Hong Kong Polytechnic University on building a transition plan that translates into decision-useful disclosures



Climate transition plans: From strategy to disclosure

A climate-related transition plan, as described in Hong Kong Financial Reporting Standard (HKFRS) S2 *Climate-related Disclosures*, is an aspect of an entity's overall strategy that sets out its targets, actions or resources for transitioning towards a lower-carbon economy, including actions to reduce greenhouse gas emissions. It connects climate ambition with the future direction of the business, explaining the changes the company intends to make and how it will support their delivery.

The business case for transition planning lies in the commercial implications of that shift. Changes in policy, energy systems and customer demand can affect which products remain competitive, the costs a business faces and the returns its assets generate. A transition plan helps management assess the risks and opportunities together, establish priorities and direct capital towards the business it intends to build. For investors and lenders, a credible plan provides information with which to assess future cash flows, financing needs and the company's capacity to manage transition risks. Explaining how commitments will be delivered can therefore support informed financing discussions and confidence in the company's strategy.

Explaining the strategic ambition

A clear vision and measurable targets provide the foundation for a transition plan. These should define the intended outcome, the activities and emissions covered, and the timeframe for achievement. A reliable emissions baseline helps management identify priorities and establish meaningful milestones. The wider strategic ambition should also explain how the company intends to position its business for a lower-carbon economy, including the implications for its business model, investment priorities and growth opportunities. This gives the board a basis for assessing whether the proposed direction, resources and expected outcomes are consistent with the company's overall strategy.

Consider a manufacturer seeking to reduce emissions by increasing renewable electricity use across its factories. It might install rooftop solar panels or procure renewable electricity where suitable arrangements are available. The approach will depend on site conditions, local electricity markets, supply reliability and cost. A credible plan explains how these options will be assessed and implemented, identifies the resources needed and sets interim milestones. Management can then evaluate both the contribution to emissions targets and the implications for the manufacturing business.

Delivering this plan requires participation across the organization. Operational teams assess technical feasibility, while procurement and finance teams evaluate supply arrangements, costs and funding. Commercial teams can consider how the changes support customer expectations and the company's market position. Involving these teams early helps management test assumptions and resolve competing priorities.

The financial implications need to be incorporated into investment plans, operating budgets and funding arrangements. For the manufacturer, this means assessing installation costs or electricity purchase commitments, expected savings and the timing of cash flows. Assumptions about electricity prices, output and available incentives should be documented and reflected consistently in relevant financial forecasts and reporting. Evaluating how sensitive the expected returns are to these assumptions helps management compare options and allocate capital. It also supports a clearer explanation of the plan's current and anticipated effects on financial position, performance and cash flows.

Scenario analysis can help test whether the chosen approach remains appropriate under different conditions. Exploring these possibilities helps management assess the timing of investment, the need for flexibility and the measures required to protect operations. The findings should inform the plan and provide a basis for explaining the resilience of the business strategy.

Clear and balanced disclosures

HKFRS S2 provides a reporting framework for communicating these matters to investors and lenders. Its requirements cover any transition plan the company has, its key assumptions and dependencies, and how it intends to achieve climate-related targets. They also cover current and planned resourcing of its responses to climate-related risks and opportunities, and quantitative and qualitative information on progress with previously disclosed plans. These disclosures sit alongside information on current and anticipated financial effects, helping readers assess the implications for the company's prospects.

Disclosures should bring these elements together so that readers can follow the connection between ambition, implementation and financial consequences. For the manufacturer, this could mean explaining its renewable electricity target, the actions and expenditure supporting it, the assumptions on which delivery depends and the results achieved during the reporting period. Relevant information should be connected across the strategy, risk management, metrics and governance disclosures.

Targets and progress measures also need sufficient context. Readers should be able to identify the baseline, reporting boundaries and interim milestones, and understand whether emissions targets are expressed in absolute terms or relative to output. Governance disclosures should clarify board oversight and management responsibilities, supported by reliable data and reporting controls.

Transition planning is a dynamic process that brings climate considerations into the recurring cycle of strategy, resource allocation and performance review. Accountants can make a valuable contribution throughout that cycle. Their skills in investment appraisal, forecasting and internal control help management assess proposals, monitor delivery and connect climate objectives with financial decisions. Their professional judgement also supports clear, balanced disclosures. By working with colleagues across the business, accountants can help ensure that the transition plan remains useful for management, and provides investors and lenders with information they can use in their decisions.

SECOND OPINIONS: HOW WILL HONG KONG'S PUSH FOR TECH AND AI CHANGE AN ACCOUNTANT'S DAILY WORK OVER THE NEXT FIVE YEARS?



WILEY PUN
PARTNER AT GRANT THORNTON, CHAIRMAN OF THE INSTITUTE'S PROFESSIONAL DEVELOPMENT COMMITTEE, AND AN INSTITUTE MEMBER

Contrary to conventional beliefs, accountants have been adopting technologies whenever a safe and useful tool pops up that can help our work or business. As an information intensive profession, technology adoption helps keep us doing things differently as the needs of our clients or employers evolve.

Indeed, we are already seeing the emergence of specialized advisory and assurance services focused on artificial intelligence (AI) governance and internal controls. The emphasis on technology and intellectual property (IP) in Hong Kong's First Five-Year Plan also brought additional opportunities for valuation and financing, with seven pilot cases completed by three pilot banks as announced by the government on 30 September. On the same day, the Institute announced welcoming the government's launch of Pilot Patent Valuation Support Scheme with our qualified members recognized as qualified valuers to help small and medium enterprises unlock IP asset value. I have also contributed as a pilot valuer in discovering and opining the value of the technologies held by borrowers of all three banks using my speciality in valuation and knowledge of IP acquired from my CPA training.

As to daily work, the impact to accountants who are early in their career and those who are advanced will be different. For accountants who are accumulating experience, technology should be an enabler, making their reporting or analytical work easier. They should master the technology, keep pace with the latest developments and apply them to their workflow or analysis as appropriate. Traditional skills such as communication and sound judgement have to be honed along with the use of technology at work.

For accountants who are more advanced in their careers and are in management or decision making roles, innovation, technology and AI may not necessarily change what they do daily. It will change how frequent and what data they may review at work, possibly enabling new perspectives that were not available prior. Sound judgement remains a core value in our client advisory services.

To fully harness the benefits of AI, data and knowledge management will be a key practice for all accountants. To reduce hallucinations and improve accuracy, AI needs to feed on internal data and knowledge within the enterprise alongside external information. Accountants need to help consolidate and govern knowledge across business units to ensure that AI systems are consistently fed high-quality data, rather than junk or compromised inputs.

