

For Press Release

## **Release Ceremony for Chinese Accounting Standards System and Auditing Standards System held in Beijing**

On the afternoon of February 15, the Ministry of Finance (MOF) held a ceremony to release 39 Chinese Accounting Standards for Business Enterprises and 48 Auditing Standards for Certified Public Accountants, marking the establishment of an accounting standards system for business enterprises and an auditing standards system for certified public accountants that suit the development of China's market economy and convergence with the international practices.

Jin Renqing, Minister of Finance, attended the ceremony and delivered an important speech. He pointed out that the release and implementation of the two standards systems will facilitate the implementation of people-centered scientific approach to development, help improve market economic system and further expand opening-up, representing an important contribution on the part of fiscal and accounting work to economic and social development. Minister Jin emphasized that efforts should be made to promote the implementation of the two standards systems. Firstly, promote publicity and training and well organize the 3rd National Accounting Knowledge Contest. Secondly, make careful preparation for the implementation of the systems. MOF has decided that all listed companies shall apply the accounting standards system for business enterprises from January 1, 2007, and all accounting firms in China shall apply the auditing standards system for Certified Public Accountants from January 1, 2007. All parties involved should prepare themselves well to ensure smooth implementation. Thirdly, work hard to build integrity and credibility in the accounting and auditing practice and to develop high-calibre accounting personnel. The number of high-calibre accounting and auditing personnel, who are familiar with international practices, equipped with international perspective, proficient in accounting and auditing profession, and capable of exploring the international market, is expected to reach 3,000 in five to ten years. Fourthly, strengthen supervision and inspection. For sometime in the future, a key part of fiscal supervision and the inspection of the quality of accounting information will include inspection of listed companies on how they implement the Accounting Law and accounting standards system for business enterprises. Special inspection or extended inspection will be conducted on how accounting firms implement the auditing standards system.

Lou Jiwei, Vice Minister of Finance and Chairman of China Accounting Standards Committee (CASC), briefed the audience on the accounting standards for business enterprises. China's Accounting Standards System for Business Enterprises consists of one basic standard, 38 specific standards and related application guidance. Vice Minister Lou pointed out that the newly released accounting standards system

emphasizes the new philosophy of providing decision-useful accounting information to investors and the public. In convergent with international practice, this system, the first complete and integrated system in China, provides useful experience for improving International Financial Reporting Standards (IFRSs), and represents a new step forward and breakthrough in building China's Accounting Standards for Business Enterprises.

Liu Zhongli, President of Chinese Institute of Certified Public Accountants (CICPA), gave an introduction to the auditing standards system for certified public accountants. China's Auditing Standards system consists of standards on assurance, related services and quality control of accounting firms. The newly released system reflects requirement for convergence with the international auditing standards, meets the need of certified public accountants for practicing under the new situation, highlights the purpose of the profession to safeguard public interests, makes the auditing standards more reader-friendly and easier to apply, and represents a historic breakthrough.

Dong Dasheng, Deputy Auditor-General of National Audit Office, Li Wei, Vice Chairman of State-owned Assets Supervision and Administration Commission of the State Council, Li Xiaoxue, Vice Chairman in charge of Disciplinary Department of China Securities Regulatory Commission, Zhou Zaiqun, Vice Governor of Bank of China, Gu Renrong, General Manager of China Rightson Certified Public Accountants, David Tweedie, Chairman of International Accounting Standards Board (IASB), and Graham Ward, President of International Federation of Accountants (IFAC) spoke at the ceremony.

The ceremony was chaired by Wang Jun, Vice Minister of Finance.

Chi Haibin, President of Accounting Society of China, and Liu Changkun, Vice President of China Association of Chief Financial Officers, were present at the ceremony.

About 400 people participated in the ceremony, including members of CASC, members of Chinese Auditing Standards Committee of CICPA, representatives from the business community, academia and intermediaries, senior officials from financial departments (bureaus) of the central government, local fiscal departments and institutes of certified public accountants and representatives from Hong Kong Institute Of Certified Public Accountants and Macau Financial Services Department.