

Joint Declaration of the China Accounting Standards Committee and the Hong Kong Institute of Certified Public Accountants on the converged China Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards

The China Accounting Standards Committee signed a joint declaration with the Hong Kong Institute of Certified Public Accountants in May 2006 in respect of the status of substantial convergence between China Accounting Standards for Business Enterprises (ASBEs) and Hong Kong Financial Reporting Standards (HKFRSs). Since then, both parties have conducted a standard by standard comparison between the two sets of standards (the background of the comparison and the comparison process is stipulated in Annex I to this Declaration) and agreed to make the following joint declaration:

- (1) Financial statements prepared in accordance with ASBEs effective on 6 December 2007, after adjusting for the reconciliation differences relating to reversal of impairment losses on assets and related party disclosures where applicable, should achieve substantially the same effect as those prepared in accordance with HKFRSs effective on the same date.
- (2) Both parties declare their commitment to eliminate the above two differences and maintain the convergence of ASBEs and HKFRSs on an ongoing basis; and for that purpose, have established a mechanism for ongoing maintenance of convergence as stipulated in Annex II to this Declaration.
- (3) Both parties have undertaken active discussions with the relevant authorities in both jurisdictions and reached a common understanding that work will start immediately after the signing of this Declaration to finalise specific arrangements for mutual exemption of the respective Accounting papers of the PRC CPA Uniform Examination and the HKICPA CPA QP Examination, and to explore as soon as possible an extension to the eligibility of CICPA and HKICPA members for the mutual examination papers exemption arrangements.

- (4) During the process of the standards comparison project leading to this Declaration, both parties have undertaken active discussions with the relevant regulators in both jurisdictions and reached a common understanding that work will start immediately after the signing of this Declaration. This work will explore, and resolve as soon as possible, acceptance by the regulators of one jurisdiction for the purpose of listing in that jurisdiction, the financial statements of an enterprise of the other jurisdiction that are prepared under the accounting standards of that other jurisdiction and audited by eligible auditing practices in that other jurisdiction applying auditing standards of that other jurisdiction.

WANG Jun
Secretary General
China Accounting Standards Committee

6 December 2007

Mark C. FONG
President
Hong Kong Institute of
Certified Public Accountants

6 December 2007

Note:- If there are any differences between the Chinese and English version of this Declaration, the Chinese version shall take effect.