Much like the adoption of computers decades ago, accountants will continue to embrace technology to unlock safer and more efficient ways of working that keep businesses profitable and sustainable. Continuous professional development is always the key to a CPA's path of excellence. Members are encouraged to stay tuned for the Institute's diverse course offerings.

"It will change how frequent and what data they may review at work, possibly enabling new perspectives that were not available prior. Sound judgement remains a core value in our client advisory services."



JOYCE FOK
TALENT DIRECTOR, FINANCIAL SERVICES
AT ROBERT HALF, AND AN INSTITUTE MEMBER

The next five years are likely to bring further transformation to the profession as AI becomes more embedded in day-to-day accounting processes.

For accountants in Hong Kong, routine tasks will continue to be automated, creating more opportunities to focus on financial analysis, forecasting, risk management and strategic business support. Given Hong Kong's position as an international financial centre and its close economic ties with the Chinese Mainland, accountants will also need to navigate evolving regulatory requirements and the complexities of cross-border business operations.

While technical accounting expertise will remain fundamental, employers will likely place greater emphasis on digital proficiency, analytical capabilities and commercial judgement. We are already seeing employers favour candidates with experience in using AI tools, or who at least demonstrate a genuine interest in applying them to improve the way they work. Increasingly, this includes professionals who can contribute to system migrations, process automation and the adoption of AI across functions such as reporting, presentations and broader finance workflows.

As organizations invest further in AI and automation, new opportunities are likely to emerge in areas such as finance transformation, systems implementation, data and financial analytics, AI governance and controls, and technology-enabled risk management. There may also be greater scope for accountants to develop into strategic finance business partners, combining financial expertise with data-led insights to support commercial decision-making. Rather than reducing the value of accounting expertise, technology is expected to reshape where and how that expertise delivers the greatest value. This will create opportunities for professionals who can bridge the gap between finance, technology and business strategy.

"We are already seeing employers favour candidates with experience in using AI tools."

For employers, building the right workforce will require balancing the recruitment of emerging talent with the development of existing teams. Hiring managers should assess candidates' digital literacy, adaptability, problem-solving skills and ability to communicate financial insights across the business. Equally important is upskilling existing employees through practical training in AI, automation, data analytics and emerging finance systems. Giving employees opportunities to apply these skills in daily finance processes can help organizations build capability while ensuring technology adoption is supported by sound human judgement and oversight.



ANTHONY LIN
CHAIRMAN OF THE INSTITUTE'S PAIB COMMITTEE, AND
AN INSTITUTE MEMBER

The Hong Kong's First Five-Year Plan marks a definitive shift for our profession. By prioritizing innovation, technology, and AI, the plan encourages the profession to move away from traditional, compliance-heavy workloads. I believe that over the next five years, the day-to-day work of a Hong Kong accountant will evolve across four key dimensions.

Shift to AI-driven strategic advisory: With the application of technology and AI, routine data entry, basic bookkeeping, and standard reconciliation will become fully automated. This shift liberates accountants from merely processing numbers, enabling them to dedicate their time to interpreting AI-driven analytics, performing predictive forecasting, and providing high-value strategic counsel to business leaders.

"We will actively participate in design digital transformation roadmaps, modernize financial architectures, and guide businesses on leveraging technology to scale safely."

Becoming tech-savvy: With the plan encouraging companies to adopt digital trade infrastructure, accountants will navigate cross-border data and systems, e-commerce supply chains, and digital financing workflows on a daily basis. Daily routines will require proficiency with government and banking platforms like the Trade Single Window and the Commercial Data Interchange to manage electronic invoicing and automated bank integrations seamlessly.

Mainland regulatory alignment: As initiatives of the plan facilitate smoother, cross-boundary collaboration, accountants managing regional operations will handle direct, digitized data exchanges between Hong Kong and the Chinese Mainland. Daily workflows will require a deep understanding of dual regulatory expectations, cross-border tax frameworks, and digital governance standards that bridge the Chinese Mainland and international jurisdictions.

Leadership in digital transformation: Accountants will increasingly step into operational leadership roles, particularly within small-and-medium practices. We will drive the strategy behind digital transformation roadmaps, modernize financial architectures, and guide businesses on leveraging technology to scale safely.

Over the next five years Hong Kong accountants will become highly tech-savvy and forward-thinking business partners. By embracing automated workflows and leveraging Hong Kong's distinct advantages, accounting professionals will seamlessly connect international standards with Chinese Mainland opportunities, driving high-quality economic development across the region.



FIVE QUESTIONS FOR PAIB

Flora Ho

As Finance Director at Chow Tai Fook Jewellery Group Limited, Flora Ho scales brands by navigating the balance between growth and robust corporate governance. Drawing on her Big Four background, she shares how finance can shape strategy in luxury retail

What are the biggest lessons from your career so far?
One is that if you do not actively drive change, the market will change you. Transitioning from a Big Four audit foundation into a commercial retail environment required a fundamental mindset shift. As modern finance professionals, we can no longer operate merely as back-office gatekeepers. We must be agile, commercially-fluent business partners. True enterprise value is unlocked when we successfully balance robust internal controls with commercial reality, translating complex technical numbers into forward-looking, actionable insights that business leaders can execute to drive sustainable growth.

What are your current priorities as Finance Director for HEARTS ON FIRE and CTF International Business?
With both brands in rapid global expansion, my core priority is architecting a highly scalable and tech-enabled finance model to support our international footprint. We are actively converting data into strategy by deploying intuitive Power BI dashboards that arm front-line commercial teams with precision analytics on gross margins and store productivity. Ultimately, we are navigating the balance between growth acceleration and corporate governance – equipping the business with the visual intelligence it needs to scale quickly, while upholding the robust compliance and financial controls expected of a premier main board-listed group.

How did you navigate the shift from financial reporting to strategic planning? Navigating this transition was anchored on structured adaptability. While financial reporting focuses on backward-looking controllership and governance, strategic planning demands a forward-looking lens to anticipate market shifts. The rigorous technical foundations and analytical discipline I developed during my Big Four years proved highly transferable. The key shift was learning to embrace ambiguity and construct dynamic, long-term scenario modelling. Our core financial competencies are incredibly powerful strategic tools, provided we pivot our mindset to use them for shaping future corporate choices rather than just tracking past ledger entries.

What drew you to the luxury goods and jewellery industry? Beyond a personal appreciation for fine jewellery, I was professionally drawn to the sector through auditing retail clients during my Big Four tenure. What I love most about luxury retail is its tangible, consumer-facing nature. Being able to walk into a boutique, experience the product collections, and observe consumer behaviour first-hand adds a profound layer of context to our financial models. Finance should never be disconnected from the core product. Anchoring our commercial analysis in the real-world customer experience makes our strategic advice far more meaningful and impactful.

How has your CPA qualification helped you in your role? It provided me with an incredibly comprehensive business foundation. It trains your mind to understand the holistic operational and risk mechanics of a global enterprise. Thanks to this rigorous training, whenever we evaluate complex commercial initiatives or high-stakes business innovations, I can confidently leverage a proven financial framework to guide executive decision-making. I believe the CPA designation is an all-rounded corporate toolkit that instils the professional confidence and disciplined governance needed to safely drive enterprise value.



FIVE QUESTIONS FOR PAIP

Chris Chan

For EY-Parthenon Partner Chris Chan, his riskiest career move turned out to be his best. He discusses the need for curiosity, how to earn trust, and how multinationals are rethinking China

What are the biggest lessons from your career so far? I spent my first three years auditing asset managers, and I found myself constantly drawn to the "why" behind the numbers. Instead of just confirming what had already happened, I wanted to help clients improve how their businesses actually performed. In 2012, I followed that instinct and joined a small strategy team at EY. Within months, I was assigned to a project in Taiwan, followed by a six-month secondment in Beijing supporting multiple cross-border transactions. For the first time, I was helping shape decisions, and I've never looked back. My biggest lesson: follow the questions you can't stop asking. Skills can be learned. Curiosity is what keeps you growing.

What's the biggest challenge in coordinating strategy across such diverse markets across Greater China? By day, I'm hosting calls in Mandarin with a client's China leadership. Late at night, I'm on global calls in English with colleagues and clients in the United States and United Kingdom. Those shifts taught me that the hardest gaps in cross-border work aren't time zones. They're in how people make decisions. Headquarters may want every assumption tested, while local leaders want a clear answer, fast. Both are right in their own context. My job is translation, not of language but of logic, so that teams in the US, UK, the Chinese Mainland and Hong Kong can stand behind the same conclusion.

What shifts are you seeing right now in how multinational companies approach the region? Multinational leaders used to ask what China could do for their global business. Now they ask how their China business can stand on its own. Global multinationals are moving from "China for the world" to "in China, for China," localizing R&D, supply chains, leadership and sometimes ownership. That is driving a new wave of strategic M&A: carve-outs of China operations, partnerships with local champions, and acquisitions that buy speed and local know-how. With geopolitics on every board agenda, each structure needs a stress test from day one. The winners aren't retreating from China. They're redesigning how they own and run their business there.

How has your role evolved? When I joined, our Hong Kong Strategy and Transactions team was small, and we could cover only a few functions and sectors. As the team grew, we strengthened our functional capabilities and deepened our sector expertise. Today, we work alongside EY colleagues worldwide on some of the largest transactions globally, and artificial intelligence handles much of the groundwork, freeing our people to focus on judgement. The defining skill in becoming a partner was earning trust beyond the transaction. That's why I invest time outside client work, helping expand EY's Hong Kong Family Office Circle and serving as Founding Vice Chairman of the Federation of Hong Kong Industries' Medical Engineering and Innovation Council. Both keep me close to the people shaping Hong Kong's future.

How has your CPA qualification helped you in your role? Auditors learn to ask one question over and over: "How do you know?" Auditing hedge funds, private equity and mutual funds, where valuations often rest on judgement, taught me to respect detail and distrust easy answers. That question is now the backbone of my due diligence work. Above all, the qualification gave me a commitment to integrity. Sometimes the most valuable thing we can tell a client is that a deal doesn't make sense.



Hong Kong's
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QP Graduates – June 2026 Session

The Institute is pleased to announce that 708 QP candidates successfully completed the Qualification Programme in the June 2026 Session. The list of graduates is as below.

AU, Hoi Kwan Calvin
AU, Kwong Wai
AU, Nga Man
AU, Tsz Wan
AU, Wing Kit
BAI, Yiting
CHA, Xin Ru Nicole
CHAN, Cheuk Nam
CHAN, Chi Wing
CHAN, Ching Leuk
CHAN, Ching Yi Joey
CHAN, Chiu Wing
CHAN, Hoi Tung
CHAN, Hoi Ying
CHAN, Ka Kin
CHAN, Ka Wai Connie
CHAN, Kwan Yue
CHAN, Lok Him
CHAN, Lok Yin Antonio
CHAN, Long Hong
CHAN, Man Yeung
CHAN, Ngai Him
CHAN, Pui Man
CHAN, Shuk Man
CHAN, Shuk Man
CHAN, Sin Hang
CHAN, Sin Yu
CHAN, Siu Hong
CHAN, Tan Ha
CHAN, Tsun Him
CHAN, Tsz Ching
CHAN, Tsz Kit
CHAN, Wing Tung
CHAN, Wing Yan
CHAN, Yin Wang Anson
CHAN, Yiu Ting
CHAN, Yuen Ting
CHAN, Yuk Ki
CHAN, Yun Yee
CHANG, Haoran
CHANG, Hui
CHAO, Ruixi
CHAU, Hung Andy
CHAU, Ka Wing
CHAU, Yu Ting
CHEN, Chun Lok
CHEN, Cixian
CHEN, Hoi Lam
CHEN, Kongliang
CHEN, Lihong
CHEN, Qianwen
CHEN, Qiyuan
CHEN, Ran
CHEN, Si Tong
CHEN, Weijie
CHEN, Xinyan
CHEN, Xiuling
CHEN, Yijun Nikki
CHEN, Ying
CHEN, Yixin
CHEN, Yongyi
CHEN, Yuan Li Ethan
CHEN, Zhiwei
CHEN, Zhiyin
CHEN, Zijian
CHEN, Ziyan
CHENG, Chau Yu
CHENG, Hang Yu
CHENG, Ho Hei
CHENG, Hon Kit Kevin
CHENG, Ka Ho
CHENG, Kei Tung
CHENG, King Ngai
CHENG, Sin Tung
CHENG, Tao
CHENG, Yat Wai
CHENG, Yau Shing
CHENG, Yiu Man
CHEUNG, Choi Ying
CHEUNG, Ho Tak
CHEUNG, Hoi Ching
CHEUNG, Hung Leong
CHEUNG, Kwok Hei
CHEUNG, Leung Wai
CHEUNG, Man Ching
CHEUNG, Nok Kan
CHEUNG, Siu Hin
CHEUNG, Sze Kei
CHEUNG, Sze Ling
CHEUNG, Tak Lun
CHEUNG, Ting
CHEUNG, Tsam Yu Ivy
CHEUNG, Tsun Hung
CHEUNG, Tsun Yan
CHEUNG, Tsz Ching
CHEUNG, Tsz Wan
CHEUNG, Wai Ki
CHEUNG, Wai Ying
CHEUNG, Yan Chi
CHIEH, Man Yu
CHIM, Lok Ching
CHIU, Hiu Yuk
CHIU, Wai Leung
CHIU, Wang Lok
CHIU, Wing Yin
CHIU, Yuen Yan
CHOI, Ho In Tiffany
CHOI, Ka Wing
CHOI, Kam Shing
CHOI, Tai Yin
CHOI, Ting Yat
CHONG, Cheuk Kiu
CHONG, Hing Kit
CHONG, Kwui King
CHONG, Ming Sim
CHONG, Tsz Yan
CHONG, Tsz Yui
CHOW, Long Hin
CHOW, Shuk Yi
CHOW, Sze Ting
CHOY, Hiu Tung
CHOY, Ho Cheong
CHU, Cheuk Kin
CHU, Cheuk Ying Beryl
CHUK, Po Laam
CHUNG, Cheuk Man
CHUNG, Hei Tung
CHUNG, Ka Wai Cathy
CHUNG, Kwun Sing
DAI, Fei
DAI, Jin
DENG, Miaoyu
DING, Yiqing
DU, Haolin
DU, Rongchuan
DU, Xinze
FAN, Chung Ming
FAN, Mingxuan
FAN, Wai Ting
FANG, Shiwen
FENG, Xiaoxuan
FENG, Yiliang
FONG, Wan Ting
FU, Jingyi
FU, Qingyu
FU, Wai Lam
FU, Wing Wai
FU, Ziyue
FUNG, Ka Man Carmen
FUNG, Kin Chung
FUNG, Ming Lim
FUNG, Sin Yu
GAO, Fei
GAO, Hexuan
GAO, Jiaying
GAO, Yi
GAO, Yuan
GENG, Lehan
GILL, Amy
GU, Qi
GUAN, Chaoye
GUO, Haoyan
GUO, Jialiang
GUO, Jianjun
GUO, Kaiwen
GUO, Su
GUO, Xiwen
HAN, Qingxiu
HAO, Yanjun
HAU, Cheuk Yiu Cheryl
HAU, Wing Kwan
HE, Mengqi
HE, Qian
HO, Cheuk Long
HO, Ching Kit
HO, Ka Man
HO, Ka Wing
HO, Ki Yeung
HO, Ming Wa
HO, Pui Lam
HO, Yan King
HO, Yu Hin
HO, Yuen Ting
HON, Kwun Kwong
HOU, Yian
HSIAO, Tzu Yao
HU, Nanqian
HU, Qiuyuan
HU, Xijuan
HU, Yuhan
HU, Zhikai
HUANG, Junyi
HUANG, Lei
HUANG, Manlin
HUANG, Qian
HUANG, Qinhui
HUANG, Sihua
HUANG, Siting
HUANG, Siying
HUANG, Yingfan
HUANG, Yuntong
HUANG, Yuwen
HUANG, Zesen
HUANG, Zhengye
HUI, Hon Ting
HUI, Pak Sum
HUNG, Hok Him
IP, Chak Seng Belinda
IP, Choi Ting
IP, Man Wa
JI, Hong
JIA, Sitong
JIANG, Hanyu
JIN, Qiheng
JIN, Xue
JU, Ran
KE, Tong
KEUNG, Chi Yin
KONG, Hiu Tung
KONG, Man Kam
KOON, Ho Yin
KUAI, Leyan
KUANG, Ziwen
KUNG, Wai Hong
KWAN, Chi Chung
KWAN, Hok Yi
KWAN, King Yeung
KWAN, Kwok Chung
KWOK, Fong Yuen
KWOK, Sin Ling
KWOK, Wai Kin Kent
LAI, Bo Sam
LAI, Cho Yu
LAI, Chui Yee
LAI, Hoi Chung
LAI, Ka Ki
LAI, Ki Ho
LAI, Kwan Lung
LAI, Wing Sum
LAI, Wing Tung
LAI, Yiu Chun
LAI, Yonglin
LAM, Cham Yan
LAM, Ching Wa
LAM, Cho Ling
LAM, Chun Him
LAM, Chun Kwan
LAM, Hoi Sze
LAM, Hon Ting
LAM, Joyce
LAM, Ka Ho
LAM, King Man
LAM, Koonchi Trevor
LAM, Kwok To
LAM, Kwok Yik
LAM, Lee Yee
LAM, Lok Yan
LAM, Shing Hang
LAM, Tsz Lik
LAM, Wan Yi
LAM, Wing Ho
LAM, Wing Yan
LAM, Yat Fung
LAU, Ching Sum
LAU, Hoi Yan Vivian
LAU, Ki Kin
LAU, Kong Hei
LAU, Sau Ting
LAU, Tsz Lok
LAU, Yu Yan
LAU, Yui Wa
LAU, Yuk
LAW, Charlotte
LAW, Ka Kei
LAW, King Yiu
LAW, Shui Ying Cheyenne
LAW, Sze Kam
LEE, Andy
LEE, Cheuk Nam
LEE, Chun Kit
LEE, Chun Ming Marcas
LEE, Ho Lam Davy
LEE, Ho Yan
LEE, Hoi Fung Windsor
LEE, Ka Long Brian
LEE, Ka Yan
LEE, Ka Yan
LEE, King Fun
LEE, Kwok Ching
LEE, Lok Hei
LEE, Tsz Hin
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LO, Chun Ho
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LUI, Kam Wai Kenneth
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MA, Jianlu
MA, Man Ying
MA, Zehan
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MIRZA, Rafiza
MOK, Kwan Yee
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SAM, Cheuk Kiu
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SHUM, Lok Ting
SI, Maqianqian
SINN, Yan Tung Stephanie
SIT, Hong Ngai
SIU, King Hei
SO, Ching Man
SO, Hei Ching Cilla
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SO, Kin Fai
SO, Tik Sze
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ZHONG, Lerong
ZHONG, Manqi
ZHOU, Mo
ZHOU, Qiunan
ZHU, Jiayi
ZHU, Yuting
ZHUANG, Zhi
ZHUANG, Zifeng
ZOU, Jiahui

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

The ethics attitudes of CPAs in 2026: Key insights from the latest HKICPA Ethics Survey

As AI tools become more prominent in the workplace, and accountants assume broader responsibilities, the ethical implications are of rising importance

Digital transformation continues to reshape workplaces, business models and society at large. Since the Institute conducted its last Ethics Survey in 2024, the integration of artificial intelligence (AI) and other emerging technologies into professional activities has accelerated significantly. These technologies are transforming how professional accountants perform their work, while also introducing new ethical risks and considerations. Against this backdrop, the Institute conducted the Ethics Survey 2026 to better understand how these changes are influencing the ethical attitudes and behaviours of professional accountants in Hong Kong.

The Ethics Survey 2026 focuses on three key areas:

- **Use of technology at workplaces:** how professional accountants' use of technology has evolved over the past two years and the ethical challenges encountered in professional work;
- **General ethics:** ethical issues faced by professional accountants amid evolving business contexts; and
- **Sustainability ethics:** professional accountants' awareness of ethics standards relevant to sustainability reporting and assurance, and any issues arising in implementation of these new standards.

The survey received 174 completed responses, which are summarized in the report.

Use of technology at workplaces

Technology use has shifted significantly towards AI-enabled working practices. The use of generative AI to prepare documentation has become a mainstream tool for professional activities. This suggests that AI is increasingly complementing, and in some cases, transforming the traditional ways of performing professional work. As AI-enabled tools become more integrated into professional activities, the ethical implications of their use become increasingly important.

Alongside these developments, technology-related ethical risks remain evident. Survey responses indicate that the three most frequently reported ethical concerns related to technology usage in the workplace are as below:

- **Reliability:** Relying upon the technology outputs without checking or verifying their accuracy or reliability.
- **Professional competence:** Using technology without having the necessary knowledge or skills to operate it effectively and appropriately for the intended purposes.
- **Confidentiality:** Inadequate protection on the privacy and security of the data or information processed by technology.

To address these risks, workplace safeguards appear to be broadening. The survey points to wider use of policies, training, reporting mechanisms and monitoring activities, reflecting a growing awareness of technology-related ethical risks and the importance of addressing them through enhanced governance, oversight and organizational culture.

General ethics

As the role of professional accountants continues to evolve beyond traditional financial stewardship, they are increasingly taking on broader responsibilities in areas such as sustainability reporting, oversight of technology, data governance and stakeholder engagement. Many respondents reported that they encountered more than one ethical issue in the course of their work. The survey also suggests that ethical awareness may be increasing, with respondents reporting greater use of safeguards such as training, awareness programmes, and policies and guidelines to address ethical concerns.

In 2026, the three most frequently reported ethical issues together accounted for more than half of all responses. Improper use or disclosure of sensitive or confidential information,

Common workplace safeguards for mitigating ethical threats arising from the use of technology at work

- **Rules and controls:** Implementing clear and comprehensive ethical guidelines and policies for technology use. Establishing access controls and user authentication mechanisms to prevent unauthorized use.
- **People and culture:** Providing regular training and awareness programmes on ethical considerations related to technology. Encouraging a culture of open communication and reporting to address ethical concerns related to technology.
- **Oversight:** Conducting regular audits and monitoring activities to detect and address potential ethical violations.

Top three ethical issues from expanded responsibilities in the past 12 months
- Improper use or disclosure of sensitive/confidential information
- Undue bias
- Conflict of interest

Common causes
- Pressure from management (e.g. time and performance targets)
- Limited resources for thorough review and assessment
- Pressure from stakeholders/clients

Top three actions taken
- Reported to the board, audit committee or appropriate level of management
- Sought advice from internal compliance, legal or ethics functions
- Sought advice from external parties (e.g. professional bodies, legal counsel)

undue bias, and conflict of interest were the most commonly reported ethical issues, underscoring the continuing importance of the fundamental principles of confidentiality, integrity and objectivity as professional accountants take on broader responsibilities.

The survey also indicates that workplace pressures have emerged as the most significant driver of ethical issues arising from professional accountants' expanded responsibilities. Pressure from management and stakeholders, and limited resources, were among the leading causes of ethical issues identified. Ethical challenges may become more pronounced as professional accountants take on broader responsibilities across increasingly diverse areas of professional activity.

The survey also asked respondents how they addressed these ethical issues. The results indicate that responses to ethical issues are becoming more responsive, with escalation, consultation and reporting mechanisms featuring more prominently when ethical issues arise. Declines in the proportion of respondents selecting "no action taken" and "resigned from the employing organization" suggest a positive trend towards greater engagement with ethical concerns.

Sustainability ethics

The survey reflects that sustainability-related responsibilities are becoming increasingly relevant to professional accountants, bringing greater exposure to ethical challenges relating to data reliability, professional competence and uncertainty over roles and responsibilities. These indications highlight the importance of robust training to address competence gaps, appropriate governance arrangements to define roles and responsibilities, and stringent internal controls to ensure the reliability, completeness and accuracy of sustainability data, thereby supporting professional accountants to conduct sustainability reporting and assurance activities.

Conclusions and way forward

The survey results show encouraging developments in ethical practice, including greater use of review and validation practices when applying technology, broader implementation of workplace safeguards, and a shift towards more responsive actions when ethical issues arise. At the same time, concerns relating to workplace and stakeholder pressures, data reliability and professional competence associated with professional accountants' expanding responsibilities remain important areas of focus. While the Institute will continue to provide ethics-related learning resources and professional development opportunities, to support professional accountants' ongoing understanding and application of the *Code of Ethics for Professional Accountants* (the Code) in addressing ethical threats, it is recommended that firms, employers and professional accountants also take the following actions:

Firms and employers:
- Establish clear governance and accountability frameworks for the use of AI and emerging technologies, such as validating data inputs and evaluating technology outputs, and exercise professional judgement when AI-enabled tools are used to support decisions or conclusions.
- Support employees through training and awareness programmes on the responsible use of technology-enabled tools, and address competence gaps in sustainability reporting or assurance activities where applicable.
- Foster an ethical culture that encourages consultation, escalation and reporting of ethical concerns, particularly where workplace and stakeholder pressures, or limited resources may affect judgement in carrying out professional activities.

Professional accountants:
- Continue exercising professional judgement as well as maintaining competence and due care when using technology, taking account of the limitations and uncertainties of technology-enabled tools, and avoiding undue reliance on technology-generated information.
- Remain alert to ethical threats arising from evolving roles and expanding responsibilities, including their potential impact on compliance with the fundamental principles of the Code (such as confidentiality and objectivity), and consider whether appropriate safeguards are needed. Take proactive action when ethical concerns arise through appropriate consultation, escalation and reporting mechanisms.

This article was contributed by the Institute's Standard Setting Department.

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Amended AG 5: What entities need to know

An overview of the amendments impacting entities engaged in common control combinations

In September, the Institute issued amendments to Accounting Guideline 5 (Revised) *Merger Accounting for Common Control Combinations* (AG 5), together with a Basis for Conclusions summarizing the considerations in developing the amendments.

The amendments respond to several outstanding issues identified in the Institute's 2016 post-implementation review (PIR) of AG 5 and reflect feedback received during public consultation on an Exposure Draft issued in February.

The amendments shall apply prospectively to common control combinations that occur on or after the beginning of the first annual reporting period commencing on or after 1 January 2028. Early application is permitted.

Most significant change: Practical expedient for comparative information

The amended AG 5 introduces a practical expedient that, unless otherwise required by applicable laws or regulations, allows an entity to present the income, expenses, assets, liabilities and equity of the acquired entity or business prospectively from the combination date without restating comparatives. This responds to feedback from the Institute's 2016 PIR that restating comparatives can be costly and, in certain circumstances, impracticable. The feedback also indicated that restated comparatives may have limited decision-usefulness, particularly for post-initial public offering and private-entity common control combinations, where users of financial statements are more focused on future performance.

Where an entity applies the practical expedient:

- The accounting policy should be applied consistently to similar common control combinations in accordance with HKAS 8 *Basis of Preparation of Financial Statements*.
- Ordinary shares issued as part of a common control combination are included in the weighted average number of ordinary shares for earnings per share purposes only from the combination date.
- The entity should disclose that it has used the practical expedient.

The Appendix to AG 5 includes illustrative examples showing how merger accounting applies when comparatives are restated and how the transition provisions apply when the practical expedient is used and comparatives are not restated. The examples also compare the resulting effects with a scenario where comparatives continue to be restated.

AG 5 does not prescribe specific criteria for applying the practical expedient. Entities should exercise judgement based on specific facts and circumstances, taking into account all relevant considerations, including regulatory requirements, users' information needs, practical challenges, and the costs and benefits of restating comparatives.

Key areas of clarification

Scope of AG 5

The amendments clarify that AG 5 applies only to common control combinations involving a business, as defined in HKFRS 3 *Business Combinations*. Combinations that do not involve a business fall outside the scope of AG 5.

As the amendments clarify rather than change the existing scope, they are not expected to give rise to significant changes in practice.

Determining the controlling party and carrying values

The amendments introduce a principles-based approach, under which entities exercise judgement in determining the most appropriate controlling parties' perspective for recognising the existing book values of the assets, liabilities and equity of the combining entities or businesses. Entities should consider the facts and circumstances of the transaction and the principle of providing useful financial information to users of financial statements, as set out in the *Conceptual Framework for Financial Reporting*. This judgement is particularly relevant in multi-layer group structures where more than one level of controlling party could be identified, such as the immediate, intermediate or ultimate parent.

Given the judgement involved, entities are required to disclose the basis for their judgement and where the identified controlling party differs from the ultimate controlling party, the identity of that controlling party.

Shares issued as consideration

In view of the variety of circumstances in which common control combinations arise, and since different measurement approaches may be appropriate depending on the facts and circumstances of the transaction, the amendments do not prescribe a single measurement approach. Instead, entities are required to disclose how shares issued as consideration are measured, thereby enhancing transparency.

Preparing for the amended AG 5

Common control combinations are prevalent in Hong Kong and are undertaken by entities across a range of industries.

While most of the amendments clarify existing requirements, the practical expedient is expected to reduce the cost and effort associated with restating comparatives. The additional disclosures are generally based on information readily available to entities and are therefore not expected to impose a significant burden.

When planning future common control combinations, entities should assess whether applying the practical expedient is appropriate in their circumstances and consider the implications of the clarifications pertaining to the scope of AG 5, the determination of the controlling parties' perspective and the measurement of shares issued as consideration. Taking these matters into account early will facilitate a smooth transition to the amended AG 5.

*This article was contributed by **Kennis Lee** and **Shiro Lam**, Associate Directors of the Institute's Standard Setting Department.*

TECHNICAL NEWS

The latest standards and technical development highlights

Members' handbook

Handbook Update No. 350 relates to the issuance of the revised Accounting Guideline 5 *Merger Accounting for Common Control Combinations* (AG 5). AG 5 was amended to address stakeholder feedback on outstanding issues identified in the Institute's 2016 post-implementation review. The key amendments are:

- Scope of AG 5: Clarifying the scope by adding references to the definitions of "business" and "business combination" in Hong Kong Financial Reporting Standards (HKFRS) 3 *Business Combinations;*
- Controlling party and carrying values: Clarifying that judgement is required to determine which controlling parties' perspective should be used to recognize the net assets of the acquired business or entity, and requiring disclosure of the basis for that determination;
- Shares issued as consideration: Requiring disclosure of the measurement approach for shares issued as consideration; and
- Restating comparatives: Introducing a practical expedient that allows entities not to restate comparatives, unless such restatement is required by applicable laws or regulations.

The amendments shall be applied prospectively to common control combinations that occur on or after the beginning of the first annual reporting period beginning on or after 1 January 2028, with early adoption permitted.

Handbook Update No. 349 relates to the issuance of *Amendments to the Fair Value Option for Investments in Associates and Joint Ventures* (Amendments to HKAS 28 *Investments in Associates and Joint Ventures*).

The amendments clarify that entities whose main business activity is investing in particular types of assets, as defined in HKFRS 18 *Presentation and Disclosure in Financial Statements*, are eligible to elect the fair value option in Hong Kong Accounting Standard (HKAS) 28 to account for investments in associates and joint ventures.

The amendments take effect when an entity first applies HKFRS 18, which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted.

Handbook Update No. 348 relates to the issuance of HKFRS 20 *Regulatory Assets and Regulatory Liabilities*.

HKFRS 20 sets out requirements for the recognition, measurement, presentation and disclosure of regulatory assets, regulatory liabilities, regulatory income and regulatory expense arising from a regulatory agreement. It will mainly affect entities in rate-regulated industries, where regulation determines the amount and timing of charges to customers, such as utilities, energy and transportation.

HKFRS 20 supersedes HKFRS 14 *Regulatory Deferral Accounts* and is effective for annual reporting periods beginning on or after 1 January 2029, with earlier application permitted.

Financial reporting

Invitation to comment

The Institute is seeking comments on the International Accounting Standards Board (IASB) Request for Information regarding the Post-implementation Review of IFRS 9 and IFRS 7 Hedge Accounting Requirements by 1 December.

Institute's resources to support the implementation of HKFRS 18

HKFRS 18 webcast #3 Mastering MPMs: HKFRS 18 introduces the new concept of management-defined performance measures (MPMs), together with related new disclosure requirements. This webcast explains the three criteria for identifying an MPM, highlights the disclosure requirements, discusses recent international developments, and outlines key practical considerations for preparers. Through practical examples, the webcast helps entities assess whether commonly used performance measures fall within the scope of the MPMs and prepare for implementation of HKFRS 18.

HKFRS 18 Navigator – Issue 7: This issue of Navigator highlights the consequential amendments introduced by HKFRS 18 to other HKFRS Accounting Standards. The issue covers amendments to:

- HKAS 7 *Statement of Cash Flows*
- HKAS 33 *Earnings per Share*
- HKAS 34 *Interim Financial Reporting*

HKFRS 18 Navigator – Issue 6: This issue of Navigator explores enhanced requirements for grouping and presenting information in financial statements under HKFRS 18, covering:

- Principles of aggregation and disaggregation;
- Presentation of operating expenses; and
- Classification requirements for specific income and expenses.

Auditing and assurance

Invitation to comment

The Institute invites comments on the IAASB's exposure drafts Audit Evidence and Risk Response Project Overall; Proposed International Standard on Auditing (ISA) 330 (Revised); Proposed ISA 500 (Revised); Proposed ISA 520 (Revised) by 15 November. The proposed revisions aim to enhance the risk-based audit framework and address technological advances. The IAASB has also published an introductory video setting out the background and an explanation of the exposure drafts.

2026 Handbook of International Quality Management, Auditing, Review, Sustainability and Other Assurance, and Related Services Pronouncements

The International Auditing and Assurance Standards Board (IAASB) released the 2026 edition of its *Handbook of International Quality Management, Auditing, Review,*

Sustainability and Other Assurance, and Related Services Pronouncements. This version includes standards which become effective in December.

IAASB September meeting highlights
The IAASB's September meeting focused on the future of auditing and assurance in a rapidly advancing technological environment. Key discussions included:

- Proposed guidance on applying quality management principles in International Standards on Quality Management 1 and ISA 220 when using artificial intelligence (AI)-enabled tools.
- Stakeholder feedback on the 2028-2031 Strategy and Work Plan, including new technologies, implementation support and scalable standards.
- Growing demand for assurance over systems and controls, AI, cybersecurity and technology governance.
- Ongoing joint work with the International Ethics Standards Board for Accountants (IESBA) on the implications of private equity and external investment in accounting firms.
- Proposed revisions to the ISA 500 Series and feedback from the post-implementation review of ISA 540 (revised).
- Global adoption and implementation activities relating to International Standard on Sustainability Assurance 5000.

For more details, read the IAASB staff highlights for Days 1-2 and Days 3-4.

IFAC article: *How technology is changing what it means to be an auditor*
The article explores how AI, data analytics and automation are reshaping the audit profession, enabling auditors to focus more on professional judgement and assurance over systems, sustainability information and digital trust. While technology enhances audit quality and efficiency, trust remains grounded in auditors' ethics, accountability and expertise.

Ethics

Key takeaways from the IESBA September meeting
In this video, the IESBA Chair shares highlights from the September Board meeting, where the board focused on firm culture and governance, technology, and adoption and implementation. Key takeaways include:

- Further progress on a proposed new requirement on firm culture and governance, with an exposure draft expected to be approved in December.
- Continued focus on technology, including the ethics implications of AI developments and the independence implications of new alliances between audit firms and technology providers.
- New adoption and implementation initiatives, including measures to simplify access to and use of the Code, and the development of additional guidance and awareness-raising activities for chief financial officers.

2026 Handbook of the International Code of Ethics for Professional Accountants
The IESBA released the *2026 Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards)*, replacing the 2025 edition. This latest version includes the IESBA's sustainability-related standards and the new IESBA standard on using the work of an external expert.

Sustainability

ISSB nature-related disclosures consultation
The International Sustainability Standards Board (ISSB) published an exposure draft proposing a Practice Statement on nature-related disclosures on 22 October, which will be open for a 120-day consultation ending on 19 February 2027.

IESBA Staff Q&As on IESSA
The IESBA staff has released a new questions and answers (Q&As) publication to support the implementation of International Ethics Standards for Sustainability Assurance (IESSA). Specifically, the new Q&As address matters relating to:

- Effective date and transitional provisions;
- Rotation of engagement leaders and other key sustainability assurance leaders; and
- Non-assurance services.

Taxation

Submission to the public consultation on proposed enhancements to tax concession regime for Corporate Treasury Centres in Hong Kong
Following the Action Plan to Promote the Development of Corporate Treasury Centres (CTC) in Hong Kong, Financial Services and the Treasury Bureau (FSTB) published a consultation paper to invite comments on proposed enhancements to the tax concession regime for CTCs in Hong Kong on 27 July.

The consultation paper proposed the introduction of a tiered regime for CTC tax concessions to further promote the development of CTCs in Hong Kong, as follows:

- Tier 1: Enhancing the existing regime applicable to all existing qualifying CTCs (QCTCs) and corporations conducting intra-group financing business in Hong Kong.
- Tier 2: Introducing a pre-approval mechanism under which a pre-approved QCTC and its pre-approved associated corporations would be entitled to additional tax benefits or greater flexibilities.

The Institute made a submission to FSTB on 4 September, expressing its support for the government's initiative to introduce a new two-tier framework, including a pre-approval mechanism under Tier 2, to attract more multinational groups to establish treasury operations in Hong Kong, and enable existing CTCs to expand their activities. The submission supported most of the specific proposals, while also recommending further enhancements.

The Hong Kong government aims to issue administrative clarifications on the proposed enhancements by the end of 2026 and introduce the proposed amendments to the Inland Revenue Ordinance into the Legislative Council in the first half of 2027.

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

CHERRY YIU

Product Control Manager
at a financial institution





Photography by Anthony Tung

As Product Control Manager, Cherry Yiu is leading the strategic design and setup of a new function to strengthen a bank's financial control framework. She shares how lessons learned from a former manager and her time at PwC are guiding her through this.

Please explain your current role and responsibilities. What drew you to the role?
In my current role as Product Controller, I have the exciting responsibility of building the product control function from the ground up for a growing investment bank. My responsibilities involve designing the core infrastructure for daily profit and loss analysis and reporting, establishing independent price verification frameworks, and implementing robust financial controls to safeguard our expanding trading activities. What drew me to this challenge was the rare opportunity to transition from managing established processes at top-tier institutions to spearheading the setup of a new function. Building this infrastructure from scratch requires a strategic, front-to-back operational mindset. It allows me to apply the institutional blueprints I have mastered throughout my career to institutionalize the company's risk-control culture, a challenge I find incredibly motivating.

What are the most rewarding and challenging aspects of your role, and why?
The most rewarding aspect is seeing a framework I designed from scratch being successfully integrated into an active trading environment. Transforming a blank canvas into a fully functioning control system – where complex financial data flows securely and risk is managed – is deeply fulfilling. I get to see the direct impact of my work on the company's governance every day. The greatest challenge lies in managing this implementation within an already operational investment bank. Because trading activities are live, new control frameworks must be seamlessly embedded into existing banking workflows without disrupting daily business. Navigating these gaps is a balancing act. It means collaborating closely with systems vendors and front-office stakeholders to introduce necessary checks and automated controls without slowing down the trading desks, while ensuring no errors slip through in a fast-moving market.

What are the biggest lessons you have learned so far from your work experience or managers?
The best advice I have ever got from my former boss is that gaining trust is a long, slow journey, but you can ruin it in just a second. I really feel the weight of that lesson particularly as I build a new function from scratch. Building credibility across diverse departments is critical but never automatic. You have to earn it every single day through diligence, understanding market realities, and always delivering reliable data. For instance, credibility can vanish if you fail to raise a critical flag early, or if you present figures to senior stakeholders without truly understanding the underlying risks. To prevent this, the goal should never be to simply report the numbers to get the job done, but to uncover the story behind them. Data without context is a major blind spot. By digging into what actually drives the numbers, you can confidently explain the "why" instead of just the "what", ensuring you catch hidden issues and protect that hard-earned trust.

Where do you see yourself in the next five to 10 years in your career?
Over the next few years, my main priority is to fully establish the core product control function as the bank expands. Once the baseline infrastructure is set, the focus is to integrate automation and data analytics to make our daily monitoring processes highly efficient. From there, I aim to scale and develop my team through hands-on mentorship, ensuring we demonstrate our collective value and become a trustworthy, critical asset to the bank. Looking further ahead, my ultimate goal is to move into an executive leadership role within the financial services sector, where I can apply this front-to-back perspective to drive meaningful institutional impact.

In what ways has your CPA training or qualification helped you in your career so far?
Product control requires a balanced blend of accounting knowledge and technical valuation expertise. My CPA training, alongside my foundational experience at PwC, was essential in building this skillset and drilling in a strong, sceptical mindset. This disciplined background informs my approach during critical cross-functional discussions. It provides the technical grounding required to confidently voice opinions and evaluate proposals through a strict finance and product control lens. The trained scepticism is invaluable. It allows me to look past superficial figures and challenge complex positions effectively to ensure complete financial integrity.

Highlights from the HKICPA x ACCA Ethics Conference Integrity in practice: Responding to innovation and governance challenges

The Institute and ACCA collaborated on Global Ethics Day to highlight the ethical impacts of innovative technologies, and to reinforce accountants' commitment to integrity

From responsible artificial intelligence (AI) adoption to boardroom decision-making, the Ethics Conference 2026 explored how accountants can uphold trust amid technological change and commercial pressure. Held on Global Ethics Day for the second consecutive year and co-organized with ACCA for the first time, the live webinar drew over 2,600 members of both bodies.

Ethics as a living commitment

Opening the conference, Arthur Lee, Chief Executive and Registrar of the Hong Kong Institute of CPAs, described the event as a strategic milestone under the Memorandum of Understanding between the Institute and ACCA. The agreement reinforces shared values and advances ethical standards across the accounting profession. Lee framed ethics as a living commitment, not a static set of rules, one that is tested most when commercial pressure collides with ethical responsibility. He encouraged participants to use practical guidance to navigate difficult situations with confidence and conviction.

Maria Xuereb, Chair of the Institute's Ethics Committee, outlined recent developments in ethical standards and member support. These included the new ethics and independence standards for sustainability assurance, related revisions addressing sustainability reporting, and a framework for evaluating external experts' competence, capabilities and objectivity. She also highlighted guidance on public interest entities and the Institute's expanding range of ethics learning resources.

Building trust in technology

Gerry Redmond, Partner and Assurance Transformation Deputy Leader at Ernst & Young, described scepticism and curiosity as accountants' "superpowers" when navigating new technologies. His advice was straightforward: understand how technology works before adopting it. The profession's purpose, he emphasized, is to enable trust, and that the market winner will be the one our clients trust most. That trust rests on competence, reliability, confidentiality and insight. While AI can unlock significant value, its use must be grounded in clear business needs, approved tools, appropriate data permissions and effective governance.

Beyond compliance in the boardroom

A panel session, moderated by Xuereb, tackled the realities of corporate governance and ethical decision-making under commercial pressure. Kelly Chan, an independent Non-Executive Director of various listed companies in Hong Kong and former Chair of ACCA Hong Kong, posed a simple question: a decision may be legal and profitable, and commercially attractive, but is it the right thing to do? Rules define the floor, she emphasized, while leadership judgement and culture define the ceiling. She called on boards to set the tone at the top, exercise independent oversight of corporate culture, and safeguard whistleblowing channels.

The panel brought together perspectives from finance, internal audit and forensic investigations. Horace Ma, Chief Executive Officer of DAAS Axia and Deputy Chair of the Ethics Committee, highlighted the pressures finance leaders face as they balance compliance requirements, resource constraints, management expectations, and professional judgement.

Astor Law, Head of Audit, Asia and Middle East of HSBC, shared how internal audit can distinguish isolated control failures from deeper cultural issues. This requires examining patterns across teams, products and locations; using data analytics and process mining; conducting root-cause analysis; and assessing management's response to identified issues.

Jessica Li, Forensic Partner at PwC China, stressed the importance of independent investigations, rigorous information gathering and multiple sources of evidence when addressing potential misconduct. Interviews, data reviews and behavioural analysis can help establish what went wrong and whether similar issues exist elsewhere in the business.

Strengthening integrity in practice

David Yip, Chief Corruption Prevention Officer of the Independent Commission Against Corruption (ICAC), highlighted the pivotal role of professional accountants in preventing corruption and upholding integrity. Yip introduced the ICAC's newly established Private Sector Integrity Centre and its services, and showcased practical resources tailored to help organizations, particularly listed companies, strengthen their integrity management, anti-corruption safeguards and ethical culture.

Presenting the HKICPA Ethics Survey 2026 findings, Tony Yeung, Assurance Director at Moore, explored how technology, broader professional responsibilities and sustainability are reshaping ethical challenges. One encouraging finding was that more accountants are taking proactive steps to address ethical issues by reporting concerns, seeking advice and using appropriate escalation channels.

Closing the conference, Ambrose Ting, ACCA Hong Kong Chair, reaffirmed that ethical judgement remains the bedrock of the profession amid rapid innovation and evolving governance challenges. The collaboration between the Institute and ACCA on Global Ethics Day reflects a long-standing commitment to strengthening the profession. The closing message was a call for professionals to keep building their capabilities, navigate emerging trends and ensure that innovation is guided by integrity.

This article was contributed by the Institute's Standard Setting Department.



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